The Truth About Investment Fees, Loads, & Charges

You get what you pay for in life, and there are no free lunches, are quotes we have all heard for generations. That holds true for the investment world as well. So the real question to ask yourself about your investments is, “Do you really know what you are getting, for the fees, loads and charges you are paying for?” Let’s look at some of the costs that are associated with some common investments, and how these costs affect your overall returns.

Investment Fees

Investment Expenses

Investment Loads

Types of Investment Fees, Expenses and Loads

Mutual Funds

One of the most widely owned investments, mutual funds, have a number of different charges.

Management Fees

12b-1 Fees
Turnover Costs

Example:

Up-Front Loads

Back-End Sales Loads

Annual Fees

Variable Annuities

1. Mortality and Expense Charges:
Stocks and Bonds

1. Enhanced Death Benefit Fees:

2. Living Benefit Riders:

3. Mutual Fund Fees:

4. Surrender Charges:

5. Front End Loads:

6. Taxes:

7. Summary

We could certainly go on and discuss more esoteric and less common investments and their costs and fees, but this paper is designed to cover the most common types of investments and their expenses, fees and loads. Between mutual funds, variable annuities, stocks and bonds, these investments probably cover nearly 90% of the total value of investments held by retail investors today.