CLOSING YOUR LAW PRACTICE

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These are the suggested steps for planning when you are closing your law practice, whether it is a virtual practice or a physical office. Most lawyers give themselves six months to a year for the closing process. Litigation, estate and long-running transactional practices may need a year or more.

Free, confidential help is available from Practice 2.0 at **602.340.7332**. The forms referenced below are on the State Bar's Succession Planning and Winding Down page. This checklist is the long form of Checklist III in Succession Planning: Preparing for the Unthinkable (2024).

CONFIRM YOUR SUCCESSION PLAN

Rule 41(b)(9) requires every Arizona lawyer to plan for the end of their practice to protect current and former clients. A planned closing can still be interrupted by illness or a family emergency, so confirm your plan before you begin.

Task	Date	Done
Confirm your successor (transition) counsel and their willingness to step in during the wind-down (Transition Counsel Checklist)		☐
Name an authorized signer for your trust and operating accounts		☐
Sign or update an agreement to close your practice (full form or short form)		☐
Review your will for practice provisions (sample provisions)		☐
Tell your family or personal representative who your successor is and where records and passwords are kept		☐

TAKE INVENTORY

What does your business account look like? Your trust account? Retirement and savings? Consider what it will cost you to continue to run your practice and whether your timing is right. Is there money you will need to refund to clients? How many cases are uncompleted? How much work is left to be done?

Consider everything that makes up your practice, including staff, clients, equipment, the office lease, equipment leases and service contracts (note each notice period), and know exactly where you are at the moment.

DECIDE WHETHER TO SELL OR CLOSE

ER 1.17 permits the sale of a law practice or practice area, including goodwill, if clients receive written notice, the purchaser is competent to take the work, and fees are not increased because of the sale. Make this decision **before** client notices go out, because a sale changes what the notice must say.

- Ariz. ER 1.17, Sale of Law Practice or Firm
- CLE on demand: Entrance and Exit Strategies: Buying or Selling a Law Practice

REVIEW YOUR MALPRACTICE COVERAGE

Most lawyers' professional liability policies are claims-made: a claim made after the policy ends is not covered unless an extended reporting period ("tail") endorsement is in place. Many carriers offer a free retirement tail after several years of continuous coverage, but terms vary and some tails end if you resume practice. **Do not simply cancel your policy.**

Task	Date	Done
Read your policy's retirement and extended reporting provisions		☐
Contact your carrier or broker about tail options before the policy lapses, and before switching carriers		☐
Consider how any plans to volunteer or practice part-time affect the tail		☐
Confirm the tail endorsement is issued and keep a copy with your permanent records		☐

MAKE A TIMELINE

Consider your inventory and the work that needs to be done on your cases. Can you ask another attorney to take over some cases (with your client's consent)? When would you like to officially close the practice? Pick a date that gives you time to get everything in order, and consider how long you want to take for each step:

Event	Date	Done
Last day to accept new matters		☐
Confirm succession plan and successor counsel		☐

Event	Date	Done
Decide whether to sell the practice (ER 1.17)		☐
Inform staff		☐
Inform clients (written notice)		☐
Date to refer cases out		☐
Date pending cases finalize or motions to withdraw are filed		☐
Final bills and refunds sent		☐
Inform colleagues		☐
Lease expiration		☐
Malpractice tail in place		☐
Trust account closed		☐
Closing/retirement/transition date		☐

NOTIFYING CLIENTS

Once you have chosen a date for sending out official notification letters to existing clients, be sure to include in your letter (sample letter):

- Your anticipated retirement date
- Any upcoming deadlines in their matter
- Your file retention and destruction policy, and the date after which files may be destroyed
- Instructions for picking up their files and any original documents, or authorizing transfer to a new lawyer (authorization form)
- Your request for consent to withdraw and, where a court or agency is involved, the motion and order or substitution of counsel you will file
- If you are selling the practice, the notice ER 1.17 requires
- Date clients can expect to receive a final bill
- Date clients can expect to receive any unearned fees refunded to them
- Address for clients to send final payments
- Information about how to reach you or a substitute attorney once you retire
- Information about whether your website and/or online client portals will still be active

- Information about how clients can get referrals if they need legal work after you retire
- An invitation to contact you with questions

If your client's matter will not be concluded before your retirement, speak with the client about having another attorney take over the case as soon as possible. Client consent alone does not end your representation in a pending litigation case: confirm that an order permitting withdrawal or a substitution of counsel is on file.

If you continue to see new clients, tell prospective clients about your plans to retire so they can decide whether they are comfortable having you start a matter that may later be referred to another attorney.

REFERRING YOUR CLIENTS TO OTHER ATTORNEYS

It may be best to find an attorney within your geographical area as well as your area of practice, but that may not always be possible. **Before sharing any confidential information,** have the receiving lawyer run a conflicts check, with your client's consent to disclose what that check requires. Once a referral attorney has cleared conflicts, he or she needs to know:

- Your anticipated retirement date
- Your file retention and destruction policy
- Instructions you have given your clients to pick up their files
- Information about how to reach you once you retire
- The time period you will be easily available to answer the attorney's questions about the case

Ask the attorney for a biography, brochures, website address and business cards to have handy for clients. Have the new lawyer or client sign an acknowledgment of receipt when a file is transferred, and track every file's status in the Office Closure File Tracking Chart.

HANDLING FILES AND CONFIDENTIAL INFORMATION

In Arizona the client file belongs to the client. Under Ethics Op. EO-19-0009, the touchstone for retaining closed files is whether destruction would prejudice the client, and at a minimum clients should receive notice before their files are destroyed. See also the State Bar's file retention Q&A. Some files, such as estate planning matters, need special care before destruction.

