
RIA Debt Impact Study: Strategic Capital as a Catalyst for Scale



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- Acqui-hire new talent
- Fund next-gen buy-ins
- Acquire a competitor
- Make a well-deserved exit

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Acknowledgements

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Executive Summary

About Oak Street Funding

Oak Street Funding serves the Registered Investment Advisor (RIA) and wealth management space by providing specialized, cash-flow-based financing that recognizes recurring revenue as a firm's primary asset. By offering loans up to \$50 million, we enable firm owners to fund successions or acquisitions without equity dilution common in private equity or the personal asset requirements of traditional lending. With over \$6 billion in total originations and nearly half of our current portfolio dedicated specifically to wealth management, our approach is built on a practical understanding of the industry's unique valuation and transition needs.

Strategic Growth Outcomes

Our data confirms that RIA firms utilizing strategic debt are not merely maintaining operations; they are significantly outperforming industry benchmarks for organic and inorganic growth. By leveraging Oak Street Funding capital, our average RIA client has achieved:

Key Performance Indicator	3-Year CAGR
Assets Under Management (AUM)	25.3%
Total Client Household Count	15.5%

Methodology

This report leverages Oak Street Funding's proprietary loan performance data and internal benchmarking in comparison to Charles Schwab's 2025 RIA Benchmarking Report. To ensure statistical integrity and neutralize short-term volatility, the data in this report focuses on "Mature Portfolio Clients" - those who have maintained a lending relationship with us for a minimum of three years.

The Oak Street Funding Advantage: Beyond the Capital

Growth is driven by more than just a balance sheet. This report explores the correlation between structured capital and long-term firm growth. Oak Street Funding is dedicated to being more than a capital provider. We are a long-term financial partner for businesses seeking sustainable, strategic growth. This dedication to partnership is demonstrated in the data presented herein.



The RIA Landscape

The RIA Landscape

The RIA industry has entered a “maturation super-cycle” defined by record-breaking consolidation and a structural shift in how firms achieve scale. Three primary pillars are shaping the demand for specialized capital:

1. The M&A “New Normal”

2025 officially set a new record for RIA M&A activity, surpassing the previous peaks of 2023 and 2024¹. This momentum is driven by a massive influx of private equity capital and a seller’s market. For mid-sized RIAs, the choice is becoming clear: acquire or be acquired. Oak Street Funding provides the liquidity necessary for firms to remain on the “acquirer” side of this equation, allowing them to tuck in smaller practices without diluting their own equity.

2. The Succession Cliff

Demographic shifts are no longer a future risk; they are a present reality. With over 37% of financial advisors (representing ~\$13 trillion in assets)² expected to retire within the next decade, the industry is facing a massive leadership transition.

- **The Gap:** Despite this shift, only ~40% of firms overall have a written succession plan³.
- **The Opportunity:** Internal buyouts are becoming the preferred method for preserving firm culture while maintaining a focus on customer service. Oak Street Funding’s specialized loan products facilitate these Gen 2 transitions, ensuring continuity for clients and stability for the firm’s legacy.

3. The Shift to “Organic+” Growth

While M&A dominates headlines, the industry has seen a renewed focus on Organic Growth. The most successful firms are reinvesting cash flow into two specific areas:

- **Tax & Estate Integration:** 70% of high-net-worth clients (\$1 to \$5MM in liquid assets) now demand holistic estate planning, often moving assets to firms that offer these services in-house⁴.
- **AI & Operational Efficiency:** “Heavy tech” users are growing at 3x the rate⁵ of their peers by automating back-office tasks, freeing up advisors to spend more time on business development.

Strategic Note

In an environment where valuations remain firm and the “race to scale” is accelerating, the cost of capital is secondary to the flexibility of that capital. Oak Street Funding is positioned to provide the agility firms need to capture market opportunities in real time.

¹ <https://www.advisorhub.com/resources/ma-sets-records-in-2025/>

² <https://precisefp.com/blog/5-forces-redefining-wealth-management-in-2025/>

³ DeVoe and Company Survey

⁴ Cerulli

⁵ Schwab 2025 RIA Benchmarking Study



Industry Benchmarks

For more than 50 years, Charles Schwab has been the RIA industry's primary infrastructure provider. Schwab releases an annual report on the wealth management industry focusing on growth and performance, operations and technology, human capital, and client experience.

