

QUANTIFYING THE VALUE OF FINANCIAL PLANNING ADVICE

FINANCIAL PLANNING STRATEGY	POTENTIAL ECONOMIC IMPACT	EASIER TO MEASURE	
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!		
		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

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