



**THE WHY  
AND HOW OF  
CHARGING FEES  
WHITEPAPER**

# THE WHY AND HOW OF CHARGING FEES WHITEPAPER

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## OVERVIEW

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There is a long standing debate in the financial services industry regarding fees. To charge or not charge is where this debate is most solidly grounded, but at Legacy we know it runs much deeper than that. Most advisors were taught to sell against the objectivity of fees and for many years did that quite well. The reality is, as you move up market to affluent clients with a level of complexity and sophistication, charging fees becomes more and more widely accepted and more importantly, expected.

Our view on fees is that not only does planning have a separate and distinct value, but so does your advice. For this reason, we consult our clients on keeping the planning and advice separate from the implementation and management of risk-based and investment products.

This white paper is written as a guidebook towards the incorporation of fees in your business. As you begin to incorporate fees, the fee revenue gained will not initially be exciting, but what will be is a change in the way your clients perceive you and the speed in which they react and participate in the process. This will be a game changer and the revenue will soon follow.

In this document we will cover the following:

**Chapter 1 – Mindset of a Fee-Based Financial Planner:** This section discusses some industry perceptions that advisors need to address as they look to incorporate fees into their business.

**Chapter 2 – Why Charge a Fee:** This section addresses the benefits of charging fees and the positive impact it has on the client relationship.

**Chapter 3 – How to Ask for the Fee with Existing Clients:** Asking for fees from existing clients is an area that often stirs up a lot of emotion and thought for how best to approach it. This section will lay out some great examples for how your peers have done this successfully.

**Chapter 4 – How to Ask for the Fee with New Clients:** New clients are often easier to approach with fees than are existing clients. This section lays out a proven approach to introducing fees and examples from your peers as well.

**Chapter 5 – Handling Fee Objections:** In this section, you will learn how to handle objections to the planning fee and explain the value that clients will receive from the process. Included are some common objections you may face, and the suggestions for how to respond.

**Chapter 6 – Incorporating Fees with Joint Work Partners:** This section covers how to address and create opportunities with your joint work partners by charging fees. More clients than ever before are searching for a fee-based objective plan and now you can help your joint work partners gain opportunities they wouldn't have discovered or had to walk away from.

**Chapter 7 – The Role of Thought: Understanding the Thinking that Occurs in Your Profession (George Pransky, Ph.D.):** This section will highlight the work of psychologist George Pransky, Ph.D. related to the obstacles that advisors face in charging fees. As he points out, often-times our greatest challenge is our self and this section will give you tips to have the confidence to overcome that.

**Chapter 8 – Calculating the Fee:** This section provides a formula for clarifying the fee you should charge. As you will see, it begins with the basic premise of covering the cost for you and your team to deliver the plan, but shares a perspective for where you can begin to measure the true value and impact of your plan that is often worth more than your time.

## CHAPTER 1

# Mindset of a Fee-Based Financial Planner

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There are certain characteristics that all successful fee-based financial planners have in common. To better understand their mindset, it is also important to understand the qualities of a commission-based advisor so you can see the differences between the two. Both styles represent behavior traits and insights into how advisors frame their prospecting opportunities and client relationships.

As stated in chapter four of *The Right Side of the Table*, the sales style (commission-based) is based on persuading the client to follow a specific course of action or to purchase a specific product or service. As long as there is full disclosure as to how you get paid, it can be very effective. Here are some common traits of advisors that thrive in the sales style:

- Enjoy the thrill of the kill
- Lose interest or momentum after the initial sale
- Love to learn the intricacies of how powerful products work
- Enjoy the simplicity of a transactional business

As you move into the affluent market, wealth holders are less willing to risk making financial decisions through a salesperson. There's always the chance that from two good options, you'll make a stronger recommendation for the one that derives a great commission.

The mindset of a fee-based financial planner is quite different. Fee-based financial planning is focused on clearly articulating the best course of action based on the advisor's insight, perspective and experience. In an effort to move upmarket and adapt to the needs of affluent wealth holders, many advisors have naturally migrated away from a sales-only style of doing business toward an advice-based style.

Common characteristics of successful fee-based financial planners are that they:

- Provide significant value to their clients, and work with clients that value their advice
- Enjoy trust and intimacy in client relationships as they apply to executing advice
- Provide a truly comprehensive plan
- Provide their clients clarity and confidence around their financial goals
- View their role as selling advice instead of just products and want to be adequately compensated

Fee-based financial planners take the time to understand their client's vision and goals and are comfortable spending the necessary time to do so, especially when they are being compensated for it. As planners get more and more comfortable with the process of charging fees for their advice and value, the process can quickly become a filter for only

engaging ideal clients. It has been proven that prospects who are not willing to engage you for a fee, would most likely not purchase the necessary financial products to accomplish their goals. We call these prospects the tire kickers and time wasters. Fees are a powerful indicator for how serious a prospect really is to having financial security.

The relationship you form with the client is a telling factor. Fee-based financial planners spend time actively building a relationship with the client and want to understand their values and financial goals. They develop a trusting relationship with their clients, and their clients have confidence in their recommendations, knowing the advisor has their best interests in mind. A benefit of this is that during tumultuous market times, advisors who have formed a relationship with their client tend to keep them as a client, versus advisor-client relationships that are merely transactional.

Another main characteristic of fee-based financial planners is the comprehensiveness of the plan. Do you take a look at the client's overall plan, or are you just there to sell a product? Fee-based financial planners are more comprehensive in nature as opposed to tactical, and look at everything to come up with a plan, as opposed to just offering a product as a solution.

One of the biggest traits of a fee-based financial planner is what happens during the discovery process. How much time do you spend Above the Line trying to understand the client's goals before coming up with a solution or recommendation? Fee-based financial planners spend time to make sure their clients have clarity around their vision, values and goals and make sure they understand what their clients want to accomplish before they move Below the Line and start talking about products. And the wealth holders that they are working with care more about the quality of the communication in the relationship than your ability to produce a highly technical financial plan. They want someone who can empower them to make their own decisions, someone who is better at asking questions than suggesting solutions.

