

A photograph of two men in business suits. The man on the left is a younger man with dark hair, wearing a light grey suit and a patterned tie, holding a pen. The man on the right is an older man with grey hair, wearing a dark blue suit, seen from the back. They are in a modern office with large windows and a grid ceiling.

SUCCESSION MANAGEMENT PROGRAM



FP TRANSITIONS®

CREATING A LIFESTYLE SUCCESSION PLAN

For most investment professionals, succession planning is not about selling their practice. The reward to be earned from a lifetime of work simply does not focus on a lump-sum payment derived from selling the business and walking away - that's the backup plan. Instead, the primary goal is to enjoy the benefits of what you've built, to let the business serve you and provide a stream of income and benefits well past the traditional retirement age.

The Succession Management Program (SMP) provides the tools and resources to help you design and build a plan that fits your lifestyle and your business goals. Whether your preference is for a quick exit, a gradual transition over 5 to 10 years, an income perpetuation strategy, or to build a legacy, you will need professional guidance to design and implement the plan. Our goal is to build a plan with you that reflects the values and needs of the founder(s) – control, flexibility, a return on investment, a client-centered approach, and the ability to build an enduring and transferable business.

One of the most efficient and potentially lucrative methods for designing and building such a plan is to help the next generation build on the success and value created by the preceding generation – to turn producers or advisors into investors in your business. In fact, the best way for a small practice to grow into a strong and enduring business is to attract, retain and propel next generation talent – to hire good people, support them, mentor them, and gradually retire on your own terms while letting the business serve and support you.

A succession plan is about so much more than just turning the business over to someone else at the end of your career. Integrating multiple generations of talent and focusing that talent around one business and one vision has the ability to perpetuate a business; it has the ability to lift that enterprise to an entirely new and higher level of service, achievement and value. That takes great planning. That's what the Succession Management Program is all about.

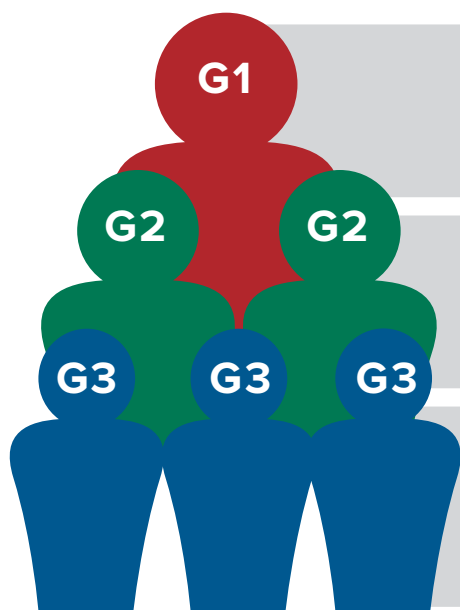
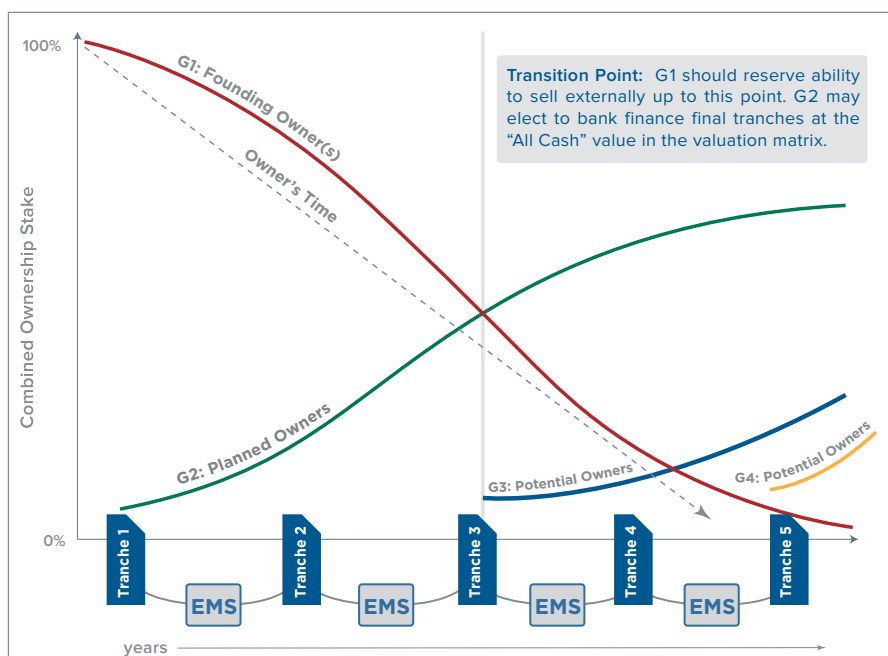


