



See yourself as an RIA.

With the right partner, it's easier
than you may think.

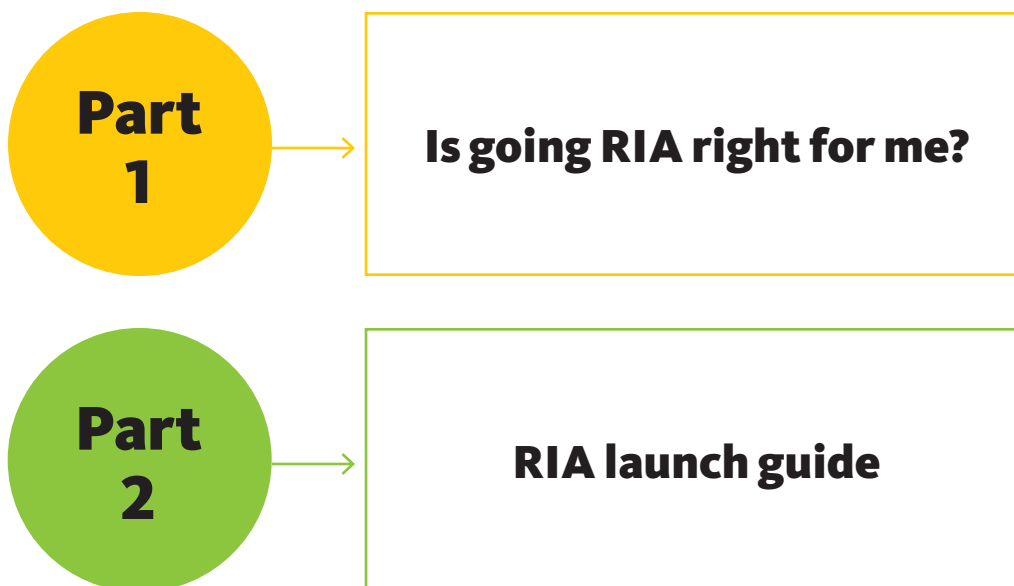


**Every year,
hundreds of
advisors decide
to launch an
RIA and never
look back.**

In our experience, more autonomy, greater control of economics, and the ability to build enterprise value while serving clients are among the primary factors driving breakaway advisors to make the transition.

Knowing where to start can be one of the biggest challenges. We created this two-part, step-by-step guide to help you understand:

- **If launching your own RIA makes sense for you**
- **How to set up your RIA**
- **What to look for in a strategic partner**
- **How we can help you be fully operational in 90 days or less**





Is going RIA right for me?

Define your ‘why’.

The decision to build your own business is deeply personal, but you likely share motivations with your peers. Many advisors are inspired to make a change by one or more of the “Four Cs.”¹

**Compliance****Control****Compensation****Culture**

Knowing your “why” can help you keep a clear perspective when you’re making decisions that impact your business, including which version of independence is right for you.

Finding the right fit

When Jeremy’s broker-dealer was purchased by another firm, he felt that going RIA was the best path forward for him and his clients. The right cultural fit was important to Jeremy, and that motivated him to make a change.



Listen to Jeremy’s story



Jeremy Paul
President and Partner
Perigon Wealth Management

¹The Four C’s is a concept inspired by Mark Albers, founder of Kinetic Strategic Partners, Boulder City, NV.

Not sure if you're ready? These resources can help you decide.

It's important to understand what you may gain, or possibly lose, by going RIA. Ideally, you want to be in control of your decision. You never want to feel that your situation is dictating how you proceed. If you think you will eventually become an RIA, consider what you can do today to set yourself up for a successful transition.

We see many advisors who make multiple transitions before ultimately going RIA. What if you could expedite the journey?



Complete our **Should I Go RIA?** **checklist** and pay close attention to your areas where you answer yes.

You may find certain areas are non-negotiables, especially the Four C's. Once you're clear on what is motivating you to make a change, use this intel to determine:

