

## NEWS

For Immediate Release

**Media Contact:**

Jonny Swift

Impact Communications, Inc.

913-649-5009

[JonnySwift@ImpactCommunications.org](mailto:JonnySwift@ImpactCommunications.org)



# Advyzon Releases 2022 Billing & Fee Study and White Paper Titled, “What Fee Models Are Advisors Using?”

*Special report analyzes billing trends and fee models financial advisors are using today – and why*

**CHICAGO, IL (December 20, 2022)** – [Advyzon](#), a comprehensive service and technology platform and portfolio management solution for financial advisors and investment managers, recently released [“What Fee Models Are Advisors Using?”](#), a white paper based on original research that analyzes which fee models independent financial advisors (IARs and RIAs) are using today (and why), shares recent trends in billing and fees, and offers insights into where the industry may be headed.

Advyzon conducted the same [billing study in 2021](#), sharing insights from more than 800 firms. In this updated study analyzing 2022 data from more than 1,000 advisory firms using Advyzon, the fintech firm explores the similarities and differences of the data a year later, breaks down aggregate data to show different approaches taken by larger firms (more than \$100M AUM) and smaller firms, and shares how advisors using the Advyzon platform have been taking billing into their own hands.

## STUDY METHODOLOGY AND DETAILS

Advyzon’s cloud-based platform combines portfolio management, customizable performance reporting, trading and rebalancing, client web portals, client relationship management (CRM), client billing, and document storage, along with investment management services offered by [Advyzon Investment Management](#), making it easy for advisors to run their financial planning and investment advisory firms while managing their client accounts with efficiency and ease. Advyzon is currently serving nearly 1,200 advisory firms.

Data for the 2022 study was pulled from over 1,000 firms anonymously to protect firm and client data. In addition to spearheading the data pull and analyzing the data, Charles Rowlan, Senior Vice President for Business Development at Advyzon, authored the white paper.

## **MORE THAN 40% OF ADVISORY FIRMS NOW OFFER A FLAT-FEE OPTION**

In 2021, Advyzon reported that roughly one in four firms offered a flat-fee option to clients. In 2022, that number has increased by approximately 15%. Today, more than 40% of firms managing more than \$100M in assets now offer some form of flat-fee option.

While one in four firms offering a flat-fee option surprised Advyzon last year – even with many firms using a flat fee as part of a broader offering and using multiple fee schedules – Rowlan expected the increase this year. However, he doesn't expect it to continue growing at such a fast clip in 2023.

“I don't think flat fee is just going to suddenly go through the roof,” said Rowlan. “I think it's just going to be a slow and steady increase, like we've been seeing.”

Courtney Ranstrom, co-founder and advisor at fee-only RIA [Trailhead Planners](#), explains why the firm adopted a flat-fee model, saying, “You can compete on price, or you can compete on value. You cannot compete on both. We choose to compete on value.” Ranstrom is a member of the [Alliance of Comprehensive Planners](#) (ACP), a non-profit association of nearly 200 RIAs that use a comprehensive, tax-focused financial planning methodology and bill using a flat-fee formula that has been evolved by ACP's founder and members for over twenty years.

The white paper notes that building a fee structure that reflects the holistic services advisors offer and their deep expertise, all in a way that makes sense to the audience they're choosing to serve, makes sense for firms like Trailhead. There are also regulatory considerations that make location a big part of billing decisions and fee structures - one that isn't frequently discussed. The paper digs deeper into price and value as well.

## **TECHNOLOGY PROVIDES CUSTOMIZATION AT SCALE, SUPPORTS ADVISORS' DESIRE TO TAILOR OPTIONS FOR CLIENTS**

With the S&P 500 poised to close the year lower for the first time in more than a decade, the study showed that advisors created more flexibility in their billing schedules and that personalization was one of the biggest trends of 2022. Advyzon saw countless advisors and consultants discussing the need to personalize offerings based on the client, which applied to portfolio management, client portals, email engagement, and, of course, billing.

The data showed that the number of firms using multiple fee schedules jumped from 81% last year to 92% this year, with large firms in particular favoring custom billing: 95% of firms with more than \$100M in assets use multiple fee schedules. This could mean different advisors bill differently, or it could mean different plan offerings for clients. The study notes that one of the biggest advantages that wealth technology platforms like Advyzon provide is the ability to offer customization at scale – something they see advisors taking advantage of regularly.

The interesting thing about trends in monthly billing, notes Rowlan, is that it tends to be most firms' preference even if they aren't using it.

“A lot of firms prefer monthly, but they billed quarterly at their broker-dealer, they broke away, they started their RIA, and they just kept billing quarterly,” he says. “While this can help ease the transition to a new billing system, since you (and your clients) keep the same schedule, it's not a foolproof system.”

The paper also notes that, ironically, the least popular option – billing on average daily balance – may also be the fairest. Not only does average daily balance create a more predictable revenue stream, it's also a logical way to bill. As advisors explain their billing method to clients, advisors can highlight the risk mitigation involved: clients don't have to worry that they'll pay more if markets unexpectedly rally on the first day of a billing cycle. It also helps alleviate client concerns in a bear market, since billing on a beginning balance that may be higher than the current account value can be a tough sell.

There are many criteria that comprise a billing schedule beyond just fee structure, and there's no one-size-fits-all solution. Therefore, Advyzon made sure to break down the popularity of each within the white paper so readers can see some of the most popular offerings and how they might fit together, as well as provide context for advisors around what peers are doing. In addition, the paper goes beyond parsing out the data to provide a number of helpful tips for advisors on how to talk to their clients about fees.

A more detailed breakdown of the trends seen in billing and fee models can be seen in this [summary article](#) available in the Viewpoints section on the Advyzon website. The comprehensive [white paper can be downloaded here](#).

## **ABOUT ADVYZON**

Advyzon provides comprehensive, intuitive, cloud-based wealth management technology and investment management services for independent financial advisors and registered investment advisors (RIAs). The Advyzon tech platform combines portfolio management, customizable performance reporting, trading and rebalancing, client web portals, client relationship management (CRM), client billing, and document storage, along with investment management services offered by Advyzon Investment Management, LLC. A team of entrepreneurs led by CEO Hailin Li, Ph.D., CFA®, Advyzon strives to innovate in strategic and useful ways. Financial advisors inspire Advyzon's innovation and integrations. Their exceptional technology and unmatched service exist to improve the advisor experience – whether it's via portfolio and firm management or client relationships and growth. To learn more about Advyzon, visit [www.Adyzon.com](http://www.Adyzon.com).

###