Let’s Talk About Fees
Why Transparency Can Help Build Trust with Clients
Let’s Talk About Fees

Source: Paladin Advisor Research & Registry Survey of 421 investors
Let’s Talk About Fees

Do you voluntarily explain your fee structure to clients?

Only *14%* say yes.

Source: Paladin Advisor Research & Registry Survey of 100 RIAs and IARs
Let’s Talk About Fees
Misconceptions

• Investors don’t care
• Investors won’t understand
• Investors will select the lower cost
Let’s Talk About Fees
The Facts

• Investors want transparency
• **Only 26.3%** of investors would select the low-cost service provider*
• **66.3%** selected advisors they trusted the most*

Source: Paladin Advisor Research & Registry Survey of 421 investors
Have the Conversation
Top 5 Ways to Explaining Your Fees

1) You are an RIA or IAR.

As an RIA or IAR, you are a financial fiduciary and must adhere to the highest ethical standards in the financial services industry.

This means that your services always have your client’s best interest in mind.
Have the Conversation
Top 5 Ways to Explaining Your Fees

2) The service you provide.

What does your client get for your fee? Describe all of the services that are bundled – planning, investment advisory services, money management, custody and transaction.
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3) Ongoing services

Only RIAs or IARs can deliver continuous investment advice and service. Those services can include:

- Strategy
- Asset Allocation
- Manager Selection
- Risk Management
- Performance Reports
- Quarterly Meetings
- Brokerage Statements
- Investment Outlooks
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4) “Paid in Advance” or “Pay as You Go”

Unlike a commission-based structure where you pay in advance, as a fee-based advisor, you are paid quarterly for ongoing advice and services.

- You have an economic incentive to increase the market value of your client’s assets
- The higher the value of your client’s assets, the more money you make
- Your compensation stops if your results do not meet investor expectation
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5) Fewer Conflicts of Interest

As an RIA or IAR, you are paid by your clients to achieve their goals, not by third parties (broker-dealers, mutual fund companies) who may have other objectives.

Your advice does not affect your compensation.
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