

Every fee that eats into your return

Lesson: zerotoinvest.com/en/lesson/fees/

Name _____

Date _____

EXERCISE 1

Your fund costs 1.2 percent a year, your portfolio holds \$40,000. What does that cost per year?

Your answer

EXERCISE 2

\$25,000 grows for 25 years at 6 percent before costs. What is left at 0.2 percent and at 1.5 percent annual costs?

Your answer

EXERCISE 3

You put \$8,000 into a fund with a 5 percent front load. How much is actually invested?

Your answer

EXERCISE 4

You trade twice a week, each time \$4 in fees and about \$3 of spread. What does that cost over a 52 week year?

Your answer

Tip: the calculators on zerotoinvest.com help you check your answers.

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Solutions: Every fee that eats into your return

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Exercise 1. $\$40,000 \times 1.2 \text{ percent} = \$480$.

Exercise 2. At 0.2 percent: $\$25,000 \times 1.058^{25} = \$102,349$. At 1.5 percent: $\$25,000 \times 1.045^{25} = \$75,136$.
Difference: \$27,213.

Exercise 3. Load: \$400. Invested: \$7,600.

Exercise 4. $2 \times 52 \times (\$4 + \$3) = \$728$.

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