



## REVISED: How to Make a Clean, Professional Break: Guidelines for Ending a Client Relationship – CO-19-11 – April 2, 2019

It is important to maintain a professional relationship with your clients, even if that relationship is coming to a close. Perhaps the relationship has become strained for one reason or another, or you have reached the conclusion that you are no longer the right advisor for a particular client. Depending on the circumstances, the process of extricating yourself from the relationship can be a challenging. Keep in mind that Cambridge is here to help in situations like these, and that handling these clients properly is in the best interest of everyone involved. A messy “break-up” could result in a client complaint.

### Guidelines for Ending a Client Relationship

Here are some important guidelines for ending a client relationship in order to avoid any potential complaints or possible fallout.

An important step toward staying on good terms with a client with whom you are ending a relationship is to provide enough advance notice for them to adjust and find another advisor. It is best to give your client written notice at least 30 days prior to the date on which the termination is to be effective. Communication should be clear and to the point, without being emotional or assigning blame. We maintain a variety of sample letters to assist you in closing out the relationship. Contact the Advocacy and Supervision Team for more information.

Be sure to customize the letter with your client information and situation. Remember to be clear in your intentions. The purpose of the letter is to inform them that you will no longer be able to assist them with their account(s) as their advisor. Also state the effective date and make sure it is at least 30 days after the date on the letter. Let your client know that after the effective date you will no longer have access to their account information and will not be able to assist them with their financial needs in any way.

The goal of the letter is to motivate them to move their account to another broker-dealer, and you play an important role in this process because Cambridge is not able to service house accounts. The home office does not employ staff to assist clients who no longer have an active advisor. There may be circumstances, such as with certain IRA accounts, where even if you end the client relationship, you will remain the advisor of record until the account transfers to another advisor or broker-dealer.

Do not be afraid to follow up with a phone conversation to discuss directly, but gently, with your client why this decision is being made and how to make an amicable split. Consider communicating that their needs may not be met within the strategy that you employ for your clients and that you welcome them to find a new advisor that may better fit their needs.

Additionally, you may want to discuss the benefits of working with an advisor and suggest an alternative to continue working with their account. Let your client know that you will facilitate the communication with their new advisor, and that their new advisor will be contacting them to discuss transferring and ongoing management of their account(s).

Document everything in your own client notes and seek to understand what is causing the relationship to end. A key item to note is any pattern that may seem problematic to the relationship; if you are ever called upon to explain the situation, you will be prepared with notes that detail your services and observations. If the cause of an advisor/client rift is a complaint or issue, you must report this to the Compliance Department within one business day. The Disclosures and Dispute Resolutions Team will guide you through the appropriate steps to take.

### Terminated Client Log

CIRA managed accounts may be terminated by either party with 30 days prior written notice to the other party as prescribed and agreed to by the client in the client account agreement. Cambridge will refund pro rata to the client any prepaid management fees. Management fees paid in arrears

will be billed for the number of days during the quarter for which services were provided up to the date of termination.

CIRA advisors must keep a record of all terminated clients, including client name, termination date, and reason for terminating. Any time a CIRA advisor's advisory relationship is terminated with a client, it must be recorded in the log, no matter whether the advisor or client initiated the termination of the relationship. An advisory relationship is terminated whenever all of a client's fee-based accounts are closed or transferred out, and the client is not receiving any other ongoing advisory services (i.e., financial planning) from the advisor. A sample terminated client log is available under the Forms tab on [www.cir2.com](http://www.cir2.com).

If you have questions about the client termination process or would like to discuss a specific client situation, feel free to contact your supervisor or the Advocacy and Supervision Team at 800-777-6080.

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