



Navigating the Future of Financial Advisory: Succession, Valuation, and Growth Strategies

Essential insights for advisors seeking to maximize practice value,
plan transitions, and secure long-term success.

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The Succession Strategies Advisors Wish They'd Started Sooner

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Succession isn't the end of the road; it's a strategic shift. The most successful financial advisors don't wait for a trigger to start planning. They treat succession like any other key business decision: something to shape intentionally over time, with clarity, flexibility, and support.

Despite the importance, many still delay. According to Cerulli, nearly 40% of advisors are expected to leave the industry in the next decade, along with a similar percentage of client assets.¹ Despite this, most still haven't implemented a formal succession plan. Why?

For many, the hurdles are emotional as much as tactical. "This is their identity," said Kara Mackie, SVP, Liquidity and Succession, Business Development, at LPL Financial. "Most advisors have their name on the door. Walking away can feel like walking away from who they are."

That's why the advisors who navigate succession most effectively begin shaping their future well in advance, often years before a transition is on the horizon. They grasp key insights that others tend to realize when it's too late. After all, successful succession doesn't happen by accident. Here's what these advisors know:

1. They start early, because more time means more control

Across the board, experts agree: the biggest mistake advisors make is waiting too long.

"Time is everything," said Katie Bruner, SVP, Advisor M&A and Succession Planning at LPL Financial. "The longer you wait, the fewer options you have, not just in terms of deal structure, but in terms of designing a transition that fits your vision."

The advisors who get succession right start early, using that extra runway not only to prepare but to make small, intentional adjustments that set them up for the future. That preparation gives them more control—time to refine their practice, strengthen operations, and explore a range of paths: internal succession, sell-and-stay models, phased exits, or external partnerships. More time brings more flexibility, less pressure, and a higher likelihood of achieving the outcome they truly want.

2. They define legacy before value

Many advisors approach succession with the mindset that the end goal is simply a deal. But savvy advisors reverse the equation: they start by defining what legacy means to them, then shape the structure of the transition around that vision.

"Advisors who think about succession only in financial terms are missing half the picture," said Bruner. "This is about continuity, client care, and culture. Those things are hard to quantify but impossible to ignore."

Whether the goal is to protect long-term client relationships, provide opportunities for next-gen talent, or step back gradually while retaining some influence, clarity of purpose is important to shaping better outcomes. And it helps advisors move forward with confidence.

Nearly 40% of advisors are expected to leave the industry in the next decade

3. They involve others, strategically

Another common misstep? Leaving team members in the dark—or involving them too early. The advisors who succeed take a more thoughtful approach, striking the right balance at the right time.

"It's about nuance," said Carla McCabe, VP, Succession Planning at LPL Financial. "You don't want to spook the team if you haven't figured things out. But you also don't want to surprise them down the line or spend months (and thousands of dollars) designing a plan only to discover your assumed successor has no interest in ownership."

Bruner adds: "The most successful transitions we've seen involve structured conversations over time. They don't dump the whole plan at once. They test ideas, build alignment, and make succession part of ongoing development."

That might mean exploring ownership goals with junior advisors, involving longtime team members in continuity planning, or gradually shifting responsibilities to see how a successor handles them.

4. They think in phases, not just endpoints

Succession isn't a binary decision. It's a process, not a one-time event. Viewing it this way opens up a broader set of strategic possibilities and allows advisors to plan with greater clarity and intentionality.

Some advisors assume their only choices are to sell everything at once or stay in control indefinitely. In reality, the path forward is more nuanced. As Mackie explained: "People often assume the path they envision will be available exactly when they want it, and that's not always the case. Sometimes the best fit requires preparation or flexibility they didn't anticipate."

Phased approaches are one way to reduce emotional friction. They allow founders to stay engaged where they add the most value while empowering new leaders to take on more.

And when things don't go as planned, having a flexible, phased framework in place makes it easier to adjust without derailing the whole process.

