



ADVISOR FEES, COMPENSATION, AND BILLING PRACTICES

REPORT OF SURVEY FINDINGS

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Introduction

This report is focused on the compensation, fee schedules, and billing arrangements of Registry advisors. We believe Registry advisors are a sub-set of a larger universe of quality advisors who deliver sophisticated, fee-based services. Consequently, this research report represents the business practices of all high quality advisors on the basis this is a statistically valid sample.

Research Results

Section A. Method of Compensation

1. What percentage of advisors is fee only and does not accept any type of commission (financial product, insurance, or brokerage)?

Response: 47.9%

2. What percentage of advisors accepts fees and at least one of the three forms of commission?

Response: 52.1%

Comments: 32.8% of the 52.1% indicate their use of commissions is restricted to investors with smaller asset amounts.

3. What percentage of advisors accepts commissions from the sale of financial products?

Response: 40.8%

Comments: 27.5% of the 40.8% said mutual funds are the only financial product they sell.

4. What percentage of advisors accepts commissions for the sale of insurance products?

Response: 51.2%

5. What percentage of advisors only accepts insurance commissions in addition to fees?

Response: 12.2%

Comments: These advisors are RIAs with insurance licenses. They have no securities licenses or they hold 65s and to a lesser extent 63s.

6. What percentage of advisors accepts commissions from brokerage transactions?

Response: 31.8%

Comments: 18.7% of the 31.8% stated brokerage was a convenience service for their clients and was only used to liquidate securities.

Section B. Forms of Fee Compensation & Rates

1. What percentage of advisors charges asset-based fees?

Response: 92.4%

2. What percentage of advisors charges fixed fees?

Response: 43.6%

Comments: 13.1% of the 43.6% refer to fixed fees as retainers.

3. What percentage of advisors charges hourly fees?

Response: 73.0%

Comments: 48.6% of the 73.0% use hourly fees for planning services including tax planning and preparation.

4. What is the breakdown of the hourly fees?

Less than \$100 per hour	1.3%
\$100 to \$124	4.5%
\$125 to \$149	12.1%
\$150 to \$174	26.8%
\$175 to \$199	14.6%
\$200 to \$249	24.8%
\$250 to \$299	10.2%
\$300 or more per hour	5.7%

Comments: Experience and location drive hourly rates. Local competition may also be a consideration.

5. What are the five highest hourly rates?

Response: \$500, \$450, \$375, \$350, \$310

Comments: New York City (2), Boston, Los Angeles (2)

6. What are the five lowest hourly rates?

Response: \$85, \$90, \$100, \$120, \$125

Comments: Topeka, Billings, El Paso, Mobile, Little Rock

7. What are the five most common hourly rates?

Response: \$150, \$175, \$200, \$225, \$250

Comments: \$150 and \$200 tied for the highest frequency rates.

8. What percentage of advisors charges asset-based and hourly fees?

Response: 81.3%

9. What percentage of advisors charges asset-based and fixed fees?

Response: 60.9%

Comments: Fixed fees were most often charged for planning and one time services.

10. What percentage of advisors charges fixed and hourly fees?

Response: 47.8%

Section C. Fee Schedules

1. What is the average asset-based, sliding schedule of fees that is charged by advisors?

First \$100,000	1.20%	
Next \$150,000	1.15%	(- 4.2%)
Next \$250,000	1.05%	(- 8.7%)
Next \$500,000	.94%	(-10.5%)
Over \$1,000,000	.76%	(-19.1%)

Comments: Advisors with higher minimums, \$500,000 and \$1 million, frequently have one rate for assets that are less than their stated minimums. This makes the average fee higher than it would otherwise be.

2. What is the highest fee schedule recorded by one advisor?

Response: 2.25%, 2.00%, 1.95%, 1.75%, 1.25%

3. What is the lowest fee schedule recorded by one advisor?

Response: .85%, .75%, .60%, .50%, .40%

4. What percentage of advisors charges fees greater than 1.5% on the first \$500,000 of assets?

Response: 12.2%

5. What percentage of advisors charges fees of 1.0% or less on the first \$500,000 of assets?

Response: 48.4%

6. What percentage of advisors charges fees greater than 1.0% on the second \$500,000 of assets?

Response: 23.9%

7. What percentage of advisors charges fees of .75% or less on the second \$500,000 of assets?

Response: 34.7%

8. What percentage of advisors charges fees greater than .85% over \$1 million?

Response: 35.7%

9. What percentage of advisors charges fees of .50% or less on assets over \$1 million?

Response: 31.2%

10. What percentage of advisors has negotiable fees over \$1,000,000?

Response: 38.7%

Section D. Minimum Requirements

1. What percentage of advisors has minimum asset requirements?

Response: 64.8%

2. What percentage of advisors has minimum asset requirements that are \$500,000 or higher?

Response: 24.3%

3. What is the breakdown of asset minimums by amount?

Less than \$100,000	13.1%	
\$100,000 to \$199,999	33.5%	(29.1% are \$100,000)
\$200,000 to \$299,999	27.0%	(23.4% are \$250,000)
\$300,000 to \$499,999	2.1%	
\$500,000 to \$999,999	18.5%	(16.8% are \$500,000)
\$1 million of more	5.8%	

4. What percentage of advisors has minimum fee requirements?

Response: 45.5%

5. What is the breakdown of fee minimums by amount?

Less than \$1,000	3.6%
\$1,000 to \$1,999	8.2%
\$2,000 to \$2,999	27.4%
\$3,000 to \$3,999	24.5%
\$4,000 to \$4,999	15.1%
\$5,000 to \$7,499	11.6%
\$7,500 to \$9,999	4.2%
More than \$10,000	5.4%

6. What percentage of advisors doesn't have minimum asset or fee requirements?

Response: 20.7%

Section E. Billing Frequency

1. What is the frequency of advisor billings?

Monthly	12.2%
Quarterly	74.6%
When Rendered	38.5%

Comments: 78.4% of monthly and when rendered billings are for planning services. 86.1% of quarterly billings are for asset-related services.

2. What percentage of advisors has multiple billing frequencies?

Response: 26.3%

Comments: 86.8% of advisors with multiple frequencies bill planning fees when rendered or monthly and asset-related service fees quarterly.

3. What percentage of advisors bill in advance, arrears, or both?

Advance	60.2%
Arrears	39.8%
Both	5.2%

Comments: 74.7% of asset service fees are billed in advance. 86.9% of planning fees are billed in arrears, wholly or in part (71.0% of advisors bill 50% in advance and 50% when the work is completed).