A WEALTHKARE™ WHITE PAPER

The Million-Dollar Difference

A 1% Fee vs. a $10,000 Flat Fee
Over a 30-Year Retirement

Two fee structures · same 7% growth · same $1M portfolio

Abstract

For a generation, retirement advice has been priced one way: a percentage of the assets a household invests — most commonly about 1% per year. That model is now under real pressure. A growing number of fiduciary advisors, and the clients they serve, are moving toward flat-fee, value-based planning — a transparent, fixed cost for advice, decoupled from the size of the portfolio.

This paper makes the case that the shift is not a fad but a structural trend, driven by three forces: the compounding cost of a percentage fee over a multi-decade retirement, a redefinition of where an advisor actually adds value (far beyond picking investments), and rising demand for transparency and alignment. We illustrate the economics, define the value an AUM fee was never designed to deliver, quantify what advanced planning can return, and offer questions every household can use to evaluate its own arrangement.

A note on purpose
This is an educational paper. The illustrations are hypothetical and for discussion only — not a guarantee, projection, or recommendation. A percentage fee is not "wrong," and for some households it costs less; the point is to make the trade-offs visible so each family can decide with open eyes.

1 The repricing of retirement advice

The question is no longer only "what return did I get?" It is increasingly "what am I paying, for what value, and is it aligned with my interests?" Three currents are converging in retirement wealth management:

- **The fiduciary movement.** The rapid growth of independent registered investment advisers has put the best-interest standard — and fee transparency — at the center of the conversation.
- **The fee-for-service shift.** A widening group of advisors now offers planning for a flat or fixed fee rather than a percentage of assets, separating the price of advice from the size of the account.
- **An informed consumer.** Retirees increasingly understand that small, recurring costs compound — and they are asking harder questions about what a 1% fee actually buys over a 30-year retirement.

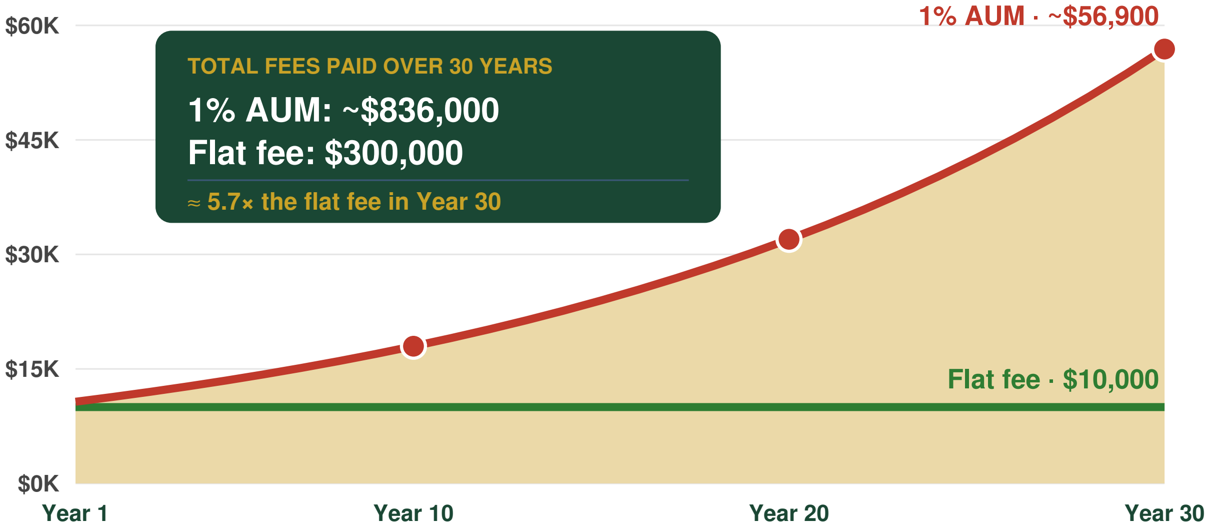
Underneath all three is a single realization: in the distribution phase of life, the value of an advisor is decided less by investment selection and more by the coordination of taxes, income, risk, and legacy — work a percentage-of-assets fee neither describes nor rewards.

