Your Guide to Navigating Partner Buy-Ins

Due to the high number of CPAs reaching retirement age, the demand for qualified professionals to assume partnership roles is surging. Do you have a plan in place for new partners to buy-in to your practice? Review our checklist to make sure you are prepared.

Initial Assessment & Planning

- [ ] Define the strategic goals and rationale for adding a partner or partners
- [ ] Identify the ideal partner profile and qualifications, including management, operational and financial capabilities
- [ ] Confirm potential partner's interest in joining the partnership
- [ ] Build a team to help with assessment and planning, including industry consultants, legal counsel and tax advisors
- [ ] Review and update corporate structure and governance documents
- [ ] Draft partnership agreement with transition plan, if one doesn't exist

Deal Structure

- [ ] Obtain a professional valuation of the practice
- [ ] Establish proposed ownership percentage(s) and allocation(s)
- [ ] Develop earnings/revenue forecast for earnout calculations (if applicable)
- [ ] Determine buy-in schedule and payment terms (lump sum vs. staged)
- [ ] Draft/update operating agreement or partnership agreement

Financing

- [ ] Develop repayment schedule aligned with projected earnings and proposed distributions
- [ ] Assess tax implications of various financing structures, including new partners' quarterly tax obligations
- [ ] Evaluate impact on practice's cash flow
- [ ] Consider earnout or performance-based structure to ensure alignment
- [ ] Finalize terms of partner buy in

Integration & Transition

- [ ] Implement onboarding timeline for partner responsibilities, including management and operations.
- [ ] Execute formal transition plan for client relationships
- [ ] Hold regular partnership meetings to assess integration and performance
- [ ] Obtain updated practice valuation on annual basis
- [ ] Routinely assess additional buy in opportunities

Loan options are available to cover the buy-in, making it affordable for new partners and eliminating the need to self-finance.

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