According to the Charles Schwab 2025 RIA Benchmarking Study, which represents over 1,200 firms and \$2.4 trillion in Assets Under Management (AUM), RIA firms have seen strong annual growth over the last five years. Despite market volatility, the industry has maintained a resilient upward trajectory.

The 5-Year Growth Standard (2019 - 2024)

At the median, the industry has established a high bar for performance. Firms that have successfully navigated the post-pandemic landscape are seeing double-digit growth across their primary financial metrics (Figure 1).

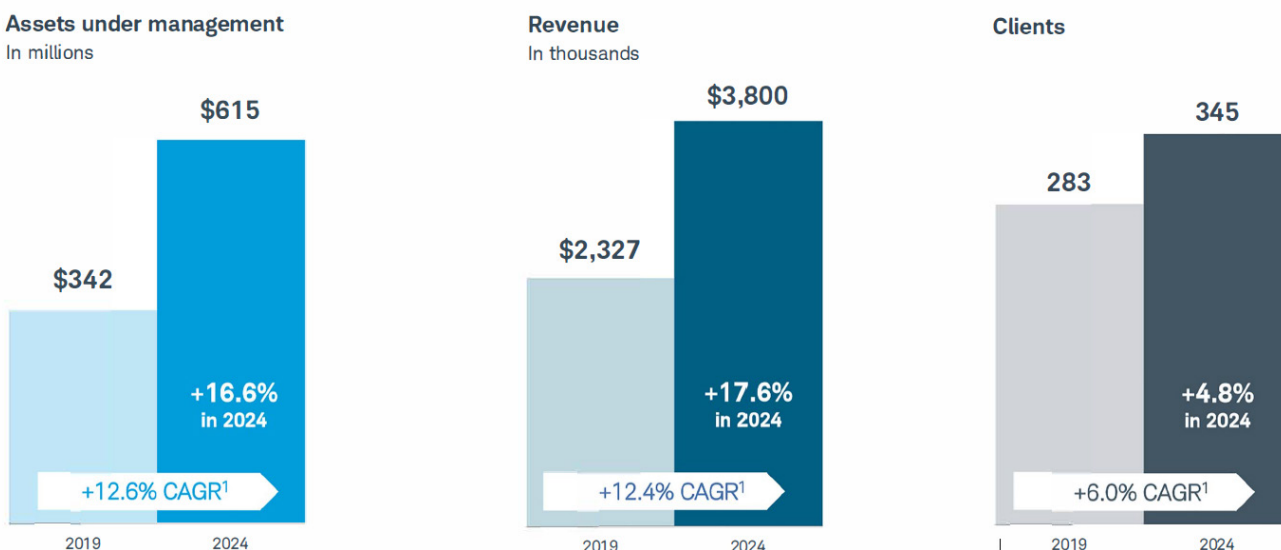


Figure 1

Source: Charles Schwab 2025 RIA Benchmarking Study



Inorganic vs. Organic Contributions

While market appreciation (the “S&P 500 effect”) bolstered AUM, according to Schwab’s report, the healthiest firms are those actively pursuing organic and inorganic growth avenues.

- **Inorganic Activity:** Firms utilizing inorganic strategies saw compound growth rates 3% higher than their purely organic counterparts (Figure 2).

	Firms with Inorganic Activity	Firms without Inorganic Activity	% Boost
5-Year CAGR			
AUM	14.8%	11.2%	~30%
Revenue	14.2%	11.1%	~30%
Clients	8.0	5.3%	~50%

Figure 2 – Source: Charles Schwab 2025 RIA Benchmarking Study

This margin reflects the “acquired growth” effect, where the immediate addition of a book of business provides a structural advantage over firms limited to incremental, internal expansion.

- **Net Organic Growth:** For the average firm, net organic growth (new assets from new/existing clients) contributed roughly 5.0% to 9.2% to the total AUM increase, depending on firm size⁶.
 - **Top-Performing Advantage:** Firms classified by Schwab as “Top Performers,” those in the top 20% of the study’s productivity index, achieved 12.5% organic growth, nearly double the industry average⁷. These firms are characterized by having documented strategic plans and integrated technology stacks.

⁶ Schwab 2025 RIA Benchmarking Study

⁷ Schwab 2025 RIA Benchmarking Study



Proprietary Analysis

Analysis

According to industry benchmarks established by Charles Schwab, top-performing firms distinguish themselves through the implementation of documented strategic business plans. This formalization ensures that all personnel are unified under a singular vision, driving collective effort toward defined growth objectives and lowering staff attrition rates, dropping as low as 1.6% among top-performing firms.

