

## IFS Client Summary

**Total assets: \$3,500,000**

Client portfolio cost:

Advisory fee: **\$49,000 (1.4%)**

Product cost: **\$63,000 (1.8%)**

Total cost: **\$112,000 (3.2%)**

Client reduced portfolio cost:

Advisory fee: **\$21,000 (.60%)**

Product fee: **\$39,000 (1.1%)**

Total cost: **\$60,000 (1.7%)**

Opportunity cost due to underperformance: 1.65% since inception, estimated to be \$400k.

**IFS savings to client \$52,000 per year.**

**Annual savings compounded at 8% over 20 years creates additional portfolio growth of**

**\$2,381,000**

### Scope of work

**Client:** Small business owner.

**Engagement:** Analyze efficiency and costs of IRA and agency accounts. Report findings. Negotiate with current provider and propose alternative options.

**Findings:** Costs were 3.2%. Manager's performance reports indicate that the portfolio underperformed benchmarks by approximately 1.65%, since inception and before tax. The exact opportunity costs cannot readily be calculated, primarily due to the sequencing of returns and tax liability, but conservative estimates indicate a loss of more than \$400,000. Portfolio was not managed efficiently for tax purposes.

**Additional findings outside of the scope of Engagement (at no cost to client):** After spouse's death, provider offered no recommendations to estate plan to reflect the changed circumstances and client wishes.

**Outcome:** A new provider reduced costs of administration and investment management by approximately \$52,000 per year and provided guidance to ensure proper modification of pertinent documents.

Since changes were implemented, performance has tracked closely to relevant benchmarks (exceeding with some unique strategies) and the portfolio is managed effectively for purposes of tax efficiency.