How to Start an Advice-Only RIA: A Practical Roadmap for Independent Advisors

For many financial professionals, the idea of owning their own registered investment advisory (RIA) firm is appealing. You control your client relationships, set your own fees, and answer to a fiduciary standard instead of a corporate sales quota. But the logistical hurdles - SEC registration, compliance filings, choosing a custodian - can make the dream feel out of reach. That is especially true for advisors who want to operate as fee-only advisors, charging for advice rather than selling products or managing assets. If that sounds like you, here is what you need to know about how to start advice-only RIA in a way that is both compliant and sustainable.

The first thing to understand is that starting an RIA is not a single event. It is a process that involves legal structure, regulatory filings, operational setup, and a clear business model. The phrase "how to start advice-only RIA" refers to building a firm where your revenue comes entirely from fees paid by clients for your advice - not from commissions, markups on products, or asset under management (AUM) charges. This model is clean, transparent, and aligns perfectly with the fiduciary standard. But it also means you cannot rely on the steady revenue stream that comes from managing portfolios. Your income depends on your ability to deliver value through planning, coaching, and expertise.

Step One: Define Your Business Model and Legal Structure

Before you file anything, decide what kind of advice-only practice you want. Do you plan to offer comprehensive financial planning for a flat annual retainer? Do you want to charge hourly for specific projects like retirement projections or tax strategy? Will you serve a niche, such as pre-retirees, small business owners, or physicians? The answers shape your compliance platform, your technology stack, and even your choice of RIA custodian.

Your legal structure matters. Most independent RIAs operate as an LLC or an S-corp. You will need to register with the SEC or your state securities regulator, depending on the amount of assets you manage. That is where Form ADV comes in. This is the core disclosure document for any RIA. It requires you to detail your business, your fees, your conflicts of interest, your disciplinary history, and your key personnel. It is a public document, so accuracy and completeness are critical. Many new advisors hire a compliance consultant or use a compliance platform to prepare their initial Form ADV and keep it updated.

Step Two: Complete SEC Registration and State Filings

If you manage less than $100 million in assets, you will likely register at the state level rather than with the SEC directly. This is called state registration, and you must file in every state where you have clients. If you have clients in multiple states, you will need to register in each one. That can be a paperwork burden, but a good compliance platform handles most of it for you.

Your registration includes submitting Form ADV Part 1 (firm information) and Part 2 (your business and disciplinary history). You also need to designate a chief compliance officer and ensure that everyone in your firm who gives advice holds the appropriate credentials. Common designations include the CFP Board certification, the EA (Enrolled Agent) designation, or the CFA charter. Some advisors also carry the NAPFA membership, which signals a commitment to fee-only planning and the fiduciary standard.

If your practice will involve securities transactions - even if you are primarily advice-only - you may need to affiliate with a broker-dealer or work under an existing RIA. This is where networks like XY Planning Network can help. They provide a turnkey compliance platform, access to custodians, and a community of like-minded fee-only advisors. Their model is designed specifically for advisors who want to charge fees for planning rather than AUM.

Step Three: Choose Your RIA Custodian and Technology Partners

Even if you are advice-only, you may still need to hold client assets somewhere. If you want to manage portfolios on behalf of clients, you need an RIA custodian. The major players in the independent space include Schwab Advisor Services, Fidelity Clearing & Custody, Pershing, and TD Ameritrade Institutional. Each has its own fee schedule, technology platform, and service model. For smaller RIAs, Schwab Advisor Services and TD Ameritrade Institutional are especially popular because they offer robust support for independent firms.

If you do not manage assets at all - you only give advice and let clients implement through their own accounts - you may not need a custodian. In that case, you can use a digital advice platform like Betterment for Advisors or Altruist. These platforms handle the investment management piece while you focus on planning. Altruist, for example, is built specifically for fee-only advisors and offers a modern, low-cost custodian option. SEI is another choice that appeals to advisors who want an integrated platform with trust services.