At Oak Street Funding, we provide the specialized capital necessary to execute these high-level strategies. We collaborate closely with firm owners to refine every facet of their growth plan, ensuring total organizational alignment prior to funding. Without this foundational synergy, the introduction of significant capital can become a financial and operational burden rather than a catalyst. **By aligning all stakeholders, including the lending partner, firms are positioned to mirror the elite growth trajectories of the industry's top performers.**

Oak Street Funding Overview

Oak Street Funding provides capital for acquisition, succession, ownership transition, working capital, and debt consolidation. We offer multiple loan solutions to support firms through each business stage. Our model is built on the understanding that RIA firms are “asset-light” but “cash-flow heavy,” requiring a lender that values recurring revenue over traditional physical collateral.

Core Loan Attributes

- **Capacity:** Up to \$50MM in commercial term loans and revolving lines of credit
- **Customization:** Choice of variable and fixed-rate programs tailored to the firm's specific profile
- **Structure:** Flexible tenures (portfolio average: 7 years), allowing for sustainable debt-servicing during growth phases
- **Vertical Integration:** Fully in-house processing, underwriting, legal, and servicing teams to ensure exceptional service and industry-specific expertise.

Loan Type Breakdown

In recent years, capital deployment has diversified across our loan offerings. We have simplified our loan offerings into four main categories for discussion: Acquisition, Working Capital, Debt Restructure, and Partner Buy-in/Buy-out (Figure 3).

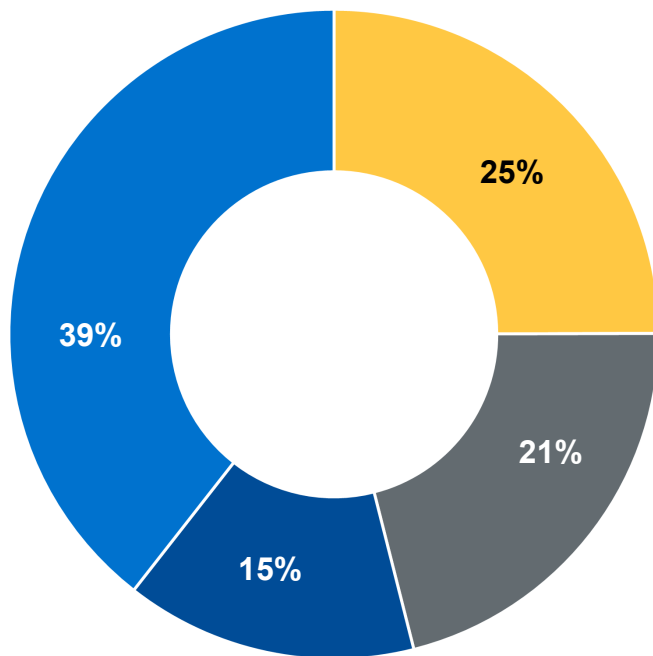


Figure 3 – Use of Funds
(1/1/2023 - 12/31/2025)

- Working Capital - 39%
- Acquisition - 25%
- Debt Restructure - 21%
- Partner Buy-In/Buyout - 15%

Source: Oak Street Funding

The evolution of the RIA industry has expanded and diversified. Debt has also evolved beyond an option for growth to a need to keep up and keep ahead. We used to see a heavily concentrated need for acquisition financing, but those needs have expanded into a relatively balanced mix to fuel both organic and inorganic growth.

By using strategic debt for working capital, firms can make the strategic front-end investments in the proprietary technology, specialized talent, and digital lead generation required to scale internal operations. Additionally, the use of capital for inorganic purposes, enables advisors to execute tactical acquisitions and partner buy-ins to capture market share, expand geographic footprint, or strategically add partners to fuel growth. Having a diverse strategy extends to the internal health of the firm through debt restructuring, which may optimize the balance sheet to lower the cost of capital, or reduce payment size. By leveraging conventional funding for various needs, RIAs avoid losing ownership share from the cost of private equity, allowing them to maintain 100% ownership while building increased enterprise value.



Proprietary Data

To ensure a statistically reliable sample, our analysis focuses on “Mature Portfolio Clients” - borrowers who have held a lending relationship with Oak Street Funding for at least three years. This methodology neutralizes the “onboarding noise” of new loans and focuses on long-term value creation.

