

## **Beware the Broker (and other things)!**

August 20, 2022

I haven't written a warning about brokers in a long while; because it is not my policy to criticize other people's way of doing business. I have, however, been getting a lot of questions about brokers purporting to be "transition specialists".

Since brokerage has taken on a bit of a smarmy reputation, many have begun to describe themselves as "transition specialists"; co-opting the term that we invented, some twenty years ago. But, as you know, brokering is about selling your practice and taking a commission of 8-10% of the sale price. It does not include the tax, business and legal expertise necessary to design a proper transition. It is purely transactional; much like the sale of a house.

As you know transition planning is a *wealth-building* strategy. It is about unearthing the hidden value of the practice and increasing the operational (i.e. profit) and enterprise value by forming successful partnerships.

I know that I am "preaching to the choir" for most of you; because you have already seen the benefits of our approach.

There are still many folks out there who are getting lured in by brokers, who present themselves as "representing the deal" (a term that we coined), or able to find an associate for you. Be careful of this type of misrepresentation. If they are asking you to sign an agreement, which results in a commission, or fee calculated as a percentage of the sale price, it is a *brokerage* contract!

On a completely separate topic, the President has just signed a new law: euphemistically called "*The Inflation Reduction Act of 2022*". We will have more to say about this new law; but suffice it to say, at this point, that the target of this bill's tax provisions is the middle-income tax payer and small business; not the so-called "billionaire corporations".

Next month we will have a few more thoughts on things tax related.