

The GREAT Debate of 2015: The Client Maintenance Plan vs. The Free Service Package

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A growing number of estate planning attorneys have adopted client maintenance plans, where clients pre-pay a fee each year to obtain certain ongoing services. Theoretically, this is a great way for you to annuitize the value of your practice and create a “guaranteed” base income each year from your existing client base. I know of attorneys who do generate hundreds of thousands of revenue each year this way. But at what real cost?

When evaluating a Client Maintenance Plan, we need to ask and truthfully answer, “What are clients *really* getting of substance?”. Client Maintenance Plans often include anything from free title transfers, a monthly or quarterly newsletter, client seminars on important topics, special client events, free document upgrades (or certain, client-requested changes), and a fixed price guarantee for later post-death administration. However, if you do a good job for clients in initially getting their assets into their Living Trust (and checking on them periodically), yearly title transfers aren't required. Likewise, there is no real need for clients to pay for the other service components which clients over time see as your own marketing. Although it is nice for clients to think that their documents will be upgraded each year, most don't actually have changes they want annually, and the reality is that there are not significant enough changes in the law that occur each and every year to require updates of their documents (instead, these can be accumulated and done every few years in one change). Plus, they don't want to pay a fee year after year, indeterminate in total amount, just to save some estate administration fee way down the road. The fact is that when the “ether” wears off (usually after a couple years of being in such a program), clients start to wonder “What am I really getting with the maintenance plan and do I really need to pay every year for it?”. The answer is these clients not only drop off your plan, but many also drop off your client list!



Okay, let's assume that you don't have a lot of drop off of clients from the maintenance plan. You still have to consider the collateral headaches. You have additional ongoing overhead expenses just to get the “stuff” out each year, particularly if you include ongoing title transfers and document amendments. You may need additional staff just to provide all the service, product and event components of the Client Maintenance Plan. You also have your own additional time managing the plan as well as conducting possible additional client meetings on a regular basis. Plus, after two or three years, you have to scratch your head and become increasingly inventive to figure out what new service components, products or seminars to add to the plan that members haven't already taken advantage of or view as an incentive to keep renewing. And here's another consequence you may not have thought about - - you are creating a liability on your books, an obligation to continue to service clients for which you've already been paid, that may become a roadblock (or big price reduction) if you ever want to sell your practice or retire.

So what's the better alternative? In my experience, it's a *FREE* Service Package! You may be thinking, “How can a free service package wind up generating me more revenue?”. Bear with me.

What Does My Free Service Package Consist Of?

It includes such things as free phone calls, free periodic notices and seminars as laws and estate planning technology change, a free newsletter, a free meeting with the successor trustee when the client becomes ill, disabled or passes away - - and most importantly - - a free client "checkup" meeting every three years. At the checkup meeting, we not only make sure that the plan is up-to-date with the law and recent planning methodology and technology. We also check to make sure that all asset titles are in the trust. At the conclusion of this free checkup, we determine what (if any) work needs to be done, we quote the clients a fixed fee in advance for any amendments or title transfers and the choice to proceed is up to them. Frankly, this results in a lot more happy clients, who prefer to "pay as you go", only for what they really want or need. Clients have already been conditioned to understand - - from dealing with other professionals like doctors, dentists and CPAs - - that periodic checkups are necessary and they are accustomed to being quoted a fee in advance if further professional assistance is necessary. This Free Service Package approach also results in far more Living Trust and estate administration work, not only from the happy clients themselves, but from their referrals and their advisors' referrals.

And, believe it or not, here's the best part - - even though fewer clients may engage you to do periodic work than may have entered a Client Maintenance Plan, your total revenue will be higher - - and you and your staff will do a lot less work (because you're meeting with and servicing clients only once in three years, not every year)!

Here's the proof. My firm generates over \$1 million of annual, recurring revenue from our existing clients through this Free Service Package approach. This amount comes in regularly even when there are no new law changes or new "products" for us to sell because clients often wind up changing their trustees, beneficiaries, the beneficiaries' percentages, or how and when they will receive their inheritance. The Free Service Package allows us to better compete in the marketplace and raise our Living Trust plan fees because of its perceived value. Plus, we have happier clients who speak highly of us to others (and regularly refer them to us) because the bottom line is clients don't want to pre-pay for what they don't need or want!

But, Remember, It's Not Always "My Way or the Highway"

Despite what I believe to be the downsides of having clients on an annual Client Maintenance Plan, it's important to note

here that this is not always true for all estate planning practices. There are a handful of estate planning attorneys that I'm aware of who have successfully implemented a Client Maintenance Plan. There are a number of factors that need to be considered when determining whether a client maintenance plan or a free service package is right for you and your practice.

This is why I have asked my fellow colleague, Jeffrey Matsen, who has a Client Maintenance Plan he successfully implements in his practice, to join me on August 18th and 19th for a very special 2-part program entitled: "[The GREAT Debate of 2015: The Client Maintenance Plan vs. The Free Service Package](#)". Our goal is that from this debate, you'll have all the information you need to decide for yourself which will work best for you and your practice.

ABOUT THE AUTHOR:

Attorney Philip J. Kavesh is the principal of one of the largest estate planning firms in California - - Kavesh, Minor and Otis - - now in its 34th year of business. He is also the President of The Ultimate Estate Planner, Inc., which provides a variety of training, marketing and practice-building products and services for estate planning professionals. If you would like more information or have a question for him, he can be reached at phil@ultimateestateplanner.com.

