THE FINANCIAL PLANNERS' RETAINER: A REFLECTION OF REAL VALUE

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EXECUTIVE SUMMARY

As the profession of financial planning has evolved from an industry focused on product sales to providing and implementing a client's financial plan, compensation models have also shifted from a transaction-based model of compensation. The predominant method of compensation that has emerged has been the Assets Under Managements (AUM) model. While there are many advantages to this model, there is no reason to believe it is the ultimate evolutionary development in fee-only compensation. Limited markets, increasing competition, and regulatory concerns have contributed to some advisors' interest in other fee-only compensation models.

Just as important, disconnects often exist between the value added for clients and the the effort required by the advisor to deliver services. Service models have continued to evolve to include the emergence of new values added beyond maximizing economic value. These include attention to the client's life values, behavior, and how those characteristics affect their financial well-being. Therefore, the profession is in need of a fee model that represents these new value-added services. The authors present the retainer as a potential solution.

The retainer is a value-based system that increases compatibility with newer service models and aligns the advisor-client relationship, specifically with new fiduciary standards. Further advantages of the retainer model include resistance to commoditization, the ability to provide service profitably to a much broader market, and adaptability to a wide variety of services the advisor may wish to make available. Not being tied exclusively to the value of assets managed, the retainer removes the implied (and erroneous) understanding that investment management is the sole service of value being provided in a planning relationship.

There are potential disadvantages to the retainer model. These include saliency of the fee payment, and limitation of the client's ability to make apples-to-apples comparisons between different advisors' fees and the benefits offered. Additionally, there is some risk that the advisor will perform less work than he should, or will spend more time than is profitable, when the fee is fixed at the outset. Each of these risks can be mitigated successfully so the retainer model of fee-only compensation can provide the advisor a competitive and financially successful professional practice.

CONTENTS

Introduction	1
A Brief History	2
Predicting the Future Evolution of Compensation	2
Defining the Retainer	4
Regulatory Issues	5
Comparison with AUM Fee Models	5
Profitability Under the Retainer Model	6
Challenges of the Retainer Model	7
Summary	8
About ACP	9
Special Thank You	9
About the Authors	10
References	11

INTRODUCTION

Financial planning has evolved rapidly in its relatively young life as the offspring of the broader financial services world. This evolution has affected most aspects of a financial planner's job, from the services provided to the method of compensation realized from those services. Service offerings changed as efforts were made to increase the value proposition for clients, but also in response to increasing competition, regulatory changes, new technology, and consumer demands. As new service models are developed to better align consumers' interests and value received with advisors' interests and value provided, methods of compensation will also evolve.

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This white paper explores this evolution and why we believe the retainer model of compensation will continue to grow in relevance and popularity among advisors. We

start with a brief history of financial planning and the evolving services and compensation models that support our prediction of growth in use of the flat retainer form of compensation. Next, we define the retainer model and explore its advantages and disadvantages for advisors.

A BRIEF HISTORY

Financial planning is unarguably derived from the broader financial services industry. In her book *Garrett's Guide to Financial Planning* (Sheryl Garrett, 2007), the author provides an excellent review of the history of financial planning beginning in the 1960s and 1970s. At the start, consumer-based financial services were mainly provided by captive agents representing only a single insurance or brokerage firm. As product offerings by single firms expanded, agents began to provide analysis of these products in ways that foreshadowed today's planning process. As agents with an interest in the broader financial planning process became frustrated with the limitations of their captive offerings, some left their agencies in search of a better model. This led to the rise of independent broker-dealers who gave agents broader access to insurance, annuity, and investment product offerings.

Under this new independent broker model, some agents began experimenting with charging fixed fees for the analysis provided (akin to today's financial plan). In addition, they received commissions from the sale of products to implement the plan. Under this fee-and-commission model, the advisor served two roles, as financial planner and as salesperson. At this stage, we began to see compensation models shifting toward the consumer paying directly for the value-added service – that is, the quantitative analysis provided in the financial plan. However, in most cases, the fees charged for the plan were minimal and barely covered the cost of the work done to create the financial plan for the client. Commissions on the subsequent product sales (insurance, annuities, and investments) heavily subsidized the overhead cost and advisor compensation incurred producing a financial plan.

