



John L. Brackett

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Choice in Fee Structure Has Value

John Brackett Says There Is More than One Way For Professional Financial Advisors to Do Business

Pleasant Hill, Calif. (February 14, 2012) – At a time when faith in American institutions including the financial industry is at an all-time low, the debate over how to provide the best financial advisory services ensues among industry thought leaders. While many maintain that a line must be drawn to distinguish between fee-only professional advisors and commission-based “sales agents who are masquerading as professionals,” others dispute such a purist approach.

John Brackett, partner of San Francisco-based BAR Financial and regional director with Financial Network Investment Corporation, argues that advisors should have a choice as to how they get paid for advisory and investment services. “Clients don’t walk into our offices and ask to be sold a product. What they want from us is the advice we have been educated to give. That is what we are selling and there are many appropriate ways for a client to pay for that service,” explains Brackett. “Quite frankly, it doesn’t matter if advisors are selling on a commission basis, a fee basis or hourly. There is a point where the client will cease their willingness to pay for advice unless there is value, and value comes from the relationship.”

As fiduciaries putting their clients’ best interest first, there are times when charging a fee is simply not the right thing to do – maybe the client can’t afford the fee, or the investment is a one-time opportunity. “Why would I charge someone a fee to open a \$2,000 IRA?” asks Brackett.

Consumers of financial products have different wants, needs and price points just like every other product consumer. Some people choose to drive a Lexus. They could drive a Hyundai and get to the same places in

the same amount of time as in a Lexus however they choose the higher priced car for the luxury, the dealer's service package and everything else that led them down the path to that purchase.

While fee-based versions of most products exist in the market, Brackett finds the selection limited. "Maybe you can find a dozen fee-based variable annuities verses the thousands of commission-based VAs that are available." Insurance products are another example where commission-based options are often the better choice. While he concedes that the insurance lobby engine is so strong that the industry doesn't have to offer many fee-based life insurance products; Brackett believes the best life insurance products – best policies from the best companies – are commission based.

Brackett, who started in the business 35 years ago as a commission-based advisor transitioned his business to an advisory focus in the 90's. He now mentors over 400 advisors – commission-based as well as fee-only – within his region. "As one of three heads of BAR Financial, I will always allow advisors to decide for themselves how they will structure their fees," he says. "They can choose fee-based, commission-based or mix-and-match and separate any way they need to in order to best serve their clients. Advisors can always adjust their fees if a commission happens to be exorbitant, but they rarely are."

To say there is only one way to conduct business is like saying there is only one choice or one firm. "As long as advisors are acting as fiduciaries, it is inaccurate to say that one practice is more professional than another based simply on how the client pays for their service," states Brackett.

BAR Financial, LLC

John Brackett is one of three partners of BAR Financial, LLC, an independently owned financial services firm focused on delivering cutting edge knowledge, resources and solutions to independent financial advisors and financial institutions throughout the nation. BAR Financial is one of the largest regions of the Financial Network Corporation with approximately 400 representatives and several large, employee operated OSJ offices in Sacramento and Pleasant Hill, CA; Albuquerque, NM; Mechanicsburg, PA; and Punta Gorda, FL. BAR Financial serves like a mini-broker/dealer under a big broker/dealer umbrella. Currently Chair of the Financial Network Advisory Board, Brackett is also a member of the Cetera Field Advisory Council.

Additional information can be found at www.BARfinancial.net or by calling (925) 944-9644. 3478 Buskirk Avenue, Suite 300 - Pleasant Hill, CA 94523

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