

TRANSITIONING FROM STANDARD BILLING SCENARIOS TO AVERAGE VALUE BILLING SCENARIOS CHECKLIST

This document gives you a list of tasks and data check points you need to transition from an existing billing method to Average Value Billing, and provides a list of resources with additional information.



Important

The information in this document is provided as a technical reference. Please seek appropriate legal advice before changing your billing model.



Note

- The steps in this document direct you to create a sample group or set to test the billing before implementing it in your live data.
- Make sure you start the testing process **before** quarter/period end billing is required. You want to ensure that you have plenty of time to review and analyze the changes as well as communicate the billing model change to your clients.

TIPS FOR CREATING THE SAMPLE ACCOUNTS FOR TESTING

Before implementing the Average Value Billing model into PortfolioCenter, it is recommended that you test the billing model in a test dataset using sample client accounts. The following section provides some tips and best practices for creating sample accounts to test average value billing in a test environment.

- [Create a testing dataset](#)
- [Copy accounts into a test dataset](#) – copy over at least 10 accounts that fluctuate between rates for the billing period you will test and that represent the broad base of your clientele.
 - Rename the test accounts so they don't get confused with real data.
 - If you are using tiered rates, identify a portfolio or group that will fluctuate between breakpoints during the current billing period. This sample account will be used to test the billing page created in the next step.
- [Create a new billing specification for the Average Value Billing method](#)
 - As a best practice, create a new billing spec for the average value billing method so you retain your original billing specs for possible auditing requests.
 - Average Value Billing is in arrears only. You cannot select both Advanced and the average value billing option.
 - Average Value Billing requires prices in the database at each day end or month end, so you do not need to set the price dates on the specification. Similar to pricing for performance intervals, PortfolioCenter automatically calculates prices for weekends and holidays.
 - The rate(s) entered in the rate table for the average value billing spec must be entered as **annual** rates.
- Average Value Billing requires the use of the billing statement page that is only available in the Client Presentations. If you are not currently using client presentations in Presentation Studio, see [Getting Started with Presentations and Presentation Studio Checklist](#).

- Upgrade to the current version of PortfolioCenter since Average Value Billing became available in PortfolioCenter version 5.7.
 - If you are unsure of the version you are currently using, see the document [Checking the Current Version of PortfolioCenter](#).
 - If you are not in the current version, visit our [upgrade](#) page to download the latest version.
- Ensure PortfolioCenter is licensed for the Enhanced Reporting Module. Average Value Billing can only be used with the Billing Statement Page in client presentations. Client Presentations are only available for users with the Enhanced Reporting Module. For more information and instructions for check for the Enhanced Reporting Module functionality, see the document [Do I Have the Enhanced Reporting Module](#).

SETTING UP AVERAGE VALUE BILLING IN A TEST ENVIRONMENT

Before implementing the Average Value Billing model into PortfolioCenter, it is recommended that you test the billing model in a test dataset using sample client accounts. This allows you to review and analyze the new billing model in a safe environment while keeping all of your firm's current data intact. If you use your live PortfolioCenter database to test the new billing model and an error is made, you will need to revert back to the last time you took a backup of your database and you lose any changes you've made to the database since then. The following section walks you through setting up average value billing in a test environment.

- Review the available formats of the billing page in Presentation Studio and decide which layout you want to give to clients. There are two formats available:
 - The basic format displays the same data points that have been available on the billing forms for other billing scenarios with added customization.
 - The extended format displays the basic format as well as a simple table of how the management fee was calculated for each day and/or month within the billing period.

For samples of these two formats, see the [Average Value Billing Basic Format](#) sample and the [Average Value Billing Extended Format](#) sample.

- Decide the frequency of the calculation. There are two options:
 - Average **Daily** Value Billing – calculates the management fee for each day within the billing period using the end-of-day value
 - Average **Monthly** Value Billing – calculates the management fee for each month within the billing period using the month end value.

See [Understanding the Calculation of Average Value Billing](#) for more information.

Set up a test PortfolioCenter database with sample data for testing. See the

-  **Note**
 - The steps in this document direct you to create a sample group or set to test the billing before implementing it in your live data.
 - Make sure you start the testing process **before** quarter/period end billing is required. You want to ensure that you have plenty of time to review and analyze the changes as well as communicate the billing model change to your clients.

Tips for Creating the Sample Accounts for Testing section of this document for more information.

Create the test Average Value billing specs in the sample data. See the



Note

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- Make sure you start the testing process **before** quarter/period end billing is required. You want to ensure that you have plenty of time to review and analyze the changes as well as communicate the billing model change to your clients.

Tips for Creating the Sample Accounts for Testing section of this document and the following documentation for more information.