EXPANDING THE TIMELINE: THE TRANCHE SYSTEM

Building on top of a million dollar business requires a very different skill set, and time frame, than starting a business from scratch. An established business can present an investment opportunity for G2 and G3 level advisors that requires a broader, diversified group of talent – a team of successors, not any one individual buyer.

FP Transitions' Succession Management Program often utilizes a three-tiered, multiple-tranche strategy that can be adjusted to create a long-term, flexible approach that results in a gradual and significant reduction of the G1 level advisor's time spent in the business as the reins of leadership are gradually handed off. The transition proceeds in stages, such as 10% to 25% of the G1 level advisor's equity interest at a time to the succeeding levels of advisors. G2 and even G3 level advisors are literally auditioned on the job – in terms of their acumen and determination – as ownership material, as investors in your business. Do they have what it takes? Let's find out.

But understand this: Creating and supporting an internal ownership track isn't about replacing you as the founder. Rather, the process is about blending your experiences and the best of your abilities with the energy and time offered by next generation talent to build something that can outlive you and serve your trusting clients for generations to come – a business of enduring value.



GENERATION 1 | Founding Owner(s)

Founding owner(s) typically have a majority stake, individually or collectively holding 51% or more of the shares or membership interest. Ownership at this level is held by the most senior advisors of the business.

GENERATION 2 | Planned Owners

These owners acquire a substantial, but usually minority, stake in the business (at least initially). G2 owners are usually about 36-50 years of age (10-15 years younger than G1 owners).

GENERATION 3 | Potential Owners

G3 owners have entry-level ownership stakes (1%-5% ownership interest, usually non-voting shares or membership interest). These owners tend to be between 28-35 years of age, and are often admitted through the implementation of equity compensation strategies.

EXPERT ADVICE AND RESOURCES

Private Counseling

Work with a team of industry specific succession specialists one-on-one to understand the full range of succession planning options and develop a strategy that fits your lifestyle, your time frame and your business.

Customized Blueprints for a Successful Transition

Whether your succession planning goal centers on an income perpetuation model, building a legacy, working with your son or daughter, or a short-term exit strategy, FP Transitions can help you develop a detailed plan – a set of blueprints. Once the plan is committed to writing, we'll help you explain it to your stakeholders including (at your discretion) your spouse, CPA, attorney, staff and next generation advisor/investors.

Comprehensive Financial Analysis

Understanding the financial impacts and opportunities of your plan is an integral component of the Succession Management Program. Our comprehensive financial analysis illustrates the long-term impact of the plan by incorporating compensation strategies and ownership changes with pro-forma estimates of business growth and profitability. The analysis is tailored to your business and lifestyle, and helps owners and successors understand the benefits and obligations of the plan.

Detailed Transaction Documents

Once your plan is fully designed and approved by all of the stakeholders, FP Transitions' Transaction Team takes over and prepares the documents to support your goals and implement your plan. Use the Equity Management System in the years that follow to track your growth through formal valuations and benchmarking studies and to support your next generation of advisor/investors.

Exclusive SMP White Papers

Our unique collection of "one-page white papers" contains valuable, specific and detailed information to help you understand and rethink important issues like ownership level compensation, onboarding outside talent, creating equity positions for current employees, applying minority discounts appropriately, and much more. These white papers are only available to those enrolled in FP Transitions' Succession Management Program.

Bank Financing Program

A specialty bank financing program provides a powerful tool to support or accelerate a well-constructed succession plan. Build this option into your future by preparing a solid business structure today – all as a part of the Succession Management Program. This special bank financing program can provide founders with the ability to quickly "cash out" if circumstances warrant.

GET STARTED

Visit www.fptransitions.com/succession and download The Lifestyle Succession Plan white paper to get more information about the methodology and process. Or call **800.934.3303** to set up a private Succession Management Program consultation.

