

# Checklist: Should I Go RIA?

Use the checklist below to understand what you may gain (or lose) by going fully independent RIA. The more yeses, the more likely going RIA may be right for you. Certain areas may be non-negotiables such as The Four C's. Once you're clear on what's motivating your desire to make a change, use this intel to make a decision and to inform how (and who you partner with) to build your future ideal firm.

		Yes	No	Unsure
Do you want to operate your own firm?				
Is the majority (80% or more) of your current revenue fee-based?				
Do the economics make sense to go RIA? Use SEI's <a href="#">RIA P&amp;L modeler tool</a>				
Are you dissatisfied with your current:				
The Four Cs	Compliance			
	Compensation			
	Control			
	Culture (including firm brand, leadership, and management)			
Technology, specifically...				
CRM				
Financial planning software				
Investment model management				
Investment research and analytics				
Billing				
Rebalancing				
Client portal				
Business reports, dashboards, and analytics				
Other technology:				
Investment resources and support				
Practice management resources (i.e. growth resources and support)				
Wealth management resources (i.e. banking services, trust services, planning and tax expertise and services, etc.)				
Client experience				
Other:				
Other:				
Total				



# Sample RIA profit and loss model

Use this sample balance sheet to provide guidance on the revenue, expenses, and valuation potential in the RIA model. All assumptions including percentage of revenue and valuation multiples are based on the InvestmentNews 2022 Pricing, Profitability, and Compensation Study RIA respondent data.

ASSETS UNDER MANAGEMENT	\$ 100,000,000	
<b>REVENUE</b>		
Investment Advisory and/or Wealth Management Fees	\$ 814,000	81.4%
Planning or Retainer Fees	\$ 31,000	3.1%
Investment Management Fees	\$ 144,000	14.4%
Other Fees	\$ 90,000	9.0%
<b>Total Revenue</b>	<b>\$ 1,000,000</b>	<b>100.0%</b>
<b>DIRECT EXPENSE</b>		
Professional Salaries or Commissions Paid		
Owners - Advisers	\$ 134,000	13.4%
Non-Owners - Advisers	\$ 117,000	11.7%
Professional Bonuses/Incentive Comp	\$ -	
Owners - Advisers	\$ 38,000	3.8%
Non-Owners - Advisers	\$ 28,000	2.8%
Referral Fees to Other Professionals/Organizations	\$ 10,000	1.0%
<b>Total Direct Expense</b>	<b>\$ 328,000</b>	<b>32.8%</b>
<b>GROSS PROFIT</b>	<b>\$ 672,000</b>	<b>67.2%</b>
<b>OVERHEAD EXPENSE</b>		
Compensation - Administrative Executives	\$ 26,000	2.6%
Compensation - Dedicated Managers	\$ 13,000	1.3%
Compensation - Administrative and Support Staff	\$ 89,000	8.9%
Payroll Taxes	\$ 22,000	2.2%
Cost of Benefits	\$ 37,000	3.7%
Training, Continuing Education, Professional Dues/Licensing	\$ 4,224	0.4%
Occupancy Cost (Rent, Utilities, etc.)	\$ 30,000	3.0%
Technology Cost (Software, Hardware, and Office Equipment)	\$ 31,000	3.1%
Professional Services (Accounting, Compliance, Consulting, Legal)	\$ 14,000	1.4%
Marketing and Business Development	\$ 17,000	1.7%
Office Expenses	\$ 11,000	1.1%
Travel	\$ 3,000	0.3%
Insurance, Business-related	\$ 6,184	0.6%
Depreciation/Amortization	\$ 13,000	1.3%
Other Expenses (Taxes, Licenses etc.)	\$ 26,000	2.6%
<b>Total Overhead Expenses</b>	<b>\$ 342,000</b>	<b>34.2%</b>
<b>OPERATING INCOME</b>	<b>\$ 331,000</b>	<b>33.1%</b>
<b>Pre-Tax Income per Owner</b>	<b>\$ 147,000</b>	<b>14.7%</b>
<b>Earnings before Owners' Compensation</b>	<b>\$ 501,000</b>	<b>50.1%</b>
<b>Estimated business value</b>		
EBITDA model	\$ 3,008,384	
Revenue model	\$ 2,700,000	

Access SEI's interactive RIA profit and loss modeler



Business value using the EBITDA model assumes a 9.1 multiple, the revenue model uses a 2.7 multiple, which were reported as the average multiples of EBITDA and revenue used by firms who sold or purchased in the past two years according to the InvestmentNews 2022 Pricing, Profitability, and Compensation Study. This is illustrative and does not serve as a formal valuation. For a formal valuation consult with a valuation expert such as SEI Strategic Partner, FP Transitions. FP Transitions is not affiliated with SEI or its subsidiaries.