

# How financial advice methods compare

*The right financial advice model depends less on net worth and more on complexity, time, and confidence.*

Feature	DIY	Hybrid	Full-Service
<b>Primary roles*</b>	None (occasional planner)	Financial planner (+ optional advisor)	Financial planner + advisor or wealth manager
<b>Who makes decisions</b>	You	Shared	Professional
<b>Investment management</b>	Self-directed	Mostly self-directed	Fully managed
<b>Financial planning</b>	Self-built	Comprehensive plan	Comprehensive + ongoing
<b>Typical complexity</b>	Simple/Moderate	Moderate/High	High
<b>Time required</b>	High	Medium	Low
<b>Cost (typical)</b>	\$0–\$500/yr	\$1k–\$5k/yr or 0.25–0.75% AUM	0.75–1.25% AUM
<b>Best for</b>	Proficient DIYers	DIY-plus guidance	Delegators & High Net Worth
<b>Main trade-off</b>	Time & effort	Cost vs control	Cost & flexibility

\*Role definitions:

**Financial advisor** = Someone who helps you manage your money, usually focusing on buying and selling specific products like stocks, bonds, or mutual funds.

**Financial planner** = A planner looks at your entire financial life, not just your investments, and helps you create a roadmap for achieving long-term goals.

**Wealth manager** = Professionals who are essentially financial planners for the very wealthy.

# Cost-benefit analysis by method

Advice Type	Typical Costs	Benefits	Trade-offs
<b>DIY</b>	<ul style="list-style-type: none"> <li>• Brokerage fees: <b>\$0</b> for most stock and ETF trades</li> <li>• Expense ratios for index funds: <b>~0.03%–0.10% annually</b></li> <li>• Budgeting/investing apps: <b>\$0–\$150 per year</b></li> </ul>	<ul style="list-style-type: none"> <li>• Avoid advisory fees of 0.5%–1.25%, which can save <b>\$500–\$1,250 per year per \$100,000 invested</b></li> <li>• Over 30 years, avoiding a 1% advisory fee on a \$250,000 portfolio can preserve <b>\$300,000+ in additional wealth</b> due to compounding</li> <li>• Full control and transparency over decisions</li> </ul>	<ul style="list-style-type: none"> <li>• Time cost: 50–100+ hours per year learning and managing finances</li> <li>• Higher risk of costly mistakes (poor diversification, panic selling, tax inefficiencies)</li> <li>• Emotional decisions during market downturns can reduce returns by 1–3% annually for undisciplined investors</li> </ul>
<b>Hybrid</b>	<ul style="list-style-type: none"> <li>• Hourly financial planner: <b>\$150–\$400 per hour</b></li> <li>• One-time financial plan: <b>\$1,000–\$3,500</b></li> <li>• Robo-advisor with human access: <b>~0.25%–0.50% annually</b></li> </ul>	<ul style="list-style-type: none"> <li>• Costs are <b>50–70% lower</b> than full-service advisors</li> <li>• Professional retirement, tax, and insurance planning can <b>add 0.5%–1.5% per year in net value</b> through tax-efficient asset location, better withdrawal strategies, reduced behavioral mistakes</li> <li>• Access to advice during major decisions (home purchase, career change, retirement timing)</li> </ul>	<ul style="list-style-type: none"> <li>• You still manage day-to-day investing and execution</li> <li>• Less proactive monitoring compared to full-service advisors</li> <li>• Value depends on how effectively you apply the advice</li> </ul>
<b>Full Service</b>	<ul style="list-style-type: none"> <li>• Percentage of assets under management (AUM): <b>0.75%–1.25% annually</b></li> <li>• Flat annual fees: <b>\$3,000–\$10,000+</b> depending on complexity</li> </ul>	<ul style="list-style-type: none"> <li>• Behavioral coaching alone can improve net returns by <b>1–2% annually</b> during volatile markets</li> <li>• Tax optimization and withdrawal strategies can <b>save thousands per year</b>, especially for high earners or retirees</li> <li>• Time savings: <b>100+ hours per year</b> offloaded to a professional</li> </ul>	<ul style="list-style-type: none"> <li>• Fees can exceed six figures over a lifetime</li> <li>• Poor advisor selection can negate benefits</li> <li>• Less direct control over investment decisions</li> </ul>