5. They build alignment, not just a buyer list

It's tempting to focus on financial fit when evaluating potential successors. But the advisors who transition well understand that alignment—on operations, culture, and vision—is just as critical. They prioritize shared values and long-term compatibility, not just the numbers.

"Alignment is everything," said McCabe. "You want someone who will treat your clients the way you would, and who sees the business the same way."

That's why some advisors take time to observe how potential successors interact with clients, how they handle pressure, and how they respond to feedback. Some even run a "dating period," working side-by-side on prospecting, planning, or joint meetings before finalizing a deal.

The goal isn't perfection. It's trust, and a shared sense of what the business should be.

There's no wrong time to start, only a wrong time to wait

Even if you're years from stepping back, taking small steps now can expand your options and ease the eventual transition. And if you're further along? There's still time to shape an outcome that reflects your vision.

"You don't have to know exactly what you want to start planning," said Bruner. "You just have to be willing to explore it."

Ready to take the first step?

Visit go.lpl.com/mindset to start shaping a strategy that honors your values and your vision.

1. Cerulli Assets in Motion, October 2024

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Solo RIAs Not Planning for Retirement Risk Extinction

Mike Watson

Starting a solo RIA firm is an exciting venture. As Cerulli [reports](#), RIAs will control nearly one-third of advised assets by 2027. However, business owners should think ahead and take additional steps to ensure they are maintaining their firm's profitability and growth rate, which will make it more attractive to sell.

Today, [one-third of business owners](#) don't prioritize succession plans, setting a dangerous precedent for an aging cohort. As the vast majority of [solo RIAs approach retirement age](#) and firms continue to consolidate, it's important for advisors to understand how to navigate the succession planning process to achieve the best possible outcome.

It's clear that putting together a plan that sets the business up for success for generations to come requires critical thinking and the right partners. While there are more opportunities than ever to sell, ranging from [M&A](#) to [private equity money](#), solo-owned RIA firms need both time and deep reflection to reach the right decision that will support them in retirement.

Solo Operators Face Unique Challenges

There is a dual problem emerging in our profession: solo-RIA owners are both approaching retirement age and hitting their growth capacity about a decade before retirement.

It's no secret that the age of the profession continues to increase—with over [one-third of the profession retiring in the next decade](#). Indeed, over the next 10 years, 100,000 advisors plan to retire, representing 37.5% of industry professionals who manage 41.5% of total assets. While most advisors expect to retire between the ages of 60 and 75, solo-owned RIAs oftentimes push harder and stall out around the age of 50. That's likely because [industry benchmarking](#) suggests most advisors hit their client capacity between 30–40, or \$220,000–\$320,000 in revenue.

There's a danger of stagnation: during this time, the firm's

profitability starts to tank, making it not well-positioned to sell.

An FP Transitions [report](#) analyzing more than 5,000 valuations over the course of five years suggests an edge in shared leadership, citing: "Single owner firms grew their net new clients by 9%—a solid growth rate. But multi-owner firms? They saw a staggering 20.2% growth in net new clients! That's more than double the rate."

Teaming up in advance of retirement may be a fruitful and fulfilling solution.

It's clear that **putting together a plan** that sets the business up for success for generations to come requires **critical thinking** and the **right partners**.

Succession Planning Doesn't Happen Overnight

Whether you plan to bring on a partner, one thing is clear: it's never too soon to start gathering the elements needed for successful succession planning.

You'll likely find the approach familiar, as succession planning can be as simple as recreating the retirement planning process you walk clients through every day.

Studies suggest owners will likely need at [least four years](#) to create a plan and find the right successor. While the majority of RIA owners prefer to sell or transition their business internally, 34% are now considering an external sale or are unsure of their succession plan ([30%](#)).

To better determine the right path, consider these non-negotiables. Is retaining the company culture more important

than the valuation? Do you want to walk into the sunset or stick around for another few years in an advisory capacity?

The most common options today include selling the business to a family member, merging with another practice, or selling externally to a larger wealth management firm. Conducting the proper due diligence in advance will likely highlight the most viable options and ensure both financial and legal records are in good shape.

