
Practice Continuation Agreements:

A Practice Survival Kit

Sample Communications

Exhibit 1: Letter from Attorney to Clients

Dear _____:

You are undoubtedly aware of the death of [the deceased].

[The deceased]'s obligation to you and appreciation for your continuing loyalty prompted (him, her) to make provisions to assure you of competent professional services in the event of (his, her) incapacity or death.

These arrangements have been made solely as a service to you but are by no means binding upon you. In the event of such a contingency, selection of a successor accountant is entirely at your discretion.

By agreement, _____, CPA, and (his, her) staff stand ready to complete any work that might be in process and to prepare for timely filing of tax returns or other reports. With your approval, _____, CPA, has also consented to serve your needs on a continuing basis. [The deceased] went to great lengths to handpick this successor on the basis of (his, her) professional capabilities and personality.

Detailed instructions have been provided both to me and to the key person on [the deceased]'s staff to ensure confidential safeguarding of any books and records of yours that are in our possession. They have also been given instructions for the prompt transfer, upon your written instructions, of any such material to a successor accountant.

Please contact me at your earliest convenience.

Sincerely,

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Exhibit 2: Letter of Instructions to Spouse (or Survivor)

Dear _____:

This letter will guide you on action to be taken in the event of my death or incapacitating disability. Prompt action on your part and on the part of Attorney _____ will ensure the continuity of my accounting practice and assure you maximum economic benefit. The following persons should be notified immediately:

1. Attorney _____, who has instructions to prepare for your signature a letter to my clients, which should be mailed within 24 hours to minimize panic attrition. In the event that Attorney _____ is unable or unwilling to act in this matter, you should immediately contact an attorney of your choice and provide him or her with a copy of the letter to my attorney, which is included with this letter.
2. _____ is the CPA whom I have arranged to purchase my practice or provide interim emergency service. If _____, CPA, is unable or unwilling to act under our agreement, the state society of CPAs should be notified so that it may proceed with alternative procedures. The _____ committee can be reached through _____.

For your information, my files contain accountants' worksheets and related papers that are to remain in the possession of my personal representative as defined in _____ state law. Attorney _____ can advise you further on this. These files also contain material that belongs to my clients, such as copies of various government reports, tax returns, and so forth. _____, CPA, will decide which items in these files may or should be turned over to clients.

It would not be unusual if clients express concern over the status of pending or imminent matters. It is important that you assure them that arrangements have been made for the continuation of competent, prompt attention to their needs. After giving such assurance, refer them to _____, CPA [or the state-society committee].

The attorney's instructions include the recommendation to use the services of a key person on staff. This person, by virtue of close involvement with all office matters, can render invaluable services. Compensation should be commensurate with the value of such services and should not necessarily be limited to that person's most recent salary. Consideration should be given to the delegation of responsibility and exercise of judgment expected.

Sincerely,

Encl: Instructions to Attorney
Agreement with _____, CPA
Instructions to Key Staff Member
Letter to Clients

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Exhibit 3: Letter to Attorney

Dear _____:

This letter and its enclosures provide instructions to be followed in the event of my death or incapacitating disability.

An accountant's practice can have a definite and significant sale value, but that value can diminish appreciably upon the accountant's death. It is commonplace for a CPA's clients to seek a replacement immediately after receiving knowledge of the accountant's death. To minimize attrition from this cause, it is essential that my clients be immediately advised of prior arrangements to provide for competent continuation of professional services.

Following is a list of items enclosed to assist you in an orderly, timely manner:

1. Copy of letter of instructions to my spouse
2. Suggested copy of letter to my clients
3. Copy of successor agreement entered into on [date] between myself and _____, CPA
4. Copy of application for registration in emergency assistance plan submitted to [state society] of CPAs on [date], providing for aid in the event that _____, CPA, is unable or unwilling to act as my successor
5. Copy of letter of instructions to key person on my staff

In the event of my death:

1. Contact _____, CPA, with whom I have entered into an agreement for purchase of my practice and then take necessary action under the terms of this agreement. If _____, CPA, is unable or unwilling to act under our agreement, the Emergency Assistance Committee can be reached through the [state society] of CPAs at the _____ office.
2. Upon notification, immediately prepare a letter to clients. It is imperative that this letter be sent to my clients as promptly as possible, preferably within 24 hours.
3. Contact whoever currently holds or has most recently held the key position on my staff and arrange for the retention of that person's services to assist in any way you deem appropriate in the orderly transfer of my practice to a successor. A set of instructions has been provided for this person's guidance. If a staff member is not able to assist you, contact the Emergency Assistance Committee of the [state society] of CPAs (if appropriate).

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4. Take or recommend such action as is necessary to best protect the interests of my estate.

Copies of all the enclosed material have been provided to all parties. In addition, a complete set is in my business safe deposit box at _____ Bank.

In closing, I emphasize that time is of the essence, and I urge you to contact my clients promptly in this matter.

Sincerely,

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Exhibit 4: Instructions for Key Staff Member

This will serve as a guideline and checklist for you of the services for which you have been retained by Attorney _____. It is intended as a supplement to the knowledge of administrative and office procedures that you have gained as a member of my staff.

Attorney _____ has prepared a letter to my clients and has instructions to mail this letter within 24 hours of my death. A copy of this letter is enclosed.

Once this letter to my clients is mailed, please do the following:

1. Prepare or update a client service analysis.
2. Prepare an analysis of client trust account funds to aid in prompt disbursement.
3. Prepare or update a list of fixed assets.
4. Prepare or update an inventory of significant office supplies.
5. Provide the attorney with information concerning my current lease.
6. Provide the attorney with an analysis of all outstanding accounts and notes payable.
7. Provide the attorney with an analysis of open accounts receivable.
8. Prepare an analysis of work in process for possible billing.
9. Bring books of accounts up to date.
10. Render such additional service as deemed necessary by Attorney _____ to aid in the orderly disposition of the practice.

I appreciate your assistance in this matter.

Sincerely,

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Exhibit 5: Letter to Clients in the Event of a Disability

Dear _____:

I regret to inform you that due to serious illness (or other reason), I shall be unable, at least temporarily, to continue my practice.

In order that there may be no interruption of services to my clients, I have requested that _____, CPA, whom I have handpicked, assist me in this emergency by making appropriate arrangements. I have full confidence in (his, her) ability to carry on during this interim period to your entire satisfaction. If you so authorize, I shall immediately place my working papers and other files at (his, her) disposal in order that (he, she) may be able to commence serving you in a prompt and efficient manner.

If you are in accord, please sign the authorization form at the bottom of this letter and return it to me. A copy is enclosed for your files.

I trust that my period of disability will be short and that I shall be able to resume my practice and continue our relationship as soon as possible. Thank you for your cooperation in this matter.

Sincerely,

AUTHORIZATION

I hereby authorize _____, CPA, to release working papers and files pertaining to services rendered for me to _____, CPA, for the purpose stated above.

Signed: _____

Date: _____