



PRACTICE EMERGENCY PLAN FAQs

What role will my spouse/representative play in the listing process?

As the representative of your estate, he/she may have signing power throughout the transaction process. We will work with your spouse/representative to process inquiries, review offers and select a successor for your business. By listing the practice on the open market, in a competitive environment, your spouse/representative will be able to select the best successor to meet your clients' needs. As a neutral party who represents "the deal," FP Transitions will search for a successor based on the criteria you provide us. This will protect your investment and your clients' interests. Your spouse/representative will have final authority on any decisions.

What additional contracts will my spouse/representative need to sign once the Practice Emergency Plan is triggered?

When the PEP is triggered by your death or disability, your spouse/representative will sign the current listing agreement with FP Transitions. He/she should also have signing authority on any contracts created as part of the transaction process (eg: Purchase Agreement, Promissory Note).

How much control will my spouse/representative have over the listing price?

FP Transitions will consult with your spouse/representative on the fair market value, but they will have final authority on deciding the listing price. However, if FP Transitions considers their asking price to be unreasonable, we reserve the right to refuse the listing.

How is the price determined when listing after my death or disability?

As a member of the Equity Management System, you should have a Comprehensive Valuation of your practice performed on an annual basis. At the time of your death or disability, we will use the most recent valuation, update it if necessary and apply any discounts that may be appropriate for the circumstances to create a competitive bidding environment. Under these circumstances, selling on the open market will be the best way to receive maximum value for your practice.

What are the average terms/deal structure for an emergency listing?

A practice sold after a principle advisor's death or disability may be an all-cash sale (at a steep discount) or with a standard 25-35% cash down payment, coupled with an adjustable note paid over 4-6 years. The note will be adjusted after the sale to reflect the success of the transition. It is important to communicate your Practice Emergency Plan to your clients in order to make them aware of your intentions, which in turn will improve the transition's success, and protect your business' value.

What are my spouse/representative's options if they find the offers inadequate?

Currently, FP Transitions is able to generate over 50 inquiries for every practice listed. By listing your practice in this competitive environment, your spouse/representative will be able to select from a field of potential successors and receive a fair offer for your life's work. Equally important, your spouse/representative will be able to select an advisor who will provide the kind of service your clients expect.

It is important to note that listing under these circumstances is a time-sensitive event, as the value of the financial practice declines quickly when the client relationships are not maintained. Your spouse/representative may certainly choose not to accept any offers, or to list the practice through another channel, or not to sell at all. By following through with your PEP plan and working with FP Transitions, we will work with your estate to find a suitable successor for your clients and a fair price for your estate.

Facts and circumstances are different for each advisor. This FAQ is meant to provide an idea of what you, your spouse or personal representative may expect. No particular results are guaranteed. Please consult with your estate planning counsel as laws vary from state to state.

FP Transitions is the nation's leading provider of equity management, valuation and succession planning services for the financial services industry. Based in Portland, Oregon, FP Transitions operates the largest open market for buying and selling financial service practices in the U.S.

Since opening its doors in 1999, FP Transitions has completed more financial service transactions than any investment banker or business-broker in the country. FP Transitions' expertise also includes continuity planning, practice benchmarking, compensation studies, entity formation, mergers and acquisitions, and equity compensation strategies.



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