

WHY FEE-FOR-SERVICE?

Five Reasons to Adopt the Fee-For-Service Model



BUILD YOUR BUSINESS WITH FEE-FOR-SERVICE

A fee-for-service model allows clients to pay their financial planner for the financial advice they receive, where the fee is for the advice itself and not based on product sales or the client's Assets Under Management (AUM).

Here's how implementing a fee-for-service model within your business can help your practice.

1. MINIMIZE CONFLICTS OF INTEREST

When clients pay you directly for advice, and not anything else, you can give advice that is in the best interest of your clients, free of any competing incentives to sell a certain product or add money to a client's portfolio, boosting their confidence in you and increasing your chances for a long-term relationship.

2. INCREASE FEE TRANSPARENCY

When clients pay a fixed fee, whether upfront and/or ongoing, it is clear how much they are paying. There are no complicated fee structures to explain or potential "hidden" fees that may confuse a client or cause them to lose trust. Financial planning becomes another normal bill rather than something extra.

3. EXPAND YOUR CLIENT POOL

Barely one-third of all households in the U.S. have enough assets to meet a \$100k asset minimum. In this context, retainer fees can reach a wide swath of the population who can't be served by the AUM model at all, but do have the income, need, and desire to pay for financial planning services from their cash flow instead. This population includes many adult children of existing clients, clients paying discounted AUM fees, and also prospects who have assets tied up in a business, real estate, or other illiquid investments.

4. ADD FLEXIBILITY TO YOUR FEE STRUCTURE

Various fee-for-service payment structures include hourly fees, project-based fees, flat fees, and recurring tiered fees based on tiered services. With diverse billing options like these, the fee-for-service model offers financial planners a variety of ways to bill for their expertise, allowing them to tailor their fee structure to their business needs, ideal clients, and the services rendered.

5. ALIGN YOUR CORE VALUES WITH YOUR FEES

Many financial planners want to get paid for their advice, and AdvicePay is the billing software needed to get paid for this contribution in a compliant, secure, and efficient way. When you get paid specifically for your advice, you can demonstrate that the financial needs and best interests of your clients are at the forefront of everything you do.

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