



Financial Wellness Tip

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What Do Investment Choices Cost?

Most investors focus on overall market return, the fluctuating gain and loss of the value of their investment assets. Few components of investing are more important, however, than a good familiarity with what those investments actually cost. Paying more than you need to can, over time, result in a significantly lesser balance (or a later retirement).

While the fees and expenses are varied and complex, most fall into these basic types:

Expense Ratio

The cost of owning most any investment in a mutual fund is most commonly referred to as the fund's "expense ratio". It is expressed either as a percentage or as "basis points" (one basis point equals one one-hundredth of a percent). That expense ratio typically has several components built into it, including the fund company's management fees, shareholder servicing costs, and marketing and distribution expenses incurred. Some funds also pay back a portion of the expense ratio in the form of "revenue sharing".

Other Expenses and Fees

Short-Term Redemption Fees

Some fund providers assess a fee when an investor first buys into the fund and then sells within a relatively short period of time, typically within 30-90 days. It affects the fund in increased trading costs and management activity when these trades are made, and this fee is intended to recoup some of that cost and discourage rapid trading in and out.

Sales Charges (Loads) and CDSC's

Some fund share classes are sold with front-end or back-end sales charges. These "loads" are a commission paid by the investor. Front-end loads are levied when the fund is purchased, while back-end loads are paid when the investment is sold. Similarly, but often much less apparent, contingent deferred sales charges can sometimes be present in annuity and insurance contracts. CDSC's commonly span over several years, and may scale down over time (e.g. 5% if sold within one year, 4 percent if sold in two years, etc.).

Importantly, your plan investments do not include *any* funds with loads or CDSC's.