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Fee Based Compensation Aligns Interests

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Retail financial professionals have increasingly moved away from commissions and to a standard fee-based structure. This change should better align the interests of clients and advisors. For example, there is less incentive to trade. Moreover, there is little need for advisors to select funds that charge a high load, as their compensation no longer depends on the "kickback" received from the fund companies. As a result, the fund flow to high load funds has turned negative. See article here, Investment News.

Related Chapters: Chapter 02, Chapter 04