

# GETTING INSIDE THE HEAD OF THE IDEAL FEE CLIENT

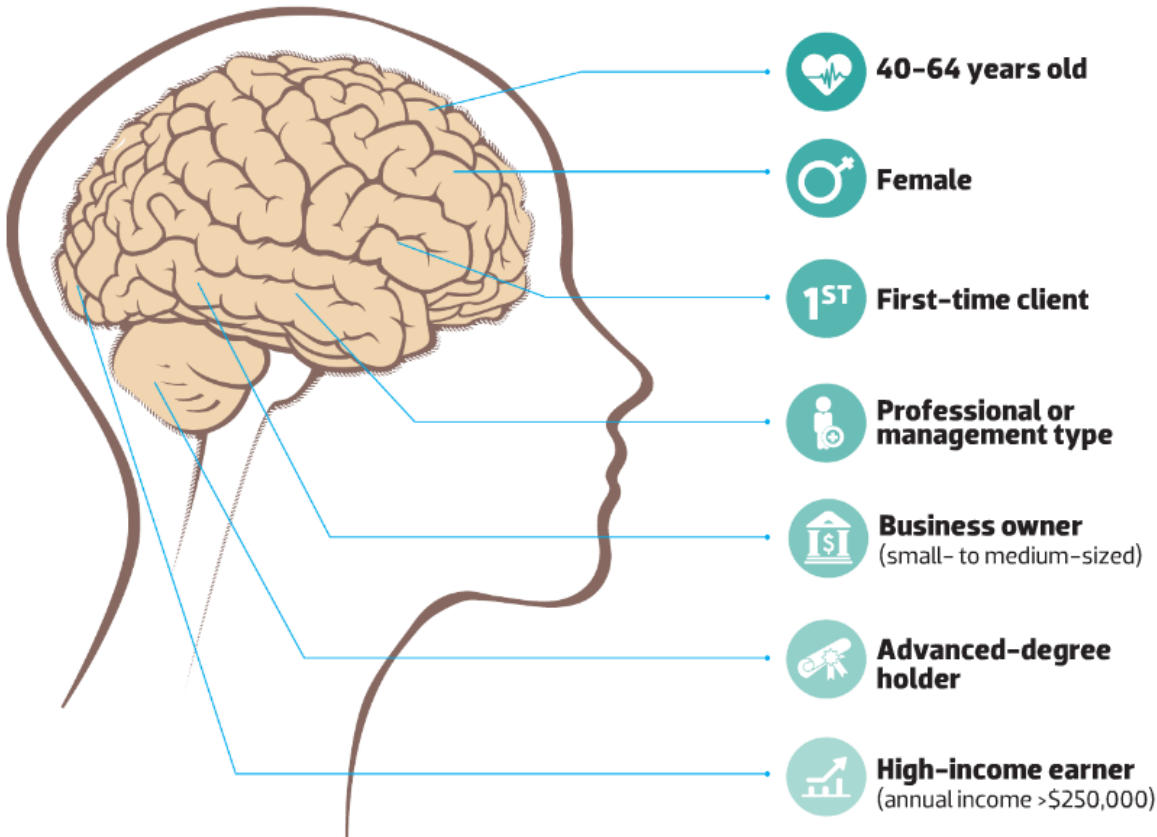
Some of your clients may have already volunteered to make the switch from paying commission to paying fees, but how does an advisor identify others ideally suited to that newer model?

**Industry analysts are pointing to growing demand for the fee model as more and more global regulators push for an end to embedded commissions and Canada appears ready to follow their lead. Some of your clients may have already made their decision, but for the average advisor, the question remains, which of the others to convert first, if at all?**

That's where WP's anatomy of the ideal

fee-based client comes in. We've cobbled together industry research – including Canadian-specific data and the analysis of advisors on both sides of the fence. All told, it should help steer you toward the clients most willing and, indeed, able to make the leap from transactional to fee. Where experts seem to agree is that the latter model isn't for everyone – based on any and everything from their age to their assets – so be careful.

