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The Adviser

**I'm retired with about \$1 million invested. Paying my adviser 1% would cost me \$10K a year — no thanks. I'd rather pay someone hourly for help a couple times a year. Is this reasonable?**

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By [Alisa Wolfson](#) [Follow](#)

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**Question:** I hold roughly a million dollars in stocks and ETFs, not counting a small IRA and a small 401(k). My holdings are all in a brokerage account at one of the major brokerage houses. I do get general and stock advice from them, which I usually don't follow because I'm a retired, long-term investor focused on income and preservation of capital with perhaps 20% of holdings in "growth" stocks.

What I am looking for is an advisor who will review my holding twice a year and give me some specific advice. I would insist on a one-time annual payment that is inline with an hourly rate that I would pay a lawyer or other professionals, rather than 1% a year, which

is \$10,000 on a million dollar account. Is this a reasonable request and where should I look for someone who fits the bill? (Looking for a new financial adviser too? [This tool can](#)

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management fee has become the norm in the financial industry, it's a) not always in the best interest of clients, and b) plenty of advisers will charge you in ways that may make more sense for you. Let's explore both of these points.

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First of all, the 1% fee can create some tensions. "Keeping an employer retirement account intact can benefit the client, but reduce the adviser's fees. Even fee-only advisers who act as fiduciaries have potential conflicts of interest as their only source of income is the investment management fee," says Jason Co of Co Planning Group.

What's more, the 1% fee makes sense in some situations, and doesn't in others, which we detail on this MarketWatch Picks piece [here](#). (Looking for a new financial adviser too? [This tool can match you to an advisor who may meet your needs.](#))

Over the past decade, the financial services industry has evolved to support alternative business models that prioritizes client interest. "There are now a variety of fee structures available to clients, including one-time comprehensive review fees, hourly billing and flat annual fees for investment management and financial planning. It may be worth searching for a flat fee financial adviser, who provides ongoing investment management that matches your financial planning requirements," says Co.

While it may be harder to find an adviser working on an hourly or per project basis, it's far from impossible. Pros suggest looking at some of the advisers listed through The National

Association of Personal Financial Advisors (NAPFA), Garrett Planning Network or XY Planning Network. Even though XY Planning Network focuses primarily on millennials,

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project cost. Indeed, certified financial planner Julia Lilly at Ryerson Financial says a flat-fee, advice-only adviser is an excellent option for someone in your situation. "This model is a cost-effective way to receive advice on your unique financial situation while avoiding the higher expenses associated with advisers that charge based on the value of assets under management (AUM)," says Lilly. (Looking for a new financial adviser too? [This tool can match you to an advisor who may meet your needs.](#))

Flat-fee advisers outline the total cost of an engagement up front, so you shouldn't have any surprises about the actual cost of your financial plan. Depending on where you're located and the level of experience your adviser has, you can expect to pay anywhere from \$2,000 to \$10,000 annually. "For me, we bill \$5,000 annually, billed quarterly in arrear, which includes full financial planning but no money management, unlimited meetings and emails," says Lauren Lindsay, certified financial planner at Beacon Financial Planning in Houston. Meanwhile, certified financial planner Elyse Foster at Harbor Wealth Management says you should expect to pay between \$4,000 and \$5,000 for a planning-only engagement. "A flat amount usually makes more sense than hourly, as hourly can get expensive," says Foster.

As for how they work, flat fees function as an annual retainer paid monthly, quarterly or annually. "Often there is an annual increase applied to an account for increased costs of inflation over time, generally 2% to 3%. A \$1 million dollar portfolio with a 6% growth rate, a \$7,500 fee paid from outside the portfolio balance with a 2% annual increase will cost someone \$91,265 over the course of 10 years, whereas a 1% AUM structure would cost \$158,699 over the same period," says Russell. That's a difference of \$67,434 and over a 20 year period, that number increases to \$234,629.

*Questions edited for brevity and clarity.*

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**'I really need help.' I have \$580K in retirement savings, but can't find a financial adviser because the ones I spoke to want clients to be richer than me. What should I do?**

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