



FEE TRANSITIONS AND CHANGES
GUIDEBOOK

Resources for Transitioning Clients to a New Fee

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 to fit 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 if you will provide exceptions or grandfather any clients (not our recommendation)
 - Determine what the clients' options are if they do not want to continue at the new fee 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/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 raise revenue or increase income. Instead, we are protecting the longevity of and ongoing investment in the firm, as well as ensuring the high standard of service that we believe will help them achieve their financial goals.
- Clients also need to feel confident that regardless of this change, we are working in their best interests to help them achieve their goals.
- We should convey the reasons behind the change: "We need to align our services with the value delivered." "Our fees have not changed in years, but the cost of doing business has risen." "The firm has invested in improvements but absorbed these costs over time." "Industry and regulatory changes have impacted the cost of doing business."
- Make sure clients know we are touched by their confidence and believe that the value we offer is well worth any change in fees.
- Additionally, communicate that we will assist our clients in their transition if continuing with our firm is not the right fit.



Sample Fee Change Letters

INCREASING OVERALL FEES

Dear <Client>,

I'm writing today to share some important changes we're making to our business. Over the past few months, we have been focused on evaluating our business, services, costs and amount of growth. My goal is to ensure that we stay at the forefront of our profession while honoring our commitment to provide you with personalized service that supports achievement of your financial goals.

As we have grown, we have invested in adding services, team members and resources that will help us better serve you. During this time, we have not adjusted the ongoing costs to our clients, even as the cost of doing business has increased in the face of industry and regulatory changes. As we move forward, my goal is to ensure that we provide clients with the best possible experience, service and advice in the face of these changes and as the business grows.

Beginning on **DATE**, we will be adjusting the annual cost for services from **XXX to XXX, which means your fee will be XXX**. To help clarify this change, I have attached our Client Services Overview, which highlights our goals, services and fees going forward. To ensure that we can continue to make improvements and grow in a way that best serves our clients, we will be evaluating our services and their cost to you every two years to assure that they are in line with the value we deliver.

As always, I am personally touched by the confidence you place in us and look forward to continuing to deliver you exceptional service and support. If you feel the same, please feel take a moment to sign and return the attached form in the enclosed envelope.

I understand that you may also have questions regarding these changes, and I would welcome a call from you to discuss them personally. Please contact **NAME** to schedule a 20-minute call by calling **NUMBER** or emailing **EMAIL**.

OR

NAME will be reaching out to you in the next week to schedule a quick 20-minute call to share and discuss these changes with you.

Warmest regards,
ADVISER NAME



ADDING OR CHANGING HOW YOU STRUCTURE YOUR FEE

Dear <Client>,

I'm writing today to share some important improvements we're making in response to an evaluation of our business that was conducted over the past few months. Our goal is to stay at the forefront of our profession while honoring our commitment to provide you with personalized service that supports achievement of your financial goals.

Over the years, we have invested in **adding services, team members and resources** that will help us better serve you. I'm excited to share that we are now investing in deepening the level of service we provide by formally adding (**insert service / financial planning / other**) to our service offering.

OR

Over the years, we have invested in **adding services, team members and resources** that will help us better serve you. This includes the incorporation of **comprehensive financial planning / wealth management / insert service**. As the industry changes and our services expand, we have come to recognize that the value we deliver to clients is more aligned with our **comprehensive services** and with acting as a trusted partner working with you to help reach your goals.

As such, we are adjusting our service fees from **XXX** to **XXX**, which reflects the addition of an **annual planning fee**. To help clarify this change, I have attached our Client Services Overview, which highlights the goals, services and fees available to you going forward. Additionally, to ensure that we can continue to make improvements and grow in a way that best serves our clients, we will be evaluating our services and their cost to you every two years to assure that they are in line with the value and services we deliver.

I am personally touched by the confidence you place in us and look forward to continuing to help you reach your financial goals. If you feel the same, please feel take a moment to sign and return the attached form in the enclosed envelope.

I understand that you may also have questions regarding these changes, and I would welcome a call from you to discuss them personally. Please contact **NAME** to schedule a 20-minute call by calling **NUMBER** or emailing **EMAIL**.

OR

NAME will be reaching out to you in the next week to schedule a quick 20-minute call to share and discuss these changes with you.

Warmest regards,
ADVISER NAME



Sample Fee Transition Scripts

The below is an example of the dialogue that occurs during a fee transition meeting.

