Advisor Workstation Office Edition Billing Scenarios

The client has two accounts with an advisor:

	Management Fee A		Management Fee B		Management Fee C	
Savings Account: $100,000	0 - $100,000	1%	0 - $100,000	2%	0 - $100,000	1.5%
	$100,001 - $250,000	0.50%	$100,001 - $250,000	1.00%	$100,001 - $250,000	0.75%
Brokerage Account: $300,000	$250,001 +	0.25%	$250,001 +	0.50%	$250,001 +	0.375%

SCENARIO 1: Based on Individual Account Balances

Objective: Apply various management fee structures to one client's accounts. The sum of the separate account fees will be the total amount

Client Setting Level (Fee Methodology): Individual Account Setting/Balance

Fee A applied to Savings		Fee B applied to Brokerage	
$100,000 X 1% =	$1,000	$100,000 X 2% =	$2,000
		$150,000 X 1% =	$1,500
		$50,000 X 0.50% =	$250
Fee for Savings =	**$1,000**	+ Fee for Brokerage	**$3,750**

Total Fees = $4,750

SCENARIO 2: Based on Client Aggregate

Objective: Aggregate client's accounts and apply one management fee. The advisor must select one management fee to use.

Client Setting Level (Fee Methodology): Client Setting/Aggregate Balance

Fee A applied to Aggregate	Fee B applied to Aggregate		Fee C applied to Aggregate	
$100,000 X 1% = $1,000	$100,000 X 2% =	$2,000	$100,000 X 1.5% =	$1,500
$150,000 X .5% = $750	$150,000 X 1% =	$1,500	$150,000 X .75% =	$1,125
$150,000 X .25% = $375	$150,000 X .5% =	$750.00	$150,000 X .375% =	$562.50
Total Fees = $2,125	**Total Fees =**	**$4,250.00**	**Total Fees =**	**$3,187.50**

SCENARIO 3: Blended Rate

Objective: Using each account's management fee (set at the account level), create a blended fee for multiple accounts. This creates a weighted aggregate: the portfolio is aggregated, then "pushed through" two or more fee structures. The fees are then weighted based on the assets in the account/portfolio assets. The client takes advantage of aggregating, the advisor is fairly compensated based on the size of accounts (the application of fee structures is porportionate to the size of the account to which it has been applied.)

Client Setting Level (Fee Methodology): Individual Account Setting/Blended Rate

	Management Fee A		**Management Fee B**	
Savings Account = $100,000				
Brokerage Account = $300,000	0 - $100,000	1%	0 - $100,000	2%
	$100,001 - $250,000	0.50%	$100,001 - $250,000	1.00%
	$250,001 +	0.25%	$250,001 +	0.50%
The aggregated balance ($400,000) will be entered into both fee tiers (A and B) to determine a blended fee.	$100,000 X 1% =	$1,000		
	$150,000 X .50 =	$750		
	$150,000 X .25 =	$375		
	$400,000	**$2,125**		
Fee A Sum / Agg. Sum = Blended Rate	2,125/400,000	**0.0053**		
Blended Rate X Brokerage Account Sum	.0053 X $100,000	**$531.25**		
The aggregated balance ($400,000) will be entered into both fee tiers (A and B) to determine a blended fee.			$100,000 X 2% =	$2,000
			$150,000 X .1 =	$1,500
			$150,000 X .5 =	$750
				$4,250
Fee B Sum / Agg. Sum = Blended Rate			4,250/400,000 =	**0.0106**
Blended Rate X Savings Account Sum			.0106 X $300,000 =	**$3,187.50**
Total Fee = Sum of blended fees		**$531.25** +		**$3,187.50**
	Total Fees =	**$3,718.75**		

Note: The Blended Rate method yields the same result as applying weights to the results of the Aggregation method in Scenario 2.

Results from Aggregation Method:

Fee A applied to Aggregate
$100,000 X 1% = $1,000
$150,000 X .5% = $750
$150,000 X .25% = $375
Total Fees = $2,125

Of this aggregate, 25% ($100,000/$400,000) is the client's Savings account. Fee A is applied to the Savings account.

$2,125 X .25 = **$531.25**

Fee B applied to Aggregate
$100,000 X 2% = $2,000
$150,000 X 1% = $1,500
$150,000 X .5% = $750.00
Total Fees = $4,250.00

75% $300,000/$400,000 is made up of the Brokerage account. Fee B is applied.

$4,250 X .75 = **$3,187.50**

$531.25 + $3, 187.50 = **$3,718.75**

In essence, the Blended Rate method applies multiple fee structures to the aggregate, and then weights those fees based on what percent of total assets the assets in the fee structure represent.