# Recap of Module 1 ...

- What's happening in the mind and heart of your client
- What your client wants from a relationship with you
- The meaning of independence
- Arguments for and against maintaining conflicts of interest
- Conflicts of interest: the slippery slope

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# Preparing for Module 2

Homework: your fee matrix

- List all clients you derived revenue from last year

- Calculate the total revenue received for each client

- Break that revenue down by method collected

- Specify whether it was one-off or recurring

**Module 2:**

# Monetising Independence

How to charge and collect fees as a genuinely independent financial adviser

## Agenda…

- How to calculate your fees
- How to collect fees
- When you collect fees
- How you renew your fees
- Bridging the 'value gap'
- Protecting your independence

# The "ideal" financial adviser

## 86%
Would prefer to pay for their advice directly rather than via a commission

## 83%
Would be more likely to invest in a longer term relationship if they knew their adviser was genuinely independent

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# Calculating your fees

The tension between ...

- Charging too much and losing the prospect

- Not charging enough and leaving money on the table

# Examine the underlying assumptions

The ASIC's views ...

**1** | Advice

**2** | Implementation

# Calculating your fees

The compliance department's views …

- Costs
- Complexity
- Time
- Skill/experience
- Responsibility/risk
- Urgency

# Resolving fee tension
(over-charging)

"worth it"

"not worth it"

# Resolving fee tension

(under-charging)

*"enough"*

*"not enough"*

# Bridging the value gap

"Walk a mile in their moccasins"

# Remuneration options

- Commissions & product payments
- Hourly rate
- Retainer
- Task-based
- Tier-based

