



Safe Harbor’s Service Models FAQs

Q1. What are the main differences between the “Anchorage” and “Pierside” service programs?

A1. Anchorage is our traditional fee-only, hourly or project fee service model. We work with these clients as we always have, on a fee for service basis, either with a comprehensive financial plan or one or more topic-specific engagements. Once the project/engagement is complete there is no ongoing relationship with Safe Harbor though we do recommend periodic reviews as appropriate.

For Pierside program clients we start with a project, either a comprehensive plan or a specific topic project which then becomes the baseline for our ongoing service model. Pierside clients have several engagements with Safe Harbor during the year to keep them on track with their action plan, make “course corrections” as needed, and other services. This program is intended to cover the parts of the financial planning process that we currently do not really do for our project clients—plan implementation, monitoring, and adjustments. Plus we are a resource for our clients similar to a “financial concierge” and we help them with the many things that may come up each year that could impact their finances or overall plan.

Q2. Will you still offer fee-only, hourly or project fee services?

A2. Yes and no. George Reilly will generally only work with Pierside clients and will have limited availability for hourly/project work.

Didi Dorsett will continue to work with clients on an hourly/project basis and will be the lead planner for the Anchorage program. However, given the demand for this type of service we are seeing periods of sometimes significant delay in being able to take on new Anchorage clients.

Q3. Why should I sign up for ongoing services? Can’t I do the same things the program offers on my own?

A3. You can absolutely take responsibility for the various services that we offer. In fact, since you have the vested interest in your financial success we would say you should take full responsibility – at least to make sure the various aspects of the program get taken care of by you or others. Our Pierside program is intentionally not designed for everyone. If you are comfortable managing your own funds and making adjustments over time and handling your taxes and getting legal readiness documents in place and matched to your financial plan you are not our target client.

Q4. What is the value to me of signing up for the Pierside service program?

A4. A simple way to summarize the program benefits is the acronym **SEA³** which stands for *Service, Expertise, Access, and Accountability, at an Affordable fee*. Pierside clients benefit from an annual service program that helps keep them on track for their planning goals. They have the benefit of an experienced financial planner who is also an estate planning attorney and has a tax background. If you are a Pierside client you have guaranteed access to your planning



team as soon as practicable, and certainly ahead of any non-program clients. The program provides accountability to our Pierside program clients for their financial plan and making the adjustments needed over time to have the best possible outcome. The program's annual service schedule reinforces the accountability of both the client and the Safe Harbor team to achieving mission success. The Pierside program is an affordable holistic financial management choice compared to service offerings from other financial professionals. And finally, the financial concierge service helps our clients with other issues that may come up and are not otherwise covered in our service schedule.

Q5. Is there any way to demonstrate the added value to clients of Pierside program membership?

A5. Beyond the **SEA**³ attributes discussed above, the financial professionals at Vanguard and Morningstar have researched the added value of clients working with financial advisors.

Vanguard found added value in what they call "Advisor Alpha" which they define as a calculation of how much an advisor can add to a client in net returns by looking at their approach to five wealth management principles. Those principles are **1)** Being an effective behavioral coach; **2)** Applying an asset location strategy; **3)** Employing cost-effective investments; **4)** Maintaining the proper asset allocation through rebalancing; and **5)** Implementing a spending strategy. Not coincidentally these principles are all part of the Pierside program service schedule. Vanguard determined that this Advisor's Alpha framework made it possible for advisors to add up to about 3% in net returns for their clients on a recurring basis.

Morningstar took a broader look at the value of financial planning rather than just investment planning and called the additional value they found "Gamma" which they define as "the additional expected retirement income achieved by an individual investor from making more intelligent financial planning decisions." Morningstar found that the value of Gamma for retirees was an additional 1.82% in total returns. Their conclusion was that "planners charging 'just' 1%/year for managing retirement assets and providing ongoing financial planning advice have a huge net positive effect on generating retirement income, in addition to all the more intangible benefits of financial planning." Since the Pierside program charges nowhere near 1% per year of a client's investable assets the actual Gamma value to our clients would seem to be much higher.