Fee-based financial planners also know that they have a lot of knowledge capital to share and want to get paid for their time. They put more effort into building a relationship with the client and want to be adequately compensated for their expertise. A lot of work goes into creating a plan and helping clients prioritize their goals and fee-based financial planners want to be compensated for the value they are providing.

Simply put, being a fee-based financial planner means providing your clients with the clarity and confidence they need to accomplish their goals.

## CHAPTER 2

# Why Charge a Fee

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There are a number of reasons why adding fee-based financial planning into your existing practice is a smart business decision. Historically, insurance and investment professionals have provided many levels of advice for free. Financial advice and council is often needed in order to clarify a need and manage clients and their other advisors through implementation. Financial projections and comprehensive plans have been used to strengthen relationships and produce deliverables. Today, there are a growing number of insurance and investment professionals charging for their time and financial deliverables. Because of a tremendous increase of financial choices and access to information, prospects and clients are more often in need of advice and actually place more value on the advice than on the product or strategy eventually implemented.

Here are the top 10 reasons why advisors today are incorporating fees into their business model:

### 1. Clients Are More Engaged

*“When the client pays a fee, it assures us a couple things. It assures they’re going to show up, ready for the appointment and it shows they’re going to be participatory in the process, just like they have been with their CPA and attorney.”*

– Mitch B.

Louisville, KY

When a client commits to paying a fee, they are more engaged in the process. It’s human nature that when we pay for something and have some skin in the game, we want and expect something in return and will pursue getting it with greater desire. Arranging the next meeting is no longer a challenge when clients pay a fee because they want to keep the process moving forward as much as the advisor does. By charging a fee for planning, allowing the client to document and prioritize goals and identify financial gaps, it increases the value of the outcome and motivates the client to the process. The bottom line is that when clients are paying a fee they feel like they are just as involved in the process as the advisor.

### 2. The Process Moves Faster

*“You get documents almost immediately now because they have paid a fee. I used to wait months on it.”*

– Stan S.

Youngstown, OH

We consistently hear the frustration around the process of getting all of the critical documents from the client that are needed for you to do a thorough job. Advisors and their staff can spend countless hours trying to pin down clients or their other advisors for this information. Fee-based financial planning is the answer to this challenge. Because

clients are more engaged and committed to the process, things often move faster. When a client commits to paying a fee they immediately think and act differently. In fact, we find that oftentimes they show up to the first meeting with the bulk of the information even if you didn't ask for it because they are meeting a financial planner and not someone simply trying to close a sale. Making this part of the required process with clients will make this a consistent time saver for you and your staff.

### 3. Weed out the Tire Kickers and Time Wasters

*“The beauty of fee-based planning is we are working generally with people that are serious about planning, they're interested in our help ... and I think they look at us differently as well, so for me, for the advisor, I think it's just a better way of doing business because in a sense, we're eliminating the tirekickers.”*

– Scott S.

Waterloo, IA

Everyone has a handful of difficult clients that have been engaged over the years. I am sure you can also relate to the countless meetings with prospects who were kicking your tires and window shopping with no intention of buying anything, but nonetheless hoping to pick your brain for some ideas. Charging fees is one of the best and most effective ways to avoid spending hours of your valuable time with people who never intend to engage. We have also seen fees used to disengage with a challenging client or prospect. This might be an existing client or a prospect that you are meeting for the first time that you are just not connecting with. Fees can be a polite way to opt out of a relationship so you can spend time focusing on clients and prospects that value and appreciate you.

### 4. Avoid the Elephant in the Room

*“What's amazing to me is the difference in the confidence my clients have in my recommendations when we've gone through the fee-based process; how there have really been no objections to the specific product recommendations.”*

– John R.

Chicago, IL

The inability to charge a fee and to do so much planning for your clients for free actually leaves prospective clients and clients wondering how you get paid and sometimes can create an impasse between the planning process and recommendations. Charging a fee eliminates that pressure and takes away that elephant in the room. By telling prospects and clients upfront that there is a fee and engaging in more comprehensive planning with them, the clients know that you are going to bat for them and aren't just trying to sell them something they don't need in order for you to get paid. This makes the recommendations more meaningful and gives them confidence, knowing they will be accomplishing their goals. Clients understand that you don't get something for nothing, so they aren't waiting for the hammer to fall when they are receiving value and not paying a fee for it. The client has no fear related to when they are going to be sold because they have paid a professional fee for service to be delivered. They also are clear that they have



no obligation to purchase any products unless they are confident they are aligned to help them accomplish a goal or close a financial gap identified in the planning process.

## 5. Clients View You Differently

*“Once I adopted the fee-based planning mentality, clients didn’t see me as the insurance guy or the investment guy or pigeonhole me. They started introducing me as their financial planner, which was a shift for them and for me because I started to see that they had trusted me with all aspects of their financial life, not just one.”*

– John B.  
Milwaukee, WI

When you are able to charge a fee, clients view you differently than just a salesperson, or insurance or investment person, but rather as more of a consultative figure. They begin to trust you with all aspects of their financial life. When you are more focused on the long-term relationship, the client is more open to sharing since there is nothing hidden and the advisor can do a better job with recommendations if you know what the client is trying to accomplish. If you do financial projections and comprehensive plans for the client and only receive compensation if the recommendations are implemented, the client does not put as much value in the deliverable or the advice. They understand and are willing to pay a fee to go through a more thorough and comprehensive plan and look at things beyond just the insurance or investments.

Since fee-based financial planning is an ongoing relationship as opposed to just a transaction, the client doesn’t worry that you are just trying to push product. Fee-based financial planning puts you in a much deeper relationship with your client because you’re understanding their goals and what they want to accomplish and helping them get it done.

