

SVA Plumb Financial – Money Minute: Understanding Investment Fees and Expenses

Do you know how much your investments cost? It might be more than you think. You often incur costs when you buy, own, and sell an investment. This can be a transaction fee paid to the company where the investment is held. It can also be a sales commission, called a load, paid to an agent or broker upon the purchase or sale. Many investments have an ongoing annual charge called an expense ratio, which pays the manager of a fund. However, some funds include additional 12B-1 marketing fees on top of the expense ratio, which pays a brokerage firm that holds the fund. These fees and expenses can vary widely, even on very similar investments. By reviewing your investments and replacing loaded high-expense funds with lower-cost alternatives, you can keep more money in your own pockets.