



## BE SURE TO CHECK YOUR FEES



Here at IWM Advisors, a key part of our investment philosophy is that investors should focus on what they can control. One thing that you can't control is the market. However, there are three important things that you can control: fees, risk and taxes. This blog focuses on fees.

## **Not sure what you are paying and if it's right?**

### **Follow this checklist to get a handle on your fees:**

**1. Get your fee schedule.** If you work with a fee-based manager, make sure you have a copy of your investment agreement and fee schedule. Be sure to ask if you pay trading commissions on top of investment fees. If you work with a broker that charges commissions, make sure you have copy of their commission schedule.

**2. What About Wrap Fees?** You may work with a Financial Advisor, who charges a fee for their services, in addition to your money management fees. Be sure you have a copy of the Financial Advisor's agreement and fee schedule.

**3. Find Your Fees.** Whether you work with a money manager or a broker, your fees should be shown on your regular statements. Fees are typically found in the "Transactions" part of the statement, which appears after the Holdings part of the statement. In a fee-based account, there should be a line-item showing what fee was deducted and how it was calculated. In a brokerage statement, the commission charged should be shown next to every trade. (Note: some money managers charge fees on a quarterly basis, so you will need the statements for the four quarters when fees are charged.)

**4. Check Your Fees: Fee-Based Managers.** Your fees for any period of time should be a prorated portion of the stated annual fee. If you have a \$1 Million account and your fee is 1%, then your annual fee is \$10,000; the monthly fee should be \$833.33 and the quarterly fee should be \$2,500. Check the fee shown on the statement to be sure that it matches the fee schedule.

**5. Check Your Fees – Brokers.** Opposite each trade (buy or sale) in your statement, the commission should be disclosed. Compare this against the broker's commission schedule.

**6. Can't Find Your Fees?** This is a bigger problem. If there's nothing in your statements disclosing your fees, contact your money manager or broker, and ask them for an itemization of your fees for the last year. How they handle the inquiry will tell you a lot.

**7. What if the Math Doesn't Look Right?** If you don't think the fees on your statement match your fee schedule, call your money manager or broker. They may be able to provide a logical explanation. Again, how they handle your question about fees will be revealing.

**8. Changing Fee Schedules.** Investment management fees and brokers' commissions are coming down across the industry. Be sure to ask if your firm's fees have gone down since you opened your account. If so, ask to have your fees lowered to the current rate.

**9. Still Confused?** Having trouble finding or evaluating your fees? Please contact us for a complimentary consultation.