

FINDING YOUR FEE MODEL



ADAM CMEJLA



A young boy with light-colored hair is looking upwards with a curious expression. The background is a dark teal color with a pattern of small white dots, resembling a starry night sky. The overall tone is contemplative and slightly whimsical.

WHY

are we having a
conversation about...

FEEES?

PLEASE SIR!
"M-m-my f-f-f-fee is..."

MAY I HAVE SOME MORE?



Adam's PERFECT STORM

- No service increase, just fees
- Eyeball-to-eyeball
- Real increase, real money (300%!)
- Step up or step out

“We suffer more in our own imagination than in our own reality.”
- Seneca

Mindset:

PUT YOUR OWN
MASK ON FIRST



WORTH

Fear of
Rejection



VALUE

Imposter
Syndrome



RELATIONSHIPS

All Clients are
Good Clients

THE "F" WORD



Not fiduciary,
and not that other one,
but FEES



L I M I T L E S S

FEEES

are only an
issue in the
absence of

VALUE



S
S
E
T
M
L

PRICE VS. VALUE



"\$275 a month...
that's a sh*tty
car payment."

Finding the RIGHT FEE Model



AUM-Based Fees



AUM + Planning Fee



AUM + Subscription (Fee for Service)



Planning Fee Only



Percent of Net Worth / Income



Other: _____

WINNING ON... Price...? Brand...? Value...?

BOTTOM-END OF FEE SPECTRUM



= 0.3%



= 0.25%
-0.40%



= 0.25%

TOP-END OF FEE SPECTRUM



\$260B AUM
1.75% on first
\$400k (tiered)



\$159B AUM
1.25% first \$1MM



\$90B AUM
1.2% first \$500k
(tiered)

LIMITLESS RESEARCH

- Financial advisor pricing data
- Stand-alone planning fee percentiles
- Financial planning pricing based on comprehensive structures
- Advisor AUM fees by asset level

Financial Plan Pricing Based On Comprehensiveness and Structure

Fee-Only Retainer	Median	25th	75th
Most Comprehensive	\$5,000	\$2,900	\$7,650
Comprehensive	\$4,500	\$4,500	\$6,500
Planning Lite*	\$5,000	\$2,500	\$10,000
Fee-Only Standalone	Median	25th	75th
Most Comprehensive	\$2,500	\$1,950	\$3,425
Comprehensive	\$2,500	\$2,000	\$3,500
Planning Lite*	\$2,300	\$1,750	\$2,750
Targeted*	\$1,875	\$1,188	\$3,125
Fee-Only Hourly Plan Total Cost	Median	25th	75th
Most Comprehensive	\$1,900	\$1,013	\$2,788
Comprehensive	\$2,500	\$1,575	\$3,000
Planning Lite*	\$2,000	\$1,475	\$2,625
Targeted*	\$2,000	\$1,800	\$15,000

* Sample size < 20

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Overall, roughly 25% of advisors who completed the 2020 Kitces survey reported that they do produce and charge for stand-alone financial plans for clients.

Stand-alone planning fees varied as:

- 10th Percentile: \$1,000
- 25th Percentile: \$1,500
- 50th Percentile: \$2,500
- 75th Percentile: \$3,000
- 90th Percentile: \$4,800

Fee levels among advisors reported as:

- 10th Percentile: \$1,210
- 25th Percentile: \$2,000
- 50th Percentile: \$4,000
- 75th Percentile: \$6,200
- 90th Percentile: \$8,000



To charge or not to charge? FEE NO-FEE

- Higher barrier to entry
- Seen as non-standard
 - Ability to work with anyone
- Does not require AUM
 - WORKS

- Lower barrier to entry
- Industry standard
- Requires screening
- Only works with AUM
- WORKS

QUALITY
PROFESSIONALS

Charge for
Expertise

SALESPEOPLE

Give it Away

“ While many firms will claim to offer a ‘free’ financial plan, it’s often like the ‘free’ dinner at a timeshare presentation that ends with a hard sell. We’re not that kind of firm. Just like your doctor, we charge for our expertise to focus on your needs, and nothing else. ”

“ Our goal during this hour together is to learn more about your situation so that we can answer your pressing questions, understand your options and give you the information you need to make informed choices about your financial future. There is no charge for this initial meeting, which will last an hour. At the end of our time together, we’ll know a lot more about you and how we can help and you’ll know if you want us to. If we agree I’m the right adviser for you, I’ll quote you our fee to help you retire with confidence, and 2-3 weeks later we’ll sit down again and review your preliminary financial plan. ”

