

Title Tag (max 70 characters)	Pros and Cons of Starting Your Own RIA Firm
Meta Description	Thinking about starting your own RIA? Learn the upsides and trade-offs of going independent—plus tips on income, compliance, tech, and client retention.
Slug	/starting-fa-or-ria
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Categories	Advisor Career Advice
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Image (add below in body text)	A group of woman and men sitting together in an office more casual

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The Pros and Cons of Starting Your Own Financial Advisory Firm or RIA

Thinking about starting your own RIA? You’re not alone. Many financial advisors are weighing the benefits of going independent against the challenges it will bring. Starting your own firm means more freedom, building your own brand, and potentially earning more. However, it also means

taking on more responsibility, including finding clients and staying on top of regulatory requirements. Below, we'll break down both sides so you can decide if this path is best for you.

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Why Advisors Consider Going Independent

More financial advisors are choosing to go independent every year. These “breakaway” advisors often leave larger firms because they’re tired of limits on how they serve clients, what products they can offer, and how to run their practice. Independence offers the chance to align work with personal values, set your own pace, and build something that’s yours.

There’s also more support out there than ever before. A growing number of services, like custodians and tech platforms, are making it easier to launch and manage an independent RIA.

Related Article: [When Is the Right Time to Go Independent as a Financial Advisor](#)

Going independent is a big move for any financial advisor. Learn what it takes to break away, from client retention and registration rules to budgeting and timing.

The Advantages of Starting Your Own RIA

Starting your own RIA grants you more control over your business, schedule, and future. Independence lets you shape the kind of practice you want to run, including setting your own prices to choosing the tech you use.

Freedom and Full Business Control

When you start your own firm, you decide how everything works. You choose your clients, set your pricing, offer the services you want to, and design a brand that reflects your beliefs. You’re also in charge of your hours and how you spend your time.

As one advisor put it, “Now that I’m the boss, I can directly influence whom I work with, when I work, how I work, and how much my compensation will increase more than ever before¹” That kind of

¹ [Top 5 Reasons Why Advisors Go RIA](#)

control isn't possible in broker-dealer or W-2 setups, where decisions often come from the top down.

Fiduciary Responsibility and Trust

As a registered financial advisor, you follow the fiduciary standard. This means you're legally obligated to put your client's interests first. This differs from the suitability standard that applies to many brokers, which allows for more flexibility in what they recommend.

Many clients don't fully understand what standards their advisors follow. Working under the fiduciary model means you're offering something more direct and transparent, something more clients are looking for.

Open Architecture Investment Platforms

Independent RIAs use what's called an "open architecture" approach. That means you're free to pick from a wide range of investments and tools to serve your clients. You're not pushing a set list of in-house products.

As a result, it's much easier to match clients with what fits them best. There's no pressure to meet sales goals or promote firm-owned offerings.

Income Potential and Ownership Equity

Independent advisors often keep more of what they earn. A well-run RIA can expect to bring in 60-70% of revenue before the owner's compensation². That's a significant jump compared to what many advisors take home at wirehouses.

In fact, breakaway advisors often end up with 10-20% more income after going independent³. Additionally, you're building something that can grow in value over time and might eventually be sold or passed on.

Related Article: [How to Scale Your RIA from \\$50M to \\$500M AUM](#)

² [What Level of Bottom Line Income Can I Expect to Earn as an RIA?](#)

³ [Switching from Wirehouse to RIA – AUM and Revenue Requirements to Break Away](#)

Scaling an RIA from \$50M to \$500M AUM takes more than adding clients. Learn how to grow with strategic planning, team expansion, and the right mix of technology and outreach.

Custom Technology and Flexible Workflows

As an RIA, you pick the tech tools that match how you and your clients like to work. You're not stuck with a one-size-fits-all platform. You can build your own system based on what fits your style and budget.

Technology costs vary, but solo advisors often spend around \$650 to \$1,000 per month⁴. The average is closer to \$400–\$800 for firms with a few advisors.

Personal and Professional Autonomy

Independence means you work with the people you want to help and on a schedule that works for you. Many advisors say this is one of the biggest benefits. They get to build deeper relationships, avoid burnout, and run their business in a way that fits their life.

The Challenges of Building an RIA

Starting your own firm brings a lot of freedom, but it brings a lot of responsibility as well. There's a lot to manage in the early years, including legal filings and finding your first clients. Below are some of the most common hurdles new RIAs face.

Maintaining Compliance

To launch an RIA, you'll need to register with either your state or the SEC, depending on how much you manage. You'll also need to file Form ADV, set up an account through the IARD system, and stay on top of yearly renewals.

⁴ [How to Select Technology for a New RIA Firm: Step 2 \(Setting a Budget\)](#)

The SEC generally has 45 days after receipt of the Form ADV to declare an applicant's registration effective⁵.