Of course, neither the "Advisor Alpha" nor "Gamma" additional returns are guaranteed for our Pierside clients but the principles are the same and we would expect to see a net value to our clients far in excess of the fees paid for the program.

Beyond Alpha and Gamma we have a chart below in **Appendix 1** from one of our colleagues that shows additional value for working with a financial planner without the use of any Greek terms!

Q6. Pierside clients also get some tax services and discounts on legal work. If I don't use those services is my fee lower?

A6. Unfortunately not. Whether a client chooses to take advantage of the other service discounts is a personal preference and we cannot offer an "a la carte" fee system.

Q7. If I am not happy with the program what is my commitment?

A7. We are asking our Pierside clients to agree to a one-year program period so they can have a full opportunity to assess the value of the annual service program. Of course if it becomes clear early on that the program is just not for the client or is not what they envisioned we will offer an early termination without penalty. Once the initial year is completed a Pierside client can end their participation at the end of any quarter and no fees will be owed for the balance of the year.

Q8. Will the fees increase once I am in the program?

A8. Probably, but not for a while. Cost of living adjustments are a fact of life. We have decided to hold the fee structure steady for Pierside program clients for 2 years and then reassess the fee at that point. Clients may also move up to Pierside Plus due to increases in wealth or complexity and will be charged at the Plus fee after that. And, of course, if you are not interested in continuing with the program at any time after the first year, due to fee increases or any other reason, you are not locked into a long-term contract.

Q9. How does program payment work?

A9. Pierside program clients have the option of writing a check at the beginning of each quarter for the **\$3000 fee** for that quarter (or **\$4500** for Pierside Plus clients) or we can set up a direct invoicing process using our Square Invoice credit/debit card payment program. We don't pass on the service charges to clients using this payment program. Any additional fees for projects during the year are paid according to the terms of the engagement agreement for that project. We are trying to keep it simple.



APPENDIX 1

10 REASONS SOMEONE ACTUALLY SEEKS OUT (FINANCIAL) ADVICE



To Reduce Complexity

An advisor helps to highlight which information actually matters the most.



To Take Action

An advisor can help someone take decisive action to actually get going.



To Help Make Better Tradeoffs

An advisor can help people rationally evaluate trade-offs (despite a whole host of behavioral biases), and provide the insight and wisdom that comes from experience of having seen the same situation many times before.



To Increase Confidence

An advisor can provide confidence-building validation as an informed second opinion.



To Feel Safer

An advisor can relieve the mental stress of wondering if the decision being made is the "right" path to take.



To Offload Unpleasantness

An advisor can step in to handle the tasks that people don't want to spend their time on, so they can spend their time in ways that they'll enjoy more.



To Have Someone To Blame

Delegating at least partial responsibility to an advisor can help reduce how often couples blame each other for their financial woes.



To Make Someone ELSE Happy

An advisor often supports relationships that go beyond just the client themselves.



To Receive Encouragement

An advisor can provide the emotional support and encouragement, serving as someone to talk to about financial challenges that can't be talked about with anyone else.



To Save Time

Even if the individual was going to arrive at the "right" answer on their own, an advisor can help someone save a lot of time going through the process.

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APPENDIX 2: FEE COMPARISONS—The “Compared to What” Charts

Pierside/Pierside Plus vs. “Typical” Fee-Only Firm with 1% AUM Fee

Many fee-only investment management firms charge a 1% AUM fee per year and charge a separate fee for financial planning. This is what a direct comparison looks like:

	Client Investable Assets	Investment Management Annual Fee	Financial Planning Fees	Commissions and/or Sales Charges	Total First Year Fees (Approx)	Total Annual Fees (Approx)
AUM Firm	\$1.5 Million	\$15,000	\$2500	\$0	\$17,500	\$15,000
Pierside	Pierside \$1.5M	\$12,000	\$0	\$0	\$12,000	\$12,000
AUM Firm	\$2.5M	\$25,000	\$3500	\$0	\$28,500	\$25,000
Pierside Plus	\$2.5M	\$18,000	\$0	\$0	\$18,000	\$18,000

Pierside/Pierside Plus vs. Edelman Financial Engines & Fisher Investments

Two of the largest fee-only investment management firms in the U.S. are Edelman and Fisher. We looked at their current ADV brochures to compare their fees to the Pierside Program.