Quick Stats

- **Firm Client Count:** 20 - 50,000+
- **Borrower Breakdown:**
 - 32% First-time Borrowers
 - 68% Repeat Borrowers

Assets Under Management (AUM)

In 2025, the total AUM managed by our RIA borrower base surpassed \$180B. While the broader industry still saw growth, Oak Street Funding clients demonstrated higher growth rates.

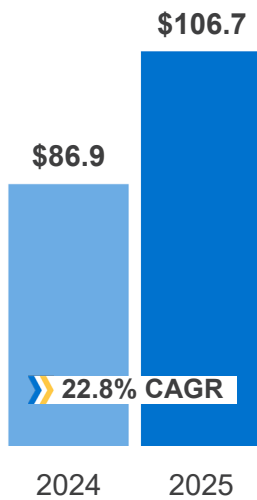
Growth Over the Past Year

Our clients' AUM saw a significant increase in the last year, now totaling more than \$180B with a 14% Compound Annual Growth Rate (CAGR) over a longer span.

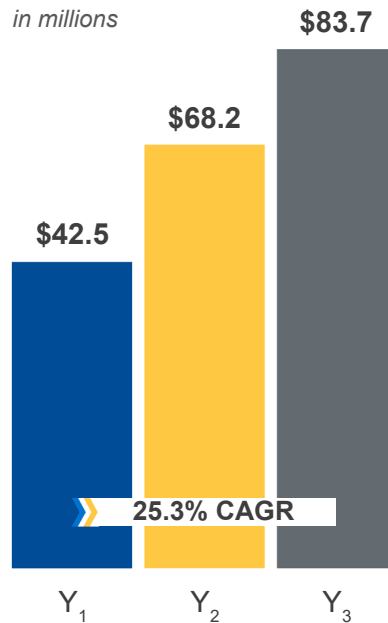
Growth Over Three Years

For clients who have used debt by Oak Street Funding for at least three years, an average of nearly doubling AUM was observed. We saw similar growth rates for 6+ year borrowers over the same amount of time, but this sample size was significantly smaller. When compared to Schwab's findings, Oak Street Funding clients experienced higher AUM growth at 25.3%.

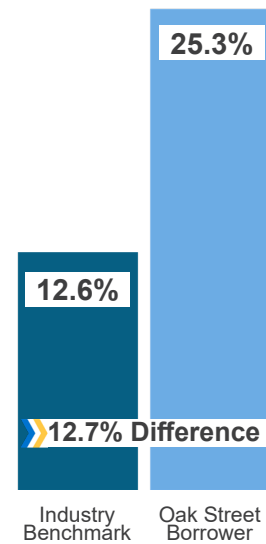
AUM Growth Over the Past Year
in millions



AUM Growth Over Three Years
in millions



AUM Compound Annual Growth Rate (CAGR)



Oak Street Funding Borrowers Show Rapid Growth

Our data reveals a strong correlation between structured debt and scale. On average, RIA firms that have utilized Oak Street Funding capital for at least three years have nearly doubled their AUM during that tenure. This suggests that our capital is not just supporting operations, but acting as a catalyst for rapid, institutional-grade scaling, outpacing typical market growth.

Client Success Case Study

Firm A: The Succession Solution

In 2023, Firm A partnered with Oak Street Funding to finance their largest acquisition to date with a \$23MM loan. This acquisition propelled their AUM from \$800MM to \$1.5B. Firm A found its niche in acquiring firms without a succession plan. By offering a seamless exit strategy and attractive incentive programs for key employees, they are able to retain talent and client relationships.

Firm B: The Talent Hunters

In 2021, the owners reached out to Oak Street Funding for acquisition financing of \$4.25MM to support various strategic initiatives. Unlike Firm A, Firm B prioritizes talent acquisition over targeting retiring advisors' businesses and ultimately providing them a succession plan. Firm B's exponential growth means they have ample opportunity for younger advisors to join their firm and grow their portfolios, resulting in massive organic growth.

Firm Profiles

Firm A:

- **Strategy:** Acquire firms without a clear exit strategy

Firm B:

- **Strategy:** Acquire firms to onboard younger advisors

Common goal:

- Capitalize acquisition strategy with debt financing

The Keys to Success

1. **Identify Target:** While Firms A and B had different acquisition targets in mind, they each established very specific clear guidelines for the type of firms they were seeking.
2. **Assemble Team:** Both of these firms assembled a strong team of stakeholders, consultants, attorneys and Oak Street Funding early on in the process. These key team members each provide a different perspective on an acquisition that can help prevent potential issues.
3. **Due Diligence:** On the surface, an acquisition target may seem ideal, but there may be issues that do not come to light until further research.
4. **Post-Acquisition Integration:** Whether it is employee incentives like Firm A or a supportive onboarding process like Firm B, the most successful acquisitions include specific post-close actions and follow-through.