## 6. Implementation Increases

*“Clients are actually more likely to take my advice as it regards insurance and investments and convert, as we call it, to an insurance or an investment climb, after charging a financial planning fee.”*

– John R.  
Edina, MN

One of the consistent outcomes of charging fees is the increased opportunity for implementing products and services identified through the planning process. It’s important to note, that this doesn’t mean you can just charge people and they will give you all their business, it really requires more than that. The process of combining client discovery with comprehensive planning allows you the opportunity to get to know your client at a level far deeper than any of their other advisors. This level of trust that is developed through the process coupled with clarity around the planning gaps they want to close puts you in a very favorable light. As you present your core competencies in the areas they need to address, the opportunity becomes realized. The fee creates a freedom of obligation to have to buy something and in turn often causes the client to buy everything

being recommended based upon the plan.

## 7. Heightened Quality of Referrals from Clients

*“Clients feel more comfortable referring to their friends and family when they know there will be a fee charged instead of the advisor trying to sell them insurance or investments to make a buck.”*

– Stan S.

Youngstown, OH

Studies have consistently proven that clients and other referral sources are more comfortable referring someone to a financial advisor when they know they are going to charge them a fee. We find that clients refer better prospects after going through a comprehensive financial planning process, and refer people that are in their demographic or potentially higher. Clients feel as though they are referring their friends, family and colleagues to a professional that will work on their behalf, instead of a salesperson just trying to make a commission.

## 8. Heightened Quality of Referrals from COI’s

*“Fee-based planning has allowed me to get referred to clients like business owners that may have no need for an insurance or investment product right now, but really need a financial planner.”*

– Johh R.

Edina, MN

As financial advisors, we often reflect on the lack of referrals we get from CPA’s and attorneys, especially when we are giving so many referrals to them. Fee-based financial planning might be the answer. We are hearing a consistent theme from CPA’s and attorneys as it relates to their opinions on referring clients to a financial advisor. They are more comfortable referring clients to a financial advisor who is going to charge a fee as opposed to having to sell a product in order to get compensated for their time. Furthermore, we find they have no problem if after the financial plan is delivered if the client then purchases financial products from the advisor. It appears the issue around referrals has been more closely tied to how financial advisors do business than to what they sell. Oftentimes, they have a client that needs planning done but might not have an immediate need for investments or insurance.

## 9. Get Compensated for Your Advice, Wisdom, Knowledge and Time

*“I have a lot of knowledge capital to share, and unlike a lot of my colleagues in the marketplace, I wanted to be in a position to sell that, rather than just give it away.”*

– Daniel D.

Boulder, CO

At some point in your career, you have experienced a prospect that stripped you of all your wisdom and knowledge only to take it for free and share it with someone less com-

petent than you. As advisors, you put a lot of work and effort into planning and discovery to help clients prioritize their goals, creating a list of recommendations, and creating a comprehensive financial plan, and quite frankly, you should be getting paid for your time. By charging a fee, you are getting compensated for the value you are bringing to the relationship, regardless of whether or not you sell a product. Your advice, wisdom, knowledge and staff are all valuable resources to both you and your clients and most advisors do extensive work before they've even sold the client a product. Advisors should not take that for granted as much as the clients shouldn't take that for granted.

Financial advice is worthy of a fee and fee-based planning ensures that you are getting compensated for that expertise instead of giving it away for free.

## 10. An Additional Stream of Income

Although most advisors are excited about the opportunity to be able to get paid for their time, the actual fee they receive never seems to be enough to really catch their attention. However, once an advisor sets up this process properly, they quickly begin to realize that this can become a meaningful additional revenue stream in their business, especially when it is set up as an annual, recurring fee. As you start looking at your practice like a business, you will see that the idea of new fee-based client engagements along with renewing fee-based engagements can generate a good portion of revenue. Many advisors come to see that fees generated from planning can quickly help to cover a lot of overhead expenses to run the business. Planning isn't a one-time conversation, it's a recurring conversation, and therefore you can and should attach a revenue stream for the value you are delivering. We often hear the term balanced practice when referring to your revenue drivers between insurance and investments. Adding consistent and growing fee revenue to your business takes balance to an entirely new level. We call it the triple threat balance!

## CHAPTER 3

### How to Ask for the Fee with Existing Clients

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*“The reaction we got from our existing clients was ... I can’t believe you weren’t charging fees until now. I always wondered how this all worked and why you did so much planning for us when you really weren’t getting paid for it.”*

– Matt H.

Madison, WI

As you think about the process of adding fee-based financial planning into your existing practice, there are a number of thoughts and questions that are going to run interference in your mind. It’s important to point out that these thoughts are real, but it’s also important to note that they can be overcome and have been overcome by your peers. This document provides a look at two models for you to consider when approaching your existing clients along with red letter language to support the model of your choice.

Let’s take a look at the interference and the options for addressing it. The interference you’re probably thinking:

How do I go back to my existing clients that I have been doing planning with for free and now tell them they have to pay for it?

*Or*

How do I tell an existing client that is currently paying me great/good revenue that they now have to pay me an additional fee for a plan?

#### **The Models**

There are really two models to consider as you think about the process of adding fee-based financial planning into your practice. Neither model is better than the other; it simply comes down to a personal choice as to which is the best model for your business. We will, however, suggest a recommended model that the majority of practices should consider as they integrate fee-based financial planning into their practices simply because it brings less risk to your best existing client relationships today, while creating the opportunity to make the transition with them over time.

#### **Model #1: The Option Model (Recommended)**

The Option Model is designed so you don’t have to draw a line in the sand with your best existing client relationships. This model allows them to continue on in the current relationship while knowing you have added greater capabilities to your practice if/when they are ready for a deeper discussion in the areas of their financial security that are addressed through planning. Let’s take a look at some sample language we would recommend to introduce the Option Model to an existing client relationship. Note: We are not using this section to address objection handling (see Handling Fee Objections section chapter 5).