	Client Investable Assets	Investment Management Annual Fee	Financial Planning Fees	Commissions and/or Sales Charges	Total First Year Fees (Approx)	Total Annual Fees (Approx)
Edelman	\$1.5 Million	\$17,625	\$800*	\$0	\$18,245	\$17,625
Fisher	\$1.5 Million	\$18,125	?*	\$0	\$18,125	\$18,125
Pierside	Pierside \$1.5M	\$12,000	\$0	\$0	\$12,000	\$12,000
Edelman	\$2.5M	\$25,125	\$800*	\$0	\$25,925	\$25,125
Fisher	\$2.5M	\$29,375	?*	\$0	\$29,375	\$29,375
Pierside Plus	\$2.5M	\$18,000	\$0	\$0	\$18,000	\$18,000

***Notes:** The Edelman ADV materials indicate that the fee for financial planning can be waived under certain circumstances. The Fisher ADV is unclear on whether there is a separate fee for planning. They do state that “other services we may offer directly to you or through other parties—such as estate or tax planning—may charge you separate fees, which vary.”



Pierside/Pierside Plus vs. “Typical” Fee-Based Firm with 1% AUM Fee Plus Commissions

Many firms describe themselves as “fee-based” and their business model generally charges a mix of fees for certain services plus commissions from product sales for investments, annuities, etc. While some firms charge less than the standard 1% AUM fee per year, we use that fee for the comparison with Pierside. You are welcome to compare your advisor’s actual fees with ours.

	Client Investable Assets	Investment Management Annual Fee	Financial Planning Fees	Commissions and/or Sales Charges	Total First Year Fees (Approx)	Total Annual Fees (Approx)
Fee-Based Firm	\$1.5 Million	\$15,000	\$2500	\$3000	\$20,500	\$18,000
Pierside	Pierside \$1.5M	\$12,000	\$0	\$0	\$12,000	\$12,000
Fee-Based Firm	\$2.5M	\$25,000	\$3500	\$5000	\$33,500	\$28,500
Pierside Plus	\$2.5M	\$18,000	\$0	\$0	\$18,000	\$18,000

Pierside/Pierside Plus vs. the Vanguard Personal Advisor Service (VPAS)

Vanguard offers its clients a service program that gives clients access to a Certified Financial Planner™ professional for advice and investment management. This is a very low-cost service (charging 0.3% of AUM per year currently) that covers some, but not all, of the Pierside Program services. Among the key differences are: 1) VPAS does not offer advice on “held away” assets such as an employer 401k or the Federal Thrift Savings Plan; 2) VPAS may offer tax advice but does not prepare tax returns for its clients; and 3) VPAS is a phone-only service. Clients never meet with their advisors in person and the advisory team may and likely will change over time. This is what a direct comparison looks like:

	Client Investable Assets	Investment Management Annual Fee	Financial Planning Fees	Commissions and/or Sales Charges	Total First Year Fees (Approx)	Total Annual Fees (Approx)
VPAS	\$1.5 Million	\$4,500	\$0	\$0	\$4,500	\$4,500
Pierside	Pierside \$1.5M	\$12,000	\$0	\$0	\$12,000	\$12,000
VPAS	\$2.5M	\$7,500	\$0	\$0	\$17,500	\$17,500
Pierside Plus	\$2.5M	\$18,000	\$0	\$0	\$18,000	\$18,000

As you can see the VPAS program offers a good value for the fees charged and compares favorably to the Pierside Program—and is a much better value than the other options. But this is where the “compared to what” analysis must be based on total value of the services provided rather than just on the fees charged. We invite you to conduct your own comparison.