



GUIDE + WORKSHEET

Services You Can Provide Under the Fee-for-Service Model

Mapping out your top three services

As your firm introduces fee-for-service financial planning to your clients, you may be considering a variety of services to offer that align with your areas of expertise as well as the interests of clients. This overlap is known as the product-market fit, as your well-defined financial planning services are in high demand among households with specific needs seeking to pay a straightforward, transparent fee for such engagements.

In this workbook, we explore potential engagements you can offer to clients as you explore the product-market fit of your expertise and the types of households you can confidently serve. At the end, you'll have the chance to map out the top three services you plan to offer clients.

Table of Contents

03 Where to Stash Cash

06 Equity and Incentive Compensation

03 Insurance Double-Check

06 Social Security Strategies

04 Tax Reduction Strategies

07 Financial Organization

04 Open Enrollment Scenarios

07 Billing on Held-Away Accounts

05 Estate Review

09 Map Out Your Engagements Worksheet

05 Preparing for College

Where to Stash Cash

One of the classic tenets of personal finance is to maintain an emergency fund in cash or cash-equivalent assets, readily available to spend when an unexpected emergency occurs. One of the challenges of holding cash and cash-equivalent assets, never knowing when or how much of it will be spent, is that over time, it loses purchasing power to inflation.

You can offer clients a fee-for-service engagement around emergency fund management, and recommend savings accounts, money market accounts, no-penalty or short-term CDs, and more that offer higher interest rates than traditional bank accounts. In addition, you can evaluate your clients' need for emergency cash and their ability to fund an immediate cash crunch and recommend a personal fund target to stash away instead of the boilerplate rule of three to six months' worth of expenses.

Another way to add value to this engagement is to explore various cash back, points, and rebate programs offered by financial institutions for opening and funding accounts with large cash deposits. As long as the requirements of opening and funding new accounts are met, clients could benefit from an additional \$250 to \$750 in cash incentives simply by moving emergency funds to a new financial institution.

Insurance Double-Check

Few clients want to be reminded of how much money they pay for insurance, but when a significant loss occurs, everyone is relieved to have insurance in place to eventually be made whole. Under a fee-for-service engagement, you can review your clients' insurance policies, including homeowners or renters, vehicles, recreational equipment, and umbrella policies.

Given the significant rise in the cost of building and remodeling homes, as well as the rising prices of new and used automobiles, this engagement may reveal policies where clients are underinsured for the actual costs of replacing a home or vehicle after a loss. It's also rarely wasted energy to shop around several insurance companies to survey the market on pricing.

At the very least, your clients may discover that their policy premiums are in line with the going rate for insurance coverage, or they may identify more competitive policies, potentially saving thousands of dollars in annual premiums for the exact same insurance coverage.



Tax Reduction Strategies

Given the alphabet soup of savings, spending, and investment accounts available under tax law, including the 401(k), 403(b) IRA, Roth IRA, 457, HSA, FSA, 529, UGMA, and many more, clients are often overwhelmed by the options available to them to reduce or defer taxes from year to year. You can offer a tax planning and optimization engagement under the fee-for-service model and help clients navigate the options available to them that make the most sense for their needs and circumstances.

You can help clients by identifying how much salary to contribute to an employer-sponsored retirement plan, whether a Traditional or Roth IRA makes the most sense, how to make the most of an HSA plan eligibility, identifying deductions to either accelerate or delay in the current year, funding strategies for an FSA, and more. Business owners are eligible for even more tax planning opportunities, so you may be able to offer two levels of engagements at different price points to best fit the complexity of your clients' household circumstances.



Open Enrollment Scenarios

Similar to performing annual tax planning, clients have the opportunity each year to evaluate their employer's care insurance and benefits package during an open enrollment period, typically held in October or November each year. Clients face the challenge of determining which kind of health insurance plan is right for their needs, and your fee-for-service engagement on navigating employer benefits can be a very attractive service.

This engagement can help clients evaluate the tradeoffs of traditional HMO/PPO plans versus High Deductible Health Plans with an associated HSA savings account. As mentioned before, you can help clients optimize an available FSA for qualified medical spending, and estimate qualified child care expenses for which a portion can be reimbursed from a dependent care FSA plan.

