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Fees Matter

Steven D. Dolvin
sdolvin@butler.edu

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JMDinvestments

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Fees Matter

A 1% annual fee doesn't sound like much, but when compounded, fees paid to advisors and managers can have a significant impact on an investor's ending portfolio value. For example, consider two investors who each invest \$200,000 and earn 8%/year (before fees) for 30 years. The first investor uses an ETF that charges 0.04%/year in fees, while the second investor uses a mutual fund charging 1.25%/year. The first investor ends with roughly \$2 million, while the second nets about \$1.4 million. The difference is purely driven by fees -- this is a huge cost. ([See article here, Wall Street Journal.](#))

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