In retirement, what you keep is decided less by what you earn — and more by what you're charged, and how well the pieces are coordinated.

2 Why the percentage model is under pressure

Start with the arithmetic, because it is the part most often overlooked. A 1% fee is charged on the balance — and the balance grows. So the fee grows too, every single year, even though the advice may not change at all. Put plainly: **a percentage fee charges you more each year your account grows — even though, in most years, it is the market, not the advisor, doing the growing.**

The 1% fee climbs every year. The flat fee never does.



Illustrative: the annual advisory fee on a $1,000,000 portfolio over 30 years at a 7% assumed gross return.

On a $1,000,000 portfolio at a 7% assumed return, a 1% fee begins near $10,700 in year one and climbs to roughly $56,900 by year 30 — while a flat $10,000 fee never moves. Because every dollar paid in fees also forfeits its future growth, the gap in the *ending portfolio* is far larger than the fees themselves:

Illustrative ending values after 30 years at 7% (no withdrawals)

A 1% fee is not a break-even with a flat fee — it is a percentage of a number that keeps getting bigger.

In this illustration the flat-fee household keeps roughly **$1,000,000 more** than the 1% household over 30 years — even after paying for full comprehensive planning. The advantage widens with the portfolio: near $2.9M at $2M, near $8.9M at $5M. Above roughly $500,000, the flat fee wins on cost alone.

The balanced view
Below about $500,000, a 1% fee can cost less in raw dollars than a fixed planning fee — because the percentage is small relative to a flat amount. For those households, the case for flat-fee planning rests on value, not price (Part 5). Fee level is one factor among many, and these figures are hypothetical.

3 Value is more than performance

The most important shift behind the trend is conceptual: a redefinition of where retirement value is actually created. In the accumulation years, value is easy to frame as investment growth. In retirement, the largest swings in lifetime outcome come from coordination across four dimensions — none captured by a portfolio's rate of return:

Control	Where the value is created
Risk	Protecting the income floor against a poorly-timed downturn (sequence-of-returns risk), so a bad early year doesn't permanently reduce lifestyle.
Tax	Managing taxes across the whole of retirement — RMD timing, Roth conversions, IRMAA, and asset location — not just minimizing this year's bill.
Income	Engineering durable, often rising income across 25–35 years through Social Security timing and layered, guardrailed withdrawals.
Legacy	Designing the transfer so more reaches family and less is lost to taxes, probate, and inefficient titling.

Price the planning — not the size of the pile. That single shift is what's driving the whole trend.

4 The flat-fee, value-based model

The emerging model is simple to describe and, deliberately, simple to understand:

- **A flat, negotiated fee to manage assets** — for example $10,000 a year ($2,500 a quarter) in place of the customary percentage-of-assets fee — so the cost of managing the portfolio does not climb as the account grows.
- **An optional, standalone comprehensive plan** — for example a flat $10,000 to build and implement — available on its own and **never required** as a condition of asset management. Many firms make a planning fee *mandatory* to begin a relationship; here it is optional, added only when its value clearly outweighs its cost — a deliberate **cost-control approach built around the client's needs, not the firm's profitability.**
- **Full integration of outside accounts** at the client's request through modern planning platforms (e.g., eMoney), so the plan reflects the entire household.
- **A fiduciary, best-interest standard throughout**, with conflicts and any product-related compensation clearly disclosed.

The result is an arrangement whose incentives point the same direction as the client's: the advisor is paid to plan well, not to gather assets. And because the management fee is fixed, the household never pays more simply because the market — not the advisor — grew the account.

