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# Keys to *Effective* Succession Planning

It's no secret that a large percentage of the industry's wealth advisors lack formal succession and liquidity plans. ***The good news:*** No matter the reason, and regardless of what point you may be at in your career, there are plenty of solutions available to achieve your goals. Below, we review some of the ways you can meet your liquidity needs, ensure your clients are in good hands and leave team members on a solid path.



# What's Your *Motivation?*



Wealth advisors may seek succession and liquidity strategies based on very different needs and goals. The stereotypical situation is the advisor who has had a *long and successful career* and wants to *enjoy a well-earned retirement*. Other advisors want to *continue serving clients* for years to come but wish to *step back from management duties*. Still others may want to sell a portion of their equity, for reasons that might range from funding expansion to diversifying their personal investments.



# No Plan Yet?

## *You're Not Alone*

Many wealth advisors have yet to make formal succession plans—even those approaching retirement. *Almost 40% of U.S. advisors plan to retire by 2030, and 26% of them are unsure of their succession plans*, according to Cerulli Associates.<sup>1</sup> In many cases, advisors haven't found the right next-generation talent to take over their business. Some are hesitant to entrust clients' financial wellbeing to others. In many cases, advisors are simply too busy with daily operations to tackle this important strategic decision.



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# To Get Started, *Get Clear*

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A good first step toward the right strategy is to *think beyond the ultimate transaction*. Optimally, how would you like to spend your time after that transaction takes place? How content would you be with the tradeoffs involved in different scenarios? Honestly reckoning with the following types of questions can help illuminate the best path forward:

- Do you want to maintain an entrepreneurial element to your work?
- Do you want to return to being mostly an advice giver?
- Would you feel comfortable working with a strategic partner?
- Are you looking for immediate liquidity, long-term financial security or a combination?





# Understanding the *Options*

Wealth advisors seeking **succession and liquidity solutions have several alternatives**. Each offers different benefits depending on the advisor's goals, timeline, long-term vision for the business and desired level of involvement post-transaction. Among the options:

## **Bring on a minority partner.**

This option involves selling a portion of your equity to a partner. It can be beneficial for advisors who want to access capital for growth, begin a gradual ownership transition or reduce personal financial risk.

**Sell a portion of your revenue stream.** Selling part of ongoing revenue to raise capital can benefit advisors who need immediate liquidity for expansion or personal reasons, who want to maintain ownership and control of the business or who wish to diversify their personal financial portfolio.

**Sell and continue as an employee.** Selling to another independent firm or a larger enterprise such as Mariner may be a good choice for advisors who are seeking immediate liquidity, who want to focus on client relationships without administrative burdens, who desire access to more resources and support and who plan to transition out of the business in a timeframe of their choosing.

**Sell and retire.** Advisors looking to retire as soon as possible while ensuring a smooth transition for clients and employees can sell to another firm or to qualified employees. In either case the departing advisor would typically transition out over a period of months, helping to move clients and employees to the acquiring firm or new leadership.





# Finding *Solutions* with Mariner



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Mariner supports succession- and liquidity-minded advisors with *a flexible approach*. Our options range from making minority investments to buying firms outright, but that framework includes *a high degree of customization* based on our partners' needs and goals. A few possible scenarios include the following:

**Ready to retire.** In one scenario, the goal of an independent firm founder is to sell and fully retire within two years. We would work together to identify a successor advisor or advisors and carefully craft a client communication and transition strategy. The founder and their team would continue business as usual servicing clients until all relationships are transitioned to Mariner.

**A gradual transition.** Another common scenario involves an advisor who wants to leave their business within three to five years. In this case, Mariner might buy the book of business, bring the team aboard and transition clients. The team would have the opportunity to familiarize themselves with Mariner's products, services and culture. If a next-gen leader has been designated, Mariner would help develop that person. If not, Mariner helps to find that person.

**Stepping back from management.** In this scenario, a founder wants to stay involved in the business for the foreseeable future, but without management responsibilities. In one possible arrangement, the team and clients join Mariner. The founder helps connect the team with new internal leadership, and then steps back from management to take on a "Mariner Mayor" role: Helping to bring clients and advisors to the organization.

**Partner with Mariner Independent.** Mariner is a service provider to many independent advisory firms, and helps founders with succession and liquidity in a number of ways, including:

- Making introductions to potential merger partners.
- Taking minority interests in independent firms, with the possibility, but not the obligation, to later sell the remainder of the business to us.

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# We're Here to *Help*

If you can envision your succession and liquidity solution, there's very likely an option to make it happen. *The biggest obstacle to success is rushing the process, so the sooner you start, the better.* Whether Mariner is ultimately part of your solution or not, our role as good stewards of a growing industry means we're happy to share expertise and perspective—or just to be your sounding board.



For more information, visit [joinmariner.com](https://joinmariner.com)

<sup>1</sup> "Fintech Friday: How to Succeed at Succession Planning"

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