It's Time to Lean on Partners

Putting together teams is difficult, a prominent reason why [47% of advisors](#) continue to work as solo practitioners. However, you will need outside, trusted resources as you approach the end of your career. RIA leaders who have spent decades building and growing their practice will need to plan years ahead for the successful continuation of their business.

It's incumbent on solo operators to lean on partners of their choice. Your custodian can likely help connect you with firms looking to acquire or firms that can provide an evaluation.

It will also be helpful for you to evaluate if you need to streamline any partnerships or services to ensure the business is more attractive to buyers. Striking a balance between technological advancements and personalized touches will support continued growth as you shore up operations. Clients still need to have a seamless experience, even as succession plans are transforming the business internally.



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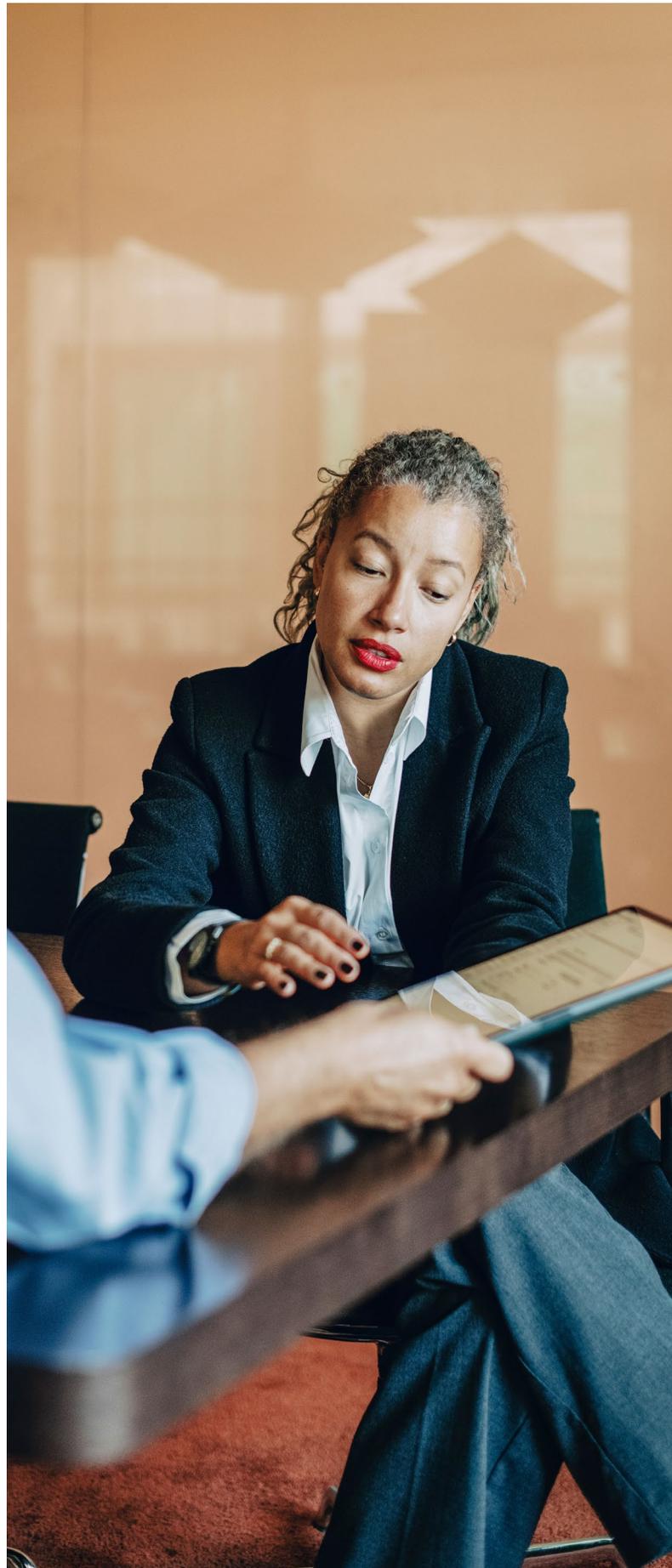
It's Time to Take Your Own Advice

Financial advisors cultivate some of the most trusted and enduring relationships in their client's lives and are always looking out for their long-term goals. Sometimes, they also need to turn inward to ensure they've given the same caution and care to themselves.

