Setting Fees for an Advice-Only Financial Planning Service

Define the scope of work first

Before you put a number on your service, you need to know exactly what you are delivering. An advice-only financial planning engagement typically covers a specific financial question or a set of coordinated decisions, but the boundary between what is included and what is not can blur quickly if you do not draw it clearly at the start. Write down the deliverables: a written plan, a review meeting, ongoing access for questions, or a combination of these. The clearer the scope of work, the easier it is to calculate the engagement hours you will need to invest. Watch for scope creep here. Clients often ask for extra analyses or follow-up calls that were not part of the original agreement. If your scope document does not name those explicitly, you risk working unpaid hours and eroding your realization rate.

Choose a billing structure that matches the engagement

Advice-only planners typically use one of three billing structures: an hourly rate, a project fee, or a monthly fee. Each suits a different type of work. An hourly rate works well for single-question consultations where the time required is unpredictable. A project fee fits a defined deliverable such as a comprehensive financial plan. A monthly fee aligns with ongoing advice and monitoring. Some planners mix these: a setup fee to cover the initial heavy lift, then a lower monthly fee for maintenance. The key is to match the billing structure to the effort you expect to deliver. If you choose a project fee but do not cap the number of revisions or meetings, the engagement hours can balloon and your effective hourly rate drops. That is a common mistake. One way to avoid it is to define the number of included meetings and the scope of revisions inside the engagement letter.

Estimate your engagement hours realistically

Once you have the scope and the billing structure, estimate how many hours each phase of the work will take. Break the work into stages: data gathering, analysis, plan drafting, client review, and any follow-up. For each stage, write down a conservative and an optimistic estimate. The conservative number is more reliable for pricing because it accounts for the unexpected: a client who sends data in pieces, a complex tax situation that needs extra research, or a delay in receiving documents. Planners who are new to project pricing often underestimate the time needed for client communication and administrative tasks. Those hidden hours can sink your realization rate if they are not built into the fee. Track your actual hours on the first few

engagements to calibrate your estimates. Over time you will get a feel for how long a typical plan takes, and your pricing will become more accurate.

Set a fee that reflects value, not just time

An advice-only engagement delivers value beyond the hours you spend. A client may save tens of thousands in taxes, avoid a costly investment mistake, or gain confidence in a major life decision. Your fee should capture some of that value, not just compensate your time. One way to think about it is to ask: what would the client pay for a solution to the problem you are solving? If the answer is much higher than your hourly rate multiplied by your estimated hours, then a project fee or a value-based monthly fee is more appropriate than an hourly rate. That said, do not let the fee get disconnected from the effort entirely. A fee that is too high relative to the work can feel unfair to the client and create friction at renewal or referral time. A fee that is too low leaves money on the table and makes the practice harder to sustain. The right balance comes from knowing your costs, your market, and the outcomes you help deliver.

Compare fees across planning models to price competitively

It helps to compare fees across planning models to see where your pricing sits relative to other advice-only practices. Some planners charge a flat project fee of a few thousand dollars for a comprehensive plan. Others charge an hourly rate and let the total fee vary with complexity. Still others charge a monthly retainer that includes planning and ongoing support. Looking at these models side by side can reveal whether your fee is too high for the scope you offer or too low for the value you deliver. It can also highlight opportunities: for example, if most planners in your niche charge a project fee, offering an hourly option for smaller engagements might attract clients who do not need a full plan. Just be careful not to set your fee based purely on what others charge. Your costs, your experience, and the specific outcomes you deliver matter more than a market average. Use the comparison to inform your judgment, not to dictate it.

Factor in the setup fee and ongoing costs

An advice-only practice has fixed costs: software subscriptions, continuing education, liability insurance, and the time you spend on marketing and administration. Those costs do not change with each client, but they must be covered by the fees you collect. A common approach is to include a setup fee in the first engagement to recover the upfront work of gathering data and building the initial plan. After that, a lower monthly fee keeps the relationship going and provides predictable revenue. Watch for the trap of setting the setup fee too low because you are eager to win the client. If the setup fee does not cover the cost of the initial intensive work, you start every client relationship in a hole. Over time, that erodes profitability and makes it hard to invest in your practice. Use a calculator or a simple spreadsheet to model your fees

against your estimated costs and your desired income. That exercise will show you the minimum fee you need to charge to keep the practice viable.

Review and adjust based on experience

Your fee structure is not set in stone. After you deliver a few engagements, review your actual hours and compare them to your estimates. If you consistently run over, your fee is too low or your scope is too loose. If you consistently finish under, you may be leaving money on the table. Look at your realization rate: the percentage of the fee that you actually keep after accounting for unpaid work and write-offs. A low realization rate is a sign that your pricing model needs adjustment. Also pay attention to how clients respond to your fee. Do they hesitate? Do they ask for discounts? Do they pay promptly? Those signals can tell you whether your fee feels fair to the market or whether you need to communicate the value more clearly. Over time, you will develop a fee schedule that works for your clients and for your practice.

One way to keep your pricing sharp is to periodically compare fees across planning models in your market. That does not mean copying what others do, but it does give you a benchmark. If your fee is significantly higher than the norm, be prepared to articulate the extra value you provide. If it is lower, ask yourself whether you are leaving money on the table or whether you have found a sustainable niche. Either answer can be fine, as long as it is intentional. The goal is not to be the cheapest or the most expensive. The goal is to charge a fee that lets you deliver excellent advice and build a practice that lasts.