

# LEGACY BUILDER

A Powerful Program to Protect Your Business,  
Your Clients, Your Family, and Your **Legacy**

Your business is more than just a career—it's likely the largest asset you own, and it's the engine that drives your clients' financial well-being. If you were unable to continue working and had no succession or continuity plan, it puts the value of all you've created at risk and can leave a void in the lives of those you support and care about.

**Legacy Builder is  
designed to ensure that  
never has to happen.**

# A Comprehensive Solution

THAT DOESN'T LIMIT YOUR OPTIONS

Gain greater peace of mind for your practice and your clients with Legacy Builder, a program that provides comprehensive support for your continuity and succession plans. Offered through Cetera's Business Consulting Group and available only to advisors affiliated with a Cetera firm, this full-service solution is designed to remove or minimize nearly every barrier to ensuring that when you exit the business, the people you serve and the legacy you're building are protected. Even if you plan to work past retirement age or wind your practice down, Legacy Builder provides a stopgap solution that ensures your clients are cared for if you have an unplanned exit from the business.

In addition, Legacy Builder delivers personalized support to help you increase the value of your business to provide maximum benefit to you and your family when you retire.

Legacy Builder is comprised of three separate components that can be employed individually or integrated to offer the level of protection that's right for you:



**Continuity  
Planning**



**Succession  
Planning**



**Qualified  
Buyer**

## ▶ CONTROL THE FUTURE

Putting together a continuity or succession plan can feel like ceding control of the practice you've worked hard to build to someone else.

Consider another perspective: both types of plans give you a level of control over the future of your practice that, in their absence, you wouldn't have at all.

# Continuity

## PLANNING

When you qualify for Legacy Builder and opt in to Continuity Planning, you have the assurance that either Cetera or a qualified buyer from within our family of firms will purchase your practice based upon a predetermined valuation. Once you're enrolled, a fair and objective valuation of your practice will be performed by a third-party company. In the event of your unplanned exit due to death, disability, or other triggering event, the practice purchase will take place, ensuring uninterrupted service to your clients and continued operation of your business.

The assurance of purchase does not preclude you from entering into an agreement with another buyer, either through your current firm, another Cetera firm, or a third party. You can also exit the program at any time and without penalty. However, the purchase assurance from Cetera is in effect as long as you're enrolled in Legacy Builder and meet the minimum requirements (*see page 10*).

## Assurance for Your Clients and Family

At minimum, you'll receive 25% of the valuation price at the time of your exit. However, you can increase the purchase price, **up to 70% of valuation**, by fulfilling any or all of the following value accelerator tracks.

### Increment of Valuation Added to Purchase Price

10%



### Action Required to Achieve Additional Valuation

Communicate your participation in Legacy Builder to your entire client base, explaining the uninterrupted continuation of service

10%



Establish and maintain 50% or more of assets under management (AUM) on Cetera advisory platforms

20%



Identify a qualified buyer through the program and communicate to clients so they have the assurance someone will care for them after a triggering event

5%



Have an approved business plan on file with the Business Consulting Group

After purchase of your practice, Cetera will ensure its operation until an appropriate qualified buyer from within our family of firms is identified. It's a plan we hope you'll never need, but think you'll take comfort in knowing it's there.

# Succession

## PLANNING

You'll gain access to a suite of resources to help create a succession plan that benefits both you and your clients. Starting with a baseline valuation, our team will work with you to identify ways to build your enterprise value, providing guidance on expanding client services for a greater share of wallet and growing and diversifying your client base—all designed to increase current satisfaction and maximize appeal to potential successors.

Simultaneously, you'll have assistance in finding a qualified candidate from within your current firm or another Cetera firm and building a succession agreement that inspires confidence for you, your succession partner, and your clients. We'll work with you and your successor every step of the way, and help you keep your clients well informed throughout the process.

### **If you are nearing your own retirement, creating a succession plan just makes good business sense:**

- ▶ It provides a level of financial protection as you transition into retirement
- ▶ It allows you to choose your successor and influence how your clients will be cared for after you retire
- ▶ It demonstrates your commitment to your clients' financial futures, even beyond your own career



## No Succession Plan? Your Clients May Already Have One

If you aren't thinking about ensuring uninterrupted service to your clients should you retire or in case of the unexpected, your clients may already be taking matters into their own hands—by looking for another advisor. Savvy clients won't want to be forced to pick up the pieces should you suddenly be unable to care for them. Their concern of having to do so will likely increase as you approach retirement age, and they may start to perceive that you aren't able to continue serving them.

Take these concerns off the table by participating in Legacy Builder. This gives you the ability to confirm your commitment and regularly communicate your continuity and succession preparedness—and demonstrate

confidence in your plan partner. Not only can this allay any fears, it may also set you apart from your competitors: a survey conducted by SEI found that only 45% of respondents had a continuity plan in place, and only 17% had a signed succession plan agreement.<sup>1</sup>

Reassure your clients with your future plans, and be reassured they aren't looking elsewhere for future support.

<sup>1</sup>Anderson, J., Lee, R., & Grau, D. (2014). *Acquisition and succession: Shift your focus from retirement to growth* [White paper].