## RED LETTER LANGUAGE

(Client: Joe and Mary Smith. Advisor: Bob)

**Advisor:** *Hi Joe and Mary. Thanks so much for coming in to meet with me today.*

**Client:** No problem, Bob, we're always happy to get together with you.

**Advisor:** *Thank you. I am excited to share with you some new developments in my business. As you know, we have been working together for almost 15 years now and, when I think back to the time when we started, we have both evolved so much over that period of time, haven't we?*

**Client:** Yes, we have come a long way.

**Advisor:** *Several months ago, I was approached by a handful of clients that I have known and worked with similarly to the work we have done together. Each of the conversations had a consistent theme in that they were asking us for more planning and wanted to engage my services on a fee-for-service arrangement. Even though we had done planning over the years, they were really asking us to go deeper with them and take more of a leadership role on their advisory team. As I am sure you can imagine, this felt great to hear.*

**Client:** Sure, Mary and I have always looked to you as our guy.

**Advisor:** *I really appreciate that. Well, like anything we do, we really want to do it well and so in response to this request, we joined a group of top advisors across the country that are committed to the training and education required to deliver a deeper level of planning to their best clients. I also remain personally accessible to those clients who require ongoing planning.*

*The purpose of today's meeting was simply to let you know about this exciting news and to spend a few minutes showing you how the process works. I want to be clear that this is not something you have to do today, but it is something I hope you will take advantage of in the future.*

**Client:** I think that makes sense, Bob. I feel like we have done planning together over the years, but this sounds like it's different and you have also increased your skills in this area. Why don't you tell us how it works?

**Advisor:** *That sounds great. Moving forward, my practice will offer two distinct types of service: Insurance and Investment Product Services, and Planning on a fee basis.*

*Insurance and Investment Product Service will provide service for every product acquired through me, upon request or as needed at no charge. This service model will not include in-depth, ongoing, comprehensive advice, except for those clients with investment advisory accounts which require an annual review meeting.*

*Our approach to planning is values-based and focuses on your estate, retirement and overall*

*wealth management needs. It begins with a discovery process, which includes clarifying your vision, values, and goals. Progress towards meeting your goals and objectives will be measured. We will work with your existing advisors, or bring to the table advisors within our network of professional relationships if necessary. Fees will be ascertained in advance and disclosed to you for approval before we begin our work.*

*Let me take a moment to show you how our Discovery process works to see if it is something you would be interested in. (Use the Sales Approach Language: The Planning Horizon®.)*

### **Model #2: The All In or All Out Model**

The All In or All Out Model is designed for those advisors who intend to charge 100% of their existing clients a fee in order to continue in the relationship with them. Clearly, this model creates more risk simply because some of your existing clients are going to say no. In fact, part of the reason you would select this model is specifically because you are trying to cut back your client base and are, in fact, hoping a large percentage of those clients will say no. It's important to note, however, that we highly recommend you find a junior advisor on your team that will be happy to take on the clients who say no. This way you can pass on your relationship to a great advisor who will take care of them and your company doesn't run the risk of losing clients. Or you can find a trusted advisor on the outside to take over those clients. Let's take a look at some sample language we would recommend to introduce the All In or All Out Model to an existing client relationship. NOTE: We are not using this section to address objection handling (see Handling Fee Objections section chapter 5).

### **RED LETTER LANGUAGE**

(Client: Joe and Mary Smith. Advisor: Bob)

**Advisor:** *Hi Joe and Mary. Thanks so much for coming in to meet with me today.*

**Client:** No problem Bob, we're always happy to get together with you.

**Advisor:** *Thank you. I am excited to share with you some new developments in my business. As you know, we have been working together for almost 15 years now and, when I think back to the time when we started, we have both evolved so much over that period of time, haven't we?*

**Client:** Yes, we have come a long way.

**Advisor:** *Several months ago, I was approached by a handful of clients that I have known and worked with similarly to the work we have done together. Each of the conversations had a consistent theme in that they were asking us for more comprehensive planning and wanted to engage my services on a fee-for-service arrangement. Even though we had done planning over the years, they were really asking us to go deeper with them and take more of a leadership role on their advisory team. As I am sure you can imagine, this felt great to hear.*

**Client:** Sure, Mary and I have always looked to you as the advisor we go to with questions or concerns.



**Advisor:** *I really appreciate that. Well, like anything we do, we really want to do it well and so, in response to this request, we joined a group of top advisors across the country that are committed to the training and education required to deliver a deeper level of planning to their best clients. I also remain personally accessible to those clients who desire ongoing comprehensive financial planning, estate planning, and wealth management.*

*Over the years, I have been very fortunate in my business to be hired by a number of clients. As I think about the future of my business, however, the level of service and depth of planning we will be providing to our clients will not be a fit for everyone.*

*The main purpose of today's meeting was to let you know about this evolution in my business and begin to share with you the approach we will be taking with our clients as we move forward. You have been one of my best clients for 15 years and I strongly believe our ability to provide these services for you in a more comprehensive way will be of a great benefit to you and your family.*

**Client:** You're right, Bob, we have worked together for a long time. We have accomplished a lot together and because of that I am willing to learn more about this and see if it's something we want to do.

**Advisor:** *That sounds great, Joe and Mary. I think you will find the process to be engaging and valuable based upon what you are trying to accomplish, but if at the end of the meeting it's not the direction you want to go, I will personally help you get aligned with a financial advisor who can continue to service you as I have in the past.*

**Client:** Great. What will this new model look like?

**Advisor:** *Our approach to planning is values-based and focuses on your estate, retirement and overall wealth management needs. It begins with a discovery process, which includes clarifying your vision, values, and goals. Progress towards meeting your goals and objectives will be measured. We will work with your existing advisors, or bring to the table advisors within our network of professional relationships if necessary. Fees will be ascertained in advance and disclosed to you for approval before we begin our work. Let me take a moment to show you how our Discovery process works to see if it is something you would be interested in. (Use the Sales Approach Language: The Planning Horizon®.)*

## CHAPTER 4

### How to Ask for the Fee with New Clients

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*“When we meet with clients we do tell them up front that if they go through this planning process with us that there’s probably a 90% chance that they will execute.”*

-Tim H.

