Step 3 of SevenSteps to SevenFigures

Your Financial Advisor is Taking 75% of Your Retirement

MODULE 4: The Traditional Model

ACTION GUIDE

The Impact of Fees on Retirement Income

The purpose of this homework is to deepen your learning from this lesson and apply the principle in your own retirement plan that you're creating in this module. Use the Compound Return Calculator found here.

ACTION STEP 01

Calculate the impact on retirement income if your advisor charges a 1% fee, plus uses products that average 2.25% total expenses. This is a 3% differential over low cost passive index assumption. What's the impact?

ACTION STEP 02

Find out what the actual fees are on your own portfolio and run the calculation using your real numbers. You should know the fees your advisor charges, but if not, just ask what his/her advisory fee is and how it's calculated. It's something you'll want to know anyway.

Then, get a list of all the funds you own, and look up the all-in expenses charged on those funds and ETF's (include all expenses, transaction fees, 12b-1 fees, etc.). Once you have those numbers for each investment, then calculate your best estimate at the weighted average expenses for your portfolio. Add that number to your advisor fees, and then figure out what his/her services are costing you in terms of spendable income in retirement (all else remaining the same, of course).