



lower costs. better results.

## The Real Impact of Reducing Costs

Among the biggest challenges you face as you plan for your goals is fees: what they are and whether or not you can see them. While there are many cheap ways to do it yourself, if you choose to work with a professional, fees can be high and are generally not easy to find. For the purposes of this exercise, we focus on the two biggest sources of cost to investors: (1) traditional financial advice and (2) mutual funds.

Because Metric was founded on seeking to reduce costs and improve results, we compare the average financial advisor fee to that of our own. There are two things to note: (1) the 10-year savings is not simply the annual savings multiplied by 10 because those savings stay in your portfolio and compound over time and (2) the difference over time can have a real impact on financial goals like when to retire. The Average Advisor Fee and the Metric Fee are annual fees.

| Account Balance | Average Advisor Fee (%)* | Metric Fee (%) | Average Advisor Fee (\$) | Metric Fee (\$) | 1-Year Savings | 10-Year Savings** |
|-----------------|--------------------------|----------------|--------------------------|-----------------|----------------|-------------------|
| \$500,000       | 1.05%                    | 0.75%          | \$5,250                  | \$3,750         | \$1,500        | \$21,730          |
| \$1,000,000     | 1.02%                    | 0.63%          | \$10,200                 | \$6,250         | \$3,950        | \$57,222          |
| \$2,000,000     | 0.91%                    | 0.56%          | \$18,200                 | \$11,260        | \$6,940        | \$100,537         |
| \$5,000,000     | 0.84%                    | 0.38%          | \$42,000                 | \$18,750        | \$23,250       | \$336,813         |

\*Source: AdvisoryHQ

\*\*10-year future value of savings assuming 8% annual return

Moving on to mutual funds, we focus on actively managed funds because they are ubiquitous, tend to have high fees that cannot be seen on your financial statement, and often do not beat a simple market index\*\*\*. We compare the annual costs of the Average World Allocation fund (global stock and bond mix) to the annual cost of Metric's 60/40 portfolio (60% global stocks and 40% global bonds).

| Account Balance | Average World Allocation (%)* | Metric 60/40 (%) | Average World Allocation (\$) | Metric 60/40 (\$) | 1-Year Savings | 10-Year Savings** |
|-----------------|-------------------------------|------------------|-------------------------------|-------------------|----------------|-------------------|
| \$500,000       | 0.88%                         | 0.20%            | \$4,400                       | \$1,000           | \$3,400        | \$49,254          |
| \$1,000,000     | 0.88%                         | 0.20%            | \$8,800                       | \$2,000           | \$6,800        | \$98,509          |
| \$2,000,000     | 0.88%                         | 0.20%            | \$17,600                      | \$4,000           | \$13,600       | \$197,017         |
| \$5,000,000     | 0.88%                         | 0.20%            | \$44,000                      | \$10,000          | \$34,000       | \$492,543         |

\*Source: Morningstar; as of May 31, 2020

\*\*10-year future value of savings assuming 8% annual return

While we believe in our process, the purpose of this piece is not to debate what will perform well and what will not, so the portfolio is assumed to earn 8% per year whether with the Average World Allocation Fund or with Metric's portfolio. Instead we are attempting to answer the following question: "all else equal, what is the long-term impact of reducing my costs?" As you can see, the difference is material. For example, a \$1,000,000 portfolio over 10 years would save \$57,222 in advice fees and \$98,509 in investment expenses. That means in 10 years, using a traditional advisor and the average fund, the \$1,000,000 would grow to \$2,158,925. Using Metric, it would grow to \$2,314,656, a difference of \$155,731.

We offer a no-cost, no-obligation evaluation and comparison of fees, so please feel free to reach out at [info@metricfin.com](mailto:info@metricfin.com) or (860) 256-5895. Don't forget to visit [www.metricfin.com](http://www.metricfin.com) to learn more about us!

\*\*\*As demonstrated by the Standard & Poor's Index Versus Active (SPIVA) study

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