



THE HIDDEN COST OF INVESTMENT FEES

UNDERSTANDING FEE EROSION IN YOUR RETIREMENT PLAN

It's not just what you earn—it's what you keep.

Most investors focus on returns, but over time, cost can matter just as much as performance. Even small fees, layered across an account and compounded over decades, can quietly reduce your wealth.

Investment Cost Ranges

FEE TYPE	TYPICAL RANGE
Portfolio Management & Advice:	0.75% – 1.25%
Platform & Custodial Costs:	0.05% – 0.40%
Underlying Investment Costs (Expense Ratios):	0.40% – 1.50%+
Retirement Plan Administration (457 Plans):	0.10% – 0.40%

Ranges shown are based on typical industry averages. Actual costs vary by plan, provider, and investment selection.

Additional Costs Often Embedded

FEE TYPE	TYPICAL RANGE
Revenue Sharing / 12b-1 Fees:	0.10% – 0.50%
Management Services (Within the Plan):	0.25% – 0.75% (can approach 1%)
Program / Wrap Fees:	0.25% – 1.00%
Trading & Investment Costs:	0.05% – 0.30%+
Participant Fees (Loans, Distributions, etc.):	\$25 – \$150+ annually

TYPICAL TOTAL COST RANGE: 1.5% – 2.5% ANNUALLY

INTRODUCING FEE EROSION

Investment fees are deducted year-after-year—regardless of market performance. Over time, they compound just like returns... but in the opposite direction.

EXAMPLE: MAXING A 457 PLAN OVER A CAREER

Contribution limit (2026):	\$24,500
Allowable Increases:	3.8% annually
Career length:	30 years
Average market return:	7%
All-In Annual Fees:	2%
Net return:	5%

ASSUMPTIONS

TOTAL CONTRIBUTIONS OVER CAREER ≈ \$1.32 MILLION

THE IMPACT OF A 2% TOTAL FEE

SCENARIO	RETIREMENT BALANCE
No investment fees	≈ \$3.7 Million
2% total fees	≈ \$2.7 Million

FEE EROSION OVER TIME ≈ \$1.0 Million lost to fees
≈ 27% of total retirement wealth
Not from market losses — from costs compounding.

TOTAL \$3.7M

FEES \$1.0M

NET \$2.7M

WHY UNDERSTANDING FEES MATTERS

Even small annual costs can equal hundreds of thousands — or millions — over time. Understanding fees helps investors:

- ▶ **Keep more of their returns**
- ▶ **Build larger retirement balances**
- ▶ **Make more informed decisions**

Serving California families since 1988.

Helping clients build financial strategies that are:
▶ Transparent ▶ Efficient ▶ Designed for long-term success

SCAN TO SCHEDULE AT YOUR CONVENIENCE



BEYOND THE FEES

WHAT SHOULD YOU BE GETTING FOR YOUR ADVISORY FEE?

Investment fees are a normal part of investing. But an important question investors should ask is:

WHAT AM I RECEIVING IN RETURN FOR THOSE FEES?

Advisory relationships across the industry can look very different, and the level of portfolio design and oversight can vary depending on the approach used.

A COMMON ADVISORY APPROACH

Many advisory platforms rely on pre-built model portfolios developed by large investment firms.

In these cases, an advisor may:

- Evaluate a client's risk tolerance and goals
- Select an appropriate model portfolio
- Statically rebalanced every quarter
- Review progress periodically

These solutions can provide efficient diversification and consistent portfolio implementation, and they are widely used across the investment industry.

A MORE HANDS-ON INVESTMENT PROCESS

Some advisory firms take a more active role in portfolio architecture and oversight.

This approach may include:

- Evaluating economic and market conditions
- Constructing portfolios across multiple asset classes
- Monitoring portfolio risk over time
- Adjusting specific allocations when conditions warrant

This type of process focuses on maintaining portfolios that remain aligned with long-term investment objectives as market environments evolve.

OUR INVESTMENT PHILOSOPHY

AT BCN FINANCIAL, OUR APPROACH EMPHASIZES:



**Thoughtful
portfolio
construction**



**Ongoing market
and economic
awareness**



**Disciplined
risk
management**



**Long-term
investment
strategy**

WE BELIEVE INVESTMENT MANAGEMENT SHOULD INVOLVE MORE THAN SIMPLY SELECTING A PORTFOLIO. OUR FOCUS IS HELPING CLIENTS MAINTAIN PORTFOLIOS THAT ARE CAREFULLY CONSTRUCTED AND CONTINUOUSLY EVALUATED AS CONDITIONS EVOLVE.

A HELPFUL QUESTION TO ASK

When reviewing your investments, consider asking:

"How is my portfolio actually being constructed and managed?"

Understanding the process behind your investments can be just as important as understanding the investments themselves.

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