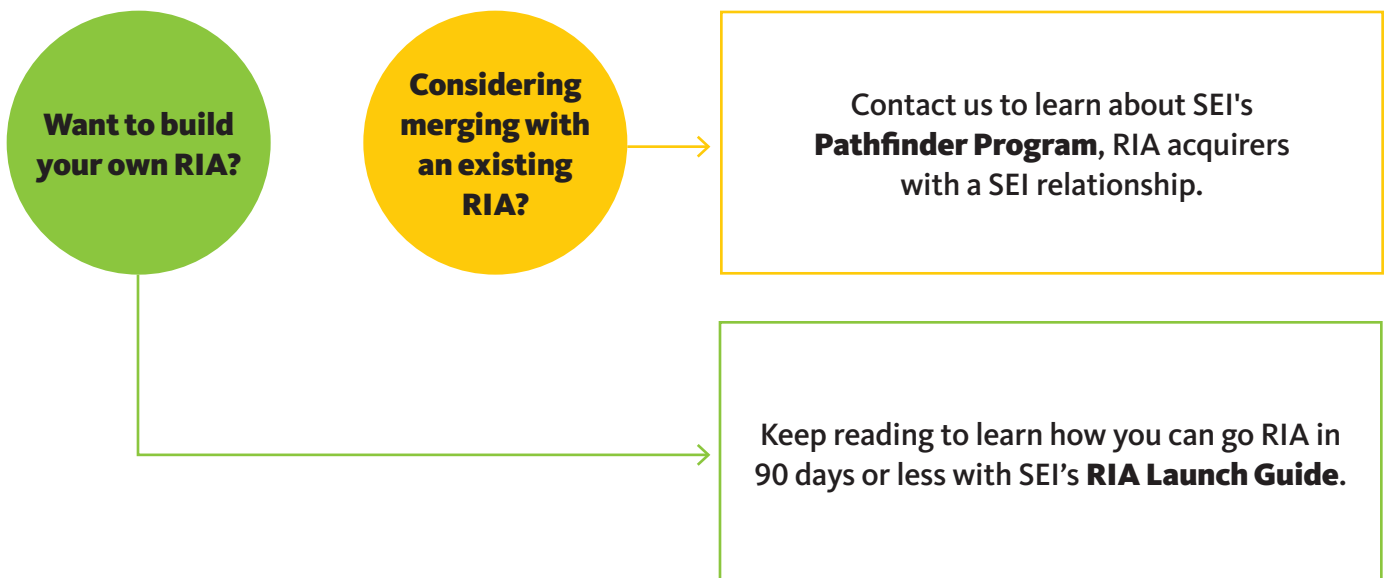
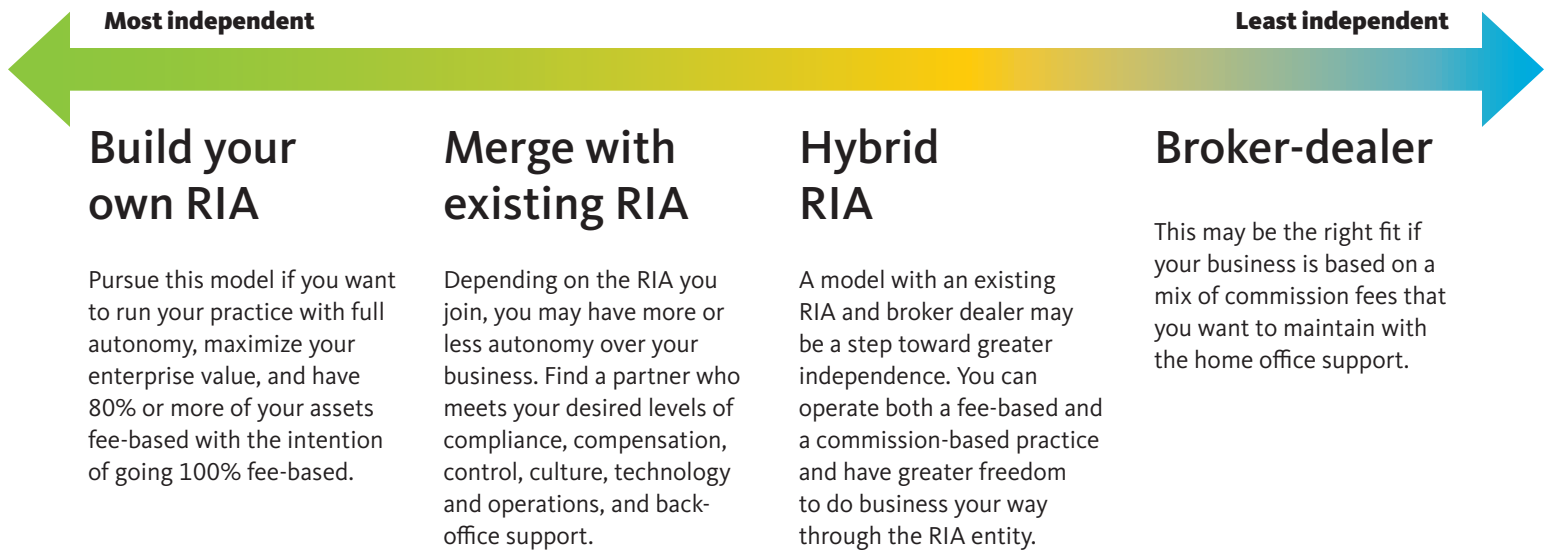
- **What's my time frame for making the transition?**
- **What are my top priorities to achieve my ideal future?**
- **What resources do I need to make this transition?**



Explore the interactive **RIA Profit and Loss Modeler** to determine if the economics make sense.

