Why Fee-Only Financial Planning Is Gaining Traction Among RIAs

The registered investment advisor (RIA) space has seen a quiet but meaningful shift over the past few years. More advisors are moving away from commission-based models and toward structures that align their income directly with client interests. At the heart of this movement is fee-only financial planning, a compensation model that has become a defining feature for many independent firms. The idea is straightforward: advisors charge a transparent fee for their advice and ongoing planning work, rather than earning commissions on the products they sell. But the implications are anything but simple, especially for firms trying to balance growth with fiduciary duty.

For advisors and the RIAs they work with, the appeal of fee-only financial planning is rooted in trust. When a client knows that their advisor isn't earning extra income by steering them toward a particular annuity, mutual fund, or insurance policy, the conversation changes. It becomes more about strategy and less about product placement. This dynamic has fueled the rise of advice-only RIA models, where the focus is squarely on delivering unbiased guidance rather than managing a book of commissioned products.

What Makes Fee-Only Different From Other Models

The financial advice industry has long operated on a mix of fee-based and commission-based compensation. In a fee-based arrangement, an advisor might charge a planning fee but also earn commissions on certain products. Fee-only financial planning removes that second layer entirely. The advisor's only revenue comes from the client, either as a flat retainer, an hourly rate, or a percentage of assets under management. This distinction matters because it removes the potential for conflicts that can arise when an advisor's recommendation also benefits their own bottom line.

For RIAs, adopting a fee-only model can simplify compliance and client communication. There is no need to disclose conflicts of interest in the same way that a broker-dealer might have to. The fiduciary standard already requires RIAs to act in the client's best interest, but a fee-only structure reinforces that commitment. It sends a clear signal to clients that the advice they receive is not influenced by third-party incentives.

The Rise of Advice-Only RIAs

Recent industry coverage has highlighted a new breed of advice-only RIAs that take the fee-only concept a step further. These firms do not manage assets at all. Instead, they charge a flat or hourly fee for financial planning advice, leaving the client to execute the recommendations

on their own or with another provider. This model is particularly appealing to younger investors or those with relatively simple financial lives, who may not have enough assets to justify a traditional AUM-based relationship.

For established RIAs, the advice-only model presents both an opportunity and a competitive challenge. On one hand, it expands the market for financial planning by making it accessible to people who would not qualify for a typical wealth management account. On the other hand, it forces firms to rethink how they price their services and how they demonstrate value. An advisor who charges a flat annual fee for planning must justify that fee through the quality of their advice, not through portfolio returns or product commissions.

How Advisors Are Adapting

Advisors who have made the switch to fee-only financial planning often describe the shift as liberating but demanding. Without the safety net of commissions, they have to be more intentional about how they structure their practices. Some have moved to subscription-based models, where clients pay a monthly or quarterly fee for ongoing access to the advisor. Others have adopted project-based pricing, charging a flat fee for a comprehensive financial plan and then offering hourly rates for follow-up work.

The key challenge is ensuring that the fee structure is sustainable. A flat annual fee of, say, $2,400 might work for a client with $500,000 in assets, but it would be hard to justify for someone with $50,000. Advisors have to segment their client base and offer tiered service levels. Some firms have created separate divisions for advice-only clients, with different pricing and service expectations than their traditional wealth management clients.

What Clients Should Look For

For someone considering fee-only financial planning, the first step is to understand exactly what the fee covers. Some advisors charge an upfront planning fee and then a lower ongoing retainer. Others bundle everything into one annual charge. It is important to ask whether the fee includes investment management, tax planning, estate planning, or just general financial advice. The scope of services can vary widely even among advisors who both call themselves fee-only.

Another consideration is the advisor’s qualifications. Look for certifications such as the certified financial planner (CFP) mark, which requires rigorous training and an ethical commitment to the fiduciary standard. While fee-only financial planning is a compensation model, not a credential, it is often associated with advisors who have chosen to avoid conflicts of interest entirely. Checking an advisor’s form ADV or their background on the SEC’s

investment advisor public disclosure website can provide insight into any past disciplinary actions or conflicts.

Finally, clients should understand that fee-only does not mean low-cost. A good financial plan involves hours of analysis, modeling, and personalized recommendations, and the fee reflects that. But the transparency of the fee structure means that clients can evaluate whether the service is worth the price without worrying about hidden charges.

Industry Implications

The growth of fee-only financial planning is reshaping how RIAs market themselves. In a regulatory environment that increasingly favors transparency, advisors who can honestly say they do not accept commissions have a distinct advantage. The Department of Labor's fiduciary rule, though it has gone through multiple iterations, has pushed the industry in this direction. Even if the regulatory pendulum swings back, consumer expectations have shifted. People want to know that their advisor is on their side, and fee-only planning is one of the clearest ways to demonstrate that.

For the RIA community, the challenge is to preserve the trust that fee-only planning builds while still running a profitable business. The advice-only model may not work for every firm, especially those with high overhead or a focus on ultra-high-net-worth clients. But the principles behind it, transparency, alignment of incentives, and client-first service, are becoming table stakes for any advisor who wants to compete in the modern wealth management landscape.

Looking Ahead

As more consumers become aware of the differences between fee-only and commission-based advice, the demand for fee-only financial planning is likely to grow. The RIA channel is well-positioned to capture that demand, given its existing fiduciary obligations and the flexibility to structure fees creatively. Advisors who can articulate the value of their advice in dollars-and-cents terms, while also delivering a superior client experience, will thrive.

The advice-only model, in particular, could open up a new segment of the market: people who need financial guidance but do not want to hand over control of their investments. That group includes young professionals, retirees with pensions, and anyone who prefers to manage their own portfolio but wants a second opinion. By offering a fee-only planning service, RIAs can serve these clients without diluting their asset-management business.

Ultimately, the shift toward fee-only financial planning is part of a broader trend toward transparency in financial services. It is not a panacea, and it does not guarantee good advice. But it creates the conditions for a more honest conversation between advisor and client. For

RIAs, embracing that honesty is not just a regulatory requirement. It is a competitive advantage.