- [Average Daily Billing at a Single Rate without Prorated Flows](#)
- [Average Daily Billing at a Tiered Rate without Prorated Flows](#)
- [Average Monthly Billing at a Single Rate without Prorated Flows](#)
- [Average Monthly Billing at a Tiered Rate without Prorated Flows](#)



Important

Enter the current billing period in the Dates fields only. Do not use dates from a previous billing period, as the billing history will be overwritten unless you are setting this up in a sample dataset for testing purposes only.



Assign the newly created billing spec(s) to the sample portfolio or group in the sample data.



Note

The Average Value Billing method is only available on client presentations. You do not need to assign a billing form to the portfolio and/or group.



[Update billing history](#) using the Update History button on the Billing tab.



Review the [Average Value Billing Missing Prices Report](#) and correct the missing prices.



Create a test presentation with the Billing Statement Page as the only page and configure the settings to your preferences. For more information on the settings and data points available on the billing page, see [Page Specifications: Billing Statement Page](#).



Run the test Billing Statement page, for the sample account using a recent month end date. Review the formatting and layout to verify everything appears as expected. Make changes to the billing page settings, as needed, and rerun the test presentation until everything appears as desired.



In the testing dataset, create a static set of the clients you copied over (approximately 10) that represent the broad base of your clientele.



Create a Batch Job specifically for the Average Value Billing client presentation and, using the test set you created in the previous step, run the reports for the current billing cycle. If the batch job completed with errors, review the error log to view the errors that occurred. For more information on troubleshooting billing page errors and warnings, see [Using the Average Value Billing Fee Audit Page to Troubleshoot the Average Value Billing Calculation](#).

IMPLEMENTING AVERAGE VALUE BILLING IN YOUR LIVE DATABASE

After testing the Average Value Billing method and reviewing the results, you should now know how you want to use and report the new billing model in PortfolioCenter. Follow the steps below to make the transition in your live database to setup average value billing.

- Decide which clients will have management fees calculated using the Average Value Billing method. Identify the clients that will be billed using the new billing method and then create a set of these clients so that you can generate the new client presentation with the billing page for the appropriate clients.
- Create a communication plan to communicate the transition of the fee from the standard calculation to the Average Value method. Some clients may need to sign an updated ADV before you can start billing them using the new method, so plan for some of the communications to be in-person meetings.

If you are using average value billing for the first time or if the billing page is in any way different from the billing statement your clients have previously used, you should educate your clients on the change, set expectations and give them a transition period. If clients require a breakdown of how their management fee is calculated using the average value billing method, consider generating the Average Value Billing Fee Audit page for them to review at their next in-person meeting.

For more information on the Average Value Billing Fee Audit page, see [Using the Average Value Billing Fee Audit Page to Troubleshoot the Average Value Billing Calculation](#).

- For clients that will have management fees calculated using the Average Value Billing method, create a [custom True/False field](#) for both portfolios and groups called AVB and set an appropriate default for any new clients.
- Use the Portfolio Data Manager to assign the new average value billing spec(s) to the appropriate portfolios and/or groups and set the appropriate true or false value for the AVB custom field. For more information about using the Portfolio Data Manager, see [Working with the Portfolio Data Manager](#).



Note

- Since the Average Value Billing method is only available on client presentations, you do not need to assign a billing form to the portfolio and/or group. If a billing form is already assigned, it will not be used when generating billing statements.
- Do NOT assign a billing spec to both a group and the members of the group. Doing this might cause the client to be billed twice in the same billing period.

- Create a Smart Set, based on the AVB custom field to use for batch process printing. For more information about creating smart sets, see [Using Set Build to Create Smart Sets](#).
- On the selected date to start billing, update the bill history and review the status report. Average Daily Value Billing requires daily prices for all currently held assets. Verify that your price files are complete for the billing period and the Update History Status Report lists any missing prices.
 - If there are only a few missing prices, then the quality of your interface prices files are most likely good. Going forward, you may decide to check for missing prices for billing on a monthly or quarterly basis.
 - If there many missing prices, the quality of one or more of your interface price files is in question and you may have missing data paths or are missing integral data. Verify the interface posting process and settings to ensure you have all the data you expect, and add the check for missing prices as a step in the weekly data management process.

For more information on using the Update History... button, see [Updating Billing History](#) and [How to Use the Update Billing History Price Status Report](#).



Important

- Using the Update History... button will generate billing history for the billing time period used in the billing specs. Always make sure your billing specs are set to the current billing period.
- If you are checking for missing prices on a weekly basis during the current billing cycle, only the end date should change every time you update billing history. Otherwise, multiple management fee entries will be created for the current billing period and you will have to restore a backup of PortfolioCenter or manually fix the erroneous billing history.

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