FIRST MEETING INTRODUCING THE NEW FEE TO THE CLIENT

Timing of a fee discussion may vary based on your preferences. Perhaps you'd prefer to share the information with clients immediately, or maybe that discussion would fit more naturally in a later meeting regarding planning and investments.

Example 1 – Raising Fees: “Good to see you today, **John and Mary**. I want to share some important changes with you. Our goal is to stay at the forefront of our profession while honoring our commitment to provide you with personalized service and support.

“As we have grown, we have invested in **adding services, team members and resources** that will help us better serve you. During this time, we have not adjusted the ongoing costs to our clients even as the cost of doing business has increased in the face of industry and regulatory changes. As such, beginning on **DATE**, we will be adjusting the cost of services from **XXX to XXX**. This means that your annual fee will be **XXX** going forward.

“As always, I’m touched by the confidence you place in us, and should you have any questions, I would be happy to answer them.”

Example 2 – Raising Fees: “Good to see you today, **John and Mary**. Over the past few months, we have been focused on evaluating our business, services, costs and amount of growth. We’ve come to realize that our fees are not aligned with the full breadth of services and value we provide to clients. **I learned, in fact, they were well below market value, which can range as high as XX%.** To ensure that we can continue to provide clients with this personalized level of comprehensive services, we will be adjusting the cost for services from **XXX to XXX** beginning on **DATE**. This means that your annual fee will be **XXX** going forward.

“Do you have any questions about these changes that I can answer?”

Example 3 – New Fee: “Good to see you today, **John and Mary**. Over the past few months, we have been focused on evaluating our business, services, costs and amount of growth. I’ve learned that our fees are not aligned with the full breadth of services and value we offer to clients. Going forward, we will be adopting a new fee structure of **XXX (that separates our investment management and planning fees / charging for financial planning going forward / moving to an annual client retainer)**. This aligns more closely with our philosophy that, regardless of what happens in the market or of any financial decisions you make, we will provide you with advice that suits your best interests. Under this new model, your costs will be **XXX** going forward.

“Do you have any questions about these changes that I can answer?”



QUESTIONS THAT MAY ARISE AND HOW TO ADDRESS THEM

The examples below are designed to help you answer client questions. Be sure that your responses reflect the true value story and reason you are making changes.

Why are you raising your fee now?

- “In the X years that you have been with us, we have not evaluated or changed the cost of doing business. However, with industry changes and time, the cost of doing business has increased. It was simply time to reassess our services and align our costs to the full value we deliver to clients.”
- “We spent the last few months conducting a thorough evaluation of our business. We want to ensure that we can stay at the forefront of our profession while still providing you the best possible service. After discussing with our advisers, we have decided to change our fees to help us deliver on this commitment now and in the future.”
- “Given the changes in the industry, we have decided that it is time to align our fees with the level of comprehensive service we deliver. We believe that this new planning/retainer/insert fee is more aligned with our philosophy of working in your best interests regardless of what happens in the market or what financial decisions you make.”

I'm not sure I want to pay the fee. OR: The fee increase is large. Why should I pay it?

- “I understand that this is a change for you, but I believe strongly in the value we deliver. My purpose in making these changes is to ensure that our fees are fair for the service we provide and that we honor our commitment to provide you with the level of service and professional advice that we believe will help you reach your goals. While I truly value our relationship, if you don't feel that the cost of services is fair for the value we deliver, I understand and would be happy to refer you to an adviser who may be a better fit. Does that help, and are there any other questions I can answer for you?”
- “I understand that this is a big increase, Mr./Mrs. Client. I believe that 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 make 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 adviser as smooth as possible. Does that make sense?”
- If lowering service is an option: “We have additional service options available to clients who find that they no longer need the level of service that is provided with the new fee schedule. You can choose to opt into our new service offering of XXX, or should that not be a fit, I would be happy to recommend you to another adviser who can meet your needs.”

Can I negotiate the fee?

- “I understand that this is a change for you, but I believe strongly in the value we provide to our clients, and the fees are not negotiable. The change to our pricing structure is standard to ensure that we can fairly deliver services to each and every family we serve. While I truly value our relationship, if you aren't comfortable with the new schedule, I understand if you chose not to move forward. I would even be happy to recommend you to a firm that will meet your needs.”

