

## ***Silverbacks: Exit Strategies From The Real Estate Jungle***

### **Learning Objectives:**

After completing this session, Real Estate Agents and Brokers/Owners will be to...

1. Build a business that provides continuing income as they are beginning to implement exit strategies into retirement.
2. Develop strategies to capture retiring agent's book of business with respect and dignity within their offices, without letting their production leave for other agencies or dissolve.
3. Explore new ways to become energized within their profession by taking on other tasks such as mentoring, consulting, speaking, and expanding their social presence in the community while enjoying the fruits of their labor in new and exciting ways.

### **Presentation Outline:**

- **The Growth Of A Silverback**
- **Can I Retire?**
- **7 Levels Of A Real Estate Business**
- **Creating Value In Your Business**
- **Circle of Excellence Team**
- **Trade Name**
- **Establishing Effective Accounting/Data Management**
- **Creating Business and Vision Plan**
- **Passing Along Your Vision, Mission And Core Values**
- **Accountability Partners**
- **Value Drivers**
- **Business Brokers For Level 7 Businesses**
- **Partnering Your Practice**
- **Selling Your Practice**
- **Effective Exit Strategies: Nest Egg, OUR Plan, Cash Balance, Real Estate Investments, IRAs, TIC Investment, Social Security, Family Protection, Build An Asset**
- **Estate Planning Essentials**
- **Additional References**

## THE GROWTH OF A SILVERBACK

1. Survival-years 1 to 5
2. Stability-years 6 to 10
3. Success-years 11 to 25
4. Significance-years 26 to 35-Where Silverbacks really shine

***Time is chasing you...pick an online retirement calculator to help figure out how much you will need.***

## ACCORDING TO SOCIAL SECURITY, OUT OF 100 PEOPLE AT RETIREMENT AGE...

- 1 will be wealthy
- 4 will be financially secure
- 5 will need to continue working
- 36 will be dead
- 54 will be broke and dependent on relatives, friends and the government

## CAN I RETIRE?

Being able to easily meet monthly necessities, comforts and a few luxury items.  
Meanwhile, your estate still grows rather than being depleted.  
Long term care needs covered?

## 7 LEVELS OF A REAL ESTATE BUSINESS GARY KELLER'S MILLIONAIRE REAL ESTATE AGENT

**Level 1:** Agent only

**Level 2:** Agent and Admin Assistant

**Level 3:** Agent and Multiple Admin Assistants

**Level 4:** Agent, Multiple Admin Assistants, Buyer Specialist

**Level 5:** Agent, Multiple Admin Assistants, Buyer Specialist, Seller Specialist

**Level 6:** Agent, Seller Specialist, Buyer Specialist, Administrative Manager, Multiple Admin Assistants

**Level 7:** Agent, Seller Specialist, Buyer Specialist, Administrative Manager, Multiple Admin Assistants, other businesses like title company, lender, insurance.

## CREATING VALUE IN YOUR REAL ESTATE BUSINESS

- Values that will help cash flow in retirement
- Your business will have the most value if you build it to level 7
- Create a "circle of excellence" team
- Create a trade name or brand
- Accounting and data management
- Create and follow a business and vision plan
- Recruit a team of general advisors
- Implement Alternative Financial Strategies
- Grow the "value drivers" of your business

**CIRCLE OF EXCELLENCE TEAM OR QUALITY CIRCLE**

- Attorney-Meet with every two years
- Business Coach-Every two weeks
- Financial Advisor-3 times a year
- Estate Planner-Every two years
- Accountability Partner-Every two weeks
- Insurance Coverage-Once a year

**ESTABLISH A TRADE NAME**

i.e. - Boulder Property Network vs the Duggan Team

**ESTABLISH EFFECTIVE ACCOUNTING AND DATA MANAGEMENT SYSTEMS**

- Top Producer or other CRM
- Accounting Systems
- A business buyer/successor will want to know frequency of contact with the data base
- Expense Control
- Sources of business

**CREATE AND FOLLOW A BUSINESS AND VISION PLAN**

A written business plan should include 4 things

1. Operations Manual
2. Mission Statement
3. Vision Statement
4. Core Values

**PASSING ALONG YOUR VISION, MISSION AND CORE VALUES****Our Vision At The Boulder Property Network:**

- To provide above and beyond service to our client making them advocates for life

**Our Mission At Boulder Property Network:**

- To positively and creatively impact the financial lives of our clients

**Boulder Property Network Core Values:**

- To be an advocated of our client's best interest
- To deliver our knowledge and expertise through seminar and various marketing formats
- To provide quality service at all times
- Continually adapt to the needs of our clients in an ever changing real estate market
- To always go "**Above and Beyond**".

### **ACCOUNTABILITY PARTNER**

- ✓ Everybody wants accountability until they get it.
- ✓ Your spouse should not be your accountability partner.
- ✓ Get a coach.

### **TEAM OF GENERAL ADVISORS**

- Lender
- Appraiser
- Title Company
- Insurance
- Inspectors

### **VALUE DRIVER OF A TYPICAL BUSINESS-** Susanne Delucia Front Range Business Brokers

1. Real Estate
2. Personal Property
3. Goodwill, systems
4. Income-Will it Continue? How reliable?
5. Multiplier-Annual Net Earnings times 1 to 3
  - Closer to 1 if owner critical to operation
  - Closer to 3 if owner not critical

### **VALUE DRIVERS OF AN AGENT'S BUSINESS**

1. Processing Systems, business practices
2. Client management systems
3. Income source data
4. Internet, communications, social platform
5. Reputation and Goodwill
6. Visionary plan
7. Agent referral Networks
8. Business Network

**BUSINESS BROKERS FOR LEVEL 7 BUSINESSES**

- Only has value to an independent buyer if the business continues without the key person.
- Suzanne Delucia Front Range Business Brokers #303-499-6008
- Real Trends 303-741-1000 Steve Murray, Scott Wright, Alicia Vivian

**Exaltpro- Theresa Hurt #719-337-3704 exaltpro.com**

- ✓ Identify Agents within their company that may retire or leave the business in the next few years
- ✓ Recognize the revenue at risk if they do nothing
- ✓ Implement a plan to systematically transfer the business to another agent within their company

**PARTNERING YOUR PRACTICE**

If you're ready to retire:

- Why should your practice get released to the market place?
- Partner a younger REALTOR into your business,
- Continue to work your data base, let the partner work the business, collect a referral fee.
- First be a mentor, then a coach, then outside advisor and accountability partner.
- Present your partner to your data base during the phase out period.

