Growing Numbers of Wealth Managers are Changing Their Fees: How Does Lovett Advisors Measure Up

In an article published on April 11th, 2018 the Wall Street Journal reported that Fidelity, (often thought of as a low-cost provider) is one of the growing number of wealth management firms changing what they charge affluent clients for financial advice. This is in response to growing industry pressures for transparency in fees and pricing structure for financial advisors.

Up until this point Fidelity, like most large players in the industry, had a very complicated fee structure. Prices were assigned, according to The Wall Street Journal, based on a varying mix of investment preferences, degrees of customer interaction, and overall assets. It was almost impossible for customers to sort through these complicated structures to figure out what they were actually being charged. The industry and consumers alike are pushing back on these over complicated fee structures and demanding a more simplified and transparent approach.

Legislative changes demanding transparency and a degree of fiduciary responsibility for financial advisors began with the Obama administration and Department of Labor regulations on the retirement planning industry. Up until that point financial advisors and brokers were free to recommend products based on up front commissions and fees, even if better and cheaper products were available that would benefit the investor. At Lovett Advisors we have always believed that our pricing structure, which bases fees on a percentage of assets under management, with no upfront charges or back end fees, provides the transparency that our clients deserve. Recommending products based on commissions earned up front has never been a part of our business model.

Fidelity, like a growing number of other large players in the industry, is making the switch to a single unified fee schedule. This is something that Lovett Advisors has always offered our clients. Transparency, diversification and independence are three core elements that we believe create a successful client experience. Even before the DOL fiduciary rule was implemented for retirement advice, Lovett Advisors' fee schedule was in place to create a fair, transparent pricing landscape for our clients not based on the products we sell but instead based on the success of our clients and bettering our client relationships.

So how does Lovett Advisors measure up? Based on information provided by advisors to Cerulli Associates, a research and analytics firm, the average fee for recommendations, planning and regular check ins across the industry was 1.3% for customers with $100,000 and 1.08% for customers with $750,000. Lovett Advisors falls in slightly lower than these averages due to a pricing for fixed income at 6/10th to 7/10th of 1 percent annually. In addition, we offer full service financial planning, management and advice on employer plans held away, estate planning, investment management, gifting and tax strategies and extensive retirement planning services. This is all included in our fee structure.

This article is terrific news for the industry as a whole. Larger firms are realizing that fee structures that incentivize advisors to make recommendations to customers based on large up front commissions instead of considering what is actually best for the investor are detrimental not only to customers but to the sanctity of the industry as a whole. We are pleased that other firms are following suit with what we have always done at Lovett Advisors, LLC.

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