5 The economics for the household

For most retirement-stage households — those above roughly $500,000 in investable assets — the flat fee is both cheaper over time and better aligned. For smaller accounts, the decision turns on value rather than headline cost, and the value is frequently decisive.

One strategy can help pay for the plan

A single customized, systematic Roth-conversion strategy — where none existed before — **may or could**, in some situations, save more in lifetime taxes than the planning fee, before counting the potential value of sequence-risk protection, income design, and legacy coordination. These are **advanced wealth strategies that many traditional, portfolio-only plans overlook** — the kind of planning that, applied to enhance a portfolio-management-only scenario, **may add meaningfully to future portfolio value** where appropriate, to the potential benefit of the client, their spouse, and their family. Any such benefits depend on each client's individual circumstances, are **not guaranteed, and may not occur**. None of it shows up in a rate of return; the goal is to improve lifetime outcomes.

The reframe the trend depends on is this: stop comparing the price of advice and start comparing the *return on the relationship* — the lifetime dollars protected, optimized, and transferred. Viewed that way, comprehensive planning has the potential, in the right circumstances, to help offset its own cost and add value beyond traditional portfolio management — though any such value depends on individual circumstances and is not guaranteed.

6 Who the model serves best — and who it doesn't

- **Best fit:** households at or near retirement with meaningful tax complexity (large pre-tax balances, RMDs ahead), a need for durable income, and a desire for transparent, conflict-aware advice — typically $500,000+ in investable assets, though smaller households can benefit when planning value is high.
- **Possibly not the best fit:** very small accounts with simple needs, where a low percentage fee may cost less and comprehensive planning is more than required; or investors who want pure asset management with no planning component.

Honesty about fit is itself part of the trend. A fiduciary model is comfortable saying, in some cases, "you may not need this" — and that candor is exactly what is drawing households toward it.

7 Questions worth asking any advisor

- How are you paid — a percentage of my assets, a flat fee, commissions, or a combination? In dollars, what will that total over the next ten years?
- What do I receive for that fee beyond investment management — specifically on taxes, income, risk, and legacy?
- Are you a fiduciary at all times, and where are your conflicts of interest disclosed?
- Will you show me, in writing, how my withdrawals are sequenced for taxes and how my income is designed to last?

- What happens to my fee as my portfolio grows — does the cost of your advice rise with my balance, and why?
- Is a comprehensive plan required to work with you, or is it optional?

8 The trend ahead

The direction is set. As retirees grow more fee-aware, as the fiduciary standard spreads, and as value is redefined around coordinated planning rather than investment selection, the percentage-of-assets model will face steady pressure — and flat-fee, value-based planning will continue to gain ground.

The winners will not be the firms that charge the most on the most assets. They will be the ones that deliver the most value at the most transparent price.

For the household, the takeaway is simpler still: understand what you pay, understand what you receive for it, and make sure the two are aligned — across the full arc of your retirement.

See your own numbers

Run it yourself. The do-it-yourself calculator at **FlatFeeSolution.com** shows how much more could stay in your accounts under a flat fee — for you, your spouse, and your family — and lets you download this paper.

Talk it through. Schedule a complimentary, no-obligation discovery call with a flat-fee fiduciary advisor at **FlatFeeTalk.com** — or call **800-494-9400**. Twenty minutes, no pitch.

Disclaimer. This educational paper is not investment, tax, or legal advice, and is not a recommendation. Advisory services are offered through a fiduciary firm registered with the SEC. Fee figures ($10,000/yr or $2,500/qtr management; optional $10,000 comprehensive plan) reflect a stated flat-fee schedule; comprehensive planning is optional, not required. All illustrations — including the 30-year fee and ending-value figures, the ~$960,000 difference, and any potential tax-savings or added-value outcomes from planning and calculator results (FlatFeeSolution.com) — are hypothetical, depend entirely on individual circumstances, and are not guarantees; below roughly $500,000 in assets a percentage fee may cost less in fees alone.