Well before retirement arrives, lean on your own trusted partners to have honest conversations about what is most important to you before retiring. Retirement is an exciting prospect: you should give yourself time to evolve in the last stage of your career to ensure it's the most powerful and transformative period of your working life.

By taking action to ensure you retain your firm's profitability and growth rate before it comes time to sell and that the valuation is based on sound information and not grossly inflated, you can approach your remaining working years with ease and confidence.

[Mike Watson](#) is head of RIA custody at [Axos Advisor Services](#).





Understanding the Top 3 Valuation Factors for Financial Advisors

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As a financial advisor, you've spent years building a successful practice, helping your clients achieve their financial goals, and establishing a reputation as a trusted professional in your field.

But have you considered what will happen to your business when you're ready to retire or transition out? Whether you're planning to sell your business now or down the road, taking steps today can significantly enhance its valuation and help facilitate a smooth transition.

Why Get a Valuation Now?

A business valuation provides a comprehensive understanding of your firm's worth, helping you make informed decisions about its future. By understanding the value of your business, you can identify areas for improvement, develop strategies to increase its appeal to potential buyers, and create a roadmap for a successful transition.

A business valuation is also essential for tax planning, estate planning, and strategic decision-making. It can help you determine the best course of action for your business, whether that's selling, merging, or passing it down to the next generation. Moreover, a valuation can provide a benchmark for measuring the performance of your business over time, allowing you to track progress and make adjustments as needed.



A business valuation provides a comprehensive understanding of your firm's worth

Top Valuation Drivers of Financial Advisory Businesses

To determine the top metrics that help drive valuation in the wealth management space, LPL Financial collaborated with Advisor Growth Strategies (AGS), a mergers and acquisitions (M&A) consulting firm for registered investment advisers (RIAs). In their study, AGS compared valuations between RIAs and independent

practices affiliated with a corporate/national RIA model. They identified three key factors that influence the valuation of financial advisory businesses, which we'll explore here.

1. Revenue and Profitability

A business with a strong revenue stream and high profitability is more attractive to potential buyers. While growth rate, profit margins, and cash flow all play a role in determining the value of your business, organic growth is the most significant driver.

Organic growth (excluding market returns) counteracts client drawdown and market risk, while demonstrating a value proposition attractive to prospects. Buyers look for more than AUM aggregation; they focus on the potential to grow together post-transaction and realize increased returns.

Profitability is also part of the evaluation equation when a practice demonstrates strong organic growth. Profit margins are linked to pricing philosophy, expense management, productivity, and efficiency of the client service model. Buyers evaluate the historical financial success of a practice to understand the risk and opportunity, often looking at organic growth plus profit over the last three years to determine an overall positive or negative factor to the valuation of the practice.

2. Client Relationships, Retention, and Location

A loyal client base is a significant asset, as it provides a stable source of revenue and reduces the risk of client loss during a transition. The quality of your client relationships, client retention rates, and the concentration of revenue among a few large clients all impact the valuation of your business. For example, is the majority of your AUM tied to a handful of clients, or spread across your book of business? Do you have a unique niche? Are there opportunities to appeal to certain demographics and client needs?

Your client base is another key factor. Younger, engaged clients mean longer term cash flow. While many retirees may have higher assets, they could negatively impact the overall strength of your practice due to lower growth and a fixed income lifestyle.

Additionally, the location of your practice is important. Buyers

will consider the geographic location of the office to understand growth potential and risk. Wealthy and growing locales provide opportunities for continued growth well past the close of the transaction and can help fuel long-term sustainability of the practice. Conversely, practices in declining markets, or in less attractive geographies, will decrease the relative valuation of the practice versus peers with similar metrics.

