



Fee-Only Planner

Hutchinson Financial Inc. is a fee-only financial planning firm committed to assisting client to reach their financial goals. Fee-only planners, like us, are compensated solely by fees paid by their clients and do not accept commissions or compensation from any other source. As fee-only planners, we believe there is a significant conflict of interest if an advisor stands to gain financially from the purchase of any investment or insurance product he or she recommends to the client.

What is it?

Fee-only investment management is the newest and most attractive way to pay for professional money management and is the type of arrangement recommended by many leading financial writers and experts.

Rather than paying sales commissions for brokers to sell you products you pay instead a reasonable annual fee, based on your account value. The fee-only advisor does not charge commissions. He/she is interested in growing your account and providing long-term service.

Why is it better?

Hutchinson Financial Inc. charges a reasonable, quarterly management fee based on the value of your account. The main difference between a Stockbroker and us is that they make a living by charging their clients commissions. Therefore the more they charge the more money they make.

Stockbrokers often charge 1% - 2% per trade on stocks, and as much as 6% on mutual funds. Stockbrokers may also have hidden charges such as 12b-1 fees or surrender fees on mutual funds, surrender fees and bloated internal expenses on annuities, and heavy markups on products like unit trusts or bonds.

On the other hand, as a fee-only advisor, our compensation is a flat percentage of your account value. We do not earn any money from commissions, trailers, or markups. We earn money only if your account grows or if we gain new clients.

Fee-only vs. Fee-based

Do not be confused or misled! - Fee-only is definitely not the same as fee-based. Fee-based is a confusing term for a compensation structure that used to be called, "fee-plus commission."

Fee-based usually means that you pay for a plan or other advice and then pay to buy investments with commissions or markups that go to the advisor. This can be worse than the straight commission arrangement because you may pay twice without realizing it.

Fee-only is what leading financial writers often recommend. It is safer, more objective, and without the drag of commissions it has every reason to have performance as good or better than the fee-based or commission approaches.

Standard Payments for Services

There are three basic ways you can pay for investment help: by the hour, by a set fee or by commissions.

Specific advisory services such as evaluating your overall financial needs, developing a comprehensive financial plan or developing an asset allocation plan are usually billed on an hourly basis. Fee-only advisors charge either a set fee for services rendered or a fee, usually 1- 2%, based on a percentage of the assets under management. A commissioned advisor gets paid on a per transaction basis by the companies whose products he or she sells.

For ongoing management, the type of payment arrangement you have is important because of the issue of sales pressure. If an investment advisor is compensated solely by commissions or is affiliated with a firm that offers only it's own proprietary investments, you'll want to know the implications of this arrangement and get assurances that this will not influence decisions made for your account.