



Predictive Factors Exercise

ACA believes that the mark of a successful financial advisor is that he or she produces savings in excess of the fee they charge (adds value) and that professional fee-only advisors should earn what comparable credentialed professionals (doctors, lawyers, therapists, accountants) earn: approximately \$200,000 - \$400,000 per year. Will you earn that much? The following self-assessment will give you an idea of your potential earning range and how you can increase it.

Rate yourself on each of these factors, where 1 is low and 10 is high.

_____ **Credentials:** Assurance that you meet standards of competence to add value. Use chart below to determine points. (10 points max)

Maximum 4 points in each column

General/Business	Tax	Financial Planning
Bachelors Degree (any discipline) 1 pt	EA 3 pts	CFP 3 pts
Masters or Doctorate (any discipline) 1 pt	CPA 3 pts	PFS 3 pts
Masters - business, finance, law 3 pts	Masters - tax 3 pts	Masters - FP 3 pts
Doctorate - business, finance, law 3 pts	Doctorate - tax 3 pts	Doctorate - FP 3 pts
Total points _____	Total points _____	Total points _____

Add together the points from each column and insert that number in the space above.

_____ **Experience:** Confidence that you have added value in similar situations before. Number of years experience as fee-only planner; other related experience counts as half a point per year. (10 points max)

_____ **Marketing Ability:** Ability to recognize and communicate opportunity to add value.

Total number of new clients closed in past year and divide by 4. (10 points max)

_____ **Personal Organization:** Perceived control of time and focus on adding value. (10 points max)

___ 0-4 points - prepare a daily personal schedule

___ 0-2 points - office clear of clutter

___ 0-3 points - do what you promised on time

___ 0-2 points - reliable follow up

___ 0-5 points - ability to utilize technology efficiently and effectively in a practice

___ TOTAL (insert this number in the space above)

_____ **Ability to Delegate:** Investing in others to use your time doing more valuable tasks. (10 points max)

10 points - spending 50%+ of time using unique abilities

5 points - spending 25%+ of time doing tasks that can be done by others

1 point - unable to delegate (i.e. no support)

_____ **Total**

For *Minimum* Annual Earnings, multiply your points by \$5,000 = _____

For *Maximum* Annual Earnings, multiply your points by \$8,000 = _____

If your operating ratios are in order and you are working full time (2000+ hours/year), your earnings should fall within this minimum and maximum range. If they are not, you will want to examine your operating ratios and pay particular attention to your fees.