Client Count: The Scale Accelerator

AUM can be influenced by market performance, but Client Household Count is a pure measure of a firm’s business development engine. Across our portfolio, we observed a significant “inflection point” in year three of the borrowing relationship.

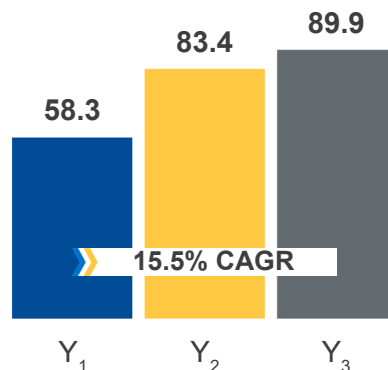
Growth Over the Past Year

For all RIA borrowers (1+ year tenure), client count rose by 2.7% in the last year.

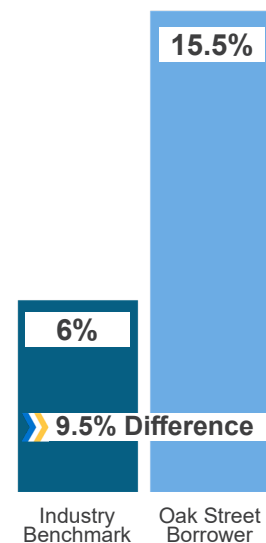
Client Count Growth Over the Past Year
in thousands



Client Count Growth Over Three Years
in thousands



Client Count Compound Annual Growth Rate (CAGR)



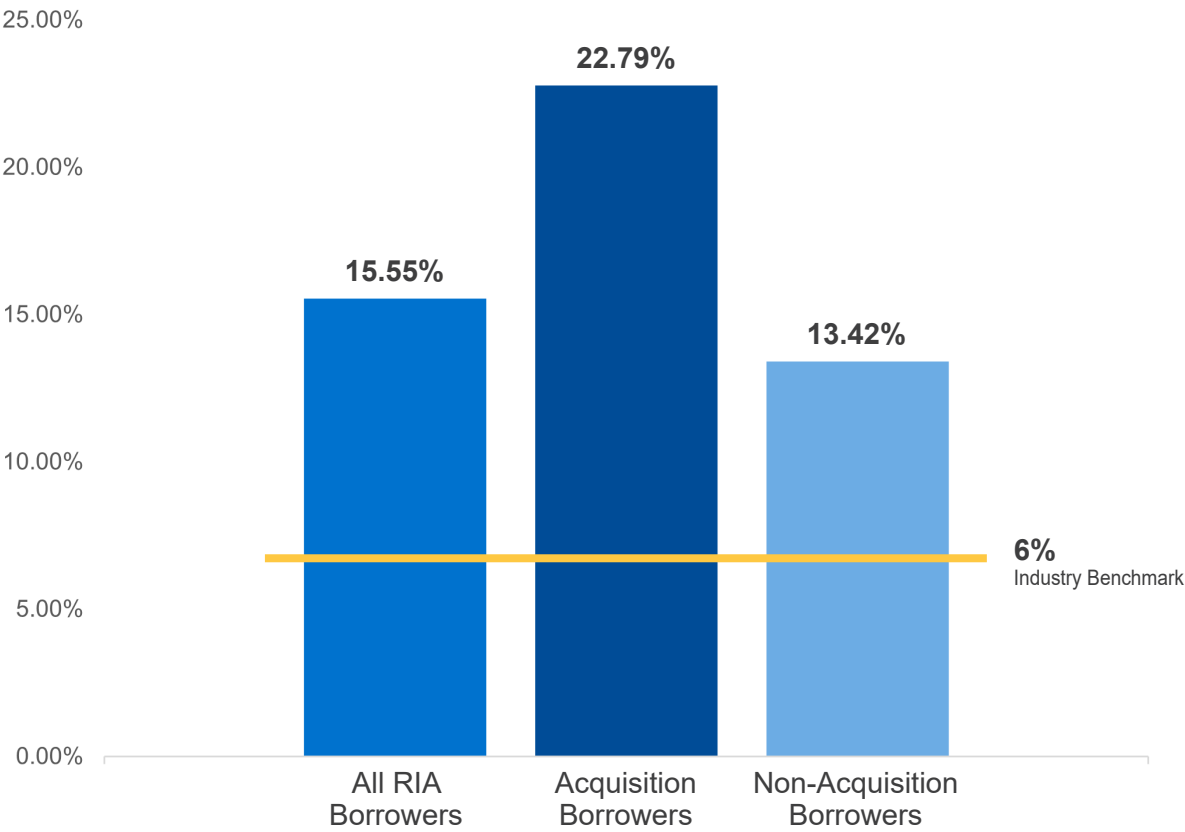
Growth truly “takes off” after the initial integration of capital. For firms with a 3+ year history with Oak Street Funding, their client count nearly doubled. This proves that Oak Street Funding capital successfully funds the capacity (hiring, tech, and marketing) or acquisition needed to handle massive client inflows.