Many employers also offer basic life insurance coverage for the employee, but there may be planning opportunities for purchasing additional insurance coverage without a medical exam that may be beneficial to clients with existing health issues that make purchasing insurance in the open marketplace cost prohibitive.

Estate Review

Not all clients have their net worth allocated to a traditional portfolio of stocks, bonds, and mutual funds. Many have significant amounts of their net worth invested in real estate, private businesses, art, collectibles, precious metals, and digital assets (think income generating online affiliate accounts and websites, and yes, even cryptocurrency).

These clients would benefit from a fee-for-service engagement that reviews the makeup and organization of their estate, including the ownership and titling of physical assets, verification of beneficiary designations on qualified accounts, and periodic valuation updates of the property that falls under the client's estate.

As the size of the estate increases, both in the number of physical assets as well as the asset value, you may identify opportunities to change the ownership of certain assets, gift highly appreciated assets, establish charitable trusts, and more. Clients will also value a clear, consolidated chart or graphic of the physical assets they own and an illustration of the ownership and beneficiary dependencies that are next to impossible to memorize in one's head.

Preparing for College

Families with children are no strangers to the rapidly rising costs of college and higher education over many years. Another fee-for-service engagement well suited for such families is preparing a plan to fund tuition, room and board, and other expenses related to education beyond high school. Your engagement can include a summary of anticipated costs of public versus private institutions, in-state versus out-of-state universities, and commuting students versus students who live on campus full-time.

Beyond estimating the cost of attending college, you have a number of opportunities to propose funding strategies using 529 accounts, Education Savings Accounts, or even Roth IRAs. Families will appreciate insight into a variety of need-based and merit-based financial aid that is available, plus understanding which universities and institutions are more likely to offer qualified students grants, academic and athletic scholarships, zero-interest tuition payment plans, and more.



Equity and Incentive Compensation

Many workers have joined companies offering generous compensation of not only base salary, but also equity compensation in the form of stock options, employee stock purchase plans, and restricted shares.

If a number of your clients changed employers and are eligible for equity compensation, you can provide stock option planning under the fee-for-service model. This model allows you to educate clients on the different rules and tax treatment of incentive stock options versus nonstatutory stock options (sometimes identified as non-qualified stock options) and whether or not “phantom income” and the Alternative Minimum Tax may affect the household’s tax owed.

You can also review how an employee stock purchase plan works and determine strategies for holding such shares for lower capital gains tax treatment, or selling immediately to avoid the risk of loss due to stock market volatility. Finally, your engagement can include planning around the vesting schedule of restricted shares and how a substantial increase in ordinary income may affect the household’s tax planning strategies for current and subsequent years.

Social Security Strategies

One classic opportunity in financial planning for households approaching retirement is the optimization of Social Security benefits, as well as reviewing different retirement distribution strategies from existing accounts to make the most out of clients’ retirement savings.

Your Social Security optimization engagement under the fee-for-service model can address many of the moving parts of Social Security benefits, including evaluating at what age makes the most sense to begin claiming benefits, whether claiming spousal benefits results in a higher total benefit, identifying eligibility to claim benefits from an ex-spouse, and more.

The rules and provisions to Social Security benefits are complicated, and the rules seem to be subject to change nearly every year, so clients nearing retirement will be very interested in education and clarity when it comes to planning for their sources of income after leaving their full-time careers.



Financial Organization

Once again, just because clients may not have an investment portfolio of a half-dozen account types, each with its own assortment of equity and bond allocations, doesn't mean their financial situation isn't complicated. You have an opportunity to provide clients with a financial organization engagement under the fee-for-service model and help make sense of all the financially-related information used by the household.

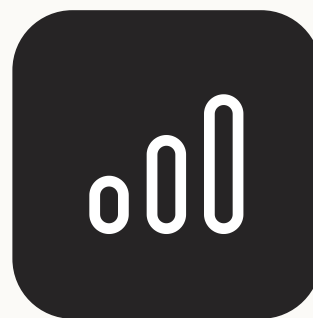
Some clients can benefit from an itemized home inventory, particularly if the home is furnished with rare or antique furnishings, custom textiles, art, or (my personal favorite) a retro arcade with stand-up cabinets and pinball machines. Aggregating information about high-value household items can provide relief in the event of theft or catastrophic loss, as the information will be essential to supporting an insurance claim.