Regularly evaluating the local market around you plus practicing good book management, including analysis of your AUM and client types, can help set you up for boosting valuation in the future.

3. Brand Reputation and Image

A strong brand adds enterprise value. It shows consistency, market presence, and potential for growth beyond the founder as clients often choose a practice based on referrals and a strong brand reputation.

Even the strongest brands should continue to be cultivated, especially given the ever-changing landscape of consumer needs and competition. Consider these tips when thinking about your brand:

- **Maintain a strong online presence:** Invest in a professional website and social media presence to promote your brand and engage with clients. This can include creating educational content, responding to online reviews, and using social media to build relationships with clients and prospects. And don't forget to evaluate how you stack up against your competitors as well.
- **Invest in thought leadership:** Use your expertise to position yourself as a thought leader by publishing articles, speaking at conferences or local opportunities, and participating in industry events. Demonstrating your knowledge and experience can help you build credibility and trust.
- **Engage with your community:** Engage with your local community through charitable events, sponsorships, and other activities to promote your brand and build goodwill. This can help you build relationships with potential clients and partners and demonstrate your commitment to giving back.

How to Make Your Business More Appealing to Buyers

Whether your buyer is external or internal, they're looking for a business that's not only profitable but also sustainable and scalable. Here are three ways to make your firm stand out:

- **Diversify your client base and revenue streams:** Consider adding services such as financial planning, estate planning, or tax planning. You can also build recurring revenue streams through fee-based models.
- **Document and review your processes:** Look for opportunities to increase efficiency and client engagement. This could include upgrading your technology or outsourcing tasks that eat into your time with clients.
- **Invest in your team:** Fostering a positive work environment can help you retain and attract top talent. Consider offering training and leadership development opportunities, providing competitive compensation and benefits, promoting a healthy work-life balance, and recognizing and rewarding your team's achievements.

Putting Valuation Data to Work

A valuation isn't just a number — it's a roadmap. Some practical

ways to apply the data include:

- **Identifying areas for improvement:** Use the valuation data to identify areas where you can improve your business, such as increasing revenue or reducing costs. This can help you prioritize initiatives and allocate resources more effectively.
- **Developing a strategic plan:** Some advisors use business valuations as part of their annual planning to help them stay on track with their strategic goals and objectives, key performance indicators (KPIs), and implementation timelines.
- **Benchmarking against industry peers:** Compare your business's performance to industry benchmarks to identify opportunities for improvement. This can help you understand how your business stacks up against the competition and identify areas where you can gain a competitive advantage.
- **Communicating with stakeholders:** Share the valuation data with stakeholders, such as investors, employees, or potential buyers. This can help you build trust and credibility and demonstrate your commitment to transparency and accountability.

Final Thoughts: Start Today, Benefit Tomorrow

Succession planning and business valuation aren't just end-of-career considerations; they're strategic tools that can elevate your firm today. By understanding what drives value and taking proactive steps to enhance it, you're building a stronger, more resilient business.

Whether you still have a few years to plan or you want to sell your business soon, LPL Financial has a network of active buyers who can become your succession plan. Learn more to explore how LPL Financial can help you maximize your value and sell with confidence.

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Four Key Questions to Help Unlock the Value of Your Practice

Ghislain Gouraige

As someone who has spent years advising entrepreneurs and business owners through the complex process of selling their companies, I have noticed striking parallels between their journey and what financial advisors face when considering their practice transitions. While my expertise lies in helping clients navigate business sales and transitions, I have found that many of the same principles apply to our industry.

As a financial advisor, your practice is your business and most likely your most significant financial asset. How you manage that asset today could have a major impact on its value when it comes time for a



How you **manage [your practice]** today could have a **major impact** on its value when it comes time for **a liquidity event.**

liquidity event. Even if you are not part of the [37% of advisors who will retire over the next 10 years](#), there are issues to consider and questions you should ask yourself to ensure you have your book of business prepared for when the time comes to transition to the next phase of your life.

