A GUIDE FOR RIA PRINCIPALS

How RIAs Use and Manage AI

What principals need to know about adoption, exposure, and governance in 2026–2027 — before the SEC or a buyer asks.

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ABOUT THE AUTHOR

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Reid Johnston is a seasoned IT leader with over 25 years of experience guiding small and mid-sized businesses through technology transformation. He helps businesses unlock growth through end-to-end IT strategies, AI consulting, automation engineering, cybersecurity, and Microsoft solutions.

He founded TechGen Consulting in 2000 and, in 2023, joined forces with Don Sauer and Gar Whaley of Aligned Technology Solutions in a merger of equals, rebranding as Teal. His expertise with Microsoft Copilot, Claude AI, and modern IT leadership makes him a trusted voice for organizations turning AI investments into measurable results.

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years supporting regulated industries

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How RIAs Are Using AI

This isn't a hypothetical list. It's ordered by how often I see each one in firms your size, from most adopted to still early.

73%
of investment adviser firms use AI in some form

5%
have it integrated into the systems that run the business — custodial platforms, CRM, billing

44%
of firms using AI internally have no formal process for testing or validating what it produces

Meeting notes and transcription

MOST ADOPTED

Record the meeting, let AI produce the summary and action items. The tools worth using — Jump, Zocks, Zeplyn — push the transcript, recording, and summary straight into your CRM rather than leaving a file you have to go find later.

Client communication

COMMON

The draft, not the send. Newsletters, blog posts, and outreach get a first pass from AI, then a person edits it into something that sounds like them. That editing step is not optional.

Prospecting and segmentation

GROWING

Pointing AI at the client base itself — sorting the list you already keep in your CRM or spreadsheets by assets invested, geography, or whatever criteria matters to how you grow.

Back-office work

EARLY

Connecting AI to accounting and client-management systems for reporting, reconciliation, and dashboards pulled from more than one source. Native reporting is decent, and trust is the bigger holdup — this is the 5% number above.

7–15%
capacity gain across the advisor workforce — 30,000 to 60,000 advisors nationally (McKinsey, Feb 2026)

"This isn't a workforce conversation. It's a capacity conversation."

The same people doing more, and doing more thorough work in the same amount of time.

02

The Three Sources of Risk

Adoption without oversight creates real exposure, and it's already inside firms that look exactly like yours — not eventually, now. It breaks into three sources.

Client trust

A client finds out an AI tool handled their financial data and nobody told them. Disclosure matters as much as the tool does, because trust is the entire product an RIA sells.

Contract and regulatory

Custodians, insurers, and regulators are starting to ask which AI tools touch client data and who is accountable for overseeing them. That question is coming whether or not you have an answer.

Unapproved tools

Every note-taker, proposal tool, and browser add-in an advisor picked up alone is another vendor with access to client information. The real number running inside your firm is almost always higher than you'd guess.

The shadow AI problem, specifically

The pattern I see most is staff pasting client information into a personal ChatGPT or Claude account to move faster on a proposal or an email. It's rarely malicious. They're trying to do their job faster, which is reasonable. But that data has landed in a tool the firm never approved, can't monitor, and can't account for if a client or an examiner asks.

> **"Never approved, can't see it, can't account for it — that's the test I use, and if a tool fails any one of those three, it's shadow AI."**

Those free consumer accounts aren't free in the way people think: the data you put in is a form of compensation, used to improve the vendor's own tools. Education is the first step here, before any technology control you put in place.

What regulators are already asking

- The SEC's 2026 exam priorities name AI governance directly, under emerging financial technology. It is not only a large-firm concern.
- Examiners expect firms to inventory AI use across the firm, including tools used by affiliates and outside service providers, and to keep written policies and records for at least five years.
- Reg S-P's vendor oversight requirements already reach smaller advisory firms. If an AI tool touches your client data, the obligation applies today, not once you've grown to a certain size.

Manage AI in Your Firm in Four Steps

Four steps, in this order, and the first one takes an afternoon.

1

Inventory the tools already in use

Start with the meeting-notes tool, the CRM, the planning software, and anything an advisor bought on a personal card that nobody in IT approved. Ask staff where they're going for AI, not just what's installed on their laptops.

2

Write one page on what's allowed

Client names and account data never go into a personal AI account — say that plainly, along with what is permitted and what needs a yes first. One to two pages, not fifteen. Most policies get an annual review; AI moves faster, so plan on every six months.

3

Name who reviews the vendors

Usually the COO or a principal. That person checks what each tool can see, where it stores what it sees, and whether your existing custodian agreement already covers it — on a set schedule, not whoever gets to it.

4

Document that a person reviewed the work

Any AI-assisted recommendation, client email, or plan summary gets a named advisor's review before it leaves the firm, written down somewhere you can find it later. That document is what a client or an examiner will actually ask to see.

> Start with the inventory. Firms usually work backwards from this — they start using a tool, and only later figure out what's running and set the rules. Sometimes a tool already in daily use turns out not to be allowed, or needs upgrading before it's secure enough to keep. Starting with the inventory saves you that rework.

Governance affects what your firm is worth

Every buyer and every succession plan runs a diligence process now, and AI governance is on that checklist. A firm that can produce an AI inventory, a written policy, and a documented review process presents as a well- run business. A firm that can't answer those questions presents as unpriced risk — and unpriced risk shows up directly in the multiple a buyer offers.

> **“This isn't only a compliance exercise. It's part of what your firm is worth.”**

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Where You Should Start This Week

Use this to see where your firm stands.

THIS QUARTER

- ☐ Every AI tool in use across the firm is listed, including anything bought on a personal card
- ☐ A one-page AI use policy exists, or is being drafted, in plain language
- ☐ Someone specific — usually the COO or a principal — is named to review AI vendors
- ☐ Staff have been told plainly why personal ChatGPT and Claude accounts are off-limits for client data

ONGOING

- ☐ Every AI-assisted client communication gets a named advisor's review before it goes out, documented
- ☐ The AI use policy is on a review calendar more frequent than your standard annual cycle
- ☐ Your compliance consultant is looped in on how AI touches client data, specifically
- ☐ You could produce your AI inventory and review records today if a custodian, examiner, or buyer asked

How Teal can help

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We're offering a short AI governance gap review for RIA principals: a plain-language look at which AI tools are already touching your client data, and the three highest-priority fixes for your firm specifically. Step one — listing what's already running inside your firm — is something you can start yourself this week, before that call ever happens.

Email us at **info@tealtech.com**, or find us at **tealtech.com.**

SOURCES AND FURTHER READING

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