Financial Planning FOR A FEE

Individuals: *\$1,500* up front
\$395 a month billed on the
15th of the month thereafter

Practice
Owners: *\$2500* up front
\$695 a month billed on the
15th of the month thereafter

“ We charge for investment management and financial planning as two separate services. For financial planning, it is an annual fee, paid monthly or quarterly based off of cash flow preference. That breaks down to, for individuals, *\$1,500* up front and then *\$395* per month thereafter. For practice owners, *\$2,500* up front, then *\$695* every month thereafter. We do ask for a one-year commitment. ”

SHARING YOUR FEES

- Clearly
- Directly
- Confidently
- Without Apology



STEPPING UP FEES



Resetting EXPECTATIONS

The fee was X and is now Y.

Service was A and is now B.

These are your options.

PRACTICE!

Rehearse your scripts until you can say them like your middle name.





LAUNCH

- Start with lowest risk clients
- Practice, Do, Learn, Adjust
- Repeat until complete
- Enjoy the results

Service Model Transitions

The resources below are designed to help you create the trust and confidence needed to transition clients to a new service level. Use these resources along with the Communicating Changes Workbook to develop the process and materials needed in your specific situation. Items in blue are designed to be customized, though you can customize any portion of these resources.

BASIC TRANSITION PROCESS

1. Prepare for the process (see the Communicating Changes Workbook). Below are important strategic decisions to consider:
 - Determine which clients will be impacted by your new service model / offering
 - Determine if you will provide exceptions or grandfather any clients (not all important)
 - Determine what the clients' options are if they do not want to continue at the service level
2. Prepare for the discussion thoroughly
3. Share the change with the client
 - If communicating via mail, send the letter and appropriate paperwork
 - If communicating via call or meeting, have the appropriate paperwork ready
 - Plan in advance for questions clients may raise
4. If clients do not complete the paperwork on time, schedule a follow-up to get the finalized documents

FRAMING PARAMETERS

- Clients need to understand that we are not adjusting our revenue or the number of meetings they attend in the firm, as well as help them achieve their best interests. We believe we will best help them achieve their best interests by being confident and reassured that we believe in their best interests to help them.
- Clients also need to feel confident and reassured that we believe in their best interests to help them.
- Clients are working in their best interests behind the scenes. We should convey the reasons behind the change with the value delivered: "Our clients keep us with the value delivered that we provide. We place energy in better services that simply improve our clients' lives." "The value we place in improvements and services that simply improve our clients' lives." "The value we place in improvements and services that simply improve our clients' lives."
- Make sure clients know we are teaching them to support them regardless of their service level. Additionally, communicate that we are continuing with our firm is not the right fit.

Fee Change Guidebook

The below resources are designed to help you create the trust and confidence needed to transition clients to a new fee schedule. Use these resources along with the Communicating Changes Workbook to develop the process and materials needed in your specific situation. Items in blue are designed to be customized, though you can customize any portion of these resources.

BASIC TRANSITION PROCESS

1. Prepare for the process (see the "Communicating Changes Transition Guidebook"). Below are important strategic decisions to consider:
 - Determine which clients will be impacted by the fee change
 - Determine if you will share the change via a letter, call or meeting
 - Determine what the clients' options are if they do not want to continue at the new level
2. Prepare for the discussion thoroughly
3. Share the change with the client
 - If communicating via mail, send the letter and appropriate paperwork
 - If communicating via call or meeting, have the appropriate paperwork prepared
 - Plan in advance for questions clients may raise
4. If clients do not complete the paperwork on time, schedule a follow-up to get the finalized documents

FRAMING PARAMETERS

- Clients need to understand that we are not changing fees simply to increase income. Instead, we are protecting the value of our business and ensuring that we can continue to provide the best service to our clients.
- Clients also need to feel confident and reassured that we believe in their best interests to help them.
- Clients are working in their best interests behind the scenes. We should convey the reasons behind the change with the value delivered: "Our clients keep us with the value delivered that we provide. We place energy in better services that simply improve our clients' lives." "The value we place in improvements and services that simply improve our clients' lives."
- Make sure clients know we are teaching them to support them regardless of their service level. Additionally, communicate that we are continuing with our firm is not the right fit.

