QUANTIFYING THE VALUE OF FINANCIAL PLANNING ADVICE

FINANCIAL PLANNING STRATEGY	POTENTIAL ECONOMIC IMPACT
INCOME TAX BENEFITS	
- Claiming tax deductions, credits, & tax-free investing opportunities. Deductions, credits, ROTH IRAs and 529 plans, etc.	$1,000s or $10,000s
- Tax deferral - Retirement contributions, TLH.	$10,000s or $100,000s
- Tax bracket arbitrage - Roth conversions, tax sensitive liquidations.	0%-30% of total wealth
INVESTMENT PLANNING BENEFITS	
- Picking Lower-Cost Investments	0.45%-0.82%
- Tax Loss Harvesting	0.20%-0.60%
- Asset Location	Up to 0.75%
- Investment Selection for Alpha?	>0%
- Rebalancing	0.35%-0.44%
- Diversification	Risk reduction
- Behavior Gap	Up to 1.50%?
ESTATE TAX BENEFITS	
- Federal estate tax savings (for those >$5M?)	Millions
- State estate tax savings	$100,000s or Millions
- Probate and settlement cost savings	$1,000s or $10,000s
- Ensuring assets go where they should and when	Priceless!
RETIREMENT PLANNING BENEFITS	
- Retirement portfolio tax strategies and withdrawal sourcing	0.50%-0.70%
- Maximizing Social Security benefits	$10,000
- Retirement-sensitive tax planning strategies (e.g., Medicare Part B and Part D premium surcharges)	$1,000s to $100,000s
- Setting spending policies and budgeting	Making retirement work!
- Determining when you can stop working!	Priceless!
INSURANCE PLANNING BENEFITS	
- Optimizing Insurance Coverage	$100s or $1,000s
- Eliminate Financial Catastrophes	Priceless!
DELEGATION BENEFITS	
- Enhance Value of Your Time	$1,000s or $10,000s
- Spend Money to Free Up Time	Emotional Well-Being!
- Ensure Things Actually Get Done!	Priceless!
BEHAVIORAL BENEFITS	
- Debiasing	Unquantifiable?
- Financial coach for implementation	Priceless!

EASIER TO MEASURE

HARDER TO MEASURE

TYPES OF IMPACT

Financial Gain · Risk Reduction · Well-Being Enhancement · Behavioral Change

"*The Kitces Report*" by Kitces, Volume 3, 2015
"*Alpha, Beta, and Now... Gamma*" by Blanchett & Kaplan, 2013
"*Quantifying Vanguard Advisor's Alpha*" by Kinniry, Jaconetti, DiJoseph, & Zilbering, 2014
"*Capital Sigma: The Advisor Advantage*" by Envestnet Quantitative Research Group, 2015