Original documents. Return original wills, deeds, stock certificates and other originals to clients, or transfer them only with written consent, and keep signed receipts. Arizona no longer provides for filing wills with the court for safekeeping, so every original needs a home before you close.

Consider converting your files to digital if you have not already. Cloud storage allows you and your clients access from anywhere. If you do not have a client portal, you may wish to get one so that your clients can review their documents even long after you are retired.

Whether you keep your files digitally or on paper, be sure to keep track of the following:

- Client files in accordance with your retention policy
- Client billing and trust account records (keep trust records five years after each representation ends)
- Client ledgers
- Client list and conflicts database
- Administrative files
- Tax and employee records
- A log of files returned, transferred or destroyed, and when

Secure destruction. When it is time to destroy paper or digital files, protect client confidentiality under ER 1.6. Use a shredding service for paper. For computers, copiers, phones and external drives, wipe the data with software designed for that purpose or have the drives physically destroyed; do not keep loose drives in storage indefinitely. Export or delete client data from cloud services and practice management software before closing those accounts, and keep a record of what was destroyed and when.

Plan for the disposition of closed files and data in the event of your death or disability, and tell your successor counsel where they are.

BANK AND IOLTA ACCOUNTS

Be sure that the account is reconciled so that all remaining funds correspond to specific clients or administrative funds. Do a final three-way reconciliation. See ER 1.15 Best Practices and the Client Trust Accounting Manual.

Send each client a final bill or accounting, and refund unearned fees. Make sure all funds have been properly disbursed and all outstanding checks have cleared before closing the account. If your bank charges a fee to close the account, make sure there are enough administrative funds on deposit to cover it.

After closing the account, shred the checkbook and deposit slips, but keep the trust account records for five years after each representation ends.

If funds remain that you cannot identify, or you cannot locate a client after reasonable efforts, refer to Arizona Ethics Op. 97-03. Unclaimed funds are handled under Arizona's Uniform Unclaimed Property Act, A.R.S. 44-301 to 44-340, through the Arizona Department of Revenue's unclaimed property program.

NOTIFY

Change your address and notify the following:

Notify	Done
Courts and agencies in every pending matter	☐

Notify	Done
Opposing counsel	☐
Clients	☐
Banks/Credit Union	☐
Creditors	☐
Subscriptions	☐
USPS (mail forwarding)	☐
State Bar of Arizona: update your contact information and choose inactive or retired status on your fee statement (see Membership Status below)	☐
Malpractice carrier (see Review Your Malpractice Coverage above)	☐

CLOSE YOUR ONLINE PRESENCE AND E-FILING ACCOUNTS

Make sure nothing continues to advertise a practice that no longer exists, and that no account holding client data is left open.

Account	Done
Website and domain (update to a closing notice, or retire)	☐
Email (set an auto-reply with closing date and contact information for a set period)	☐
Google Business Profile, LinkedIn, Avvo and other online directories	☐
Social media accounts for the practice	☐
AZTurboCourt, PACER/CM-ECF and agency e-filing portals	☐
Practice management, billing, document storage and other cloud services (export or delete client data first)	☐
Telephone number: keep it with forwarding or an intercept message for a set period rather than letting it go dead	☐

CANCEL SERVICES

Service to cancel	Done
Telephone (after the forwarding period)	☐
Electric	☐

Service to cancel	Done
Water	☐
Internet	☐
Cleaning	☐
Magazines/Subscriptions	☐
Ads/Marketing	☐
Web hosting (after the closing-notice period)	☐
Office, cyber and workers' compensation insurance (not your malpractice policy until the tail is in place)	☐

STAFF, BUSINESS AND TAX

To-do	Done
Give staff notice; plan final pay, benefits notices and references	☐
Decide who answers the phone and mail during the wind-down	☐
File final payroll and tax returns	☐
Close or transfer retirement and employee benefit plans	☐
Dissolve the business entity with the Arizona Corporation Commission	☐
Collect receivables	☐

OTHER TASKS

To-do	Done
Notify landlord as your lease requires	☐
Hire movers/storage	☐
Sell or donate furniture and equipment (wipe or destroy drives first)	☐
Arrange long-term storage for files you must keep	☐
Hire a shredding company as needed	☐
Store files and give successor counsel and your family the location	☐

MEMBERSHIP STATUS

When you stop practicing, you can move to inactive or retired status on your annual fee statement or by emailing Membership. Neither status allows you to practice in Arizona, even as a volunteer, unless you are certified as pro bono counsel under Rule 38. Inactive members may still practice where they are otherwise licensed; retired members may not practice in any jurisdiction. Neither status requires MCLE, but returning to active status requires proof of CLE compliance for the last two years. Confirm current fees on the membership status descriptions.

YOUR NEXT CHAPTER

Keep serving. Under Rule 38(d), an inactive or retired Arizona lawyer with at least five years of practice, in good standing and without recent discipline, can be certified by the Supreme Court to provide free civil legal services to low-income clients through an approved legal services organization. Certified volunteers are exempt from MCLE reporting, and 25 or more pro bono hours in a year waives the annual fee. See Rule 38 Volunteer Information.

Stay connected. Members 65 and older are automatically part of the Senior Lawyers Division, at no cost.

Take care of yourself. Leaving practice can bring unexpected loss, even when it is welcome. The Member Assistance Program offers free, confidential support at 602.340.7334.

Questions about your obligations? Call the **Ethics Hotline** at 602.340.7284 or **Practice 2.0** at 602.340.7332.

ENJOY YOUR RETIREMENT! YOU EARNED IT!