Client Communication & Transition Plan

Instructions: Use the following pages to help build your client communication and transition plan. Watch the April Limitless Lesson for more details on each step.

STEP 1: FRAME THE TRANSITION

Defining what you need to communicate to clients and setting a strategy is the first step in creating a solid plan.

What is the change or transition you will communicate?

What is the goal or outcome you want to achieve?

What is the timeline for completion?

Who is responsible for overseeing the change?

Who are the strategic decisions that you need to make?

These are some examples to get you started but depending on the change and how you launch your new service, other big picture decisions that are important as you launch your new service may apply to you.

- ✓ Who does the change apply to?
- ✓ Do you need to define exceptions for the change and if so by whom?
- ✓ What soft and hard lines will you make (I will not negotiate with clients who do not sit in the client meeting after 3 months)?

PLANNING Client Transitions

LIMITLESS

“ Many advisors will offer to do a ‘free’ financial plan, but we all know nothing is ever really free. Instead of offering a ‘free’ plan in hopes I can sell you something later, like your attorney or accountant, I simply charge you for my time and expertise, thus eliminating another conflict of interest.

We assess an annual planning fee for our services and have implemented a system that allows our clients to seamlessly satisfy the annual commitment on either a monthly or quarterly basis. My planning fee in your situation is an annual planning fee, broken up into two parts: a \$2,500 onboarding fee and then either a monthly or quarterly commitment going forward. This breaks down to \$695 monthly or \$2,085 quarterly. Now it would only make sense for you to pay this fee if the value you received was worth multiples of that amount. Did I explain this well or do you have any additional questions? ”

L I M I T L E S S

CHARGING A PLANNING FEE



*Find all these scripts in the
Fee Model Scripts resource!*



THE DIRECT APPROACH

“ Each quarter we will deduct a fee of just over 1/4 of a percent from your accounts. This will be done as a line item so we can both see very clearly the fees for working together. Is that OK with you? ”

“ Our initial planning fee to design your personalized financial plan will be \$2,500, with an ongoing monthly planning fee of \$595 to implement, manage and advise you on your financial life every step along the way. Do you have questions I can answer, or are you ready to move forward? ”

If prospect hesitates...

“What questions can I answer for you? This is a major decision point in your financial life. Should we work together, my job is to be your trusted advisor. That begins with you being comfortable with our approach and fees. This isn't a time-share sale, so I'd like to invite you both to take the night to think it over. ”

L I M I T L E S S

“In my XX years of experience, these plans ARE worth multiples of the fee, but my reputation is far more important than the planning fee, which means that if YOU have any doubts about the value of the plan I provide for you, I will refund my entire planning fee with no hassle.”



MONEY-BACK
GUARANTEE

L I M I T L E S S



MOST/LEAST APPROACH

“I’d love to help you retire with confidence and buy that bed & breakfast in Napa you’ve always wanted. Our fee to move forward and develop a comprehensive plan that lays out your personal path to retire with confidence will be \$7,500 a year.”

“Our fees aren’t the least expensive, and they’re not the most expensive, but our clients are here because they’re more than fair for the value they receive.”

L I M I T L E S S

QUOTING FEES?!

If you're charging on AUM + Separate Planning Fee (with implementation discount)

"Our up-front planning fees range from \$2,500 - \$7,500 depending on your situation, goals and complexity. At the end of your planning session, if I think I can add real value to you and you feel I'm the right advisor for you, I'll share the fees to work together. We retain 50% up front and 50% at the end of this phase of the process. Should you continue to work with us to implement the plan we design, we waive the remaining 50% of the planning fee."

If you're charging on AUM + Separate Planning Fee (no implementation discount)

"Our up-front planning fees range from \$2,500 - \$7,500 depending on your situation, goals, and complexity. At the end of your planning session, if I think I can add real value to you and you feel I'm the right advisor for you, I'll share the fees to work together. If you're ready to move forward, we'll start the process and schedule your plan design meeting 2-3 weeks after our first meeting."

If you're charging on AUM + Separate Planning Fee + Annual Fee

"Our up-front planning fees range from \$2,500 - \$7,500 depending on your situation, goals and complexity. At the end of your planning session, if I think I can add real value to you and you feel I'm the right advisor for you, I'll share the up-front planning fee and the ongoing fee, which is half % of the up-front fee."