When Should You Start Thinking About a Liquidity or Succession Plan?

A well-defined succession plan, including next-generation advisor coverage, is crucial to your preparation. Buyers want assurance that the practice can transition smoothly without disrupting client relationships. Having a next-gen team demonstrates stability, continuity and commitment to long-term client service, which can significantly increase your practice's value.

Further, while transactions can be intricate, the details typically fall into one of two broad categories—business or personal, with each being critical to the overall success of the deal.

The business component addresses the deal's valuations, terms, conditions and other financial considerations. You should have your valuation consultants, attorneys, accountants, tax planners and other professionals representing you throughout this process.

The personal side of the deal focuses on how you will exit a business that you have spent a lifetime building. This includes your expectations for how your staff and clients will be treated after you leave. Starting the process at least two years before you even consider a transaction can give you the best chance for an easier and more successful outcome that is a win for all involved.

How Much Is Your Practice Worth?

In many cases, entrepreneurial small business owners get stuck on a headline number that inflates their business's worth. Many advisors assume their book of business will sell based on AUM or total revenue. However, buyers prioritize profitability—specifically, the practice's EBITDA (earnings before interest, taxes, depreciation and amortization).

To know what your practice is worth, you need to understand the multiples being offered in the industry. Two books of business with the same AUM can be valued very differently. Many factors can impact the multiple you could receive on your business, some within your control (assets under management, revenue and organic growth) and some not (interest rates, market performance).

Financial services firms' valuation multiples are significantly influenced by their size and revenue characteristics. Smaller firms with lower EBITDA or EBOC (Earnings Before Owner's Compensation) typically command lower multiples, with non-recurring revenue streams valued at the lowest multiples. As firms grow larger and demonstrate higher EBITDA and EBOC, they generally command substantially higher multiples across both revenue types, with recurring revenue again carrying a notable premium over non-recurring revenue.

Beyond size and revenue, a firm's growth trajectory, profitability and overall sustainability can significantly influence its marketability. Client demographics, revenue concentration and operational efficiency—how well a firm manages costs, resources and administrative responsibilities—also directly impact valuation.

Is Price the Most-Important Factor?

While unlocking the value of your practice and getting paid what you deserve for all the work you have put into your business is critical, it should not be your only consideration. A good cultural fit between the buyer and seller should be at the top of the list of considerations before a deal is signed. This is especially true if

you only sell a portion of your practice or plan to continue your involvement in the business for a predetermined number of years.

The most important consideration of the discussion should be a clear understanding of the buyer's philosophy and core values regarding employee relations and client service. If you disapprove of how your business will be run after you leave, you may want to step away and look for a different opportunity.

Identifying whether the buyer is a good cultural fit should come up early in the process. Don't always be enamored by the highest bidder.

Can You Take Steps Now to Increase Your Odds of a Successful Transition?

One of the best actions you can take today to help ensure a successful transition when the time comes is to be affiliated with a firm that empowers you to build true equity in your practice. Finding a firm that cares more about your bottom line than its own is key.

Growth is a significant driver of practice value. If you want to build equity in your practice, you need to be in a situation where you have a real opportunity to grow and to grow in innovative ways that are best for your business and your clients. A business with consistent and demonstrable growth signals to potential buyers that it has momentum and scalability. If your practice is stagnant or declining, it will be less attractive regardless of current revenue levels.

If the firm you are affiliated with is not looking down the road to see where the industry will be in five or 10 years, it may be time to move on. Your partner must invest in the infrastructure that allows you to take advantage of new technologies, business-building solutions and acquisition and succession services.

Ghislain Gouraige is a Partner at NewEdge Wealth, an RIA firm designed to meet the needs of ultra-high-net-worth, family office and institutional clients. He specializes in working with entrepreneurs and business owners on strategic exits and business transitions.





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Navigating the Future of Financial Advisory: Succession, Valuation, and Growth Strategies

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