## THE ANATOMY OF THE IDEAL 'FEE CLIENT'

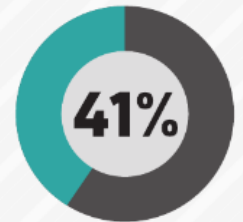


### IDEAL AGE

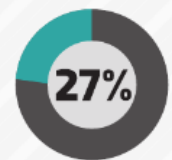
**A BREAKDOWN OF FEE CLIENTS BY AGE (WITH HOUSEHOLD ASSETS OF \$250K - \$500K)**



Under 39

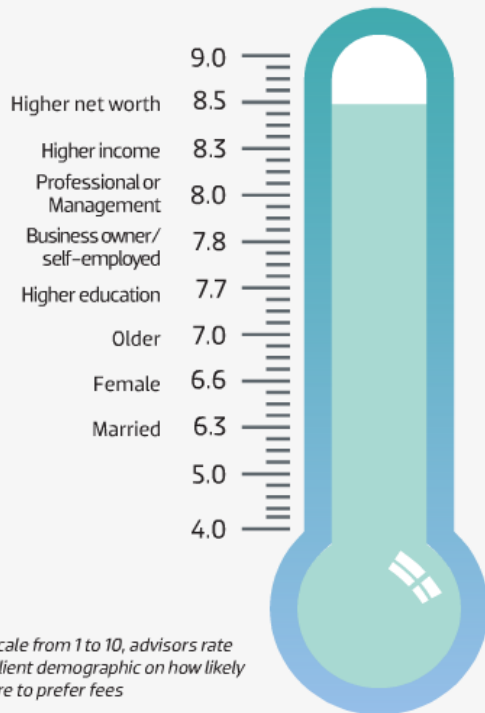


40 to 64



65 and over

## WHICH CLIENTS ARE HOT FOR FEES?



On a scale from 1 to 10, advisors rate each client demographic on how likely they are to prefer fees

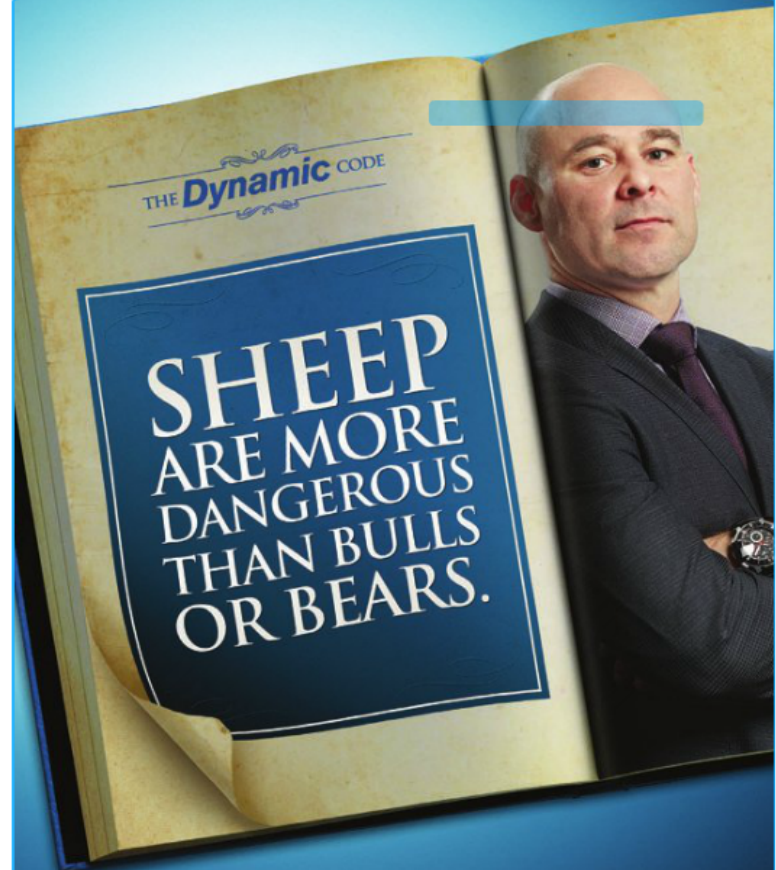
(2010 Advisor Survey Report, Fee and Commission Models)

