



# Hidden Investment Costs

by Cynthia Fick

Do you have any idea about what you are really paying in investment or mutual fund fees? It may be more than you realize. For example, your 401(k) investment fees are sometimes grouped in with administrative and other management fees that could be chipping away at your retirement dollars. And U.S. stock mutual funds are required to disclose certain fees that average 1.31%, but there may be undisclosed trading fees that can average an additional 1.44% according to a recent study at University of Virginia's Darden School.

Investors paid almost \$367 billion in various investment fees from 1999-2009, according to a study reported in USA Today. What's shocking is that the average rate of return from the Dow Jones was only 1.1% during that period. This means that for those 10 years we may have paid all of those billions to make less than we were making in our investments every year. That is very disheartening!

Well, take heart...all of that may be about to change, at least in your 401(k) plans. Last October, Secretary of Labor [Hilda Solis](#) unveiled a fee-disclosure final regulation, which will be available in many plans by Jan. 1, 2012. Employees will soon be able to make apple-to-apple comparisons among 401(k) plan investment options. The bottom line is that your 401(k) fees and investment options may become more transparent allowing you to make more informed decisions.

For the rest of your investment assets, you need to price your current relationships. Know how much you are paying! Managing YOUR money is not the time to be timid about asking questions. Make a list before you talk to your broker or financial advisor. You deserve to have accurate and complete information about your investments and the fees you are paying.

My best advice: Ask the questions. Your financial future may depend on it.

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# Monitor investment fees that whittle away at funds

By **Cynthia Fick**

Special for the republic

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**Cynthia Fick**

For example, your 401(k) investment fees are sometimes grouped in with administrative and other management fees that could be chipping away at your retirement dollars.

U.S. stock mutual funds are required to disclose certain fees that average 1.31 percent, but there may be undisclosed trading fees that can average an additional 1.44 percent, according to a recent study at University of Virginia's Darden School.

Investors paid almost \$367 billion in various investment fees from 1999-2009, according to report in *USA Today*. What's shocking is that the average rate of return from the Dow Jones industrial average was only 1.1 percent during that period. This means that during those years, we may have paid all of those billions in fees to make less than we were making on our investments every year.

That is disheartening but take heart: All of that may be about to change at least in your 401(k) plans. Last October, Secretary of Labor Hilda Solis unveiled a fee-disclosure final regulation, which will be available in many plans by Jan. 1.

Employees will soon be able to make apple-to-apple comparisons among 401(k) plan investment options. The bottom line is that your 401(k) fees and investment options may become more transparent, allowing you to make more informed decisions.

For the rest of your investment assets, you need to price your current relationships with the people you pay to manage them. Know how much you are paying.

While you are managing your money, don't be timid about asking your broker or adviser questions.

Make a list of questions before you talk to your broker or financial adviser. You deserve to have accurate and complete information about your investments and the fees you are paying.

My best advice: Ask the questions. Your financial future may depend on it.

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