Your technology stack should also include a financial planning software, a CRM, and a document management system. Many advisors use eMoney, MoneyGuidePro, or RightCapital for planning. For compliance, you will want a solution that tracks your Form ADV updates, manages your Code of Ethics filings, and monitors your communications with clients.

Step Four: Build Your Compliance Infrastructure

Compliance is not optional. As a fiduciary, you are legally required to act in your clients' best interests. That means you need policies and procedures covering everything from client onboarding to annual reviews to handling of complaints. A compliance platform can provide templates for your compliance manual, your privacy policy, and your business continuity plan.

If you are a solo advisor, you might think you can skip some of this. You cannot. The SEC and state regulators expect every RIA to have a written compliance program, even if you are the only employee. This is where back-office support services become valuable. Some platforms offer virtual compliance officers, annual audit preparation, and ongoing support. They help you stay on top of your filing deadlines and avoid the common pitfalls that trip up new RIAs.

You also need to understand the role of FINRA. Even though you are not a broker-dealer, your RIA may need to file certain reports with FINRA if you have a registered representative on staff. Most advice-only advisors do not, so this is not usually an issue. But if you hold a Series 65 license and are leaving a broker-dealer, make sure you understand the transition process. You may need to resign your FINRA registrations before you start your own RIA.

Step Five: Develop Your Client Acquisition Strategy

An advice-only RIA lives or dies by its ability to attract clients who are willing to pay for advice. That is a different sales motion than selling products or promising market-beating returns. Your marketing should emphasize the value of planning: clarity, confidence, a roadmap. Many advisors find that a niche focus helps. Serving a specific demographic or profession makes it easier to speak directly to their pain points and build referrals.

Networking groups like NAPFA and XY Planning Network can be a source of referrals and peer support. Attending conferences, joining local financial planning associations, and building relationships with CPAs and estate attorneys can also drive business. Just remember that as a fiduciary, you cannot pay for referrals. Your reputation and the quality of your work are your best marketing tools.

Your pricing model matters too. Some advice-only advisors charge a flat monthly or annual retainer. Others charge by the hour or by the project. A few use a subscription model. The key is to set a price that reflects the value you provide and that your target clients are willing to pay. Do not underprice yourself just because you are new. Experienced fee-only advisors often charge $200 to $400 per hour or $3,000 to $10,000 per year for comprehensive planning. Your rates should be based on your credentials, your market, and your cost structure.

Step Six: Launch and Iterate

Once your Form ADV is filed, your compliance manual is written, and your custodian accounts are set up, you are ready to launch. But the work does not stop there. You will need to update

your Form ADV annually, file your privacy notices, and conduct periodic compliance reviews. Many advisors find that a compliance platform or back-office support service makes this manageable.

If you are still wondering how to start advice-only RIA in a way that is both practical and profitable, the best advice is to start small and iterate. You do not need to have everything perfect on day one. Focus on serving your first few clients exceptionally well. Build systems as you go. And lean on the infrastructure that already exists. Platforms like XY Planning Network, Schwab Advisor Services, and Altruist are built to support advisors like you. They handle the heavy lifting so you can focus on what you do best: giving great advice.

One more thing worth mentioning: do not underestimate the value of professional credentials. The CFP Board certification is widely recognized as the gold standard for financial planning. The EA designation is valuable if you do tax planning. NAPFA membership signals a commitment to the fee-only model. These credentials build trust with clients and regulators alike. They also give you a competitive edge in a crowded market.

The path to owning your own advice-only RIA is challenging but deeply rewarding. You get to build a business on your terms, serve clients the way you believe is right, and keep 100% of your fees. With the right preparation, the right partners, and a clear understanding of the regulatory landscape, you can make it work. The key is to treat compliance as a foundation, not a burden. And to remember why you became an advisor in the first place: to help people make better decisions with their money.