What to review in your quarterly planning rate check

Why a quarterly rate review matters

Running an advice-only financial planning practice means you trade time for expertise, not for products. The number that tells you whether that trade is working is the effective hourly rate you actually realize, not the one you set at the start of the year. A quarterly review of your realized planning rate keeps you honest about how your time is translating into revenue. Without it, you might think you are on track when in fact hidden work is eating into your owner profit.

Think of this review as a health check for your practice. You look at the hours you billed against the hours you worked, and you compare the revenue per hour you expected with what you actually collected. The difference reveals where your pricing, your workflow, or your client habits need adjustment. Below are the key points to check each quarter.

1. Total hours worked vs. billable hours

Start with the raw numbers. How many hours did you spend on client work, practice management, and business development? Separate these from the hours you can actually attribute to a specific client engagement. Many planners discover they spend a surprising amount of time on non-billable tasks: compliance reading, software evaluations, professional development, or simply hunting for documents. If your total hours worked far exceed your billable hours, your realized rate is suffering before you even calculate it.

The reason this matters is simple. You price your services based on the time you expect to spend with a client. But if you routinely log two hours of follow-up time for every hour of direct client contact, your effective hourly rate drops. A quarterly check forces you to see that gap and decide whether to raise your fees, streamline your process, or both.

2. Revenue collected vs. revenue billed

Billing is not the same as collecting. A retainer might be agreed upon in January, but if payments arrive late or clients miss invoices, your cash flow delays your realized rate. More subtly, some clients require additional meetings that you do not bill separately. Over a quarter, these "free" sessions add up and lower your revenue per hour.

Review your accounts receivable aging. Look at which clients are paying on time and which ones consistently push payment. A client who pays late but also demands extra work is a double drag on your net hourly rate. Decide whether to tighten payment terms or to build a late-

payment fee into your engagement letter. The quarterly review is your chance to spot patterns before they become habits.

3. Client preparation and follow-up time

Every planning engagement includes work that happens outside the meeting room. You review documents, prepare agendas, model scenarios, and later write summaries or implement changes. This client preparation and follow-up time is often underestimated. When you calculate your realized rate by dividing total collected revenue by total hours worked, you see the true picture.

During your quarterly review, measure the ratio of preparation and follow-up time to direct client time. If that ratio creeps above what you assumed when you set your fee, your contribution margin shrinks. You might need to educate clients on coming better prepared, or you might need to adjust your pricing to reflect the real scope of work. Some planners find that a simple pre-meeting checklist for clients reduces their prep time by a noticeable margin.

4. The net hourly rate you actually earned

Here is where the numbers converge. Take the total revenue you collected in the quarter and divide it by the total hours you worked on client-related tasks (including preparation, meetings, follow-up, and administration). The result is your net hourly rate. This is different from your headline billing rate because it accounts for every hour you spent, not just the ones you invoiced.

Compare this net hourly rate with the rate you aimed for at the beginning of the year. If the gap is wide, look at the factors above. Is your preparation time too high? Are you collecting less than you billed? Are you taking on too many low-complexity clients who require the same overhead as high-complexity ones? Each quarter, this single number tells you whether your practice is becoming more efficient or less. It is the single most useful metric for pricing decisions.

5. Contribution margin by client type

Not all clients contribute equally to your owner profit. Some clients pay a high retainer but demand frequent ad-hoc work. Others pay a moderate retainer but rarely need extra attention. Your contribution margin per client is the revenue from that client minus the time you spend on them, valued at your target rate. Clients with a low or negative margin are costing you money.

During your quarterly review, group your clients by complexity or engagement type. Look at the realized rate for each group. You may find that a segment you thought was profitable is actually dragging down your average. This insight lets you make strategic decisions: raise

prices for that segment, change your service model, or refer those clients to another professional who is better suited to their needs. The review is not just about the past quarter; it is about shaping your future client mix.

6. Capacity and client load

Your total hours worked is a finite resource. If you are consistently working more than forty or fifty hours per week, your realized rate will suffer from exhaustion and diminishing returns. Overwork leads to rushed work, mistakes, and burnout. It also reduces your ability to take on new clients or develop your practice.

Check your capacity each quarter. How many active clients do you have? How many hours per month does each one require? If your client load is pushing you past your sustainable limit, your net hourly rate will drop because you are trading your health for revenue. Consider raising your minimum fee, limiting your client intake, or delegating administrative tasks. A quarterly review of your planning rate should include a hard look at whether you are running your practice or it is running you.

7. The client experience as a rate driver

A client who feels well-served is more likely to refer others and to accept fee increases. But a client who feels rushed or neglected will churn. Your realized rate depends not only on how much you charge but also on how long a client stays with you. A high turnover rate forces you to spend more time on onboarding and less on deep planning, which reduces your effective hourly rate over time.

In your quarterly review, look at client satisfaction signals: do clients complete their action items? Do they show up prepared? Do they refer others? If you see a decline, examine your process. Perhaps you need to tighten your client preparation requirements, or perhaps you need to adjust your communication style. The goal is to keep clients engaged and progressing, so that your revenue per hour remains stable or grows.

Making the review a habit

A quarterly review does not need to be long. Set aside an hour at the end of each quarter. Gather your time logs, your billing records, and your client list. Run the numbers for total hours worked, revenue collected, and the resulting realized rate. Then compare it to your target. If the gap is more than ten percent, investigate the factors above. If the gap is small, celebrate and consider whether you can push your target higher.

The discipline of checking your realized planning rate quarterly turns a vague sense of busyness into a clear measure of progress. Over time, this habit will help you price more

accurately, serve clients more efficiently, and build a practice that supports both your clients' goals and your own.