Growth Over Three Years

Client count growth rate of 15.55% is astounding for the average Oak Street Funding client compared to the Schwab industry median of 6%.

Client Count CAGR

Roughly 1/3 of our clients completed acquisitions, so we should expect to see an increase higher than average. However, when omitting any acquisition loans, the client growth rate still is well above double the industry benchmark of 6%.





Why Our Clients Outperform Industry Benchmarks

The primary reason Oak Street Funding clients outperform the Schwab “Median” (18% vs 16.6%) is the strategic intentional use of capital.

- **Acquisition Momentum:** While the median firm relies heavily on market appreciation, Oak Street Funding borrowers are using debt to “buy” growth. Recent 2025 data shows that “Serial Acquirers” (those doing 3+ deals) saw AUM growth of 92.8% over three years, while those who sat on the sidelines saw less than 9%.
- **Operational Leverage:** Instead of getting bogged down in debt administration, they focus on the “Organic+” activities—referrals and business development—that lead to the 12% client growth mentioned above.

Forward Guidance: Navigating 2026

As we move into 2026, the RIA industry remains one of the most resilient and attractive sectors in the financial services landscape. However, the strategies for growth are evolving. While the last three years were defined by rapid consolidation and market-driven AUM gains, 2026 will likely be defined by intentionality—the deliberate choice of how a firm scales, who owns its future, and how it protects its margins.

2026 Market Outlook: The Year of Internal Transition

Industry forecasts suggest that the “Succession Gap” will reach a critical juncture in 2026. With interest rates projected to stabilize in the 3.0% to 3.5% range, the cost of capital is becoming more predictable, allowing for more precise long-term planning.

We anticipate the following trends will dominate the next 12 to 18 months:

- **The Rise of the “Next-Gen” Owner:** Internal buyouts are expected to outpace external sales for the first time in five years as founders prioritize legacy and firm culture.
- **Service Expansion as a Growth Driver:** High-growth firms are using AI to streamline operations and expand beyond purely investment management services, requiring targeted capital for specialized hires and technology.



- **Selective M&A:** The “growth at any cost” era is being replaced by strategic “tuck-ins” where cultural alignment and operational synergy take precedence over simple AUM accumulation.

The Strategic Role of Debt Capital

In an environment where private equity (PE) funds are increasingly moving “down-market” to court mid-sized RIAs, firm owners face a pivotal choice regarding their capital structure.

While equity partners offer significant cash infusions, they often come with a permanent exchange of control and a share of future upside. In contrast, the data in this report suggests that specialized debt financing provides a distinct path for firms that value independence.

- **Equity Preservation:** Debt allows owners to fund acquisitions and successions without diluting their ownership stake, ensuring that the fruits of future growth remain with the advisors who built the firm.
- **Operational Autonomy:** Unlike PE-backed models, debt capital does not mandate “brand integration” or board-level interference. Firms maintain the freedom to serve their clients on their own terms.
- **Cost Efficiency:** In a stabilizing rate environment, the total “cost of capital” for a commercial loan is often significantly lower than the long-term cost of giving up 20%–30% of firm equity.

Final Thoughts

The performance of Oak Street Funding RIA clients over the last three years, specifically the 25.3% AUM growth and the doubling of client counts for mature borrowers, proves that RIA firms do not need to trade away their independence to achieve enterprise scale. As we look toward 2026, we remain committed to providing the flexible, long-term cash-flow-based capital that empowers advisors to lead their firms into the next generation.

Strategic Note

The data proves that debt, when structured correctly, does not “burden” an RIA; it provides the fuel to jump from a “lifestyle practice” to an “enterprise firm.”



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