



## **Ten Questions Every Advisor Must Ask Before Transitioning to the RIA Model**

# Are You Ready to Make the Move?



The RIA model is the fastest growing segment of the wealth management industry. Transitioning your practice to an RIA can provide many benefits to your team and clients.

There are countless decisions that need to be made to prepare for such a transition. This guide will cover ten common questions that you should ask yourself if you are thinking about transitioning to the RIA model.

## 10 Questions Every Advisor Must Ask Before Transitioning to the RIA Model



# RIA Only or Hybrid?



If you are currently working with a broker dealer it is very likely that a percentage of your revenue is generated from commissionable sales. Do you leave that behind and go fee only? Do you try and convert those accounts to fee based before the move?

If you are not wanting to leave those accounts behind there is the option of setting up the RIA and establishing a relationship with a broker dealer that can facilitate your commissionable accounts. Every advisor and situation is different, but this is a question that almost all advisors must face.

# What Custodian Do I Choose?

This will be one of the most important decisions you make when starting an RIA. Not all custodians are the same and it will be worth your time and energy to take an in depth look at all the companies that are available to you.

You will want to understand how they help you make the transition and what type of service team you would be working with once you make the move. Another key component is technology. Do they offer their own proprietary technology? Do they integrate well with third party software providers?



# How Much Do I Need In Startup Costs?



Start up costs will obviously vary for each advisor and team. Some of the variability will be if you decide to start your own RIA as compared to partnering with an existing RIA.

Regardless, some of the items to think about are legal fees for your business, outstanding notes that would need to be paid back to your current employer, technology hardware, office space furnishings, Errors and Omissions Insurance, and marketing costs like website and signage.

# What Do I Do About Office Space?

The answer is whatever you would like. We have seen advisors buy a building, lease a suite in a traditional office building, get a membership at a local co-working space or even work from home.

You control where you set up shop. If you are looking to lease space, just keep in mind that a buildout could take 2-4 months to complete and be move in ready. This is usually the number one item that dictates the timeline of your transition.



# What Do I Do About Compliance?



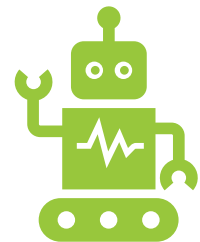
If you start your own RIA, you are required to name someone as your Chief Compliance Officer. You can name yourself as the CCO or you might have a staff person joining you that has experience in compliance duties. If you are joining an existing RIA, that firm will already have a CCO in place to handle the compliance functions of your practice.

There are compliance consulting firms that work with RIAs that you could connect with to help support your business. The main question you need to ask is if you feel as though your time will be best spent being the CCO, lead advisor and business owner. If the answer is no, you may want to look at partnering with a firm to handle those duties.

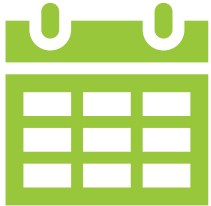
# What Types of Technology Do I Need?

An RIAs ability to select “best of breed” technology is one of the main reasons why advisors go independent. It is also one of the most overwhelming parts of being an RIA owner as the industry is constantly evolving. The software you choose needs to help provide efficiency and scale to your practice.

The key components that create an RIAs “tech stack” are financial planning, performance reporting, CRM, and model portfolio management systems. Depending on what custodian you select, some custodians will provide solutions for you and others provide the flexibility for you to build your own. It all comes down to preference.



# How Much Time Do I Need to Prepare?



We always start with three months as a good rule of thumb on the amount of time that is needed to fully prepare your practice for the move. Some transitions can be done quicker and others longer depending on items like real estate, custodian selection and marketing. Your current infrastructure will also drive your timeline. Do you currently own your business or starting from scratch?

Bottom line is that you need to be organized and understand all of the pieces needed to make the transition as smooth as possible.

# What Will Be My Pricing Schedule?

The RIA model provides flexibility on how you charge clients for your services. The most common pricing model is charging clients a percentage of their assets under management. If this is the direction you go, do you bill in arrears or advance? How are you going to calculate the fees?

Do you take this opportunity to introduce a different pricing structure? Maybe you look at charging separately for investment management and financial planning. You might also look at some sort of monthly or quarterly retainer model that is better suited for younger clients.



# What Do I Name My Company?



Oddly enough this is sometimes one of the most difficult decisions that advisors face when starting a new business. If you already own your own firm because you are affiliated with an independent broker dealer, maybe you take this time to refresh your website and logo.

If you are starting a brand new business, you should take some time to think about what the vision is for this new firm. Do you incorporate your name, geographical location or your services?

# Is the RIA Model Right For Me?

Going independent is not for every advisor. Yes it does come with more flexibility and autonomy, but it also comes with more responsibility. You must make the best decision for yourself, staff and clients. The benefits of transitioning to the RIA model are well documented and surrounding yourself with the right partners are critical to the success of your new independent business.



## Wealth Advisory Solutions

Wealth Advisory Solutions is an independently owned Registered Investment Advisor (RIA) that was built specifically for advisors wanting a partner to support the transition of their practice to the RIA model and beyond.

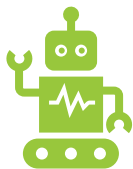
Ultimately, we deliver to you an established RIA platform with decades of experience that gives you time back to focus on your clients and grow your business. We have done the research and helped advisors answer these questions by creating personalized transition plans that get you from where you are to where you want to be.

If you believe the RIA model is what's best for your clients and team, partner with a firm that has the expertise to execute a smooth transition and the infrastructure to service your business. Call us to learn how we work with advisors during the transition phase and beyond.

## Independent Advisor Platform



Compliance



Technology



Billing



Transition  
Support



Marketing



Practice  
Management