Independent Advisor Tim Hayes Dives Deep into Fee-Based and Fee-Only Financial Services and How These Benefit Clients

New regulations set out to standardize financial planning compensation and align product recommendations and services with clients' best interests

BOSTON, MA, UNITED STATES, October 19, 2023 /EINPresswire.com/ -- Boston, MA – In an updated blog post, Financial Advisor Tim Hayes discusses fee-only and fee-based financial services. The comprehensive article covers key topics, including the set of regulations that made this setup for financial planning compensation possible, what is fee-based advice, how financial advisors are regulated, and how the financial services industry is adapting to these new regulations.

According to the article, the financial planning compensation arrangement has experienced significant changes over the years. Tim Hayes, the article's author, further elaborates on this statement. According to him, through this fee-based or fee-only arrangement, the financial advisor will charge an ongoing fee, instead of commissions. This is motivated by the need to disconnect the compensation from the financial products or services that the financial advisor or planner offers, thereby giving clients the opportunity to access advice.

The article also covers the differences between financial advisors and financial planners, as well as how the new Fiduciary Rule and the new rule from the SEC are designed to protect the client by requiring broker-dealers to align their products and services with the client's best interests.

The author also shares that while fee-only or fee-based arrangements are becoming the norm and that most of his business is run as a fee-only investment advisor representative, he still remains dual-registered. Hayes explains that this setup works for him because it allows him to provide financial services that are not product-based, referring to the fee-only arrangement. When it comes to Hayes being a registered representative, he states that "[this] makes more sense for the client". Citing an example of a 25-year-old client who wants to buy a Roth IRA with $6,000, Hayes shares that "[he can't] imagine charging them a fee for the next 40 years."

Hayes also shares some tips for individuals who have an IRA and are working with a financial advisor. According to him, now is the best time to review key aspects of their financial planning arrangement, including the fees or commissions and best interests. He also urges firms to ensure that any advisor compensation should align with the Department of Labor's new interpretation and the new SEC rule, which covers the new standard called Regulation Best Interest.

About Tim Hayes: Tim Hayes started in financial services at a small company that specialized in 403(b) plans. When the company was bought out by MetLife, he worked for a division of the company for two decades, focusing on retirement plans and client portfolio management. He became an independent financial advisor over a decade ago and is now registered with Cambridge Investment Research Advisors, Inc. and Cambridge Investment Research, Inc. He has several securities licenses, including Series 6 and Series 66, as well as designations, which include Certified Annuity Specialist from the Institute of Business & Finance and Accredited Investment Fiduciary, among other designations.

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