Create your own or join an established RIA.

What type of RIA business you prefer is an important consideration. The right choice depends on your professional and personal aspirations. We can help you determine which model works best for you.



RIA launch guide.



Once you've decided to become an RIA, it can be overwhelming to know where to start. Having an experienced partner like SEI can help.

We've assisted a number of financial advisors in making the transition by providing:

- A **transition team** to take you from start to finish
- **Integrated custody and tech** platforms for seamless operations
- A suite of **institutionally curated investment products** and portfolios
- **Wealth management solutions**, such as personal trust services, securities-backed lending, and advanced planning resources
- A network of **strategic and integrated partnerships** that you can plug right into
- **Practice management** consultants and resources to help you optimize your business
- A **community of RIAs** for knowledge-sharing and networking

Talk to a member of our transition team.



8 steps to help you make the transition:

- 1.** Define your vision and goals.
- 2.** Find a legal and compliance partner.
- 3.** Develop your business plan.
- 4.** Select your key partners.
- 5.** Create your brand, website, and marketing collateral.
- 6.** Develop a transition timeline.
- 7.** Prepare client paperwork.
- 8.** Communicate the change.

Step 1: Define your vision and goals.

Benefits of going independent can include greater control and an improved client experience. Your success is personal, so take some time to define what it looks like for you and your business. Clarifying your vision can help you build your ideal business from the start—and be helpful in communicating with clients and your team.

How would you describe your ideal business in terms of size, scale, and focus?

What do you envision is your role in the business?

How do you define work-life integration?

What type of experience do you want to deliver to clients?

What is your time frame for launching your RIA?

What type of culture do you want to establish for your firm?

What do you want your business to look like in five years?

Step 2: Find a legal and compliance partner.

Regulatory requirements often top the list of questions advisors have about becoming an RIA. Partner with a trusted provider to help you meet your regulatory requirements and establish your business.

Your legal and compliance partner(s) can help you:

- Determine the right entity and legal structure (LLC and S-Corporation are the two most common structures)
- Determine who will be your Chief Compliance Officer
- Register your firm with the Securities and Exchange Commission (SEC) and/or your state.¹ Complete your Form ADV creation and filing
- Create your Form CRS and investment advisory agreements
- Build your investment management agreements, privacy policy, compliance manual and code of ethics, and other required documents
- Develop your compliance policies and procedures for ongoing compliance oversight and maintenance
- Establish a business continuity plan to ensure your RIA can continue to operate during unexpected events, such as a natural disaster or systems failure
- Confirm that all financial advisors meet the required licensing requirements and take the necessary exams.²

¹ Firms with under \$100 million in assets under management may only need to register with their state, versus larger firms, who are required to register with the SEC as well as their state in some cases.

² Depending on your jurisdiction and the type of services you plan to offer, you may need to pass certain exams, such as the Series 65 exam and the Uniform Investment Advisor Law Examination, which is required for RIAs.

Recommended legal and compliance partners

SEI works with several legal and compliance providers. These partners have been vetted and have demonstrated success in helping RIAs build, launch, and manage their business.



A regulatory compliance solution for investment advisors and wealth managers. They have helped over 4,000 RIAs start their firm. Their services include registration, compliance program management technology, communications archiving and review, employee trade monitoring, cybersecurity, IAR continuing education, and more. RIA in a Box is an SEI strategic partner.



Provides compliance programs for investment advisors, including managing regulatory compliance, cybersecurity and risk, and performance verification. ACA Group (formally Foreside) is an SEI Strategic Partner.



A regulatory compliance and legal solution for investment advisors and wealth managers. Their RIA Incubator program provides prospective RIAs with a comprehensive suite of services to help them fulfill their registration obligations, install an initial compliance program, and more.

Step 3: Develop your business plan.

Make your plan as detailed as possible and include information from your responses to the questions in Step 1, including:

- **Your firm's mission and vision**
- **Your ideal client profile**
- **The type of client experience you want to deliver**
- **The services you plan to offer**
- **Pricing structure and fees**
- **Business strategy and projections for growth**
- **How you plan to market and brand your business**
- **Organizational structure, including compensation**
- **Strategic partners**
- **Operational and technical considerations**

Explore SEI's Growth Lab for tools to help you develop your business plan, define your ideal client profile, articulate your value, and much more!