## FEE ADVISORS DISSECT THE IDEAL CLIENT

### Self-directing clients

"A lot of my clients are in their 50s, and they have between \$250,000 and \$500,000 worth of assets; perhaps a bit higher if their houses are included. Most of them are looking to learn more about where all their investments are, and they don't want to be sold anything else. They just want to know what's going on, is this the best idea and what other directions they should perhaps be going in. Some of my clients are also trying to decide whether or not they want to be self-directed, or be just a little self-directed instead of fully self-directed. Most of them are professionals and know something about finances, and are not completely in the dark. They also don't have a lot of debt; most of them have taken care of all their debt, and are now just looking at where they can put their money to get the best returns based on when they want to retire."

—Leslie Gardner, Money Coaches Canada, Kamloops, B.C.



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## FEE ADVISORS DISSECT THE IDEAL CLIENT cont'd...

**Family-minded**

"My definition of a perfect client is someone who is serious about their finances. In many instances, this can be age-based. At around the age of 50, we're not living in the moment anymore; we're living in the future because we're only 15 years from the classic retirement age. Both spouses have to be on board if we're going to make some significant changes to their behaviours around their finances. It's always good if there's one strong person in the relationship who will help pull the weight sometimes while we train the other person."

-Avraham Byers,  
Breakthrough Personal Financial Trainers,  
Toronto, Ont.

**\$500K+ club**

"I would say that the ideal client tends to be higher educated, has a better understanding of value, and is open to paying for advice rather than expecting it to be free. They tend to be wealthier people, have a family, are 45 or more years old, have assets of greater than \$500,000, and as a result, are more inclined to pay for this service."

-Frank Wiginton,  
A Better Quality of Life Financial Consulting,  
Toronto, Ont.

**Gender group**

"My financial planning clients are in their late 40s and early 50s, and are well-educated. In other words, they have some kind of post-secondary education. They are either in upper-level management if they are an employee, or they have a successful business that they're running, but it's usually a small to medium-sized business. For the most part in my practice, I deal with women, and they seem to be more open to having a plan."

-Judith Cane,  
Money Coaches Canada,  
Ottawa, Ont.

**Organized person**

"Perfect fee-based clients are people who are ready to take control of their finances, and they know that they have someone who works on their team to help them do that, which leads them to success. They also need to be fairly coachable and willing to get a little organized. A lot of the people who I like to work with are either getting married or newly married because I see that as the start of less stressful future and a stronger family life. One of my passions is helping people who are new out the gate with combining finances and getting them on that path."

-Shelley Maher,  
Shelley Maher Financial,  
Hay River, NWT

**Proactive person**

"Often, my clients are in a transition, and they are looking to get an independent, unbiased opinion, so they tend to be more proactive people. The reason why I say this is because the people who are not proactive are usually happy to have the hidden fees, and the people who are prepared to pay a fee are the more proactive clients."

-Kathy Waite,  
Eureka Investor Guidance,  
Craven, Sask.

**Deep thinker**

"The ideal fee-based client is one who understands what it is that they are looking for, and the difference between fee-based and traditional financial planners. Traditional planners are all product-driven, meaning that depending on the company you go to, there are specific products available, and the planners are trying to sell those products. Fee-based planners don't do this. Because the clients are paying a fee, there would be more of a willingness to do the homework they are given to do and stick to the advice they get, and whatever the planner tells them to do."

-Charmaine Huber,  
Money Coaches Canada,  
Barrle, Ont.

**Late bloomers**

"In theory, anyone can be a good client. However, those in the later stages of their lives are a little keener to start their financial planning. As they approach the age of retirement, they want to make sure that everything is in order."

-Mike Gomes,  
Ironshield Financial,  
Etobicoke, Ont.