

# HOW DO ADVISORS GET PAID?

Advisors are compensated within two primary methods:

## 1. FEE BASIS

Within the fee structure, there are three ways advisors can be compensated.



### by the hour

Where guidance may be provided on smaller projects. The advisor will charge an hourly fee.



### flat fee

Instead of charging by the hour, the advisor will charge a larger one-time fee. This usually involves more detailed analysis, a financial plan or projections.



### fees for assets under management

Where advisors may manage larger sums of money based on the account values. The fee is designed to provide a win-win scenario. There are a number of different platforms and methods that the advisor can use here.

## 2. COMMISSION BASIS

There are a variety of products and methods where advisors receive their compensation.



### transaction charges

For trading individual stocks and bonds.



### percentage: upfront, upon liquidation, or ongoing

Examples include life insurance, long term care, and annuities.

*There can also be a combination of options. Please be sure your advisor thoroughly explains each method to you. Feel free to ask questions so you may better understand which method is best for your particular situation.*



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# COST COMPARISON

	UPFRONT COMMISSION	ONGOING FEES
Investment Amount	\$10,000	\$10,000
Upfront Commission	\$500	\$0
Net Invested After Commission	\$9,500	\$10,000
Estimated Return	7.00%	7.00%
Value After 5 Years	\$13,324	\$13,382
Value After 10 Years	\$18,687	\$17,908

*This is a hypothetical example used for illustrative purposes only. Investment rates of return cannot be guaranteed. This comparison assumes an ongoing fee of 1%.*



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