Step 4: Select your key partners.

Choose your custodian.

A good place to begin is by choosing a custodian to safeguard your client assets. The right custodian can offer guidance on technology and connect you with providers that can help deliver a seamless experience for your clients.

Not all custodians are created equal. The right custodial partner will:

- Protect your clients' assets
- Charge competitive and transparent fees
- Provide consistent and high-quality custodial services and operations
- Offer technology and integrations that support your business, your way
- Be a stable partner, and a good cultural fit without conflicts of interest

Learn more about our custody services for RIAs through SEI Private Trust Company (SPTC).



The following questions can help you evaluate a custodian:

Protection and stability

How financially stable are they?

Are client securities registered in street name or directly in client name?

What's the company's history and commitment to servicing RIAs?

Fees and transparency

Are their fees transparent?

Do they lend client securities?

Do they accept payment for order flow?

Do they charge fees on any of the following:

- Transaction fee surcharges on certain mutual funds?
- Paper statement and confirmation fees?

Services and operations

What is their service model?

Can they support the types of investments you plan to use?

What other services do they offer?

Technology

Do they offer technology that you can leverage to streamline or scale your business?

Do they support integrations with technology that you plan to use?

Are they equipped with technology for integrated reporting?

Fit

Do you look like most of the firms they work with?

Do they engage in hypothecation of securities through margin?

Does the custodian's retail presence overshadow or compete with RIAs?

The more you can leverage the services and resources of your custodian, the more quickly you can launch and grow your RIA.

Build your tech stack.

The right technology platform can be the pathway to success for your RIA business. Start by asking your custodian what tech they offer and who they integrate with to determine how much additional tech you actually need to get started.

Take a look at the Kitces Advisor Technology Map, which highlights over 75 technology partners in 30 different categories. At a minimum, you'll need:

- **Customer relationship management (CRM)**
- **Financial planning software**
- **Portfolio management and performance reporting**

Use our **Scale with Technology toolkit** to help you review, find, build, and implement your ideal technology stack.



RIA firms spend on average 3.9% of revenue annually on technology, which includes software, hardware, and office equipment.

Find the right investment management partners.

You may choose to select a single provider for everything you need, including solutions for high-net-worth and other advanced planning clients, OCIO and ECIO services, goals-based wealth management, tax management strategies, and practice management resources.

While a 2023 Cerulli report notes that more than three-quarters (76%) of RIAs handle portfolio construction decision-making internally,¹ there is likely an opportunity to gain scale and capacity by partnering with third-party investment managers. The report cites that “smaller RIAs are far more likely to outsource portfolio construction than larger practices with greater headcount and resource availability.”

According to SEI research involving high-net-worth clients, the overall relationship along with trust and transparency were rated as the top drivers of client satisfaction. Investment performance was the third most important driver of investor satisfaction.²

By outsourcing areas of your business that are highly commoditized and labor intensive, such as investment management, you and your team can gain time for highly valued activities like time with clients, personal goals-based conversations, and specialized planning, without sacrificing investment performance for your clients.

Select your professional partners.

There are a number of professional partners that you’ll want to have in place to support your RIA business. These partners are critical as you set up your RIA business and navigate inevitable bumps in the road. According to the InvestmentNews study, RIAs spend an average of 2.0% of their revenue on professional services, including their legal, compliance, accountant, and other professional fees.

¹ Cerulli, U.S. RIA Marketplace 2023

² John D. Anderson, Allie Carey, “Your high-net-worth strategy,” SEI, 2018.

Use our **Key partner checklist** to organize outsourced business relationships.



Step 5: Design and implement your brand.

These are the marketing must-haves when building your RIA:

Firm name – Don't overthink it when establishing your legal entity.

Logo – Consider leveraging professional design services and website providers to create assets that tell a story and represent your business. Your logo delivers a first impression of your firm.

Registered domain and website – There are multiple web-hosting sites you can use, such as godaddy.com, to register your domain.

Business account with Google – Consider establishing an account to help your business show up in searches.

Right look and feel – If you have an office, make sure it curates an ideal experience.

Use SEI's **Generate Leads with Marketing toolkit** to help you understand common strategies and tactics, use metrics like a pro, and more.



Recommended marketing partners

SEI works with several marketing providers. These partners have been vetted and have demonstrated success in helping RIAs build, launch, and manage their business.



An all-in-one financial advisor marketing solution including website development, content development, social and email marketing, and more. FMG is a SEI strategic partner.



An all-in-one financial advisor marketing solution including website development, content development, social and email marketing, and more. Snappy Kraken is a SEI strategic partner.



