

Exclusive Fee Audit Checklist

Increase Sales by Offering Your Prospects a Free Audit!



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Building a Fee Audit Checklist

Advice and Client Services is the New Financial “Product”

Financial advisors who want to prepare for the massive industry changes, must start by changing their mindset. Financial advisors are struggling to understand some of regulatory, technology, pricing, and consumer changes in the industry. But the real change they must embrace is the product has changed. It is no longer about getting paid to sell mutual funds, life insurance or any related products. The product has changed to planning, advice and servicing clients to help them reach their goals. What products do you sell?

Future Ready and Fee Ready Advisors

The advisors who have shifted their mindset to getting paid on advice and servicing their clients, have prepared their business for the future. They have delivered 100% transparency on cost and fees and have demonstrated their value by articulating what clients receive for the fees they pay. Their conversations with clients are the opposite of what successful advisors have done in the past and the results have been staggering. Fee ready financial advisors have grown significantly faster than non-fee-based advisors (source: Strategic Insights, Financial Advisor Channel Feedback and Market Share – June 2017). The consumer response is favorable also. Client satisfaction, client retention, and client acquisition dramatically changes when 100% transparency occurs. Advisors can complete a fee audit for prospects, which discusses the total cost in dollars and percentages clients are paying their advisor, but more importantly what they are getting, and NOT getting for the fees they are paying. How do you feel when you are paying for something and not getting it?

What Clients are NOT Getting from Their Advisor

A group of advisors were asked to name what prospective clients are not getting from their current advisor. Here are some of the answers:

- No comprehensive plan that covers areas such as tax, estate, risk management, insurance, debts, cash flow, health, and only focuses on investments
- No clear understanding of the client’s values on paper
- No clear understanding of the client’s goals in writing with the exception of one, retirement.
- No understanding of total fees (investments and advice) and complete transparency, as clients are even more confused by statements

It is clear, that advisors know what the clients are NOT getting, but the critical problem is this: **Do the clients know what they are getting and not getting? Do they care? Do a fee audit to find out.**

Start with a Fee Audit Checklist

A fee audit is not about cost, but about value. As Warren Buffett says, “Price is what you pay, value is what you get.” Build your process with feedback, value, and transparency to get an edge on the client experience.

Now when you sit down with prospects consider this exercise and discussion. Ask, “Can I do a fee audit for you to help you understand how fees impact your planning and the total cost in dollars and percentages? Would it be valuable for you to understand the total cost of what you are paying, what you get for those fees, and what you do not get?”

Key Prospecting Discussion

Get in a habit of people you come across every day if they understand the fees they are paying. Ask them to explain the fees as they understand it. Then ask, “Would you be open for me to do a fee audit for the last five years to help you understand the cost (or fees) and benefits? I ask because we do this for your clients, so they understand the measurable benefits of our advice along with our immeasurable benefits that our planning offers such as peace of mind and simplicity of their financial life. Your clients appreciate more comprehensive planning advice through our progress update meetings 2-3 times per year, an annual planning checklist, tax planning, estate planning, financial planning and investment planning (what services you offer) in writing, does this make sense to you? Our clients have comfort knowing it is taken care of, so they can go on and enjoy the things that are important to them.” Now you have the start of a process to discuss your differences with prospects. The new product is about planning, advice and services to help people reach their goals.

Practice Makes Perfect

Do you have scripts that you use with prospects to complete a fee audit? Do you have a clear detailed process for making your client’s fee ready? If not, who is helping you who has a proven process to help you get there? Find someone who has a proven process and has the time to help you get there. It is not just about content, but it is about practice. Who is helping you practice your scripts? Do you record your practice sessions? Imagine if the “Rolling Stones” band never practiced and only recorded once. Do you record your meetings with your client’s permission? Find a coach, mentor, or manager who can help you build your process and help you practice your communication skills to articulate your value. Now go out and practice your fee audit conversation, build your process for converting prospects and providing measurable and immeasurable value to your new clients.

Fee Audit Checklist

PLEASE REVIEW AND GET COMPLIANCE AND BRANCH MANAGEMENT APPROVAL FIRST!

This is for 5 of your best or ideal clients and 5 ideal prospects. Offer your fee audit checklist service (value audit for clients) to show them the total cost of investing and advice in dollars and percentages and showcase your value-added services. The challenge for prospects is that they don't know what they are NOT getting. How do you feel when you are PAYING for something and not getting it?

Once they find out that the cost is similar, but the value is dramatically different, then they are engaged. **What are your top prospects NOT currently getting?**

- A quality financial planning process?
- 10 touch communication?
- More than 1 or 2 goals in writing?
- Probability of success calculator?

What else are they NOT getting and add it to the list below.

Have your list of services on the document. The document below talks about your services (separate list) which would include items to cover off the 7 areas of their financial life including:

1. **Tax** (tax planning services)
2. **Estate** (beneficiary audit service and legacy planning services)
3. **Investment** (investment strategies)
4. **Risk Management** (risk management services)
5. **Insurance** (insurance analysis)
6. **Debt** (lending and mortgage services)
7. **Cash Flow** (lifestyle cash flow analysis and planning)

Fee Audit approximate PORTFOLIO value \$ _____

Cost of Planning Advice: \$ _____ = _____% approximately

Included in OUR planning:

- _____ # Services in 7 areas with our meeting process – annual planning checklist
- _____ Cashflow management
- _____ Tax advice and tax return reviews (bookkeeping)
- _____ Risk Management checklist/Insurance planning – minimize risk and cost
- _____ Legacy Binder – Estate taken care of and organized
- _____ Financial life binder
- _____ Communication 8-10x proactive annually
- _____ # meeting summary
- _____ Comprehensive goal tracking – on track goals progress and probability of success
- _____ Organized financial life in all 6 areas
- _____ Total transparency dollars and percentages
- _____ Quality financial plan
- _____ Probability of success in reaching goals with planning
- _____ Probability calculator
- _____ Team approach – Internal and External Team
- _____ Estate planning advice and all legal documents in order – organized in a binder
- _____ Beneficiary audit service and insurance analysis
- _____ Risk Management checklist – minimize risk and cost
- _____ ADD HERE WHAT PROSPECTS ARE NOT GETTING

Communication

_____ # of meetings summary with each meeting having a separate function

_____ Planning checklist and a written implementation schedule

_____ Comprehensive goal tracking

_____ Annual goals and investment meeting (_____ meeting name)

_____ Annual tax meeting online or in person participant meeting

_____ Communication 10x per year to get you on track and keep it there

Cost of Investment Management: \$ _____ = _____ %

_____ Cost effective portfolio management

_____ Access to Investment opportunities – best in class investment management

_____ Clear investment philosophy – matched to your goals and risk profile

_____ Comprehensive investment advice – comprehensive and transparent to put your interests first

_____ Cash reserves management – Plan to get and keep the right amount of cash reserves

_____ Cash Flow management and tax effective income planning

_____ ADD HERE WHAT PROSPECTS ARE NOT GETTING

Total Cost (estimate): \$ _____ = **Total Cost (approximately)** _____ %

As Warren Buffett says, “Price is what you pay, value is what you get.”

Remember to use a red pen to show them what they are not getting with their current advisor with a question mark or x on the page.

Do you want more clients, or do you want to deliver more value?

How can you build deeper processes to deliver more comprehensive advice and deliver more value for it?