St. Louis, MO

Fee-based financial planning is becoming widely accepted by consumers, but there is often apprehension that the advisor feels when asking for the fee. If you have never charged a fee, it’s natural to feel some butterflies the first time you approach the conversation, even with someone you’ve just met for the first time. But you will soon come to realize the butterflies are not nerves, but rather excitement in the fact that you will be compensated for your knowledge and wisdom while positioning yourself to get the product related revenue as well.

Before you engage with a prospect, it’s important for them to understand the process and what is involved. After using The Planning Horizon® sales presentation to explain how you do business, the next step is to ask for the fee. At the end of this document you will find a script that walks through how to ask for the fee. As with anything, the more you do it, the more confident you will be and the better the results. Before we jump into the language around asking for the fee, however, I want to address a very important issue that will increase your effectiveness in making fees a long term part of your business.

#### **Comprehensive vs. Tactical Engagements**

It’s critical to understand the difference between comprehensive and tactical engagements as you look to integrate fee-based financial planning into your practice. One of the early mistakes we see advisors make is that all of a sudden every new prospect requires comprehensive planning. But we think it should be quite the opposite. We find that most prospects that get referred, or ask for a meeting, or agree to take a meeting with you, do so because they have what we like to call a “pebble in the shoe.” the pebble represents the main reason that brought them to your office. As an advisor meeting with clients, you can often see more than a prospect sees regarding their situation. So the question really becomes, “Should we point out all of their challenges to move them into a comprehensive engagement, or should we focus on making them a client by addressing their ‘pebble in the shoe?’” This is where art comes into play, because it is a little of both. The good news is that The Planning Horizon® talk will be an amazingly powerful sales tool either way.

Before I explain this further, I want to point out that over time you will begin to see an evolving trend in your practice, especially with your referred prospects. They will show up better prepared to enter into a comprehensive relationship simply because of how they were introduced to you.



## The Art of Knowing Where to Begin

There is some art in the process of engaging clients the right way. By right way we mean the way in which you will be aligned with them for long term growth and opportunity. So how then do you increase the number of engagements you enter into, sell the appropriate products to address the “pebble in the shoe” through tactical planning, and set the stage for a long term comprehensive relationship? Again, the great news is that The Planning Horizon® talk is designed to do just that.

## Setting up the Sales Approach Discussion

At the very beginning of the meeting, it’s critically important to set the expectation and meeting plan for the meeting. Our goal is to do it in a way that puts the prospect at ease. In the trust equation below, you will remember that your ability to lower your self-orientation by putting the focus on the client will have a dramatic effect on your ability to earn their trust.

Trust = Credibility + Reliability + Intimacy

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Self-Orientation

We do this in the following way:

**Advisor:** *I really appreciate you coming in to meet with me today. I thought it would be helpful to set a meeting plan today to ensure you get the most out of our time together. Does that sound good?*

**Client:** Yes, that sounds like a great idea.

**Advisor:** *OK great. As I said on the phone when we first spoke, the real goal for today is that you leave our meeting with a greater sense of clarity and confidence in a few key areas:*

1. *That you are clear on your goals and your vision for you, your family, your business (depending on the situation).*
2. *That you have confidence in the fact that your current planning has you on track for retirement, unexpected health challenges and your overall estate planning.*
3. *That you are confident in your team that is advising you.*
4. *That you understand my business and our unique approach to working with and serving our clients.*

*Does that make sense or do you have any questions?*

**Client:** That sounds great.

## Asking for the Planning Fee

After you present your unique approach to planning using The Planning Horizon®, let’s assume the client has a number of issues that need further clarification and would gain value from a comprehensive fee-based financial plan to support some of their decisions.

**Advisor:** *As we discussed at the beginning of our meeting, the goal for today is ultimately that you leave our meeting with a greater sense of clarity and confidence in these areas. This*

*meeting is also to determine whether you simply have some immediate items that need to be addressed, or if a comprehensive plan is the best course of action. My recommendation at this time based upon our conversation today and the information you shared with me is that you engage us in a comprehensive planning arrangement for a fee.*

*There are a number of areas that we discussed today where sufficient clarity doesn't currently exist and this process will provide that clarity while at the same time put you in a position to make decisions with complete confidence.*

*Our fee for this type of engagement is \$2,500 for which we will provide you a written report outlining specific recommendations in order for you to address the items we began to discuss today, and which we will further discover in our next meeting should you engage our services.*

*If the areas you want to address are within our core competencies that I shared with you today, than we would like the opportunity to help you address those areas. I do want to be clear that you have no obligation to work with us past the \$2,500 fee for delivering the plan. In fact, you could take the plan we create to any highly credentialed advisor to help execute it.*

**NOTE:** The reality is that once you spend the time getting to know the client at a deeper level through the Discovery Process, they are only going to want to work with you.

## CHAPTER 5

# Handling Fee Objections

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If the client objects to the planning fee, learn how to handle objections and explain what value the client receives from the process. Here are some examples of how you might respond to common objections:

**Client Objection:** Why should I go through this planning process?

**Advisor Response:** *We profile all new clients. The objectives are to identify:*

- *Those areas where sufficient clarity exists to make a wise choice immediately.*
- *Those areas where additional clarity is required before a wise choice can be made.*
- *Those various parameters and preferences that will influence your ability to accomplish your goals.*

**Client Objection:** It seems like a time consuming and expensive process.

**Advisor Response:** *We are interested in building a long-term relationship; therefore, we are willing to make a significant commitment up front in order to be sure we are a good match.*

**Client Objection:** What do I actually get?

**Advisor Response:** *You will receive clarity around what you want to do with your money and what your money can do for you. You will also receive a tangible plan that includes your plans for the future along with prioritizing your goals, eliminating obstacles and maximizing resources.*

