

## **The Perfect RIA, Episode 75: Fee Compression My \_\_\_\_\_**

Today's episode starts Matthew telling a short story. His good friend owns a private medical practice which was deemed non-essential. She has lost lots of money because her practice was forced to shut down. Matthew texted her and some other friends that they should look into the PPP (Paycheck Protection Program). It turned out that her advisor told her she didn't qualify which wasn't the truth. She got very bad advice. That's why Micah and Matthew want to talk about this a bit more today.

As Micah says, it is very aggravating when people call themselves advisors when they really are brokers or not even that. Because of that, lots of people who use their service are losing enormous amounts of money. People who thought they are immune to bankruptcy, such as doctors, dentists etc., are now in big troubles. Everything happened because there was no proper planning.

Micah and Matthew think of things like this ahead. They talk to their clients, make sure they are prepared for every scenario that can happen. When the CARES Act was issued, they called their clients to let them know about it and to check it out. They are not wasting their time waiting if their clients will ask about the situation themselves. They tell them what to do, even if their bankers tell them they're not eligible, they insist on filling out the forms and making sure they are on top of the list once they can apply. They already had people calling them to ask for advice just because they heard about them from a friend.

As Matthew says, if they call too late, the application might be already close but that doesn't mean they will just ignore the people who call. He can still help, check if there's money available and if yes, how to get it. People applying for the PPP might not even know that they will have to pay it back if they spend it in the wrong way. Don't send your clients just some

general information about the PPP. Send them the forms they need to fill in, things they can implement.

Now, people might wonder why would they pay you a huge amount of money if they can try to do it themselves or with someone else. You can't force anybody to work with you but you can have stories to convince them. You know why you are the best and why your fee is so big. You are doing the work as it should be done and they need to understand that. You can find the details that others don't see and that adds to your value. You are there for them in tough times and you have to charge for that, there is no other way.

Another thing our hosts talk about is that the fee you're charging needs to be big enough so you can rely on the money you earn in difficult times. Just like now, Micah applied for the PPP loan because he was affected by the pandemic but he still has money put aside so he doesn't have to worry. Once you get the loan, you need to make sure you use it in a proper way though. If you don't, you will need to pay it back and nobody wants that. Matthew liked to advise his clients to maybe think about paying off next bonuses and that adds massive value. Micah does exactly the same thing, he tells his clients who own commercial real estate how to talk to their tenants, how to manage everything so everybody is safe.

### **Action Items**

1. **Find your contact.** Decide on your niche and contact everyone there. Let them know you think about them and you can help whenever they need to call someone. Nobody will complain about getting a message like that, for sure.
2. **Go to iTunes and give us a five-star review for the podcast.** Take a screenshot of your review, hit us on social media and we will send you some cool swag. If you have some creative idea on what could the TPR swag be, let us know and we will produce it!

3. **Don't waste your energy on talking about compression fees.** Say you're charging a premium fee. You're delivering premium value, don't try to say anything else.
4. **Keep the atmosphere positive.** No matter what the situation is, how mad you are at different things, you can't show that to your clients. Talk to them in a positive and optimistic way. That's the only way it should be done.
5. **Make sure you watch our One Page Financial Plan webinars live.** Watching the webinars live is always more fun. If you don't have a backstage pass membership, you can watch our first episode on the TPR website.