



Revenue Sharing Is Great for Financial Pros — For You, Not So Much. How Can You Avoid This Sneaky Sales Incentive?

Revenue sharing means some financial professionals are rewarded for steering you toward certain products. It's big business, and they don't always want you to know about it. Here's the solution.

By David Bromelkamp, Published July 16, 2026

If you're getting financial advice from someone who is paid based on the products you buy, you're not getting objective financial advice. You're being sold.

That may sound harsh, but it's the reality of how much of the financial services industry still operates.

One of the least understood drivers of this problem is something called revenue sharing. And if you don't know how it works, there's a good chance it's influencing your portfolio.

The incentive you're not supposed to notice

Revenue sharing is simple:

- Investment management companies charge fees on the products you own
- They send a portion of those management fees back to the financial advisory firms that recommend their product
- The more client money in those financial products, the more money flows back to the financial advisors

In the aggregate, these payments can total hundreds of millions of dollars over time. Let's call it what it is: A financial incentive for a financial advisor to steer you toward certain investments.

This isn't advice — it's financial product distribution

Think about the grocery store "shelf space" analogy.

The brands at eye level didn't earn that spot by being better. They paid for it.

Now apply that to your portfolio:

- Some funds are easier for your financial advisor to recommend
- Some product providers happen to get preferred placement
- Some options may not even be shown to you

That's not objective advice. That's product distribution dressed up as financial planning.

The cost to you: Hidden fees and compounding costs

Revenue sharing doesn't come out of thin air. It comes out of your investment returns and is layered on top of (or sometimes baked into) your:

- Advisory fees
- Fund expenses
- Platform costs

So you end up paying what many insiders call "the fee on the fee on the fee."

Even small differences in cost compound into massive differences in long-term wealth.

Why most investors never see it

Revenue sharing is technically disclosed.

But in practice?

- It's buried in the fine print of your client agreements or mutual fund prospectuses
- It's rarely quantified
- It's almost never explained clearly (or even brought up)

So investors continue to believe they're receiving objective advice when they're often sitting in a system designed to reward the financial advisor for product placement.

Here's the truth most investors miss

The problem isn't just bad actors. It's the system.

Even well-intentioned financial advisors operate within compensation structures that:

- Reward certain financial product recommendations
- Encourage "approved lists" of products
- Make some investments more profitable than others — for the advisor

You can't fix that with better questions alone. You fix it by changing the type of advisor you work with.

The clean break: Fee-only financial advice

If you want to eliminate these conflicts, there is a straightforward solution: Work with a fee-only financial advisor. Better yet, work with one affiliated with the National Association of Personal Financial Advisors (NAPFA).

NAPFA advisors operate under a strict standard:

- Client payments only
- No sales commissions
- No hidden revenue sharing agreements
- No third-party compensation tied to recommendations

Read that again. NAPFA financial advisors do not get paid more based on what you buy. That's a completely different business model.

Why this matters even more than credentials

Many investors focus on designations, titles and branding.

But here's the uncomfortable truth:

- A profession designation or credential does not eliminate conflicts of interest
- A polished sales presentation does not eliminate financial incentives
- A big financial firm does not eliminate biased advice

Compensation structure does. And if your advisor is part of a system that profits from product placement, you need to assume that influence exists — whether it's visible or not.

A simple process of elimination

If you want better financial advice, start here:

- **Avoid financial advisors who have some (or all) of their compensation tied to product sales:** That includes financial advisors working at product-driven financial institutions such as large banks, investment securities brokerage firms and insurance companies.
- **Ask financial advisors one key question:** "Do you receive any compensation from the investments you recommend?"
- **Eliminate all financial advisors from your search who earn a living based on conflicted financial advisor compensation models:** If the financial compensation model includes sales commissions, sales incentives or revenue sharing, move on to other firms.
- **Focus on fee-only advisors:** Use "find an advisor" directories at fee-only trade associations, such as NAPFA, to find the fee-only financial advisors in your area.

This process is not complicated. But it does require discipline.

The bottom line

You have two choices when it comes to financial advice:

- Work with someone who is **paid to sell products**
- Or work with someone who is **paid to give advice**

Revenue sharing is just one example of how the lines get blurred. But if you want to cut through the noise, remember this: The easiest way to avoid biased financial advice is to avoid the product distribution system that creates it.

For many investors, that means one thing: Stop taking financial advice from a product salesperson and start working with a fee-only financial advisor who is paid only by you.

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David Bromelkamp is an investor advocate and the founder of AdvisorSmart®, established in 2018 to provide investors with the education they need to access better financial advice. Sometimes referred to as the "Jerry Maguire of Financial Advice," he is passionate about objective financial advice and is leading the charge to educate investors about the best approach to finding objective, fee-only fiduciary financial advisors. His first book, *AdvisorSmart for the Individual Investor: Your Guide to Selecting a Financial Advisor to Get Better Financial Advice* (2025), arms consumers with the knowledge they need to succeed. He is also the author of the Mister Fiduciary blog, which explores what it means for advisors to deliver *great financial advice* by upholding the *highest fiduciary standards*.

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