The independent planning model: how advice-only financial planning shifts the focus

Most people understand financial planning through a familiar lens: a professional who manages investments, sells products, or both. That picture leaves out a quieter but growing approach where the planner never handles money or sells anything. This model, often called advice-only or independent planning, separates the guidance from the product. For someone looking for unbiased direction, understanding what that separation actually means is the first step toward deciding whether the model fits.

What advice-only means in practice

An advice-only financial planner does not take custody of assets, does not execute trades, and does not earn commissions from any product. The service is limited to analysis, strategy, and recommendations. The client takes those recommendations and implements them independently, often through a discount brokerage, a direct provider, or an existing advisor who executes trades. The planner's role ends at the advice stage.

This structure removes the potential conflict of interest that arises when a planner's income depends on which product or investment a client chooses. When the planner earns only from the client's fee, there is no incentive to recommend one fund over another, push a particular insurance policy, or churn an account. The advice can focus entirely on what the client's situation actually needs.

How the fee structure works

Advice-only planners charge in one of several ways: an hourly rate, a project fee for a specific plan, a retainer for ongoing guidance, or a subscription model. Some also offer a one-time comprehensive plan followed by optional annual check-ins. The fee is transparent, agreed upon in advance, and not contingent on any product sale or asset transfer.

Because the planner does not manage assets, there are no assets under management (AUM) fees. That distinction matters. In a traditional AUM model, the planner's fee grows as the portfolio grows, which can create subtle pressure to encourage aggressive growth or to discourage withdrawals. In an advice-only model, the fee is fixed or time-based, so the planner's income does not depend on the client's portfolio size. The advice can remain neutral toward risk, liquidity, and spending decisions.

Service scope: what you get and what you don't

A typical engagement covers cash flow planning, tax strategies, retirement projections, insurance needs analysis, estate planning basics, and investment philosophy. The planner may build a detailed financial plan, run Monte Carlo simulations, and provide written recommendations. What the planner does not do is execute any of it. No account opening, no rebalancing, no insurance applications, no tax filing. The client is responsible for acting on the advice.

That separation has trade-offs. On one hand, the client keeps full control and avoids the cost and lock-in of a managed account. On the other hand, the client must have some willingness and ability to follow through. For someone who wants a full-service relationship where one firm handles everything, the advice-only model may feel incomplete. For someone who values autonomy and wants to keep costs low, it can be ideal.

Client engagement: a collaborative relationship

The advice process in an independent planning model is typically collaborative. The planner asks detailed questions about goals, income, expenses, risk tolerance, and values. The client provides documents and discusses priorities. The planner then produces a written plan, often with multiple scenarios showing how different choices affect outcomes. The client asks questions, requests changes, and decides what to implement.

This dynamic shifts the relationship from one of delegation to one of partnership. The client is not handing over decision-making authority. Instead, the client is gaining understanding and confidence. Many advice-only planners offer periodic reviews to adjust the plan as life changes, but the client remains the decision-maker throughout.

Value proposition: what you pay for

When you pay a fee only advice practice, you are buying the planner's expertise and time, not a product. The value lies in the quality of the analysis, the depth of the recommendations, and the clarity of the communication. A good plan can save a client far more than the fee in avoided taxes, better insurance choices, smarter investment allocations, and more realistic retirement spending.

The value also includes independence. Because the planner does not sell anything, the client can trust that the recommendation is not colored by a product quota or a commission structure. That trust is especially important for complex decisions like choosing between a Roth and traditional IRA, deciding whether to pay off debt or invest, or evaluating an employer stock option. In each case, the right answer depends on the client's numbers, not on a product's profitability.

Practice operations: how advice-only firms run

Running a fee only advice practice requires a different operational setup than a traditional firm. The planner needs robust planning software, a clear engagement letter, and a billing system that handles project fees or subscriptions. There is no need for custodial relationships, trading platforms, or compliance with securities regulations beyond the usual professional standards. The overhead can be lower, which often allows the planner to charge less or to serve a broader range of clients.

Because the planner does not earn recurring AUM fees, the business model relies on either high-value project work, a steady stream of retainer clients, or both. Some planners offer a flat annual retainer that covers a set number of hours and a yearly plan update. Others charge per project, such as a one-time retirement plan or a college funding analysis. The model works best when the planner is efficient and the client is engaged.

What it means for the reader

If you are evaluating financial planning options, the advice-only model is worth considering if you value independence, transparency, and control. You will need to be comfortable implementing recommendations yourself or with a separate execution-only service. You will also need to be willing to pay an upfront fee for advice, rather than having costs hidden in product commissions or AUM percentages.

The model is not for everyone. Some people prefer a single firm that handles everything. Some want the simplicity of a percentage-based fee that scales with their assets. But for those who want to understand their finances deeply and keep the decision-making power, the independent planning model offers a clear path. It puts the emphasis where it belongs: on the quality of the advice, not on the product behind it.