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# Remuneration options

- Asset fees: % of FUM/FUA
- Hourly rate
- Retainer
- Task-based
- Tier-based

# Pros and Cons

> Flat or fixed fee

> Hourly rate

> Retainer

> Task-based

> Tier-based

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# Flat or Fixed fee

✅ Known quantity

✅ Simple to understand, easy to explain

❌ Expectations can drift

❌ Scope creep

# Hourly rate

✅ Transparent, clear, unarguable

❌ Focus on work, not outcome

❌ Can erode engagement

❌ Scrutiny on efficiency and work

❌ Infrastructure requirements

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# Retainer

✅ Predictable, regular income

❌ Fosters an 'at call' expectation

❌ Value delivery must be consistent

❌ Unpredictable workflow

# Task-based

✅ Simplicity and clarity

✅ Natural flow to outcomes

✅ Project management approach

❌ Transactional relationship



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# Tier-based

✅ Simple

❌ Inaccurate pricing method

❌ Slippery slope to possible conflicts

❌ Limited application

❌ Slippery slope to conflicts
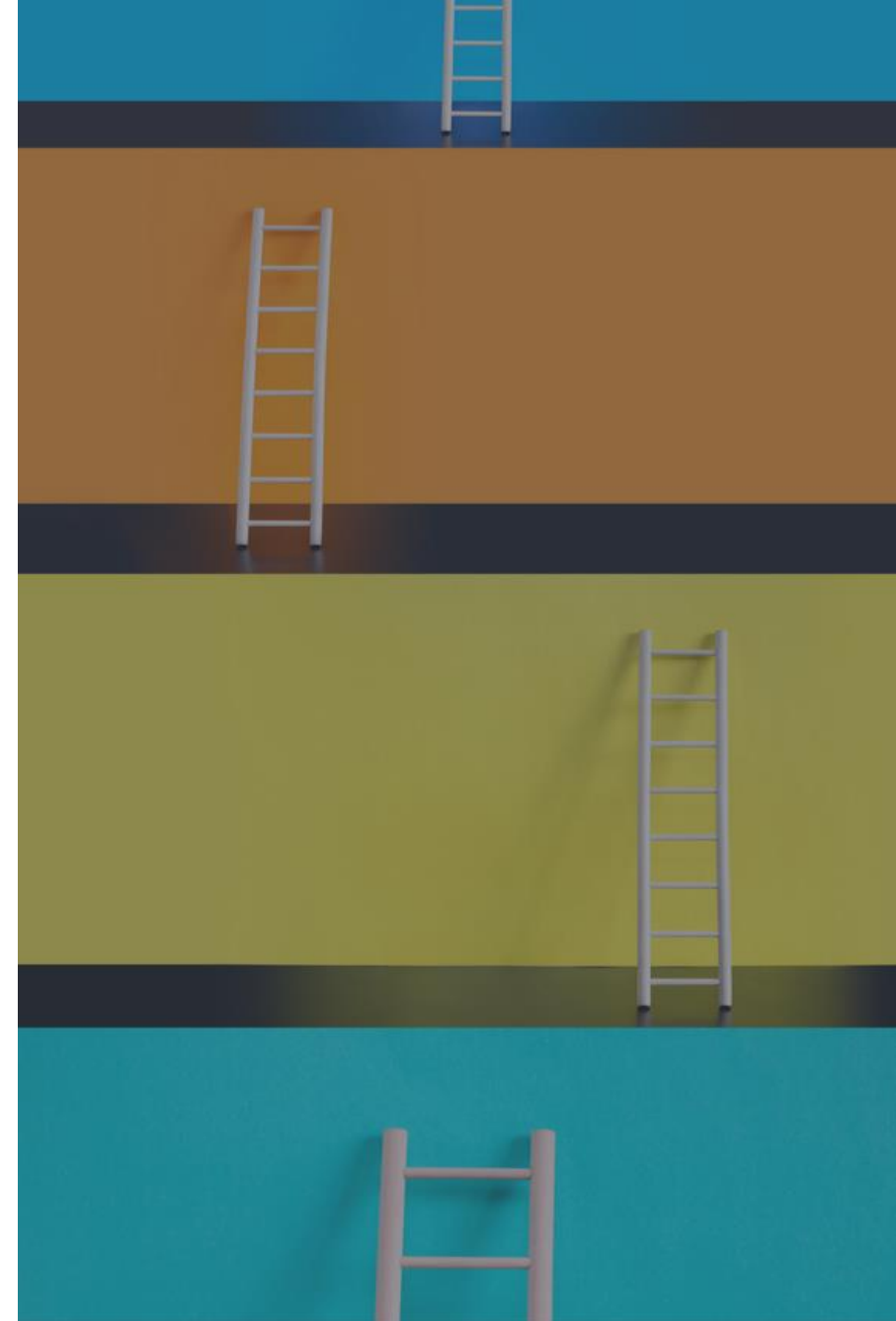
# Conflicts of interest or duty

*The slippery slope ...*

- Platform rebates ... with strings attached

- Commission offsets ... on less than commercial terms

- Tiered structures ... too close to product transactions

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# Collecting Fees

- Cash or cheque
- ETF, DD, PP
- Credit or debit card
- Deducted from platform
- Paid from product

# When to collect fees

- **At the start**

- **At the end**

- **Along the way**

- **Combination**

# Renewing fees

- More than a transaction

- Enduring relationship

- Threat: complacency/apathy

- "Fee For No Service"

- FOFA – annual FDS
  – biennial Opt-In

- Annual, in advance, Opt-In

- Fee deductions limited < 12mths

# Recap ...

- Calculating your fees
- Bridging the value gap
- Fee model pros and cons
- Collecting and renewing fees
- Conflicts of interest: the slippery slope

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# Assessment & Resources

Monetising Independence

- Required reading resources

- Multiple Choice questions

- Complete to unlock the next Module

- Resources carry CPD points

# Agenda…

**Module 3:**

# Delivering value

Establishing what services you will provide as an independent financial adviser

- Your 'IFA DNA'
- Service structures
- Minimum service standards
- "Fees For No Service" risks
- Setting clear service expectations

# Preparing for Module 3

## Homework: your service matrix

- How many planned meetings were held?

- How many client-initiated meetings were held?

- What services did the client receive?

# Final words ...

Leaving the old world forever.