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A BETTER WAY FORWARD

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The Succession Readiness Checklist

Seven things that need to be true before you hand off
a practice — and what it costs you to skip them.

For RIA owners planning a handoff

A Better Way Forward.

ritzstevens.com · 469-298-8361 · Plano, Texas

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Succession takes years, not months.

Most owners don't wake up one day and decide to retire. It creeps up — a "someday" thought that shows up more often each year until it isn't really someday anymore. The owners who wait until they feel ready before they start planning are usually the ones left with the fewest good options.

The part that catches owners off guard

It is rarely valuation that trips people up. It is finding someone who can actually take over the relationships you spent a career building. Cerulli puts 37.5% of U.S. advisors — holding 41.5% of industry assets — as planning to retire within the decade, and roughly one in four of them are unsure of their succession plan. Everyone is looking for the same successors at the same time.

Work through the seven below in order. Each one has a cost attached to skipping it, and those costs compound.

1 Get honest about your timeline

Not "when do I want to retire." The real question is: when would I actually be okay stepping back if the right person showed up tomorrow? Those two questions have different answers for almost everyone, and the gap between them is your runway. Write both dates down.

Skip it and: you negotiate on someone else's clock, which is how good practices end up sold to whoever happens to be asking.

2 Get a real valuation before any conversation

Not AUM times a multiple you saw in an article. Revenue mix, client concentration, average client age, fee structure, and how much of the relationship lives with you personally all move the number — usually more than size does. Get a real valuation, even an informal one, before you talk to anybody.

Skip it and: you anchor to a number you cannot defend, and the first serious buyer sets the price instead of you.

3 Decide what kind of successor you are solving for

Most owners say they would prefer internal succession. Most single-advisor practices have nobody internal to promote. So the real choice is usually between an external successor who grows into the practice over time and a sale to a larger acquirer. Those are genuinely different outcomes for your clients and your staff.

Skip it and: you evaluate offers against no standard, and “best offer” quietly becomes “highest number.”

4 Map what happens to your clients

This is what keeps retiring owners up at night, and it is what their clients would lose sleep over too. Answer these before you go further: does your brand survive the transition or fold into the successor's? Do existing fee schedules hold? Has the successor built any rapport with your clients, or are they meeting a stranger on handoff day?

Skip it and: attrition shows up right when your earn-out depends on retention.

5 Decide your own role afterward

Succession does not have to mean walking out the same week you sign. Owners who set up a gradual handoff — staying on as a consultant, tapering client contact over a few years, keeping some stake in how it turns out — tend to handle the transition better, financially and personally, than owners who sell outright and leave immediately.

Skip it and: you lose the leverage that a phased handoff gives you on price and terms.

6 Account for your team

Even a one-advisor RIA usually has a paraplanner, an admin, somebody. Whoever comes in as successor should have a real answer for what happens to that person — not just to you and your clients.

Skip it and: your staff hears about the deal from someone other than you, and they start looking.

7 Write it down, then revisit it annually

A plan that lives only in your head is no use to your custodian, your team, or a regulator if something happens to you unexpectedly. Note also that a documented business continuity plan is a separate obligation from a succession plan built around a graceful, planned exit — regulators increasingly expect the former regardless of your retirement horizon.

Skip it and: the plan does not survive contact with an unplanned event, which is the one scenario it exists for.

WHAT HAPPENS NEXT

If more than two of these are unchecked

you are not behind — you are where most owners are. But the items above take quarters, not weeks, and they are cheaper to fix before a buyer is at the table than after.

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We work both sides of the handoff: a confidential valuation and readiness review, successor matching from a national registry on fit rather than price, and terms structured as earn-ins and phased handoffs rather than a wire on day one. Our fee is a flat \$2,500, collected only once you and a successor sign a letter of intent — and we stay on after the handoff to guide the firm, which is why it costs a fraction of a broker paid at closing.

Start with a conversation: ritzstevens.com/succession-planning/ · 469-298-8361 · info@ritzstevens.com

Sources. Retirement and asset figures: The Cerulli Report — U.S. Advisor Metrics 2023, Cerulli Associates, January 2024. Succession-plan uncertainty: Transitioning Your Practice the Way You Want, Cerulli Associates with Commonwealth Financial Network, 2022.

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