As advisors continued to seek ways to improve their services and reduce the conflicts of interest inherent in product sales, some shifted away from commission product sales altogether. These professionals replaced commissions entirely with fee-for-service (including fee-only) models. The predominant fee-only model to emerge was the Assets Under Management (AUM) model, in which the advisor was paid a percentage of the total value of investments managed on the client's behalf. This method grew in popularity through the 1990s and 2000s.

We attribute this rise to many factors, including:

• Shifts from defined benefit plans to employee-directed defined contribution plans placing more responsibility on the employee, who then seeks out expertise to delegate this new responsibility.

• Improved technology, reducing brokerage service fees and leading to the rise of discount brokerage platforms upon which to build an investment advisory platform.

• Boom and bust market cycles combined with an increasing complexity of offerings, which lead consumers to delegate decision making to experts in the field.

The shift to fee-only models has had many positive impacts on financial planning as a profession, advancing the former ubiquitous product sales model into a truer advisory relationship. This has allowed advisors to elevate their financial planning advice to a more quantitative model and be compensated for this value-added service. That is, the advisor is now paid to help the consumer maximize economic outcome instead of resulting in the sale of a product.

PREDICTING THE FUTURE EVOLUTION OF COMPENSATION

While there are many advantages to the AUM compensation model, there is no particular reason to believe that AUM is the ultimate evolutionary development in fee models. We see several factors working against current popularity of the AUM fee model:

1. Limited market. According to U.S. Census reports, less than 13% of households in the U.S. have net worth exceeding $500,000 (including home equity and other non-investable assets) (U.S. Census Bureau, 2011). AUM models rely on sizeable investable assets in order to generate the fees necessary to cover the fixed expenses of providing financial planning services. This effectively reduces the pool of AUM clients with sufficient invest-

able assets to fewer than one out of 10 U.S. households. As AUM-based advising saturates the affluent household market, advisory firms will be forced to seek new models to continue to grow.

2. Increasing competition. As more firms operate under an asset-based model, it becomes more difficult for firms to differentiate themselves from their competitors. Add to this the entrance of lower-cost technology-based asset management platforms, and AUM-based fees face even more competition. This competition could lead to demand for an increase in value-added services (decreasing profitability), to fee-compression (reduced profit), or to a shift in compensation models.

3. Regulatory changes. The recent Department of Labor (DOL) release of its fiduciary standard sets a higher bar for advice, requiring greater justification of rollovers from low-cost 401(k) and other ERISA-covered retirement plans to IRA investment accounts managed with higher AUM fees. This change should make it more difficult for advisors to gather additional unmanaged assets from clients.

4. Revenue uncertainty. For many AUM firms, asset-based fees decline with market corrections because they are tied solely to total investment portfolio values assessed quarterly. Market corrections cause nervousness and possibly even panic among clients, requiring even more attention by the advisor. As others have noted, this results in profitability from AUM fees declining at the same time the value-add to the client is increasing (Anderson, Lee, and Veres, 2016).

While there are many advantages to the AUM model, there is no reason to believe it is the ultimate in fee-only compensation.

As we explore the retainer model, we will show how these pressures on the AUM model can not only be mitigated but in many cases even leveraged by the advisor who shifts to a retainer fee model to gain new clients and increase profitability.

Up to this point, we have traced the history of financial planning from a solely sales model to one focused on value-added services. Investment management and financial planning best practices today focus heavily on maximizing economic outcomes for individual consumers. In light of the client's individual situation, advisors weigh two or more options, then select the option with the greatest potential for returns or the option with the greatest likelihood to meet a quantifiable goal (e.g. achieving a certain size retirement portfolio by desired retirement age). For this paper, we refer to this approach as a quantitative model. We do not have a crystal ball to predict the future, but we believe that financial planning is headed toward a next evolutionary step. Specifically, we foresee a further elevation of the value of advice beyond just economic decisions.

Recent evolution of financial planning has been in part driven by rapid advancements in technology. As computing power has increased and costs have decreased, the financial planning and investment process has become less time-intensive. Technology and software can now be used to automate the processes of data gathering and input, analysis of data, development of recommendations, and in some cases, even implementation of advice (automated investment management). This frees the advisors' time to serve more clients while at the same time decreasing the cost of service delivery.

