



Practice Management

Emergency Continuity Planning for Advisors



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MEET YOUR PRESENTORS



Bridget Grimes, CFP®
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Brooklyn Brock
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Founder of
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What to expect

- Continuity Planning & Steps to Consider
- The Role Insurance Plays
- Legal Considerations
- An Advisor's Continuity Planning journey
- Q&A – Please wait until the end

Why do I need a Continuity Plan?



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- **Ensure your clients and staff are taken care of**
 - It is your Fiduciary Duty
 - If you have a book of clients, you should have a solution!
- **Ensure your family is taken care of**
 - Don't leave your life partner to pick up the pieces
 - Ensure your family gets value from your legacy
- **Updated Valuation & Practice Management Tool**



Good, Better, Best Continuity Solutions



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- **Good**
 - Identify a list of advisors your spouse/key employee could call if something were to happen to you

- **Better**
 - Identify the advisor who would care for your clients/buy your business

- **Best**
 - Identify your Continuity Partner and sign a legal Buy/Sell Agreement



What is my Biggest Hurdle?



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- **Finding your Continuity Partner**
 - This is not the same as finding a Successor!
- **Legal Buy-Sell Agreement**
 - What goes in there
 - What other documents are needed
 - The cost
- **Business Structure**
 - Can your business survive without you for any period of time?



The Role that Insurance Plays



*Peachie Thompson,
AALU, ALMI, ACS*

- **One way vs two way buy/sell agreement**
- **Options to fund a buy/sell agreement**
 - Personal funds, cash, savings, investments
 - Business funds
 - Commercial loan
 - A Note
 - Family members to take place
 - Life and/or disability insurance



The Role that Insurance Plays



*Peachie Thompson,
AALU, ALMI, ACS*

- What are the types of life insurance strategies for buy/sell agreements?
 - Cross-purchase plan
 - Entity-purchase/stock redemption plan
 - Wait & see plan



The Role that Insurance Plays



*Peachie Thompson,
AALU, ALMI, ACS*

- **Bridget's Story aka one-way buy/sell: buy/sell and split dollar endorsement strategies combined**
 - Addresses emergency exit planning
 - Flexibility for Succession Plan
 - Assurance for heirs
 - Future insurability
 - Taking growth into consideration
- **Disability buy-out for DI policies**



The Process: Insurance for Continuity Planning

- **How to choose your insurance agent**
 - Independence, Experience, Specialty & Training
- **The Underwriting Process**
- **Story time: Why a buy/sell agreement must be executed**
- **Your Exit Planning Team:**
 - Attorney, Exit Strategy Specialist, Insurance Advisor



*Peachie Thompson,
AALU, ALMI, ACS*



When is the best time to explore insurance?

- Age & Premium Cost
- Health & Premium Cost
- Why failure to plan is costly



*Peachie Thompson,
AALU, ALMI, ACS*





Legal Considerations



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- **Regulatory Implications**
 - More efficient to plan ahead!
 - Regulators have hinted at making Exit Planning a potential examination topic
 - Deficiencies in Continuity and Succession Planning could lead to further inquiry.



Legal Considerations



Jonah Toleno, JD

- **Regulatory Implications (Cont.)**
 - Having a plan in place can:
 - Alleviate unnecessary anxiety
 - Help you avoid being reactive as opposed to proactive
 - Avoid extra expense (inquiries can get expensive to respond to and shoring up your Continuity Plan makes you look better prepared from a compliance standpoint.)

The Impact on your Staff



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- **Boosts morale**
 - Gives staff a sense of security knowing there is a plan in case a principal passes or is rendered disabled suddenly
- **Increases likelihood of employee retention**
 - Helps avoid panic-based resignation
- **Avoids confusion in the event of a crisis,**
 - Minimizes potential for employment-related claims

The Impact on Compliance

- **Bolsters your ability to honor fiduciary duties**
 - Ensures clients will receive proper servicing and continuous, active management
- **Helps you plan ahead to act quickly,**
 - i.e. if clients are invested in any illiquid, time-sensitive, or high-risk securities or other investments
- **Reduces potential for client complaints due to lack of responsiveness**
 - “Dropped balls”, contractual disputes, possible complaints of diminished capacity



Jonah Toleno, JD



The Impact on Compliance

- Provides for Reassignment if there are other Advisors in the firm,
 - Planning ahead allows for considering matters such as:
 - Registration
 - Management style
 - Complexity
 - Personality
 - Client preferences



Jonah Toleno, JD



Realization



Bridget Grimes, CFP®
Founder of
Equita Financial Network



- **I could die**
 - Who wants to think about that?
- **My family needs a plan in the event of my death**
 - How does all my hard work help my family?
- **My clients need a plan in the event of my death**
 - How do I find the right emergency continuity partner for a smooth transition for my clients?



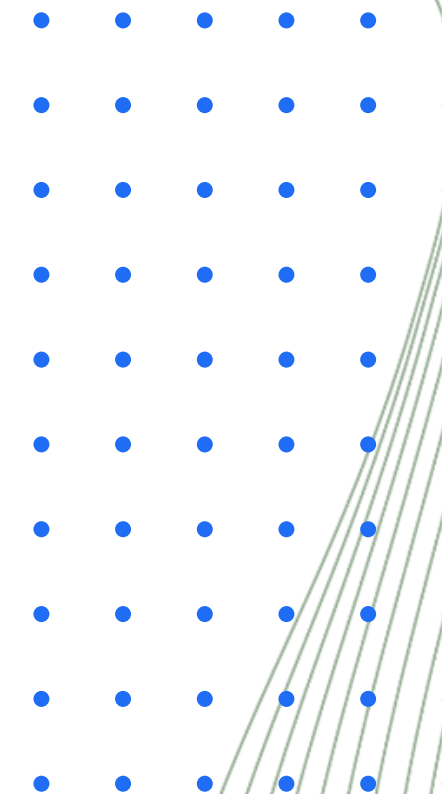
Overcoming Challenges



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Founder of
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E Q U I T A
FINANCIAL NETWORK



- **Understanding what was needed**
 - This is not an easy process
- **Finding a team of professionals**
 - The role that legal, insurance and your estate planner play
- **Leveraging my community**
 - How my Community served a role in finding a continuity partner



Finding Solutions



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Founder of
Equita Financial Network



E Q U I T A
FINANCIAL NETWORK

- Engaged a guide to help with the process
- We found a Continuity Partner
- Had the Business Valuation
- Engaged with a legal team for the Transition Documents
- Worked with an Insurance partner
- Conveyed all changes to our Estate Attorney



Continuity Planning for Advisors

Summary



It is your fiduciary duty to get your Continuity Plan in place!

First step: Identify your Emergency Continuity Partner



Consider what role insurance could play



Think through legal considerations and implications

Q&A

What questions do you have?



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