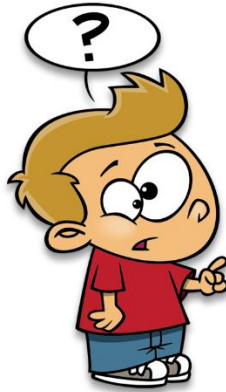


Why Is Exchange Fee-only?

By: Exchange Capital Management

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When researching financial advisors, you'll encounter two important types of fee structures: fee-only and fee-based. While these sound remarkably similar, they are fundamentally different.

Fee-only advisors are paid directly by their clients, with no commission kickbacks. Fee-based advisors, on the other hand, are paid not only by their clients but also receive commissions from financial products their client's purchase.

A fee-only pricing structure is simple and straightforward compared to other pricing models. We believe it is important to be transparent so that our clients know exactly what they pay us for our services.

Why Fee-only Financial Planning?

Exchange operates under the fee-only pricing model for a few reasons. In 1989, Exchange was founded as a Registered Investment Advisor (RIA). Any wealth management firm that is an RIA must operate with a fee-only pricing model. An RIA must be registered with either its state securities administrator or the Securities and Exchange Commission (SEC).

Additionally, all RIAs are fiduciaries. A fiduciary is a person or organization that acts on behalf of another person, putting your interests ahead of their own. Being a fiduciary means all conflicts of interest should be avoided or disclosed if they are present. Fee-only, being the most transparent pricing model, helps RIAs meet their fiduciary responsibilities.

Fee-based financial planning has an inherent conflict of interest. This conflict of interest comes from the commissions. You can never be sure if your advisor is offering you advice in your best interest, or advice that gives them a bigger paycheck.

Why Does Exchange Believe in This?

Exchange firmly believes in being transparent with our clients, therefore we align ourselves with the fee-only pricing model.

Even if we weren't required to operate under this pricing structure, we would choose to. Financial planning and investing are stressful enough as is, there is no room for questioning if your advisor is trustworthy.

We believe clients shouldn't be required to contact their advisors to find out how much they are paying in fees. At Exchange, we put that number front and center on every client portal.

The Bottom Line

Fee-only financial planning makes the most sense for Exchange and our clients. We truly believe it is the best and most transparent way to operate as a firm. It provides our clients with reassurance and security that your assets are in safe hands.

If you want to learn more about how our fee-only pricing structure looks for you, consider scheduling a discovery meeting or giving us a call.