Setting Fees for Advice-Only Financial Planning

Understanding the Value of Your Expertise

When you offer advice-only financial planning, your income depends entirely on the fees clients pay for your guidance. You do not sell products or earn commissions. This model puts your expertise front and center. The challenge is setting a fee that reflects the value you provide while keeping your services accessible to the people who need them. It is a balancing act that requires careful thought about your costs, your time, and the market you serve.

Many planners start by looking at what others charge. That is a natural first step, but it can lead to underpricing if you do not account for your own operating costs and the specific value you bring. A better approach is to build your fee structure from the ground up, starting with what you need to run a sustainable practice. Once you know your baseline, you can set prices that work for both you and your clients.

Step 1: Calculate Your Operating Costs

Before you set any fee, you need to know what it costs to run your practice. This includes everything from software subscriptions and professional liability insurance to rent, utilities, and marketing. Do not forget the less obvious expenses like continuing education, association memberships, and the time you spend on non-billable tasks. Add them all up to find your monthly and annual overhead.

Once you have that number, divide it by the number of hours you realistically expect to bill each year. This gives you a baseline hourly rate. If you plan to offer fixed fees or retainers, you can use this rate to estimate how much time a typical engagement will take. The goal is to ensure your fees cover your costs and leave room for a reasonable profit margin. Without that margin, your practice will struggle to grow or even survive.

Step 2: Define Your Scope of Work

Advice-only planning can cover many different services. A client might need a one-time financial plan, ongoing coaching, or help with a specific decision like refinancing a mortgage or evaluating an employee stock option. Each of these requires a different amount of time and expertise. You need to define the scope of work clearly for each service you offer.

Be specific about what is included and what is not. For example, a comprehensive financial plan might include a review of assets, liabilities, cash flow, insurance, and estate planning. It could also involve two or three meetings to discuss goals and present recommendations. If the client wants additional meetings or revisions beyond that, you can charge separately. Clear

scoping prevents misunderstandings and helps clients see the value they are getting for their fee.

Step 3: Choose a Fee Structure

There are several common ways to charge for advice-only planning. Each has its own strengths and fits different types of engagements.

Hourly Fee

Charging by the hour is straightforward. You bill for the time you spend working on a client's case. This works well for ad-hoc questions or for clients who only need a few hours of your time. The downside is that clients may worry about the total cost, and you have to track your time carefully. It also creates a potential conflict of interest: the more hours you spend, the more you earn. You can mitigate this by giving good-faith estimates and updating clients as you go.

Fixed Fee

A fixed fee means you agree on a set price for a defined deliverable, such as a financial plan or a retirement income analysis. Clients appreciate knowing the cost upfront. For you, it rewards efficiency because you keep the same fee no matter how quickly you finish the work. The risk is underestimating the time required, which can eat into your profit margin. To avoid that, base your fixed fees on a careful estimate of the hours involved, plus a buffer for unexpected complexity.

Retainer

A retainer is a recurring fee, usually monthly or quarterly, for ongoing access to your advice. This model works well for clients who want a long-term relationship and for planners who prefer predictable revenue. Retainers can be structured as a flat monthly amount or as a fee that varies with the scope of work each period. The key is to define what the retainer covers: regular check-ins, annual plan updates, and phone or email support. Anything outside that scope can be billed separately.

Step 4: Factor in Capacity Planning

Your time is the main constraint in a service business. If you take on too many clients, your quality and responsiveness suffer. If you take on too few, your income falls short. Capacity planning helps you find the right balance. Start by estimating how many hours you can realistically work each week, including time for marketing, administration, and professional development. Then decide how many clients you can serve at each fee level.

For example, if you offer a retainer service that takes about two hours per month per client, and you have 100 hours of client-facing time each month, you can serve up to 50 retainer clients. Multiply that by your retainer fee to see your potential revenue. If that number does not meet your income goals, you can raise your fees, adjust your services, or find ways to serve more clients without adding more hours, for instance, by using group sessions or creating digital resources. The point is to make deliberate choices rather than letting capacity creep up on you.

Step 5: Communicate Your Fees Clearly

Fee disclosure is a critical part of building trust with clients. When you present your fees, be transparent about what they include and how you handle changes in scope. Use plain language and avoid jargon. A simple one-page fee schedule can answer most questions before they come up. It also shows that you have thought through your pricing and that you are confident in the value you offer.

Some planners worry that talking about fees will scare clients away. In practice, clarity often does the opposite. Clients appreciate knowing what they will pay and why. It makes the decision easier for them and reduces the chance of disputes later. If a client hesitates at your fee, you can explore whether a different service tier or payment schedule would work for them. The goal is not to lower your price but to find a fit that respects both your expertise and the client's budget.

Step 6: Review and Adjust Regularly

Your fees should not be set in stone. As your experience grows and your operating costs change, you will need to revisit your pricing. Aim to review your fee structure at least once a year. Look at how many hours you actually billed compared to what you estimated. Check whether your profit margin is where you want it to be. Ask yourself if your fees still reflect the value you provide. If you have become faster or more efficient, you might be able to serve more clients at the same fee, or you might choose to raise your fees to match the higher quality of your advice.

The advice-only planning community is a good place to discuss these issues. Many planners share their experiences and insights on forums and in professional groups. One such space is the GitHub Discussions forum for exploring and collaborating on an advice-only financial planning practice model. There, you can find conversations about fee structures, client acquisition, and the practical challenges of running a fee-only practice. Engaging with peers can help you refine your approach and stay current with best practices.

Remember that pricing is as much an art as a science. The numbers matter, but so does your judgment about what a particular client needs and what they can afford. Over time, you will

develop a sense for what works. The key is to start with a solid foundation, communicate clearly, and remain flexible as you learn.