Many advisors name compliance as one of the hardest parts of going out on their own. According to Cerulli, 84% of RIAs say it's a major challenge⁶. Some hire compliance consultants, which typically costs between \$8,000 and \$15,000 each year.⁷

Time Commitments and Daily Workloads

When you're starting out, you take on everything: advisor, marketer, admin, and more. In fact, 78% of RIAs cite the time required to run a business as either a moderate or major challenge⁸. Because of this, it's not uncommon for new RIAs to work over 60 hours a week just to keep up⁹.

There's also a learning curve. Juggling so many tasks slows down your progress at first. With time and structure, however, most advisors find their groove.

Client Acquisition and Growth Hurdles

Getting clients is one of the hardest parts of going independent. About 55% of advisors say it's a major challenge. Without a big brand backing you, it's harder to earn trust, especially with new audiences.

Some advisors also find it hard to connect across generations. In fact, 29% say building relationships with younger clients is a struggle.¹⁰

Related Article: [Transitioning Clients When Changing RIAs](#)

Switching firms as an RIA means you'll need to strategize and prioritize follow-through. Learn how to manage legal steps, guide clients through the transition, and stay connected after the move.

⁵ [Electronic Filing for Investment Advisors on IARD: How to Register with the SEC as an Investment Advisor and How to File Reports with the SEC as an Exempt Reporting Advisor](#)

⁶ [Despite High Growth, Operational Complexity Challenges RIAs](#)

⁷ [How much does an RIA compliance consultant cost?](#)

⁸ [Despite High Growth, Operational Complexity Challenges RIAs](#)

⁹ [Pros and Cons of Being a Financial Advisor: The Dirty Details Nobody Tells You](#)

¹⁰ [Despite High on Satisfaction, Client Acquisition a Struggle for Advisors](#)

Technology and Cybersecurity Requirements

RIAs need to think clearly about data security and digital tools. New SEC rules¹¹ now require firms to create written cybersecurity programs, breach response plans, and vendor management systems.

Even solo advisors need a plan for privacy notices, secure filing sharing, and ongoing monitoring. These take time and planning but are necessary to stay compliant.

Limited Resources Compared to Large Firms

Independent advisors don't always have access to the same investment research, tools, or internal expertise that large institutions offer. This makes it harder to create more advanced plans or serve high-net-worth clients with intricate needs.

It doesn't mean you can't compete, but it does mean you need to be selective about your resources and how you use them.

Ongoing Expenses and Capital Commitments

Running your own firm comes with recurring costs. Most solo RIAs spend between \$20,000 and \$30,000 per year on essentials like software, rent, insurance, and compliance¹². Some states also require to show a capital base, generally between \$10,000 and \$25,000¹³.

Also, RIA compliance consulting costs usually range from \$8,000 to \$15,000 per year for ongoing compliance guidance¹⁴.

Is Starting an RIA the Right Move for You?

Going independent isn't the right move for everyone. Ask yourself a few questions first:

- Do you already have a strong client base?

¹¹ [New SEC rules on cybersecurity for RIAs](#)

¹² [Dream to Reality: Steps to Building Your Own Financial Advisory Practice](#)

¹³ [How Much Does It Cost to Set Up an RIA Firm?](#)

¹⁴ [How Much Does An RIA Compliance Consultant Cost?](#)

- Are you financially ready for the upfront costs?
- Do you have a plan for bringing in new business?

Some advisors begin by trying a hybrid model before going fully independent. Regardless of your strategy, having a financial cushion and a business plan ready makes the move more feasible. Talking to other RIAs who have made the switch also gives you a better sense of what to expect.

Related Article: [A Guide to Transitioning Financial Advisor Clients](#)

Client transitions are a key part of changing firms or preparing for succession. Learn how to manage paperwork, keep communication clear, and guide clients through every step of the move.

Build a Business That Reflects Your Goals

Starting your own RIA is a big step, but it's also a chance to shape your work around what means the most to you. If you're clear about your goals, have a solid plan, and are ready to take charge, the move can be rewarding and sustainable. Below are a few key points and next steps to help you move forward.

Key Takeaways

- Independence gives you more control over pricing, branding, and client service.
- RIAs can earn more and build equity, but they take on more responsibility.
- Compliance, client acquisition, and time management are top challenges.
- Building a practice takes time, planning, and the right financial setup.
- Many advisors who go independent report high client retention and long-term satisfaction.

Action Items

- ☐ Review your current list and identify who's most likely to follow you.
- ☐ Create a basic budget that includes setup costs and monthly expenses.
- ☐ Read through your current contract for any restrictions.
- ☐ Draft a simple business plan, including pricing, service model, and growth goals.
- ☐ Talk to other advisors who have gone independent to hear what they learned.

[See Why Top Advisors Choose Savvy](#)

Works Cited

- [Top 5 Reasons Why Advisors Go RIA](#)
- [What Level of Bottom Line Income Can I Expect to Earn as an RIA?](#)
- [Switching from Wirehouse to RIA – AUM and Revenue Requirements to Break Away](#)
- [How to Select Technology for a New RIA Firm: Step 2 \(Setting a Budget\)](#)
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