**Client Objection:** How long will this take?

**Advisor Response:** *This is not an overnight process. I like to compare it to a medical diagnosis. A doctor would not perform surgery on you without first making a diagnosis.*

*We first need to diagnose where you need assistance and then work on how to accomplish your financial goals. This takes time for me to fully understand your unique situation.*

**Client Objection:** How much is the entire process going to cost? What do you charge other clients?

**Advisor Response:** *Our process is customized to meet the specific needs, desires and circumstances of each client. For these reasons, no two relationships are the same, nor are any two plans.*

**Client Objection:** Your fee is too high/seems low.

**Advisor Response:** *Our fee reflects the amount of time and expertise it takes to complete a comprehensive plan. We are very efficient in what we do and know based on the complexity of your situation we can estimate how much time it will take to complete a financial plan.*

**Client Objection:** Don't you have a conflict of interest since you charge fees and receive commissions?

**Advisor Response:** *As your advisor, I am paid a fee to design a financial plan for you. As I have outlined for you, I collect your financial data, but also sit down with you to learn about*

*what goals you want to accomplish and how I can help you reach those goals. Then I create and deliver a financial plan.*

*I can also assist you in implementing your financial plan if you choose to work with me on implementation. For example, I can help you choose specific products that can help fit a specific need. This is a separate service that I receive commissions for.*

## CHAPTER 6

### Incorporating Fees with Joint Work Partners

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This document covers why you should pursue joint work opportunities now that you can charge fees. More clients than ever before are searching for a fee-based objective plan and now you can help your joint work partners gain opportunities they wouldn't have discovered or have had to walk away from.

Joint work can be defined as two or more professionals working together with the intention that their contributions be merged to provide clients a lifetime of financial independence, financial security and other needed services. Simply stated, their combined skillsets are brought together to meet the needs of the client.

Joint work allows clients to benefit from the strengths of other advisors. Successful advisors will consult with other advisors if they find themselves out of their core competency area, area of expertise, or to provide their clients a new service (fee-based financial plan). Joint work is a smart way for advisors to grow their business by leveraging the strength and experiences of other advisors. There will come a time when all aspiring financial service professionals consider pooling resources and expertise with other financial service professionals, especially those that can provide an objective plan for a fee. As families and business owners' net worth and complexity grows, the need for advice and planning increases. Joining forces with other professional advisors can create a win-win situation. Teaming with other professional advisors is a great way to market your business, build relationships, gain expertise and reach more of your target market. Consider the range of professional advisors with whom you might team up with. Let's look at the possibilities.

#### Attorneys

Attorneys are the old standby. Having a good working relationship with them benefits you and your clients. Attorneys are being granted more freedom to actively market their services, and like us, have a great need to increase their client base. The difficult part is getting them to refer clients to us, but it can be done. Presenting *The Planning Horizon*® will allow attorneys to gain a new perspective on your business. Showing them how you start with an objective plan and only present solutions when the trust and clarity has been gained will provide attorneys the confidence to refer you and conduct joint work.

#### CPAs, Accountants, Bookkeepers

CPAs are a given, but don't forget accountants and bookkeepers. Often these advisors have or want to approach clients with pensions or other benefit plans and might be interested in your perspective and advice. Presenting *The Planning Horizon*® will allow these professionals to gain a new perspective on your wealth management practice.

#### Business-Valuation Experts

The business market is a target for many financial advisors. Business-valuation experts are often among the first people they call when they are selling or buying a business.

Once the valuation is done, there is a need for a buy-sell agreement and a funding mechanism. This is a good opportunity for you to team up with three advisors—a valuation expert, a tax advisor and a business attorney. The life and disability insurance needs are often not focal points that need to be addressed and prioritized.

### **Real Estate Agents**

Real estate agents have access to a steady stream of new people; people with income, jobs and no local contacts. Their clients need all kinds of advice regarding their wealth during these major transitions in their life.

### **Other Insurance and Financial Advisors**

Many insurance advisors are specialists. In fact, the ones who succeed do not try to be all things to all people. As a result, many employee benefits specialists, for example, may sell little or no individual insurance or investment products. And many specialty agents aren't even licensed to sell life, health or disability insurance. Discussing joint work with these specialists could get you access to the business owner for estate planning or buy-sell funding. Your counterpart gains access to setting up the benefit plans or specialty insurance plans.

### **Bankers**

Bank and credit union executives are now selling insurance and investments, but not all have jumped on the bandwagon. Even if the bank is selling life insurance and annuities, it may not be offering the level of expertise and sophistication that you can bring to their valued clients. Again, you have access to clients and prospects that need banking services and the banks have clients who need a plan, investments and/or risk-based solutions.

### **Career and Business Coaches**

Coaches work with businesses and individuals who are trying to focus and increase their level of success. They have good relationships with potentially successful business owners, and you have good relationships with business owners who might need an extra push. This is another great opportunity to jointly market your services.

As we mentioned at the beginning, joint work allows clients to benefit from the strengths of other advisors. Joint work is a smart way for advisors to grow their business by leveraging the strengths and experiences of other advisors. Joining forces with other professional advisors can create a win-win situation that can change the number of new clients in your target market.

## CHAPTER 7

# The Role of Thought: Understanding the Thinking That Occurs in Your Profession

The whole purpose of this document is to help you take your game to a higher level in terms of your contact with clients, the responses you get from clients, and ultimately, the business that you generate in meetings with clients. Many of you have successful contact with clients but after reading this document you will possibly get more out of every client situation. This chapter is outtakes and summaries of recordings created by Dr. George Pransky with advisors and The Legacy Companies. Enjoy your journey!!!

This is a summary of the ideas that have been meaningful to other advisors. Those advisors that are wildly enthusiastic and confident about fee-based planning have different experiences compared to those advisors that will just consider charging fees. It falls into a self-fulfilling prophecy to the extent that people are enthusiastic and really behind it and committed to it, they come on very different and they have a different result; they bring something different out in the prospects and clients they meet.