Provides growth marketing and PR solutions, and program to amplify larger RIA firms' business development efforts.

Step 6: Develop a transition timeline.

A well-defined timeline will help you and your team communicate with clients and other stakeholders as you make the transition. RIA transitions can take 30 days to six months, depending on a variety of factors. Be sure your timeline includes:

- **Your planned timing for transitioning clients.** You may want to consider billing periods to minimize the need for fee rebating or missed income.
- **Guidelines for business development activities that will be paused** during the transition period since you and your team will be focused on transition plans.
- The **timing and sequence of communications.** Your plan should outline who, what, and when you will communicate. Identify your key audiences (i.e., clients, professional partners, vendors, etc.), your key talking points, methods of communication, and timing.
- A **schedule for preparing your office space and testing your software and infrastructure**, including computers, phone system, printers, copiers, etc.

Remember to track the status of all transition logistics in a centralized place.

Finding growth in transition

Chris and the financial architect team knew organic growth would slow down during their transition to RIA. They didn't expect to grow from existing clients as a result.



Listen to Chris's story



Christopher Cousins,
ChFC®, RICP®, CAP®, CEPA
President and Co-Owner
Financial Architects, Inc.

Step 7: Prepare client paperwork.

Preparing client paperwork in advance can help you transition quickly, avoid disruption in service to your clients, and reduce missed revenue. Understand the rules and limitations regarding client data and communications at your current firm, and look to your legal and compliance partner for guidance. If your existing firm participates in the Broker Protocol, you may be allowed to use client data such as:

- Client name
- Address
- Email address
- Account title
- Phone number

Some questions to ask yourself as you prepare:

Which clients/accounts do I want to bring with me?

Logistically, what is required at the company of record to move the account?

What role will each of my new team members play? Remember, it's important everyone is assigned a responsibility as a part of the transition of clients.

Schedule a business transition consultation to learn more about our transition team service.



Step 8: Communicate the change.

Based on your situation, employee agreements, and restrictive covenants, the order in which you communicate to your key stakeholders may vary. Timing is critically important but should be kept as confidential as possible until necessary. Your legal team can provide additional insight.

Ideally you have your transition timeline, client paperwork packets, and communications ready to send to clients when it's time to communicate.

Key stakeholders to communicate to:

- **Your employer or affiliated broker-dealer (resigning)**
- **Your clients**
- **Key professional partners**

Many advisors worry about how their clients will respond to the change. It's important to remember your clients value your trust and advice—and that will not change. In our experience, we see 70-90% of clients transitioned within 90-120 days. Preparation and clear, transparent communications are key to successfully retaining clients through a transition.

You'll need to communicate more than once, because your clients don't have the same sense of urgency as you do. Consistent follow up can help ensure your clients move with you. You may want to consider starting with your biggest clients first.

Losing clients during transition is a "major or moderate" concern for 82% of broker dealer affiliated advisors considering a transition to RIA.



Communication best practices

- Keep the circle of trust small until you have formally resigned.
- Prepare all communications in advance, including:
 - A client email announcement (consider including a video message)
 - FAQs
 - Key talking points for your staff
 - A call list for sensitive or high-priority clients
- Communicate why you're making the change with a focus on the benefits to clients, what to expect, and how to reach you with questions.
- Clearly communicate what will change, and what won't.
- Identify who owns all client communications, establish a schedule, train your staff on your approach, and draft key talking points.
- Use a separate email for communications related to your RIA.



Common mistakes to avoid

- Don't take any client records.
- Don't print out statements.
- Don't inform clients before you resign.
- Don't overcomplicate the communications.

How you talk about change matters

"The messaging is really important. What I found and what I think most people find is that clients celebrated how this transition improved not only their situation, but my and my team's situation."



Listen to Jeremy's story



Jeremy Paul
President and Partner
Perigon Wealth Management

Your vision is our focus.

Get everything you need—from transition to launch and ongoing support of your RIA business—in a single partnership with SEI.

- **Custody** – A simple and transparent approach to safeguarding your clients' assets through SEI Private Trust Company
- **Technology** – Streamline your tech with a completely integrated platform that is continually optimized for your business.
- **Wealth solutions** – One place to access the investment and business solutions you need to grow your business and help your clients reach their goals.

Join the (r)evolution today and explore all of the benefits of working with SEI.





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Discover SEI.

SEI delivers technology and investment solutions that connect the financial services industry. With capabilities across investment processing, operations, and asset management, SEI works with corporations, financial institutions and professionals, and ultra-high-net-worth families to solve problems, manage change, and help protect assets—for growth today and in the future.

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