The advisor's real value to clients is to help them avoid negative behaviors. Just providing a financial plan is not enough.

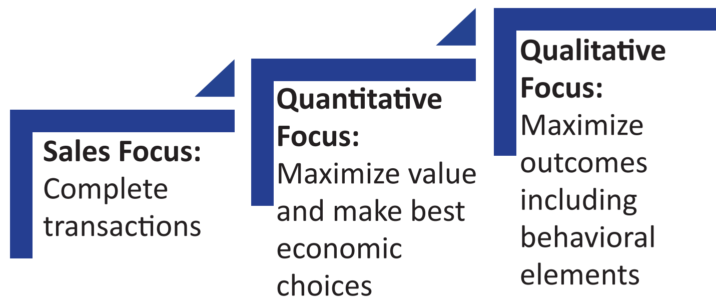
On another front, academia has taken an interest in the intersection of economic decision-making and psychology, through the ongoing study of behavioral finance. In this relatively new field, researchers have begun to model and explain what advisors have already known for a very long time: People do not always act rationally when making financial decisions. Money is inherently tied to conscious emotion and subconscious thought. This can lead clients to make poor decisions about money or to sacrifice their future financial well-being by prioritizing current wants over saving for future needs.

As behavioral economists quantify and explain these behaviors, it has become clear that the advisor's real value proposition to clients is to help them overcome these negative behaviors. Just providing the client with a financial plan is not enough. Even a well-reasoned plan that provides the client with all the right action steps to

reach their goals is worth nothing if the client does not act to implement it.

As technology reduces the workload of previously labor-intensive quantitative planning activities, the advisor can now focus her time on qualitative aspects of planning. This could include understanding a client's behavior to mitigate or change bad behavior. This might also include evaluating options, not based on maximizing wealth but on matching outcomes to the client's values and belief system.

Just as advice must shift from quantitative analysis to actually supporting the client's implementation of the professional advice provided, so, too, should compensation models evolve to reflect this change. The AUM model provides an implied value-add to investments – for a fee equal to 1% of an investment portfolio, the advisor will return economic value greater than or equal to the fee in investment performance. If qualitative factors become part of the advice service model, a value-based fee should be implemented to reflect this evolution. The figure below illustrates past and future evolution of financial planning.



DEFINING THE RETAINER

In the profession of financial planning or investment advising, a retainer is a fixed fee that is determined at the outset of the engagement. It does not change during a fixed term as contracted. While it may change as the professional relationship is renewed from time to time or in response to changes in client needs or service offerings, a retainer fee does not typically increase or decrease during the period of the engagement.

A retainer fee is a compensation model that can be based on the value added to the client. A retainer fee need not be a flat rate for all, where clients are charged the same amount regardless of their individual circumstances. Retainer fees charged by an advisor may vary based on client needs, complexity, or value added. Typically, similarly situated clients are charged similar fees, with the fee determined by a formula of the advisor's creation. While size of investment portfolio may be one component of the retainer calculation, it is not typically the sole determinant. Many financial planning retainers may include components related to client net worth (including real estate), income, debt, or other factors upon which the advisor may decide.

> *A retainer is a fixed fee, determined at the outset of the engagement that does not change during a fixed term. It does not typically increase or decrease during the period of the engagement.*

A retainer fee is a compensation model that can be based on the value added to the client. Unlike an hourly fee-only model, a retainer is not strictly time-based. It may be correlated (at least partially) to time spent by the advisor, but it adds the ability to charge a higher or lower retainer fee based on a client's ongoing access to the advisor as planning needs arise. This access for the client at no additional charge facilitates the advisor adding value by both monitoring implementation of the initial plan and by preventing costly mistakes from irrational client behavior. In contrast to a commission or asset-based fee, determined by the dollar value of product sold or assets managed, the retainer model allows the advisor to base the fee on and be compensated for a broader set of services of value to the client. This may include ongoing access and guidance in multiple areas beyond investment advice, i.e. comprehensive financial and possibly life planning related to a client's goals.

We would be remiss if we failed to acknowledge that the word *retainer* has different meanings based on the professional context in which it is used. Note the distinction between the preceding definition and the standard often applied, for example, in the practice of law. (Note: The term *retainer* is actually not used very consistently, even among attorneys.)