We're going to talk about the organizing principles, the mechanics of this experience. But at this point, I want to correlate that everybody is working towards charging fees. And it's not about willpower, where an advisor grits their teeth and says, "I'm going to charge fees." It's not what you want to be or what you try to be, it's where you really are, in your heart, how much enthusiasm do you have for fee-based planning, how much do you believe that it's a wonderful thing for the clients, how confident are you that it's the way to go. It's something that you discover about yourself rather than something that you decide or choose.

What determines where you are regarding charging fees is not your commitment, it's not your will, it's just your thinking and the feeling that results. For example, an advisor who has a thought that some of my clients are used to no fee and now I'm telling them that there is a fee; that makes them feel insecure. That advisor's energy behind it is lower. That advisor may wonder if their fees are too high or can my client afford it. Whatever concerns you have are going to be reflected in your feeling state. Now, the thing about human beings is that they are thinking creatures. You think 24/7. And every thought carries a feeling with it. So people feel their thinking. And when you have concerns and insecurity about whatever you're doing in life, whatever your job is, it's going to reflect on your enthusiasm and your energy level. So let's talk about thought and insecurity a little bit in human beings. In your profession, you will find that clients are generally insecure about estate planning, investments, just dealing with financial decisions. It's a sensitive subject to them, which means they just have fearful concerns, insecure thoughts in their mind. So when you sit down with clients, you'll notice there's a certain amount of discomfort. The discomfort comes from their thoughts that they are having. Now, if you feel secure and you bring that sense of well-being and security to the meeting with a prospect or client that is insecure and you maintain your bearings, you'll notice that clients will get more secure in your presence. In other words, their insecurities and their concerns and their fears and the things that make them a



little distant and uncomfortable will start to dissolve in your presence. That's because underneath all those fears, it's just a thin layer of fear and insecurity. Underneath it is a human spirit and underneath it is the well-being that is natural. Everybody likes to feel that sense of security.

When they sit with you and you feel comfortable in your skin and you feel secure and your mind is free and you're very present, it draws out the well-being in them like a tuning fork. And you'll find that they will become more like you. Their state will begin to resemble your state. As your client gets more secure and as their concerns leave their minds, they'll become more forthcoming, more open, more trusting, and they become more receptive to you.

So receptivity increases as people's insecurities decrease. It's like a teeter-totter. When well-being is really high, insecurity is low. Receptivity is high, insecurity is low. So to put it bluntly, as soon as you sit down with a prospect, the question is will you become more like them, get more insecure in their presence or will they get more secure in your presence? This makes all the difference in the world and the difference between success and failure in your business.

At the heart of that matter is thought. The beautiful thing about thought is it's transient by nature. So if you are thinking fee-based planning isn't going to work out or do I know enough; you will arrive at a fork in the road between is this real or is this just thought. This is the difference between you going down a path and maintaining your well-being or going down a path and bringing your insecurity into your client meetings.

I talk about it as the Heisenberg Principle in physics and we apply it to human relationships. The Heisenberg Principle in physics is simply this; if you put a thermometer in a beaker of water, you can't get an accurate reading because the temperature of the thermometer affects the temperature of the water. Every time you are in a room with a prospect, your state of mind, your feeling, your level of well-being has an impact. So in your presence, what you bring to the table in terms of your own state of mind will change their level of comfort.

When advisor's minds are free and they are very present and in the moment, they have a very strong draw to pull other people into their own well-being and into the moment themselves. And when that happens, you'll notice an increase in receptivity, openness; they're willing to consider things that they may normally disagree with and share things that they wouldn't otherwise share. It is easier to increase client's receptivity than it is to overcome their resistance.

We encourage you to read this more than once and you don't have to understand it intellectually, you just have to kind of take in the spirit of it. And you'll notice that it makes the sales process look different. It makes the client contact look different. It changes the head space that you're in and you'll notice that it plays out when you're with people. This document was created to discuss advisors transcending the fears and concerns they have about fee-based planning. About asking for the fee because it's a change in the way of conducting business and people have certain fears and anxieties.



The message that has come from discussions and conference calls with advisors really is the same. If you have the right relationship to your thinking, if you understand that you are thinking in that moment, creating those fears, all it is, is thinking. And if you can have a good relationship with your thinking, you'll notice that the fears just drop away. Your thoughts have no life of their own. They're just thoughts. Unless you attend to those thoughts and believe in those thoughts and put energy into those thoughts, the thoughts don't have the power to stay in your mind. The thoughts will just drop away and new thoughts will replace them.

Now, one thing I'm sure you've learned is it's very hard to talk people out of their positions. They believe in what they're saying and what they're saying seems real to them and what they're saying seems right to them. The reason for that is because every human being at every moment is thinking and feeling what they think, and seeing what they think. So their perception of life and the feeling that they have at a given moment is coming from their thinking at that moment. In a way, you know, our thoughts are an intermediary between us and life. So our experience of life comes from our thinking, and as soon as we think it, we feel it and it appears real.

So if your client thinks that this is not a good idea to be investing in this bad economy, then they feel that thought. They feel insecure at the very idea of investing. Their perception of the world appears because of that thought. So they're telling you what they think when they say, "I don't think this is a good time to invest." Your clients can change their minds. The thinking does change and usually it changes because they have an opportunity to gain some distance from their thinking and from their so-called reality. When your prospect or clients looks from that distance, they see it differently. So that's why, for example, a person will get a divorce, an acrimonious divorce, just can't stand the other person. 20 years later they have some fondness for the other person. They see them in a different light and they see their participation in the marriage a different way. Everything looks different. Now that appears to be a function of time, but it isn't. It's just a function when people take something off their mind and revisit it, they see it differently. Another example is suppose you have a letter that you wrote and it's really important to you and you want to send out the best letter you can. So you write it and then an hour later you read it, re-read it. The chance of you correcting something in that letter is very high. It's highly unlikely you'll say to yourself this is perfect the way it is. If you re-read that letter 10 times, you're going to make 10 changes. The changes might be small, but when you get a little bit of a distance from something you see it in a wiser light. When you have distance, you have a little more perspective; a little more understanding and you'll make corrections. The same thing is true with people when regarding their thinking about their financial situation. If they have the thought that this is not a good time to invest and they get some distance from their thinking, they will start to change. They'll correct it. It will get upgraded.

