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Sunset or Sell?

A Comparative Decision Guide for Financial Advisors Weighing a Firm-Sponsored Sunset Against Leaving to Sell Their Practice

Introduction

Every W2 advisor who reaches the end of their career eventually faces the same decision: stay at the firm and step back through a sponsored sunset program, or leave, affiliate as an independent 1099 advisor, and sell the practice on the open market.

Both are legitimate paths. They are not, however, comparable using a single number, which is exactly the mistake advisors make comparing a sunset package to leaving and selling your business. A sunset program and an outright sale operate on different timelines, different tax treatment, different risk, and different assumptions about who ends up owning the value of the practice you built.

This guide walks through both paths using the same framework we use at Bridgemark Strategies for every major transition decision.Consider what each path actually offers, what you're giving up to get it, and the questions worth answering before you commit to either one.

Path One: The Sunset Program

Staying at your firm and stepping back through a sunset program trades the work of finding a buyer for a formula the firm has already built. A formula which can pay out well above 100% of trailing-12 production over a multi-year schedule.

What a Sunset Program Offers

- Ease of execution with no need to transfer clients.
- An institution standing behind the payments.
- No time spent vetting buyers and negotiating.
- Existing recruiting notes may be forgiven.

What You're Giving Away

- Often, the multiple used to value the business is larger in the sale vs. sunsetting the business.
- Sunset payments are typically taxed as ordinary income, not the capital gains treatment available on a business sale.
- Payments are spread over longer term, creating more risk.
- Your choice of a successor is more limited. Often the firm picks your successor or limits you to who's already on your team.

Questions to Ask

1. Is the sunset formula, the payout schedule, and the tax treatment in writing vs. verbal?
2. Is the formula negotiable?
3. What happens if the firm is acquired, or if leadership or the plan changes before the term is complete?
4. What would the same book be worth sold outright today, and how does that number compare to the sunset award, after tax?
5. What happens in a down market or if clients leave or die?
6. What happens if the successor advisor should leave the firm before the term ends?

Decision Principle:

A sunset program is a formula, not a negotiation.

Know the formula in writing before you compare it to anything else.

Path Two: Leaving, Becoming a 1099, and Selling the Business

Leaving the firm to sell your practice trades the certainty of a firm-sponsored formula for control over the buyer, the structure, and the price. Advisors operating under a 1099 model typically retain full economic ownership of their practice, and in most transactions, buyers acquire the assets of the business, primarily client relationships and recurring revenue rather than the legal entity itself.

What Selling Offers

- You capture the full enterprise value of the practice, not a formula-capped percentage of production. This upside potential can be double or more the amount someone receives in a sunset alternative. You choose the buyer and can market the practice to more than one to maximize price and terms.
- Asset-sale structures are common and typically allow capital gains treatment.
- Deal structure: lump sum, earn-out, cash vs equity, seller financing are just some of the items which can be negotiated.

Path Two: Leaving, Becoming a 1099, and Selling the Business, cont.

What You're Giving Away

- Client portability and how many clients actually follow you is the hardest-to-verify factor in any sale.
- Execution risk to finding the right buyer. 2025 was a record year for M&A announcements, but the buyer pool actually shrank while the number of sellers grew.
- No firm backing the payments. If any portion of the deal is an earn-out, you are carrying the buyer's credit and performance risk.
- You may be giving up W-2 employment and firm infrastructure to manage a real transaction. That complexity is real, but it's also the kind of work that's solvable with the right guidance.

Questions to Ask

1. What is my practice actually worth in today's market not what a single interested buyer offers first?
2. How portable are my client relationships, and what is that estimate actually based on?
3. What structure am I being offered - lump sum, earn-out, seller financing - and what happens if the buyer's business changes after closing?
4. Is my practice transferable to another broker dealer or platform?
5. Are there buyers that would be interested in my practice?

Decision Principle:

Selling puts you in control of price and structure.

It also puts the execution risk on you. Know what you're actually solving for before you choose price over ease.

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Illustrative Example:
The Same Practice, Two Paths

A concrete comparison is more useful than either path in the abstract. Take a $4 million T12 producer with a fee-based, portable book:

	Sunset Program	Sell / Go Independent
Basis of payout	Formula (% of T12)	Negotiated sale price
Illustrative total value	~250% of T12 ($10M)	$16M - $24M+ enterprise value*
Payout timing	5–12 years, scheduled	Negotiated - often faster
Tax treatment	Ordinary income (typical)	Capital gains (typical, asset sale)
Who bears execution risk	Firm	You, and the buyer
Who chooses the successor	Firm	You

*Illustrative range only, however ranges reflect actual deals closed and depend heavily on recurring revenue mix, growth trajectory, client demographics, and buyer type. Model your own practice using Bridgemark's practice value tools rather than relying on a range this wide.

Putting It All Together: A Structured Comparison Process

1. **Discovery:** Get your own numbers first: T12, revenue mix, client portability, and an honest practice valuation before evaluating either path.
2. **Sunset Diligence:** Get the award formula, schedule, tax treatment, and funding source in writing from your firm.
3. **Market Diligence:** Understand what your practice would actually command from a buyer today, not a rough guess.
4. **Net Comparison:** Model both paths after tax and in present-value terms, not on the headline number either path leads with.
5. **Holistic Decision:** Weigh the trade-offs certainty versus control, pre-set formula versus enterprise value.

Evaluating Your Outcome

In practice, the larger the advisor's business the greater the difference can be. Selling frequently produces a meaningfully larger outcome than staying to sunset especially when considering taxes.

Most advisors choose the sunset path for two reasons: It's easier and at this final stage in their career they are focused on simplicity. The second reason is that advisors never ask about their options and don't understand how significant the difference may actually be.

While the first reason of ease is a legitimate reason to make a decision, the second reason of knowledge is why this guide was created... to close that knowledge gap.

The best decision is rarely the one with the bigger headline number, or the one that's the easiest. It's the one modeled honestly enough with all of the pros and cons considered to come to the right decision.

A sunset program and an outright sale are not two versions of the same decision. The trade-off is control and increased financial opportunity for certainty and ease. Each decision has complexities and benefits, the only bad decision is the one done hastily without proper research.

How Bridgemark Strategies Can Help

We work exclusively with financial advisors evaluating their options including whether to sunset with a firm or leave to sell. Our Consultants can provide guidance and expertise at no cost to the advisor and with no affiliation to any firm or platform.

Our role is to help you see the full picture on both paths: what your practice is actually worth in today's market, what a specific firm's sunset formula really pays after tax, and how to run the comparison honestly before you commit to either one.

If you're starting to ask this question, it's worth having the conversation before you've already decided.