How to Present and Increase Your Advisor Fee Services

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International Association of Registered Financial Consultants
The Global Explosion!

In Financial Services
Your Competition is Constantly Increasing
Who Wants Your Clients?

• Other Agents and Advisors
• Banks – Local and International
• Securities Direct Marketers
• Stock Brokerage Firms
• Direct-Writing Insurance Companies
• Credit Unions & Plan Administrators
What Are Their Strengths?

• Very Big Advertising Budgets
• Multiple Impressive Locations
• Existing Customer Relationships
• Huge Staff and Call Centers
• Branding and Image Presence
• Proposition:  Size = Quality
What Are Their Drawbacks?

- Very High Staff Turnover
- Lack of Personal Connection
- No Prospecting Experience
- Poor Personal Communications
- Internal Compensation Conflicts
- Depend on Advertising & Branding
- They Lack Your Passion
Public Relations Experts:

Perception IS Reality!
Your Image is Your Brand!

- Objective
- Competent
- Qualified
- Ethical
- Professional
- Thorough
- Attentive
- Caring
Project Your Image:

1. Clients – Quality Referrals
2. Prospects – Evaluating You
3. Advisors – Cooperation, Referrals
4. Local Media of all varieties
5. Community Organizations
Your 3 Image Concerns:

• **Do You have a Product Focus** –
  Or a Customer Focus?

• **Are You Sales Oriented** –
  Or Advice Oriented?

• **Are You Largely Unknown** –
  Or Very Well-Regarded?
Financial Planning vs. Insurance:

Perception – Insurance is A High-Pressure Product

Perception – Planning is A Professional Service
• **Change Your Image and Job Title**
• **Emphasize Advice and Service First**
• **Move to a More Affluent Clientele**
• **Practice Management Tools & Skills**
• **Propose Plans and Emphasize Fees**
• **Additional Academic Education**
Pareto’s Law:

The Exposition of Income Distribution

Pareto’s 80/20% Law:

80% RESULTS
20% SOURCES
Pareto’s 80/20% Law:

20% of Clients = 80% of Income
20% of Clients = 80% of Referrals
20% Prospects = 80% New Clients

Your Branding Efforts = 80% of the Desired Results
What is Branding?
Branding Images
What is Advisor Branding?

- Emphasis is You – not a Company
- Your Brand is Your Responsibility
- All Print Material: Letters, Agendas, Cards, Website, Brochures
- Office and Car Image – non-product
- Personal Grooming, briefcase, etc.
- Your Sample Financial Plan
- Your Presentation of Services
Customers Want to Know:

What’s In It for:

Me!
Customers Look For:

Benefits vs. Features
Values vs. Costs
Ease vs. Complexity
Confidence vs. Doubt
What Do Customers Seek?

Advisors Who Are:

- Honest
- Inspiring
- Visionary
- Competent
First Perceptions Count!

How Do Your Prospects and Clients Absorb Information?
Oral
Visual
Written
Emotional
Reality Check:

Life Agents and Financial Advisors

Need More Money!
The Consistent Need for More Income

Your Personal Income

Your Business Expenses
New & Better Clients Constantly Needed

- Income From Current Clientele
- New Client Revenue That Will Be Required
- Your Marketing Challenge

Now, 3 years, 6 years, 9 years
Conclusion:

You Are Facing A MAJOR Prospecting Problem!
The Cycle of Service: The Same Worldwide!
Prospecting for Client Acquisition
Based on your Marketing Plan

1. Client Engagement
   a presentation to establish the fee

2. Gathering All the Information
   Fact Finding

3. Problem Identification
   analysis within software

4. Client’s Written Financial Plan report preparation

5. Implementation & Monitoring
   plan follow-through

Obtain Referrals completes the cycle

Prospecting for Client Acquisition completes the cycle.
No. 1: Client Engagement

- Converts Prospects into Clients
- Furnish You Complete Information
- Agree to Pay You A Plan Fee
- Agree to Purchase Products
- Commitment to Provide Referrals

Constant Search for high-quality New Clients
Client Engagement Tools

- Sample Plans – Modular Analysis
- Sample Plans – Comprehensive Plans
- Script: Problems, Solutions, Systems
- Information Gathering Tools
- Fee Schedule, Explanation, Agreement
- Certificates and Disclosures
- Total Organization and an Agenda
- A Visual Presentation
Why is Planning Essential?