> *Traditionally the concept of a retainer was a fee paid to the lawyer to create and preserve an attorney-client relationship even when there was no actual work*

going on. It was done for a variety of reasons, but one of them was simply to have the lawyer in your "stable" and ready to advise you whenever you needed it. It was not pre-payment, it was continuing payment....

More contemporary usage of the term retainer refers to a renewable deposit against future legal services. ... It is placed in a special trust account, and fees are billed against the balance. Some agreements require that the retainer be renewed when it falls below a certain threshold (Thompson & Williams, 2012).

REGULATORY ISSUES

This potential confusion about the term retainer has led to some regulatory concern. Washington State securities regulators have expressed disapproval, concluding that a retainer is a pre-payment and therefore in violation of rules prohibiting a requirement for clients to pre-pay fees (Thompson & Williams, 2012). At least one other state regulatory body has expressed a concern that the term retainer may be applied to an arrangement in which the investment professional is paid regardless of whether services are performed for the client (Utah Division of Securities, 2009).

We believe this is not a widespread intended use of the word and that using a less ambiguous term to describe the fee arrangement would likely satisfy regulatory con¬cerns. In time, the industry may adopt a different term than retainer to reduce possible confusion.

Overall, we believe a retainer model (as we have defined it) is most compatible with a fiduciary standard of care for client relationships. As we write this paper, the industry has begun to digest new rules put forth by the Department of Labor requiring a fiduciary standard for advising on all retirement accounts. While commission-compensated professionals may be able to conform to these new rules, it will become much more difficult. These advisors (and even some AUM advisors) may be required to create and execute Best Interest Contracts with their clients, increasing their compliance burden and liability to put the client's best interest first. However, using the retainer in the manner we present, the advisor would qualify for an exemption to this rule under the Level-Fee Fiduciary exception (Kitces, 2015).

> *We believe a retainer model is most compatible with a fiduciary standard of care for client relationships.*

Consider the potential for conflict of interest when rolling over an employer retirement plan such as a 401(k) to an IRA account managed by an advisor. Acting as a fiduciary as required by the new law, the advisor will need to show how their recommendation to roll into an IRA account managed by them is in the client's best interest. While an advisor may argue value is added through their financial planning services, the value of those services will have to meet or exceed the added cost if AUM fees are higher than those in the client's existing 401(k) or other retirement account.

Under a retainer model based on total client net worth or marketable assets, the fee is based on the client's entire situation, including 401(k) accounts. The advisor's compensation would not be affected by an account rollover, as it doesn't change the retainer fee. The retainer model using total net worth or total marketable assets allows the advisor to remain agnostic as to account location for the purpose of fee calculations. In practice, the advisor may still choose to retain a custodial relationship for practice management, efficiency, or access to lower-cost investment funds, but the decision on account location can be made in the client's best interest as required. If the employer account provides additional advantages such as access to lower-cost institutional fund choices, leaving the account in the 401(k) does not affect the advisor's fee.

COMPARISON WITH AUM FEE MODELS

The great popularity of the AUM fee model makes it susceptible to the risk of commoditization. From the consumer perspective, there is little difference between an AUM-based investment advisor and a managed account or wrap program through a broker-dealer. The tremendous increase in technology providing consumers access to information and growth in the popularity of (and faith in) passive investing further increase the headwinds AUM-fee advisors face against perceived value-add in the investing world.

While many advisors are threatened by these industry shifts, others are confident that adding comprehensive financial planning to asset management resists the trend toward commoditization. While retaining the AUM fee,

there is a problem of continued perception of value directed towards investment management and results. When adding comprehensive financial planning to asset management without changing the basis of the fee charged, AUM fee advisors have an incentive to focus additional energy on investment strategies that increase portfolio size while ignoring financial planning activities such as human capital planning, tax planning, or behavioral coaching that may add more value for consumers in the long run. The flexibility in setting retainer compensation enables firms to charge a retainer fee that better represents the value-added financial planning services they provide. This flexibility in setting retainer fees by definition resists the commoditization found with an AUM fee based solely on investment assets.

We find most clients care very little about the manner in which the fee calculation is performed. They only want to know the total fee.