Also, consider how you may help clients organize their online financial accounts and records. You may want to introduce the use of password management software to clients, not only to enforce the use of strong, unique passwords to online bank and credit card accounts, but also to allow emergency access to financial records and notes to trusted relatives or third parties should the client become incapacitated.

Billing on Held-Away Accounts

Your expertise in guiding clients on 401(k) retirement plans merits proper compensation, even in cases where direct billing to the plan is not feasible. AdvicePay integrates with [Pontera](#) so that financial advisors can efficiently manage held-away accounts and bill for advisory services. This includes accepting payments via credit card or ACH from an outside bank account and addressing scenarios where direct billing to the plan or other investment accounts is not possible. The combined power of [Pontera and AdvicePay](#) enhances the overall client experience, providing transparency and a consolidated view of their financial situation, ultimately building trust in your advisory services.

Moreover, this innovative approach to managing and billing held-away accounts opens avenues for revenue optimization, presenting opportunities for suggesting investment strategy adjustments or introducing additional services, thereby contributing to increased revenue for your advisory firm.



Finally, reviewing the use of software that backs up important records to secure, encrypted cloud storage can deliver tremendous peace of mind to clients, knowing that copies of their most important records can be retrieved if anything were to happen to the original documents. Delivering that peace of mind is absolutely worth the price of such a fee-for-service engagement.

Wrap Up + Next Steps

The nine fee-for-service planning engagements listed above just scratch the surface of all the opportunities that exist to provide valuable services to households seeking advice. As you read the list, you may recognize that you already provide many of these engagements, but they are bundled together under an existing asset-under-management billing agreement.

Using the fee-for-service model, you can customize a package of services for prospective clients that are seeking financial advice but do not have assets available in a traditional portfolio to move to your firm's custodian for full-time management. Instead, you can engage these clients through a fee-for-service model and charge a commensurate fee that can be paid from the client's monthly cash flow.

On the next page, use the worksheet to identify the top 3 fee-for-service engagements you plan to offer clients.



Map Out Your Fee-for-Service Engagements

Step 1: Put a checkmark next to each service you are already offering your clients.

Traditional Services

- | | |
|--|--|
| <input type="checkbox"/> Cash Flow Review | <input type="checkbox"/> Employee Benefit Optimization |
| <input type="checkbox"/> Investment Review | <input type="checkbox"/> Stock Option Strategies |
| <input type="checkbox"/> Accumulation Planning | <input type="checkbox"/> Estate Planning |
| <input type="checkbox"/> Insurance Assessment | <input type="checkbox"/> Career Planning |
| <input type="checkbox"/> Insurance Assessment | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> 401(k) and Retirement Plan Review | <input type="checkbox"/> Other _____ |

Discrete Services

- | | |
|--|---|
| <input type="checkbox"/> Social Security Optimization | <input type="checkbox"/> Mapping Asset and Entity Ownership Structure |
| <input type="checkbox"/> Tax Planning | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> Specialized Retirement Planning | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> Student Loan Analysis | |
| <input type="checkbox"/> College Planning | |

Step 2: Of those services you identified above, make a quick list of the top three services you plan to offer under a fee-for-service engagement.

Top Three Services I Will Offer

1

2

3

Step 3: Access our client services calendar template by [clicking here](#) and start establishing your client services calendar.

The process may seem intimidating at first, given how many discrete services your firm can potentially deliver to clients, but by breaking down activities by service intervals and relevance to client needs, you can develop a clear framework for the financial planning services you perform on an ongoing basis.



GET STARTED

Unlock a New Era
of Revenue
Potential

Talk to an
AdvicePay Expert

CONTACT US

Discover why the
top brands in the
industry trust
AdvicePay.

We understand your financial
planning business and we're
built for it, exclusively. You
won't have to figure out how to
adapt a planning workflow to
fit the tool; we're ready to help
you serve your clients.

BOOK A DEMO