- **Occupations** – constantly changing
- **Longevity** - will continue to increase
- **Medical Expenses** – always increase
- **Governments** – can’t support everyone
- **Employers** – can’t fully support retirees
- **Inflation** – the slow destroyer of wealth
- **Financial Security** – is now accepted as an individual responsibility

*The Same Worldwide!*
The Planning Process

#1 Setting Goals

- Retire at age 62
- Education for Bill and Elizabeth
- Lake Houseboat
- Reduce Taxes
- Estate Distribution & Survivor Income
The Planning Process

#2

Gathering Family and Financial Data
Organizing Your Records

Annuity & Pension Contracts/Forms
Bank Certificates & Safe Deposit
Birth, Adoption and Genealogy
Business Agreements
Cemetery, Funeral & Burial
Charitable Gifts and Bequests
Correspondence of Importance
Credit and Debit Card Records
Debts, Loans and Lease Records
Disability & Sick Pay Benefits
Education Plans and Documents
Employee Benefit Records/Forms
Healthcare Forms, Power of Attorney
Investment and Portfolio Reports
Life Insurance Contracts and Reports
Long Term Care Insurance and Plans

Marriage and Divorce Records
Medical Insurance Cards and Plans
Property, Auto & Liability Insurance
Real Estate Tax and Deed Records
Retirement Plan Info. and Records
Social Security & Earnings Records
Tax Returns and Information
Veteran’s and Prior Employment
Wills, Trusts and Letters to Family
The Planning Process

#3

Analyze All Your Information
The Planning Process

Preparing Your Plan

#4

FINANCIAL ANALYSIS
F INANCIAL PLAN ASSURANCE

Our goal is to provide superior personal financial planning and service to all our clients. This is a multi-step process:

1. Communicating the need for and benefits of a personal Financial Plan, clearly describing the procedures and executing a Planning Agreement.
2. Gathering all the information necessary to prepare your personal plan, including: your family information, financial data, goals and objectives, investment attitudes and the planning assumptions.
3. Confirming this information with you - before your personal Financial Plan is constructed.
4. Preparing your personal Financial Plan, including our analysis of how you are currently positioned to accomplish your objectives.
5. Presenting you with recommendations and alternatives intended to help you achieve your goals.
6. Assisting you in the implementation of your plan, based on your responses to our recommendations.

We have indicated the fee necessary to prepare your Plan, which includes the first five steps listed above.

The fee for this Financial Plan is payable upon your agreement: one-half at the outset, and the remainder upon your receipt and satisfaction with your Plan.

If, for any reason whatsoever, you are not satisfied with your written Financial Plan we will refund your initial deposit and no further payment will be due.

By: ______________________ Date: __________

Satisfaction Assurance:
We cannot guarantee future economic developments or investment results.

Your Assurance of 100% Satisfaction with your personal Financial Plan – or we refund all the fee paid!
The Planning Process

#5

Implement Your Plan

- Retire at age 62
- Education for Bill and Elizabeth
- Lake Houseboat
- Reduce Taxes
- Estate Distribution & Survivor Income
The Planning Process

Monitoring
The Results

#6
The Planning Process

#7

Continued Information
A steady flow of valuable financial information...that gradually builds a relationship of mutual trust and confidence.
CRM - Client Relationship Management

Principles

Frequent

Formal

Informal

Planning Functions

Convey Information
CRM - Client Relationship Management

Content

- Letters
- Schedules
- Checklists
- Articles
- Agendas
Most advisors are not prepared to present the Planning Process Visually!
The Comprehensive Financial Planning Process

INTRODUCTION AND INFORMATION GATHERING

- Agenda
- Sample Plan
- Graphic Display
- Notes
- Data
- Docs.

