This article was written for a client who helps advisors complete succession plans and find buyers and partner for their firm.

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You're probably familiar with the idea of succession planning, but have you addressed continuity planning? They may seem like the same idea, but they're actually two very distinct issues.

Succession Planning vs. Continuity Planning

Succession planning refers to an advisor's strategy for transitioning his or her practice to another advisor after retirement. Continuity planning refers to an advisor's ability to continue to serve his or her clients in the aftermath of an unpredictable incident like a natural disaster or even the advisor's death.

The SEC and Continuity Planning

The Securities and Exchange Commission took a fresh look at continuity planning in the wake of Hurricane Sandy in 2013. That disaster closed equity and options markets for two days and left many financial advisors in the New York and New Jersey areas unable to operate.

The SEC reviewed the response, recovery, and preparedness of 40 investment advisers in the days after Hurricane Sandy. After conducting the review, the SEC issued a Risk Alert on the issue and recommended that investment advisors review their preparedness for unpredictable emergencies. Specifically, the SEC said advisors should review their plans for widespread disruption, the use of alternative work locations, preparedness of critical vendors, preparation of their telecommunications and other technology, and communications with clients, staff, and other important personnel.

In fact, a solid continuity plan isn't just recommended by the SEC. It's required. **The commission's rule 206(4)-7 says that an advisor's fiduciary responsibility includes taking steps to protect clients from operational stoppages caused by unpredictable events** like natural disasters. The rule doesn't provide specifics on what steps should be taken. However, FINRA does provide a template to help investment advisory firms develop a plan.

It may take a natural disaster like Hurricane Sandy to stop trading and halt operations at large financial institutions. However, it likely wouldn't take such a large-magnitude event to cause problems for a smaller firm. If the firm is a one-person operation or only has a handful of advisors, something like an extended medical problem or even an advisor's death could send the firm into chaos.

Continuity Planning and You

Think about your own practice and what would happen if you were unable to perform your job for several days or weeks. Would your clients still be able to execute trades, request withdrawals, and address any concerns or questions they may have? If a natural disaster knocked out your technological systems or made your office unfit for use, would you have a backup plan to implement?

If the answer to those questions is no, you're likely not meeting the fiduciary requirements for continuity planning. You also could be exposing your clients to a significant amount of risk. It could be beneficial to partner with a like-minded advisor for the purposes of supporting each other's practices in the event of an emergency or disaster.

We Can Help with your Succession and Continuity Planning

(Company) helps advisors find each other for the purposes of succession planning. Selling advisors are able to list their practices free and anonymously. Advisors interested in purchasing a practice can subscribe to the service to browse listings of practices for sale.

Advisors can also use the service to find compatible partners for continuity planning. In fact, a brief period of supporting each other in a continuity planning partnership could be the perfect way for two advisors to determine whether they're a good fit for a more formal succession planning partnership.

Regardless of whether you want a partner to succeed you in managing your practice after you're gone or to simply firm up your continuity plan, (Company Name) can help you find the right partner for your goals.