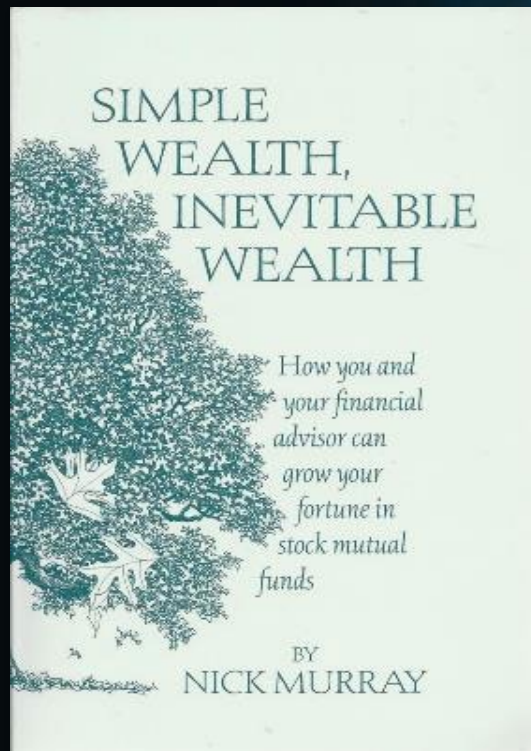
If you're charging a retainer fee only:

"We assess an annual planning fee for our services and have implemented a system that allows them to seamlessly satisfy the annual commitment on either a monthly or quarterly basis. My planning fee in your situation would be \$7,140, which is either \$595 monthly or \$1,785 quarterly with a \$1,500 up front onboarding fee. Now it would only make sense for you to pay this fee if the value you received was worth multiples of that amount. Did I explain this well or do you have any additional questions?"



QUOTING
FEES:
By Fee
Model

Nick Murray ON FEES



“Assume that good advice costs about one percent a year... If a high-quality advisor can either help you increase your return by more than that, or save you more than that in time, effort and worry, or save you more than that by preventing you from making the classic behavioral mistakes...s/he’s worth it. If the advisor can do all those things—and s/he very well may—then hiring an advisor is a no-brainer.”



ADAM'S FEE CONVERSATION (Raising Fees)

“Over the past few months, we have been focused on evaluating the business, services, costs and how we have grown. I've learned that our fees are not aligned with the full breadth of services and value we offer to clients. Going forward, we have delineated between providing investment management services and financial planning services for our clients. As such, we will be adopting a new fee structure for annual financial planning services, with options to pay either monthly or quarterly via a 3rd-party automated payment platform. This aligns more closely with our philosophy that, regardless of what happens in the market or any financial decisions you make, we will provide you with advice in your best interest.”

L I M I T L E S S

“ I understand that this is a big increase, Mr./Mrs. Client. I believe that great, uncompromised financial advice delivered through a great client experience shouldn't be expensive—it should be priceless.

In order to continue to deliver that experience to each and every client, I've had to take a good, hard look at my business and made some changes to previous fee schedules.

I truly do value our relationship and hope to have the privilege of serving you in the future. Should you decide against this fee increase, please know that my team and I will do everything we can to make your transition to a different advisor as smooth as possible.

Does that make sense? ”


L I M I T L E S S



ADAM'S FEE
CONVERSATION
(Questioning Increase)

Advisor Coach Fee SCHEDULES

(701) 250-7220



Capital City Wealth Management
RetirementStartsToday.com

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Fees

We Believe In Transparency, Check Out Our Fees

Asset Minimum

Capital City Wealth Management has an informal asset minimum of \$1,000,000.

Ongoing Planning Fees

- 1.50% – under \$500,000
- 1.30% – \$500,000-\$1,000,000
- 0.85% – \$1,000,000-\$2,000,000
- 0.75% – \$2,000,000-\$3,000,000
- 0.65% – +\$3,000,000

Billing

Asset management fees are billed quarterly in advance, and

As **fee-only** financial planners, we receive no other forms of

Please see Item 5 of our Form ADV Part 2A for additional information on our Wrap Fee Program Brochure for additional information

Appendix C – Classic Client Fee Schedule

This is the Classic Client fee schedule on assets under management.

Amount of Assets Under Management	Fee
\$0 to \$1,000,000	1.50%
\$1,000,000 to \$5,000,000	0.95%
Above \$5,000,000	0.50%

The first \$1,000,000 of assets under management will be charged at an annualized rate of 0.95%. By way of example, \$7,000,000 of assets under management will be charged at an annualized rate of 0.50%.

