

Ask a trust officer:

Advisor fees

DEAR TRUST OFFICER:

What's the difference between a "fee-only" investment advisor and a "fee-based" advisor? They sound about the same to me. Which term applies to you?

—GRAMMARIAN

DEAR GRAMMARIAN:

An investment advisor has two potential sources of income. The advisor can earn commissions from the sale of securities to his or her clients, and he or she can charge the clients a fee for the services provided. A "fee-only" advisor does not accept commissions. In theory, this removes any chance for a conflict of interest in the advice offered by the advisor. He or she has no financial incentive to recommend one product over another. A "fee-based" advisor, on the other hand, is free to accept commissions as well as fees paid directly by clients. Given the dual sources of income, the initial cost of working with a fee-based advisor may be lower.

The trust industry always has charged only fees for services. The fees are expressed as a percentage of the assets under management, with lower percentages applying to larger accounts. If you are interested, I would be pleased to provide you with our fee schedule.

Your Trust Officers,
Suzanne Chilcott & Jon-Myckle Price

Do you have a question concerning wealth management or trusts? Send your inquiry to Suzanne at suzanne@secfedbank.com or to Jon-Myckle at jmp@secfedbank.com. You can also give us a call at 574-722-6261.