Now, the question is, what does it take for that to happen and what is your part in it? Well, your part in it is to explore your client or prospect's thinking with them. For example, you would explore what's behind them saying they don't want to pay a fee, buy insurance or invest in a bad economy. What is your client thinking behind what they say? Where is that coming from? Usually people don't explore their thinking. They just

think it and they take it as real. People's thinking is very superficial. It's not really well thought out, generally. It's superficial.

Now, if you can ask them what's behind what they have shared with you and you ask them to discover what's behind it, that's where you get evolution of people's thinking. As advisors, you need ask what the logic is based on, for example, what is the logic behind them saying that they don't want additional insurance. Asking questions will give people the time to pause and that pause can create enough distance that they will reflect. That's what we call discovery. It's exploring what's behind the superficial statement that people make.

Now, if you want to look at it in terms of steps to be successful, one step is you have to do it from a neutral position without a dog in the fight. You have to feel like you're just exploring it the way an anthropologist would explore another culture. Well, that's what you're doing here. You're asking someone, what is the logic, what is the thinking behind what they are telling you. Now people will pick up if you're neutral. They can tell if you have a dog in the fight. They can tell if you have your own personal agenda. So you have to get to a point in your own mind where your agenda, your purpose is to explore that person's thinking and allow them to draw whatever conclusions they want.

You can't have your purpose be, I'm going to sell them a product. It has to be that you are going to explore their thinking with them and if they conclude that they want you to be their advisor and pay a fee or they are buying a particular product first then that will be great. So it's this freedom from agenda. It's this neutrality that drives the discovery process. People pick up on it and they will trust you if you're neutral. Then if they trust you they will take your direction and you can direct questions at them that will allow them to get a deeper understanding of their own thinking and make confident decisions.

People are often surprised that we suggest that human beings don't have a very deep understanding of their own thinking. But we have found that they don't. They're just thinking and that's it, generally. The world at times is confrontational and people don't get opportunities to reflect, step back and take a look at their own thinking. So an important step is getting your mind neutral, getting yourself into a neutral place. And you'll be able to tell when you're there because you'll be loose, you'll be relaxed and you will be confident. You won't feel driven towards an outcome. There's a sense of ease about it and your clients and prospects will pick up on that. Another important step is just to discover and explore what is curious to you. Is there anything that doesn't make sense in what the person is telling you? So one of the premises here is people are a lot better about their own thinking than they are about other people's thinking. People change their minds through reflection, having a pause, and having distance. They like changing their minds. They feel like, hey I'm upgrading my thinking. And there's a certain openness and ease and intimacy when you're exploring people's thinking in a very gentle and very neutral way. There's a sense of they're thinking and feeling things that they wouldn't ordinarily be thinking and feeling. It's getting to a deeper relationship. People have wisdom and common sense and they know a good thing when they see it. And when they reflect, that wisdom is more available to them. They understand the

direction you're taking them and what you want them to do makes sense objectively. But they're not going to see it if they're not in a reflective mode. If they're just defending their position and supporting that position and just thinking at that superficial level, they're not going to see it, not going to see the validity in the direction you're taking them.

We mentioned that people do change their mind but they don't often change it when they're challenged. Challenging their ideas generally does not work with human beings. What does work is when people get some distance from their thinking and look at it. People are generally busy and they get so caught up that they don't get a chance to get distance from their thinking. People's thinking looks real to them because that's the nature of being a human being is every thought is brought to life by our senses. It looks real to them, but when they reflect and they think something else, that something else will look real to them because we're always experiencing things and experiencing our thinking at every given moment. When people are in a process of reflection they have deep and more profound, more common sense, more intelligent thoughts. When people do change their thinking, they tend to upgrade it in that way. Every time someone changes their mind, it was preceded by reflection and there was a distance from their thinking.

What we are assisting you in is transcending the fears and concerns you may have about fee-based planning, about asking for the fee because it's a change in the way of conducting business, and advisors have certain fears and anxieties. People are capable of changing their mind; they do it through reflection and exploration. Helping them know what's behind their thinking is the key to helping clients make decisions. As an advisor, it's always important to keep yourself neutral and not having an agenda will empower you to discuss planning for a fee and conducting a discovery process with people.

## CHAPTER 8

# Calculating the Fee

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One of the first questions we get as an advisor transitions to adding fees into their practice is often, “What I should charge?” The answer depends on a few things. Each firm needs to look at the cost of delivering a plan, as well as the value the client receives. If you have never charged a fee, the good news is that whatever you charge will be more profitable than what you were doing before, but that also doesn’t mean you should simply make up a number. You should price your fees accordingly and this document will give you a framework from which you can gain some clarity around the right amount for you.

Once you begin to have some success, you will quickly realize that not only will fees have a positive impact on the speed in which clients implement, but more importantly, how connected they feel with what they are implementing. Over time, you will also find that fees can become a measurable part of your business’ bottom line and cover a fair amount of expenses.

To assist you in determining the fee amount for delivering a plan to a client, Legacy has designed Fee Calculators. In addition to calculating the fee, this tool will also assist you in determining roles/responsibilities and the time commitments needed.

The Fee Calculators have several worksheets that allow you to enter in the salary amounts for each person involved in the process. They will also determine the costs to your business for every function needed. We have created an example for a firm with two team members as a well as four team members. Please feel free to make any changes to these worksheets if you would like to customize the functions and team members according to your business.

You will find the Fee Calculators in Legacy’s Resources.