One argument against retainers is the saliency of the fee payment method as noted by Michael Kitces in his blog (Kitces, 2011). That is, often retainers are paid directly by the client, which makes the client acutely aware of the fee. Additionally, direct billing via account withdrawal of a retainer fee requires positive consent to actually pay the fee. In a typical AUM fee arrangement, awareness of the fee is reduced through quarterly auto deduction from all advisory accounts. In theory, upward momentum of client investment values keeps consumers with their advisor under an asset-based fee model.

In practice, a retainer fee can be set up to be deducted directly (even automatically) from an advisory account. However, Anderson, Lee, and Veres note an increasing consumer interest in fee transparency. And even for firms that bill fees directly, the anxiety regarding fee saliency is often unfounded: One of the authors has experienced retention rates of 98%, demonstrating that saliency is not a fatal issue. We believe the issue of saliency is less about the client's willingness to pay the fee and more about the advisor's ability to clearly articulate the value received for their fee. In fact, one author asked his client advisory board if they wished to set up an auto deduction and found that clients preferred paying the advisor directly, saying a conscious decision to pay reminded them of the value of the service received.

There is also some concern that it may be more difficult to articulate the manner in which a retainer fee is calculated. Often retainer fee calculations include a combination of income, marketable assets, investable assets, etc. These calculations may be more complex than the straightforward 1% of assets common among AUM advisors. In practice, though, we find most clients care very little about the manner in which the calculation is performed. Full disclosure, of course, requires advisors to make their fee schedule available as explained in their ADV. But most clients will only want to know the total fee.

PROFITABILITY UNDER THE RETAINER MODEL

Ultimately, a retainer-based system is a value-based system. The client is paying for the value of services the advisor provides, as well as ongoing access to the advisor. Clients can easily understand that financial planning is an ongoing process and not a one-time event. The fee calculation includes having access to the advisor when life and economic events demand the client's attention and the advisor's expertise or reassurance is needed. There is no implied offer of continuous investment supervision, which can actually allow the advisor to forgo many traditional and expensive asset management activities such as performance reporting.

Just as with AUM fee-only firms, businesses using the retainer model can be equally profitable depending upon how much value the advisor can add relative to the cost of providing that value. In addition to investment activities, advisors who include unique value-added services such as human capital management, specialized tax planning, or life planning services can price their retainer to account for the cost of providing those services. The retainer fee model also allows the advisor to receive additional compensation for his or her expertise. For example, an advisor highly specialized in tax planning could add an income-based component to the fee. The retainer fee would increase with income to represent the opportunity to add value through tax planning. The fee could even vary based on type of income, such as wages versus self-employment income, further reflecting the complexity of the client's situation.

Retainer fee flexibility can extend to a specialized niche an advisor serves. As advisors develop a unique knowledge base, their fees can be customized to their particular specialty. For example, an advisor working with clients

who own rental properties could calculate a component of their fee based on the real estate portfolio as they help with financing and leveraging the properties, assist with tax planning, advise on depreciation or 1031 exchange planning, etc.

Additional possible niche applications that fit a retainer fee include:

1. Business owners, real estate owners, farmers, and related professionals not looking to make an immediate exit. While the business or other assets may be illiquid and potential AUM investment assets small, the advisor has ample opportunity to add value by providing services such as cash-flow analysis, business impact on personal finances, retirement plans for the business, tax planning, succession planning, and so on. A retainer calculation can easily allow for inclusion of these services in the fee.

2. Young professionals with high income and few assets. In some cases, these clients might even have high debt, such as recent graduates from medical or law school. While a traditional asset-based fee would make these clients undesirable, they can be especially attractive to advisors charging a retainer due to their prospects for a lengthy client relationship with future fee growth potential.

3. Middle-income households otherwise mostly ignored by AUM fee advisors currently, now being served primarily by commissioned agents (Anderson, Lee, and Veres, 2016). This opens up a huge potential client base to an advisor who can adjust retainer fees to reflect lesser or greater complexity while adding valuable financial planning services that grow net worth over time.