CONFIRMATION OF CLIENT INFORMATION

- Engagement Agreement
- Written Disclosures
- Plan Satisfaction Cert.
- Fee $
- Objectives, Assumptions & Financial Attitudes
- Asset Schedules
- Phone Review

REPORT PREPARATION

- Analysis
- Graphics
- Fee $
- Agenda

REPORT DELIVERY AND PLAN IMPLEMENTATION

- Notes
- Lists
- Plan
- Plan Acceptance
- Client Decisions
- Insurance
- Investments

PLAN-PRODUCT MONITORING
Journey: Agent to Advisor

Lao-Tze 550 B.C.
Charge a Planning Fee:
## Financial Planning Fee Schedule:

<table>
<thead>
<tr>
<th>Total Assets</th>
<th>Yearly Income</th>
<th>Plan Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than: 300,000</td>
<td>Less than: 50,000</td>
<td>800</td>
</tr>
<tr>
<td>300,000 – 600,000</td>
<td>50,000 – 100,000</td>
<td>1,500</td>
</tr>
<tr>
<td>600,000 – 1,000,000</td>
<td>100,000 – 200,000</td>
<td>3,000</td>
</tr>
<tr>
<td>1,000,000 – 2,000,000</td>
<td>200,000 – 300,000</td>
<td>4,000</td>
</tr>
<tr>
<td>Excess of: 2,000,000</td>
<td>Excess of: 300,000</td>
<td>5,000</td>
</tr>
</tbody>
</table>

Payable: Half at Agreement; remainder after Plan Satisfaction
Charge a Planning Fee:

Sell Investments & Securities With Insurance Products:
### Items We Can Provide

**On a Fee Basis**
- Comprehensive Financial Plans
- Modular Financial Analyses
- Hourly Project Consulting
- Business Continuation Planning
- Executive Planning & Incentives
- Portfolio Re-Balancing and Asset Management Service

**On a Commission Basis**
- Annuities
- Mutual Funds
- Life Insurance
- Retirement Plan
- Disability Ins.
- Long Term Care Ins.
- Major Medical Ins.
- Critical Illness Ins.

### Items We Don’t Offer

- Homeowner Insurance
- Car and RV Insurance
- Liability Coverage
- Group Insurance
- Pension Administration
- Hospitalization Ins.
- Legal Services
- Tax Return Filing
- Stock & Bond Trades
- Commodities & Options
- Savings Accounts
- Checking Accounts
- Credit Cards
- Consumer Credit Loans
- Mortgages
- Real Estate
Charge a Planning Fee:

Sell Investments & Securities:

Deliver More Services:
<table>
<thead>
<tr>
<th>Option</th>
<th>Percent Of Initial Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complete Annual Revision of the Financial Plan</td>
<td>50%</td>
</tr>
<tr>
<td>Enter New Investment &amp; Insurance Data</td>
<td></td>
</tr>
<tr>
<td>Revise and Re-Confirm all Objectives and Assumptions</td>
<td></td>
</tr>
<tr>
<td>Revise, Adjust and Re-Confirm all the Financial Data</td>
<td></td>
</tr>
<tr>
<td>In-Depth Planning and Implementation Session(s)</td>
<td></td>
</tr>
<tr>
<td>Review Session of the Plan, Annually</td>
<td>25%</td>
</tr>
<tr>
<td>Review and Revise Data by Phone</td>
<td></td>
</tr>
<tr>
<td>Review Financial Schedules and Changes</td>
<td></td>
</tr>
<tr>
<td>A 1-2 hour Plan Review Session</td>
<td></td>
</tr>
<tr>
<td>Phone Conferences Review Process</td>
<td>15%</td>
</tr>
<tr>
<td>Revise Objectives or Planning Assumptions</td>
<td></td>
</tr>
<tr>
<td>Revise Family &amp; Financial Data</td>
<td></td>
</tr>
<tr>
<td>Wait for Further Developments</td>
<td>None</td>
</tr>
</tbody>
</table>
Charge a Planning Fee:

Sell Investments & Securities:

Deliver More Services:

Earn a Lot More Money!
Marks of Professionalism:

- Continuous Professional Education
- Multiple Organizational Membership
- Several Professional Designations
- Multi-Advisor Cooperation
- Superb Client Communications
- Practice Management: Preparation
The Advisor Revolution!

- Offer Fee-Based Advice
- Insurance & Investments
- Frequent, Good Referrals
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