

The Question of Fees

Fact Sheet

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You're on your first phone call with a prospective client when they ask: "What do you charge?" How do you respond?

As part of your initial phone script, a line like: "The initial 90 minute meeting will be at my expense, so there's no charge for that. When can you come in?" will be sufficient reassurance for most people.

However, it's perfectly reasonable to expect a prospective client to ask further questions about how you might charge after that first meeting:

Ms Prospect: "Could you tell me how much your fees will be if I do engage you to do some work?"

*You: "Ms Prospect, until we sit down and have a proper look at your situation and work out what you need us to do it's not possible to say. **However, at the end of our first meeting I will tell you exactly how much work is involved, how long it will take and how much it will cost. We work on a no surprises philosophy. Does that sound fair?"***

For the majority of people this will be sufficient explanation for them to arrange to come and see you. This second line is likely to get more than 95% into your first meeting without going into the fee discussion any further.

***To Be Clear:** The aim is not to be deceptive in any way, but the fact is until you meet with a client, you don't have enough information to make a decision on the fee you will charge.*



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Fact: First, you need the facts

The aim of the first meeting is to broaden the discussion.

Ms Prospect believes she has a pension problem. Now while this may be the case there is also the possibility that the issues she is trying to grapple with are broader than that.

*“How much will be enough at retirement?” leads to:
“Can I afford to keep the holiday home in Majorca?” or
“How do I help my parents with their care home fees?”*

Broadening the discussion in this way forms part of your initial work and advice to the client.

Fact: People can be persistent

Most clients are not in a position to understand anything of your value on this first phone call and so any fee (even a low one) runs the risk of scaring them off before they get to a point where they know enough to make an informed decision.

There are of course a small number of clients who will just have to know more about how much you charge before they will agree to a meeting.

The best course of action with these clients is to try a second push back using the “I don’t really know until we meet” line, but if they ask a third time they obviously have to know, so it’s best just to tell them straight out and give them the most accurate figure you can.

You: “As a guide, the fee for the initial work is likely to start from £500, although for something more complex this might be as high as £1,500. If we invest any money on your behalf the fee for someone in your situation is likely to be 1.5%. If you elect to move onto our ongoing review service we charge either a flat fee or an asset-based fee of 1% pa, if we are managing money on your behalf.”

You’ll find that these clients will make their decision fairly quickly based on this information, so you can either proceed with arranging a first meeting or politely close the call.

