

Credent

Advisor Solutions

EXPONENTIAL GROWTH
LESS HASSLE
MORE LIVING LIFE

Welcome to Credent's quarterly advisor recap — your summary of current market perspectives, practical guidance, and strategic thinking that supports your client engagement, practice growth, and insight into future succession success.

Succession Planning: 4 Things Advisors Miss

Dear Advisors,

After years of helping advisors like you transition their practices, I've noticed something: the biggest regrets aren't about the deals; they're about waiting too long to start planning.

Whether you're planning for a succession in two or 10 years, this quarter's communication covers four topics advisors often miss: *Why Succession Planning Matters More Now*, *The Real Cost of Waiting*, *What Actually Drives Your Practice Value*, and *Understanding Deal Structures*.

The partners we look for put clients first. As transparent fiduciaries, they are humble enough to recognize that someone else may be able to provide service, investments, and planning at the same (or a higher) level, and they are diligent enough to do something about it. They resonate with Credent's core values — authentic leadership, discipline, passion, selflessness, and a culture of excellence — and commit to building a succession plan that reflects those principles for the benefit of their clients.

When you partner with Credent, we don't ignore the great things you've built and how you serve your clients. As a collection of companies, we take the best parts of the firms that join us and apply them across all client relationships, benefiting everyone.

We refuse to compromise. We hope the same is true for you.

Best regards,

Joe Hauptert

Chief Business Officer
Credent Wealth Management





QUARTERLY INSIGHTS

Why Succession Planning Matters More Now

The window for strategic succession planning is getting smaller. Here's what's driving the urgency:

Regulatory complexity keeps increasing. Compliance requirements and technology costs continue to climb, making it harder for firms to stay competitive on their own.

Client expectations have changed. Your clients want to know what happens to their relationship with your firm when you step back. They're asking harder questions about continuity, and your answer matters for retention and valuations.

Internal succession is more challenging. With rising firm values, internal successions are harder to execute, unless advisors are willing to take a steep discount or finance the next generation. Even then, does the next generation want to own the practice? Can they grow the business? Unanswered questions put succession on shaky ground.

The market is shifting. With interest rates stabilizing, acquisition strategies are evolving. Understanding your options helps you make decisions that serve your clients' best interests. If you've been postponing these conversations, now's the time to start.

The Real Cost of Waiting



Advisors in their late 50s and early 60s who put off succession planning face potential challenges for the future, including:

- Fewer options because of the time pressure
- Less negotiating leverage because buyers know they need to move quickly
- Historically smaller growth rates, which lead to lower multiples
- The risk of losing next-generation advisors who want equity or growth opportunities

At Credent, we aren't trying to fit anyone into a box, so we offer flexible deal structures and terms. No deal structure is the same. We work to understand what's important to the advisor, their team, and most importantly, their clients. If you don't like a take-it-or-leave-it approach, start the partnership conversation today.

What Actually Drives Your Practice Value

Understanding what truly drives your practice valuation helps you optimize the number before a transition occurs. A few of the most important factors include:

- Organic growth rates (without market growth)
- Client retention rates
- Number of clients serviced
- Your team
- Your client service model

These days, multiples are all over the place. There are revenue multiples and EBITDA multiples, all with different ranges. Understand why someone values the firm the way they do, and watch out for financial engineering. Discover the value of your business with a transparent approach.



Understanding Deal Structures

While many assume deal multiples are the primary driver, the reality is more nuanced. Structure matters significantly. Typical deals involve a range of structures, multiples, and terms that vary based on your situation.

One of advisors' biggest pain points is a lack of deal structure flexibility. What one advisor needs might be completely different from someone else's requirements.

Another challenge is deal complexity. Not all advisors understand the strings attached and the hurdles to overcome. Most deals look better on paper than they really are.

When we invite an advisor to meet with us, we're not just discussing numbers — we're also focused on understanding their vision, preferences, and priorities. We acknowledge that their clients are unique, and we're committed to creating transparent outcomes that work for their practice, not just pushing one standardized approach.



What to Do Next

Start by having an honest conversation about your timeline and what matters most to you. Are you planning for succession in two years, five years, or ten years? What does success look like for your practice, your clients, and your personal situation?

If you're ready to explore your options, we're here to listen, not limit you. Schedule a meeting to discuss what's possible. Whether you want to transition soon or build a strategic plan, there are flexible paths forward that support you and your clients.

About This Newsletter | The Credent Advisor Quarterly provides practical insights for independent financial advisors exploring practice growth opportunities.