Please review the following fee schedule:

Fast fee schedule	Fee
Under \$500,000	1.50%
\$500,000 - \$1,000,000	1.30%
\$1,000,000 - \$2,000,000	0.85%
\$2,000,000 - \$3,000,000	0.75%
\$3,000,000 or more	0.65%

Based on our market firms, many of which are larger than ours, we believe these fees are competitive. These fee changes will be effective on June 24th, 2019. (Jane and John), we know that change is never easy. Please sign and return our updated fee schedule to us by the date indicated. If you have any questions or concerns you have regarding these changes, please contact us at (701) 250-7220.

Sincerely,
Benjamin Brandt CFP®, RICPE
President, Capital City Wealth Management

Please review, sign, and return the attached updated fee schedules and disclosures into effect July 1st 2019.

Comprehensive Wealth Management Fees

These fees are inclusive of financial planning, financial advice, investment management and comprehensive wealth management. By selecting this option, you are appointing us as your investment adviser to perform the services described in this Agreement.

We will be responsible for the investment and reinvestment of those assets that are held by the Custodian in an account governed by a Master Agreement between us and the Custodian (the "Assets" or "Account") in accordance with your investment objectives as set forth on your investment policy statement ("IPS").

Additional assets not held by the custodian can be added to our responsibility by mutual written agreement. All assets under our responsibility will be charged a management fee based on the following schedule:

ASSETS	ANNUAL FEE
Under \$500,000	1.65%
\$500,000 – \$1,000,000	1.50%
\$1,000,001 – \$2,000,000	1.00%
\$2,000,001 – \$3,000,000	0.90%
\$3,000,001 – \$5,000,000	0.85%
\$5,000,001 or more	0.75%

As discussed in the Agreement, the Investment Management Fee is billed on a quarterly basis in advance, based upon the market value of the Assets on the last business day of the previous quarter as valued by the Custodian. See Terms and Conditions for further details.

CLIENT SIGNATURE

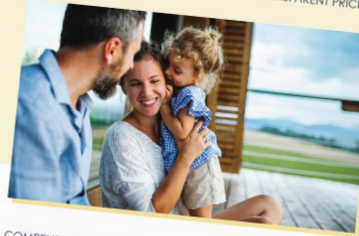
DATE

CLIENT SIGNATURE

DATE

PRICING

SIMPLE AND TRANSPARENT PRICING



At Entrepreneur Aligned, we understand that profit is a core measurement of success, and that we must deliver value that far exceeds cost in order to continually earn your business. Earning your trust and long-term collaboration is the ultimate reward.

We accomplish this by keeping your interests first in the advice we provide and the fees we receive. Our compensation doesn't change based on how your portfolio is allocated and we aren't compensated by anyone other than you because we are here to serve you!

For more information on our fees, please see our ADV (link through website).

COMPENSATION PHILOSOPHY

- Deliver massive value for entrepreneurs with complex financial lives.
- Strive to eliminate economic conflict of interest.
- Charge transparent fees based on the value we provide.
- Net worth is a quality indicator of financial complexity.
- A flat fee based on complexity best aligns our interest with yours.
- Simple and easy to understand fees are the best.

COMPENSATION STRUCTURE*

A flat quarterly fee based on a range of a client's net worth.

Net Worth	Quarterly Fee
\$0 - \$10M	\$5,000
\$10 - \$15M	\$6,250
\$15 - \$20M	\$7,500
\$20 - \$25M	\$8,750
\$25 - \$30M	\$10,000
Above \$30M	Negotiable



WATCH & READ

- Getting Unstuck & Re-Aligning Fees to Build the Solo Advisory Firm You Want, Tanya Nichols, Michael Kitces
- The Power of Practice Management: Best Practices for Building a Better Advisory Business



APPLY

- Download Planning Fee Changes Workbook
- Run Client Profitability Analysis
- Evaluate/update fee model and fees
- Plan the process of sharing with clients
- Set your schedule and timeline



ACT

- Draft your letters and scripts
- Rehearse until you can say it "like your middle name"
- Put into practice beginning with your lowest risk / smallest clients



LIMITLESS Q&A

NEXT, HEAD TO END-OF-DAY PANEL...