

SYNTHETIC | THINKING BIG
BIOLOGY | ROBERT CHAN

PUT THE POWER OF OUR INSIGHTS TO WORK FOR YOU

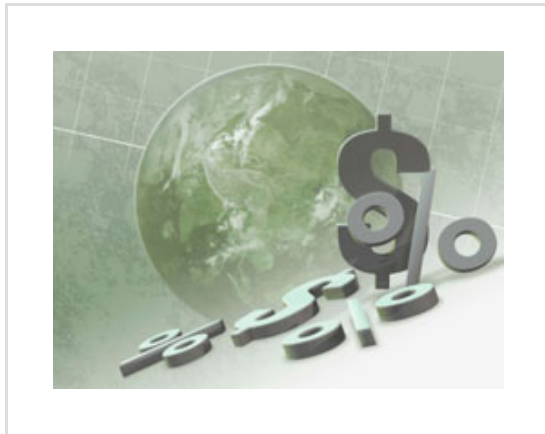


WATCH THE VIDEO >

ADVISOR.CA

HOW I WENT FEE-ONLY

Brynna Leslie / November 05, 2012



Karen Mizgala had been working as a commissioned advisor in Vancouver for six years, when clients increasingly began demanding a different kind of service.

“I started to notice a huge thirst out there from clients looking for financial advice that wasn’t tied to commissioned investments,” says Mizgala, co-founder and now CEO of Money Coaches Canada.

“There was a perceived lack of transparency around mutual funds and commission. Clients were asking for financial advice where they could see in a very transparent way what the

financial advice was costing them. And I saw that many of our clients were willing to write cheques for the planning part on its own.”

Read: [Compensation debate rages on](#)

In 2004, she launched a fee-only practice called Life Design Financial. For an hourly fee, Mizgala helped clients deal with cash-flow issues, financial goal-setting, savings and retirement planning. Eighteen months ago, her business evolved when she partnered with Sheila Wakington to found Money Coaches Canada, headquartered in Vancouver.

Within six months, the firm launched a pilot program to train five financial advisors across the country to use its fee-only model. Twenty-two advisors will graduate from the program by year’s end.

Read: [Moving to fee is profitable: PriceMetrix](#)

Why the demand?

“As people are making the transition to retirement, they are looking for some unbiased advice on

how to make that transition,” Mizgala says. “At the same time, with the meltdowns in the markets, people seem to be waking up to the fact that they need to take more control of how they’re investing.”

“They’re not necessarily debt-ridden,” she explains. “But they’re not totally confident in their past financial decisions. And sometimes they’re in transition—divorce, or heading into retirement. We try to understand the emotional and financial stresses that clients are feeling around money.”

Mizgala and her colleagues create a comprehensive financial plan that includes various investment options, but they don’t actively invest the funds. It’s up to the client what they do with the advice.

“We don’t take referral fees,” explains Mizgala. “What we offer in terms of referrals will vary depending on what the client needs, their knowledge level, and their experience level with investments.”

A SECOND OPINION

And sometimes, says Blair Corkum, a chartered accountant and financial planner in Charlottetown, PE, people are simply looking for independent advice on money they have invested elsewhere.

As a partner at a public accounting firm since 1978, Corkum’s bread and butter is tax accounting, primarily for businesses. Ten years into his career, however, he realized he could offer added value to his clients by also providing financial planning advice on an hourly basis.

Read: Tax preparation opens doors with clients

In 1989, he acquired his CFP designation. He has since gone on to earn his CLU, CHS and FDS designations.

“Because I’m not licensed, I cannot speak to specific investments,” says Corkum. “I can only look at the big picture and advise on whether the portfolio is properly diversified.”

Corkum views his planning role primarily as a support function. Most clients that come to him for financial advice are looking for a second opinion on assets already invested and managed elsewhere.

“When they’re willing to pay me by the hour, it’s generally because they already [suspect] their portfolios aren’t balanced correctly.”

Prior to each appointment, Corkum has clients fill out a questionnaire designed to help them focus on their main financial concerns. With advance planning, Corkum says most issues can be addressed in a one-to-three-hour appointment.

Frequently, Corkum admits transactions are a one-off affair. He often advises clients go back and discuss the details of the meeting with their financial advisors.

Read: Easing the transition to fee

Although it’s not his primary income, Corkum’s niche helping couples manage finance through divorce, giving seminars and acting as an expert witness in courts have all bolstered his reputation.

He also finds the growth of the baby boomer generation to have had a significant impact on this portion of his business.

“I would say 75-80% of my clients are closing in on retirement or are already retired,” says Corkum, who adds his hourly service fee is unusual on the east coast. “I get a surprising number of calls from people as far away as Fredericton who say they’re looking for independent financial advice.”

In Vancouver, Mizgala believes the fee-only model will continue to grow. Many clients pay her an annual retainer, to secure her services as their family CFO: someone they can check in with as frequently as they see fit, whenever they’re making major purchases or going through a financial transition.

“As women become the custodians of money, this approach seems to work particularly well for them,” she adds. “They like the fact they are paying for a specific service, and that my financial advice isn’t tied to commissioned investments.”

Originally published on Advisor.ca