

What's The Right Succession Plan For You?

Should you stay as an employee advisor or would you benefit from a move to independence

BOSTON HARBOR

About us:

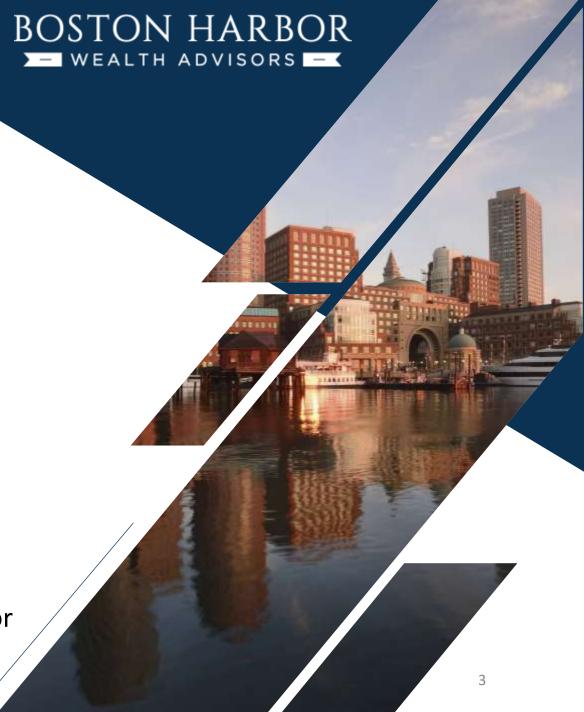
- Succession experience since 2005 in:
 - Advising
 - Construction
 - Implementation
- Extensive experience in both employee & independent environment
- 4 Partners started BHWA in 2015
- Company that focuses helping both clients and financial advisors retire on their terms
- Group started with 100 Million and have grown to 3.6
 Billion as of November 2021





What we will cover today:

- Review the employee & independent advisor trends
- Understand the shifting landscape of the employee succession solutions
- Highlight the differences between employee & independent succession options
- Identify the pros and cons of both models
- Help you understand what is the right environment for your succession plan





Advisor Migration Continues

- 20 years gone from 60% employee advisor to
 40%
- Early on advisors seeking better payout & control over resources
- More recently veteran FA's migrating to independence for equity and potential to sell





Employee Advisor Succession

- W2 no documented business ownership
- Some firms offer a "retirement" or "sunset" opportunity
- FINRA allows for up to 5 year ongoing payment
- Companies design parameters
- Value determined by company





Current Environment of Company Plans

- Extensive incorporate company agendas
- Accounts to investor center
- Bank product integration (or other prop)
- Managed account priorities
- Successors following corporate agenda





Cons of Employee Succession Plan

- 30-50% of fair market value
- Income to advisor is taxable as ordinary income
- Can modify eligibility at any time
- Firm controls advisor ongoing involvement
- Company can modify parameters





Pros of Employee Succession Plan

- Don't need to move
- Successors are down the hall





Benefits of Independent Succession Plans

- Fair Market Value Pricing
- Right to sell how and when you see fit
- Business sale per IRS codes
- Can operate under independent BD, no RIA requirement
- You can determine all terms & conditions





Cons of Independent Succession Plans

You'll need to move your practice

Identify future successor



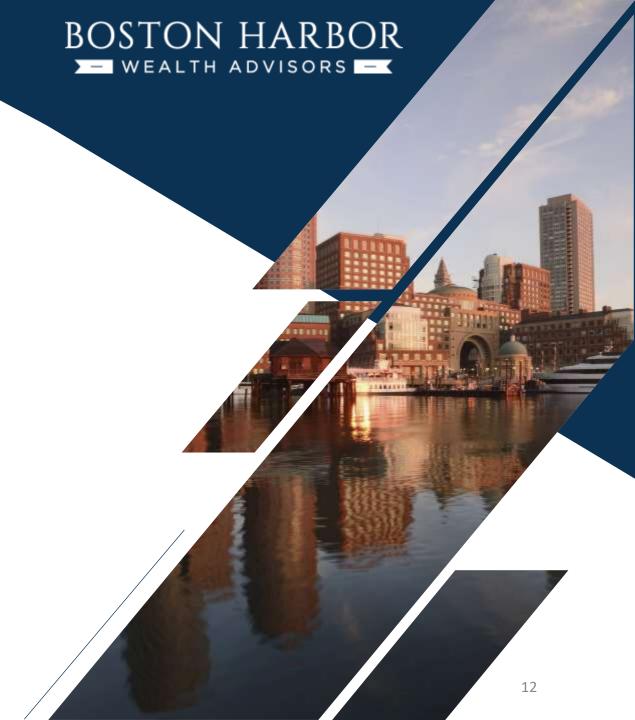
BOSTON HARBOR EALTH ADVISORS -

Typical Parameters

- 2-3X Gross revenue
- Upfront with contingent payments
- Limited contingencies or parameters
- You control your engagement & involvement over time
- Sell in pieces or stages

Employee vs. Independent Succession Plans

- 1. Advisor migration
- 2. Employee advisor succession plans
- 3. Current environment of plans
- 4. Cons to employee advisor plans
- 5. Benefits of independent plans
- 6. Typical parameters





Thank You.

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