**SELLING YOUR PRACTICE**

- Don't want to partner out? Sell it out right. What's it worth?
- Practice Value is a multiplier of anticipated future profits (without the key person being there).
- In most businesses it is 1 to 3 times the annual profit.

***Value is in sustained lead generation, equipment, procedures, data base, # of touches to data base, accountability, referral network, and branding.***

## IDEAS TO DEVELOP AND IMPLEMENT AN EFFECTIVE EXIT STRATEGY

- ✓ 100% cash sale
- ✓ % up front and note
- ✓ Cash up front and referral fees
- ✓ Retainer or salary to outgoing party
- ✓ 100% seller financing

## EXIT WITH A NEST EGG

- Be realistic about the value of your practice
- Just walk away-or get something toward retirement
- Stay in constant contact until the agreed upon price is paid in full

## OUR PLAN FOR YOUR PRACTICE

- ✓ Life Insurance Policy for key person
- ✓ Team members invest in the policy
- ✓ Investment grows
- ✓ Policy owner (retiring team leader can draw money out in retirement)
- ✓ Determine death benefit payout, depending on who invested in the policy and % ownership

## CASH BALANCE PLAN

- ✓ Getting a late start saving for retirement
- ✓ High income years as a successful REALTOR
- ✓ A Cash Balance Plan could be for you
- ✓ Main reason-you can contribute more \$
- ✓ UBS Financial Service in Boulder-Peter Braun

## RETIREMENT CONCEPTS

### Invest in the Product You Know...REAL ESTATE

Have a plan.

- ✓ How many houses will you need to own free and clear to have the income you want in retirement?

As simple as buying 1 rental a year for 10 years.

Have a goal to have them free and clear by a certain date.

### Example:

To have \$100,000 in income in retirement

Rental house \$500,000

Rent is \$2000

- ✓ 200 management
- ✓ 175 Insurance
- ✓ 200 Taxes
- ✓ 200 Misc
- ✓ 1225 Cash flow x 12- 14,700

$\$100,000/14700=6.8$  or 7 Free and Clear Houses

**Investing in Real Estate Using Your IRA**

- Grows tax free
- No 1031 restraints
- Don't deplete the asset by withdrawing the rent to live on

**Comparing Real Estate in IRA to Another Real Estate Investment**

- $\$400,000 \times .03 = \$12,000$
- Depleted each month as \$1000 a month is pulled out
- Would not deplete if the asset is earning 3%

**\$400,000 Property Rented at \$1700**

\$175 Taxes

\$200 HOA

\$170 Management

Cash Flow: \$1155

*Values and rent goes up, live off the rent, no depletion of asset*

**OUR PLAN:****Optimized Universal Life Insurance Retirement Plan**

Go Tax Free by Karl Frank

1. Get the Book!
2. Investing inside a life insurance policy.
3. Get a death benefit.
4. Grows tax free.
5. Pull money out tax free.

**Tenant In Common Investments TIC**

- ✓ When ready to cash out of real estate
- ✓ Exchange into a TIC
- ✓ No personal management, just cash flow
- ✓ Nelson Brothers

**Built an Asset**—Write a Book, Create Space

What kind of asset could you build?

**Social Security**

- Build Your Plan
- Get expert advice
- Read Get What's Yours

## Protecting Your Family

- Life Insurance
- Disability Insurance
- Long term care Insurance
- Health Insurance
- E and O, Auto, House, Business, Umbrella Liability

## ESTATE PLANNING ESSENTIALS

- Will/Trust
- Durable Power of Attorney
- Beneficiary Designations
- Letter of intent
- Healthcare power of attorney
- Guardianship designations

## BOOK REFERENCES FOR FURTHER LEARNING:

Miracle Morning

Go Tax Free

80

Younger Next Year

Top 5 Regrets Of The dying

Millionaire Real Estate Agent

Millionaire Real Estate Investor

REALTOR® For Life

Power Teams

Get What's Yours

Order a "dammit doll" at [www.amazon.com](http://www.amazon.com)



***Duane Duggan, RE/MAX of Boulder***

*Duane Duggan has been a consistent top producer in residential and investment real estate sales since 1978 in Boulder County, Colorado. Duane's first book, **REALTOR® For Life**, shows REALTORS how to become their clients' trusted advisors "for life" in all matters related to real estate. His second book in the works, **Silverbacks: Exit Strategies From The Real Estate Jungle**, which shares with REALTORS® how to create/sustain wealth while transitioning toward retirement.*

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Boulder Property Network

<https://www.boulderpropertynetwork.com/>

Facebook

<https://www.facebook.com/BoulderPropertyNetwork/>

Twitter

<https://twitter.com/boulderpropnet>

Youtube link about "REALTOR for Life"

[https://www.youtube.com/watch?v=tm9Vd\\_txr4Y](https://www.youtube.com/watch?v=tm9Vd_txr4Y)

