



Case Study: Financial Advisor Succession Planning



Summary of Services Provided

- Coordinated with advisor administrative staff
- Developed client specific coverage strategies
- Integrated client communications reinforcing team-based coverage
- Monetized practice providing tax-efficient diversification
- Enabled advisor focus on the “fun” parts of the business

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After decades of successfully guiding his clients through their financial planning goals, a financial advisor began to consider his own longevity. Whether a result of his own retirement, slowing down his work schedule or an unforeseen health issue, he became concerned about protecting his clients' continued access to quality financial advice.

Over time, his financial advisory practice had become the single largest asset on his personal balance sheet, and monetizing that asset was important to his family and his own financial plan. As a result, he decided to seek a partner that would help him implement a comprehensive succession and continuity plan that accomplished his five primary goals:

- 1) Provide his clients with long-term, uninterrupted access to high quality financial advice;
- 2) Identify a successor with similar experience and philosophies specific to financial planning and investment management;
- 3) Ensure the successor has adequate capacity and processes to continue delivering his clients the high level of service to which they had become accustomed;
- 4) Remain proactive and communicate to his clients his continuity plans;
- 5) Diversify his own balance sheet consistent with the financial planning advice he has provided to his clients for so many years

The Fairhaven Solution

When we met with the advisor, we shared the Fairhaven roadmap we have used to guide us through previous continuity and succession planning engagements. Leaning on this experience, we collaborated to develop a comprehensive plan that included timelines for client communication, as well as the integration of supporting financial advisors.

We coordinated with the advisor's administrative staff to lay the groundwork both for their continued service involvement and for systems integration, including contact management and financial planning. Since estate planning is such an important element of the overall financial planning relationship, we also integrated document retention procedures covering items such as wills, trusts and the beneficiary designations of all tax-deferred accounts and life insurance policies.

We then developed a comprehensive client-by-client coverage strategy. This aligned the advisor's clients with the appropriate Fairhaven advisors who could serve in a supporting role during the continuity engagement and finally through an ultimate succession. Fairhaven's unique experience in working with both private clients and corporate clients allowed us to segment according to client specific needs.

We integrated between Fairhaven and the advisor's organization all client communications beyond the announcement of the continuity relationship. Communicating about topics such as financial education, regulatory updates and client appreciation events reinforced organizational unity and the benefit to clients of proactive continuity and succession planning.

Finally, Fairhaven created a monetization plan for the advisor that achieved the diversification he sought. Customized to the advisor's goals, the plan struck a balance between immediate and continuing cash flow to achieve both tax efficiency and participation in the continued growth of the practice. Importantly, the plan allowed the advisor to solely focus on the activities he truly enjoyed, while delegating to Fairhaven the less enjoyable but necessary tasks associated with running a financial advisory practice.

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