



Trends in Pricing: *How to Charge for Financial Planning or Wealth Management Services To Be Profitable*

Presented by

Deborah Fox

Founder, Fox Financial Planning Network™

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Agenda for Today

- **Adding a new financial planning / wealth management profit center to your practice**
- **Choices of service models**
- **Suggested pricing models that are easy to adopt and will resonate with your clients**
- **Choosing which model is right for you**
- **Shortcuts to designing and implementing your service model**

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Why Add Additional Services?

- **Financial planning advice is a natural extension of what you do for your clients**
- **You are already your clients' trusted advisor**
- **You have likely already had various "unofficial" conversations with your clients**
- **The timing couldn't be better (IMHO)**
- **You can create a highly profitable, non-seasonal business**

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Creating Your Service Model

- **Will you offer advice in-house or will you outsource by partnering with another advisory firm and share revenues?**
 - For in-house, will it be a solo advisor, ensemble firm operating out of one office, multiple advisors in multiple offices or a designated team providing advice (such as a central financial planning department)?
 - For outsourcing, will you partner with another CPA firm or another type of advisory firm that doesn't provide tax advice?

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Potential Areas of Advice

- Spending Plan
- Insurance
- Investments
- Retirement
- Small Business Retirement Plans
- Estate Planning
- Charitable Giving
- Medicare
- Social Security
- Business Planning

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Creating Your Service Model

- How will you position yourself in the marketplace?
 - Holistic or modular planning?
 - One-time plan? Ongoing?
 - Overseer of all areas of the client's finances?
 - Planning on an "as needed" basis?
 - What is your value proposition to client?

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Creating Your Service Model

■ How will you charge for your services?

- Commission only or Fee-only
- Combination of commissions & fees
- Hourly
- Project-based
- Asset Under Management (AUM) fees
- Annual retainers

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Our Research Has Shown:

- A large percentage of CPAs with only tax practices believe clients won't pay for financial planning services
- Clients do not like to be charged hourly fees
- Many practitioners don't feel they have the technical competence to offer financial planning services

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Our Research Has Shown:

- **Many practitioners under-value what their services are worth**
- **Because a CPA is already a trusted advisor, with the right approach, existing tax clients are willing to have a conversation about other planning services**
- **With proper positioning and systems, financial planning services can be very profitable**

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The Key to Financial Planning Services Being Profitable for You:

- **Realize that clients will pay for great advice**
- **You just need to be able to communicate how you are going to improve their current situation (provide what they need or want)**
- **You must stop viewing your services from a TIME perspective**
- **Instead, you must view your services from a VALUE perspective**

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A Paradigm Shift

- You spend fifteen minutes solving a client's financial problem
- Due to your advice, your client saves \$10,000
- How much should you charge this client for your services?
- #1: Charge hourly at \$400/hour: \$100? OR
- #2: Charge according to value: \$1,000?

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For Stable, Recurring Income:

- Annual Retainers provide the fee foundation
- AUM fees make it easy for client to pay
 - Investable assets
 - Total liquid assets
 - Total net worth
- Commissions, one-time project fees and hourly work can be layered on top

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How Do You Quote a Fee?

- **Always maintain a minimum fee (based on the value of your services)**
- **Next, estimate the number of hours needed to prepare for, deliver, and follow up from any client meetings**
- **Add 10% to that number for inevitable overage time and multiply by your hourly rate**

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How Do You Quote a Fee?

- **Determine how that will be paid (all retainer, all AUM, combination of the two, etc.)**
- **If combination of fees, determine the split (what percentage will be retainer vs AUM)**
- **For project work, set fee levels based on the number of planning modules you will provide to the client**
- **Also consider if a portion of the fee can be tax deductible**

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Best Practices:

- **Provide advice in at least three areas**
- **Determine what you need to get paid for each client according to the scope of the work (e.g. estimated hours invested)**
- **Charge a higher fee for the first year to compensate for the extra work involved**
- **Focus client on total advice you are providing (not just on investment planning)**

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How to Add \$500,000 in Revenues:

- **Choose a combination of areas of advice that for which you can charge retainers and/or AUM fees**
 - **Convert 100 tax clients to financial planning clients at \$5,000 per year**
- OR**
- **Convert 50 tax clients to holistic financial planning clients at \$10,000 per year**

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A quicker path to higher revenues, happier clients and working more efficiently.

We'll help you build your “perfect practice.”

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A Shortcut for You!

- **Things to consider when you're building “your perfect practice”**
- **How to use integrated technology to save time and work more efficiently**
- **Ideas on how to structure your services to set your firm apart from others**
- **How to standardize & systematize your client services within six months**

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A Shortcut for You!

- **Online, recorded video training on how to add these services to your practice (or improve what you are already doing)**
- **A ready-to-use Workflow System with dozens of documented procedures, checklists, templates, scripts and visual aids to use with clients that you can customize**
- **An online library with planning tips,, reference materials, archives and more**

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- **Program has been created so you can get your practice fully systematized within 6 months.**

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**Fox Financial
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www.aicpa.org/pfp/ffpn

PFP Section Team

financialplanning@aicpa.org

Fox Financial Planning Network

info@FoxFinancialPlanningNetwork.com

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Q & A

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www.aicpa.org/pfp/ffpn

PFP Section Team

financialplanning@aicpa.org

Fox Financial Planning Network

info@FoxFinancialPlanningNetwork.com

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