# Qualified

## BUYER

Benefit from the depth of experience across Cetera's advisor base to find a buyer match you and your clients can feel confident about. We not only look for a succession partner who meets the needs of your firm today, but ideally one whose culture and service philosophy blends with yours, who has the resources to successfully care for your book of business, and who can continue or exceed your current trajectory.

Advisors interested in purchasing a practice are carefully screened against a long list of criteria before they're considered to become a qualified buyer (*see following page*). Candidates are then thoughtfully evaluated for their customer support model, product and service mix, talent

base, resources, and other critical factors. In short, we look for the person or team who you agree would be a natural fit to succeed your business.

In most cases, the buyer will be someone from your current firm, but in the event the right person is not found there, we'll evaluate candidates at other Cetera firms.

### **BECOMING A QUALIFIED BUYER**

If you're looking to grow your practice through acquisition, becoming a qualified buyer through Legacy Builder can reward you with a simplified process backed by a high level of support. You'll receive prioritized introductions to participants in Continuity Planning and Succession Planning, and benefit from the same care, service, and diligence we provide plan participants.

We'll help to identify businesses that will be a natural fit for yours and that are looking to sell on a timeline that dovetails with your longer-term goals. In addition, you'll have access to resources to help you successfully purchase a book of business as well as firm capital to facilitate the acquisition.



## ▶ Designed For Success

To ensure the quality of the succession and continuity plans created through Legacy Builder, fulfill our promise to plan participants, and help ensure the ongoing satisfaction of their clients, advisors who wish to be considered as qualified buyers must have:

- ✓ Excellent standing with the firm and regulatory entities
- ✓ An excellent credit rating
- ✓ A practice that performs financial planning for clients
- ✓ No outside registered investment adviser (RIA) for asset management purposes
- ✓ A positive history in satisfying prior loan commitments to the firm and other creditors
- ✓ Prioritized use of Cetera-approved advisory platforms<sup>2</sup>
- ✓ Defined internal business processes and resources for the effective transition of an acquired firm
- ✓ A written business plan detailing business acquisition as a goal as well as defined strategies and tactics to complete the goal
- ✓ Active engagement with Cetera's Business Consulting Group tools, events, and resources
- ✓ Certified Wealth Strategist® (CWS®) or other approved advanced industry designations
- ✓ A written continuity plan on file with Cetera
- ✓ A minimum of \$500,000 of annual gross production (GDC) through the firm
- ✓ Demonstrated success in buying and transitioning at least one financial services firm<sup>3</sup>
- ✓ Revenues two-times greater than the participating (exiting) advisor
- ✓ Firm president and relationship manager signoff

Note that for the benefit of all parties involved, Cetera Financial Group reserves the right to remove qualified buyer status at any time from participants whose qualifications change.

<sup>2</sup> For more information on approved platforms, contact the Cetera Business Consulting Group.

<sup>3</sup> Qualification requires that the acquired firm achieved the strategic objectives of the acquisition (high client retention, increased revenue, increased margin) and achievement of defined goals.

# The Fine Print

**To ensure the quality and viability of Legacy Builder, participants must adhere to the following requirements to qualify:**



- ✓ Be affiliated and in good standing with one of the broker-dealers comprising Cetera Financial Group
- ✓ Not use an outside registered investment adviser (RIA) for your advisory assets
- ✓ Agree to an annual review of adherence to program requirements
- ✓ Pay a \$1,000 program cost for the first year, complete a third-party valuation, and pay for an annual \$100 valuation maintenance fee for every year thereafter
- ✓ Obtain approval from Office of Supervisory Jurisdiction (OSJ) or Regional Director



## **Succession Planning**

**In addition to the Legacy Builder requirements, to qualify to participate in Succession Planning, you must:**

- ✓ Be willing to engage with the Cetera Business Consulting Group to define and optimize a succession plan
- ✓ Agree to undertake efforts to maximize the value of your book of business
- ✓ Be in Succession Planning for at least 18 months; an exit prior to 18 months of enrollment will be administered under Continuity Planning



## Qualified Buyer

*For the requirements to become a qualified buyer, see page 9.*



## Disqualifying Events

**You will not be able to participate in Legacy Builder if you:**

- ✓ Are not affiliated with a Cetera firm
- ✓ Have an outside RIA
- ✓ Have open compliance and/or regulatory complaints or investigations
- ✓ Already have a succession plan in place with another advisor
- ✓ Are in default with any agreements, loans, or obligations to a Cetera firm

# Protect Your Legacy with Legacy Builder

To learn how to enroll, contact the Business Consulting Group  
at **619.702.9651**, or email **[legacybuilder@cetera.com](mailto:legacybuilder@cetera.com)**.

"Cetera Financial Group" refers to the network of independent retail firms encompassing, among others, Cetera Advisors, Cetera Advisor Networks, Cetera Investment Services (marketed as Cetera Financial Institutions), Cetera Financial Specialists, First Allied Securities, and Summit Brokerage Services. All firms are members FINRA/SIPC.



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