

How Are Financial Planners Compensated?

- **Fee-Only:** This can be an hourly fee, a flat fee for a plan or an annual retainer amount. These advisers do not collect compensation from the investments they recommend.
- **Commission-Only:** This type of adviser earns his or her compensation when you actually purchase a financial or insurance product from him or her.
- **Fee and Commission:** This is also known as “fee-based” planning. This person earns a fee for meeting with you or for some of the planning work as well as commissions on some or all of the products that may be sold to you. This is the most common method of compensation today. Fee and commission planners may also give you a choice of a fee-only or commission-only arrangement.
- **Fee-Offset:** A planner may establish a certain fee for the year. If he or she then receives a commission from a product sold to you, the amount of the commission will be deducted from the annual fee that you owe.
- **Money Management:** Some planners manage your investments for you and charge a percentage of the assets “under management”.

Remember: It is appropriate to ask for a written estimate of fees or a printed fee schedule.