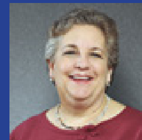
Retainers are consistent with long term, higher-contact client relationships, which may themselves increase the likelihood of referrals from existing clients. This possibility is enhanced when the client perceives that the fee reflects the value added or the expected effort of the advisory firm. For example, if the first year of the advisory relationship involves more work than needed in renewal years, a higher first-year retainer fee can be charged. By contrast, in some AUM arrangements, the effort needed to establish the relationship and integrate the client into the advisor's systems may mean that the first year of the engagement operates at a loss to the advisory firm.

EXPANDING TO NEW MARKETS

"I find the retainer model is particularly useful for working professionals whose net worth is reflected primarily in the equity in their home and their active workplace retirement plan.

Even without discretionary assets to buy products or support an AUM fee, these clients certainly have the need for comprehensive financial planning.

As a financial planner in Washington, D.C., many of my clients work for the federal government with most of their savings in the Federal Thrift Savings Plan (the U.S. government's 401(a) retirement plan). By basing my fees on total net worth, I am able to establish a fee that makes it feasible to provide financial planning services they need and add real value."



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CHALLENGES OF THE RETAINER MODEL

In any discussion of compensation models for personal financial planning and wealth management, it is self-evident that no compensation model is perfect for every advisor and every client.

Retainers do present challenges and possible disadvantages. For example, there is no standard model for retainer fees, making them potentially challenging to adopt. Advisors must select or devise a method for computing the appropriate client fee. Similarly, retainers are not as familiar to consumers as more common fee arrangements. This may make it more difficult for consumers to feel they are able to make an apples-to-apples comparison between potential advisors. This challenge is easily overcome if the services offered by the advisor are distinctively different from what competitors are offering.

A retainer fee that is fixed at the outset of the engagement presents a potential conflict of interest, in that there may be some incentive to do as little work for the client as possible. This is a conflict that could appear in any model that does not link the fee directly to time spent. This particular risk is mitigated by the fact that in a service business such as financial planning, providing a high level of service and satisfactory outcomes for clients is the key to success. Loyalty (continuing renewals of a client's retainer relationship) and potential future referrals should be sufficient incentive for the advisor to provide a high level of service.

Another risk is over-delivering services provided for a stated fee, potentially reducing profitability. This is especially an issue for newer advisors because they are less confident in their value proposition or hungrier for revenue. They may underprice their retainer fee for the complexity and time required to serve a potential client. Having standardized offerings with clearly stated expectations of service can reduce this risk.

In a retainer relationship, it may be more difficult for the advisor to be away from the office for an extended period of time, especially in a solo practice. There would also appear to be some risk that clients could attempt to take advantage of the absence of hourly billing to demand additional service from the advisor. While an understandable concern, this appears to be a rare occurrence in practice and can be mitigated by setting clear expectations with the client and including liberal cancellation clauses in a written retainer agreement.

SUMMARY

We believe that fee-only compensation – whether hourly, AUM, project, or retainer – can assure the consumer of the advisor's relative lack of conflicts of interest better than any commission-based model of compensation. We leave the justification of the fee-only model to others who have argued it long and persuasively.

Still, it is indisputable that clients can be well-served – or ill-served – under any compensation model, whether commission only, fee-only, or otherwise. No compensation model makes the advisor immune to an inability or unwillingness to effectively serve the client. But the fee-only model is increasingly popular, and many consumers are asking for financial guidance from advisors who are fee-only.

Finally, depending on the objectives of the advisor's practice, different fee-only models will be better for different practices. Our purpose here is not to attempt to weaken the appeal of any other model but to explain characteristics of the retainer model, and our experience with it, for advisors for whom it may prove a better fit.

Our experiences with the retainer model have validated our decisions to adopt it in our practices. We have found that it operates in concert with our preference to establish long-lasting, ongoing planning relationships with our clients. In addition, the retainer fee model tends to make the advisor's business and income resistant to recession. (In fact, a retainer-compensated relationship can thrive and grow even in serious recessions, such as that in 2008-09, with no change to the business model.)

In the 1990s, a great deal of attention was focused on ways in which commission-compensated professionals could make the transition to fees. Journalist (and observer of the profession) Bob Veres commented that if you ask a newly transitioned fee-only advisor to go back to commissions, the answer would be a strong "no," and that if you put a gun to his head and tell him he has to go back, he would answer, "Pull the trigger." By the early 2000s, Veres observed the same absolute commitment to retainer compensation from those who had previously been paid based on AUM. Veres has also noted that, in the same way that water running downhill can foretell where it will accumulate and pool, the movement of the profession from commissions to fees, and from the predominance of AUM toward retainers, is likewise clear to him. We agree and believe the retainer model will continue to provide advisors a method of strong compensation that reflects the many values they provide to their clients and allows them to differentiate themselves clearly from their competitors.

A retainer-compensated relationship can thrive and grow in even serious recessions, such as that in 2008-09, with no change to the business model.

ABOUT ACP

The Alliance of Comprehensive Planners (ACP) is the community of tax-focused financial planners operating under the retainer model.

ACP has been helping its members build successful practices since 1995. ACP trains its members in the ACP System™, an extensive program based on the highest ethical standards and most innovative practices in the financial planning industry. As fee-only fiduciary financial planners using the retainer model of compensation, ACP members provide their clients financial plans that are comprehensive, considering not only investments but also the tax consequences related to investment and other financial strategies. ACP member advisors optimize the use of assets for tax efficiency, growth, and security to support their clients' goals and maintain their CFP® or CPA/PFS (or equivalent) designation and/or licenses. Most of all, as a not-for-profit organization, members benefit from a vibrant nationwide community of mutually supportive, like-minded colleagues dedicated to putting their clients' interests first.

For more information, visit **www.acplanners.org**.

SPECIAL THANK YOU

The writing of this white paper was intended to supplement the increasing frequency of conversations around the retainer model of compensation in the financial planning industry. While we cited any sources we drew from directly, we want to acknowledge the many thought leaders, industry speakers, and authors who have discussed many of these same ideas. The authors would like to give a special thank you to the Alliance of Comprehensive Planners (ACP) (formerly the Alliance of Cambridge Advisors), its founder Bert Whitehead, and its many volunteers and members for pioneering and advancing many of the ideas we have presented in this paper.

ABOUT THE AUTHORS

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Jake is a Senior Advisor and Partner with Bluestem Financial Advisors in Champaign, Illinois. He holds a bachelor's degree from the University of Illinois at Urbana-Champaign in agriculture and consumer economics and a master's degree from Kansas State University in family studies and human services. Both degrees focused on financial planning. He is a CERTIFIED FINANCIAL PLANNER™ certificant, IRS Enrolled Agent, and NAPFA-Registered Financial Advisor.

Bluestem Financial Advisors is the product of a succession plan between Jake and his partner, Karen Folk. Karen started the firm in 1999 with the support and training by the Alliance of Comprehensive Planners (ACP). The unique structure of the retainer model has allowed for a smooth succession transition as the client base of the firm has shifted from predominantly baby boomer retirees and near-retirees to include the emerging affluent young professional.

Jake is active in advancing financial planning as a profession. He currently serves on the Board of the Alliance of Comprehensive Planners and has served as Committee Chair for NAPFA Genesis (2012-2015), a national group of next-generation advisors. He is currently working with the financial planning program at the University of Illinois to implement their first applied professional courses, has spoken at industry conferences on topics including succession planning and retainer fee models, and has been a featured expert on local news programming.

Ken Robinson, JD, CFP®

Ken is the Owner and President of Practical Financial Planning Inc. in Cleveland, Ohio. He earned a bachelor's degree from Cornell University and a JD from the Case Western Reserve University School of Law. He is a CERTIFIED FINANCIAL PLANNER™ certificant and NAPFA-Registered Financial Advisor.

Prior to founding his firm, Ken practiced law and worked as a property/casualty risk manager for local government. He joined what was to become Alliance of Comprehensive Planners (ACP) in 2000 and since that time has used the retainer model to serve a variety of clients in widely differing life circumstances, including professionals in the public sector (federal, state, and local), independent women, college professors, and medical professionals.

Ken serves on the Board of the Alliance of Comprehensive Planners and on NAPFA's Ethics Committee. He is the author of several books and e-books on personal finance, including *Don't Make a Budget: Why It's So Hard to Save Money and What to Do About It*. A member of National Speakers Association, Ken is the author and presenter of the continuing legal education program *Financial Planning for Lawyers*. His writing on personal finance has appeared in Cleveland's *The Plain Dealer* and in the journal *Science*.

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