

# Observer

## Know What Fees You're Charging? Probably Not.

**T**here's a good chance if you're a financial adviser reading this tidbit, that you don't understand the total amount of fees you're charging your client.

At least that's what results from a survey conducted by Peak Advisor Alliance and Cerulli Associates indicate. The survey showed nearly 63 percent of advisers surveyed thought their total fees were less than 1.5 percent on any given account. The reality is that fees are actually 30 basis points higher than advisers think.

Ron Carson, CEO of Carson Wealth Management and founder of Peak Advisor Alliance, said in a news release that this is a problem.

"This stat should alarm every adviser and force them to go back and look at how they are presenting their fee structure to clients," Carson said. "As

an industry, we must do a better job of simplifying a complex fee structure so clients understand the value they are receiving when they work with a financial adviser."

A 2012 Cerulli Associates survey found 60 percent of clients don't understand how their financial adviser is charging them, and when they feel surprised by the fees being charged, it erodes trust.

This isn't good for business, especially with CNBC telling folks in a 2013 article that if consumers are tired of adviser fees or the lack of transparency regarding them, they should, "go it alone."

"If a client doesn't know or understand the fees they are being charged," Carson said, "they most likely will not ever fully trust their adviser, which can be toxic to the relationship in the long run."



"We're in a world where there are very few unambiguously cheap assets. If you ask me to give you the one big bargain out there, I'm not sure there is one."

—Russ Koesterich,  
chief investment strategist at  
BlackRock, *New York Times*

"Classically, the market climbs a wall of worry. Now we're having a wall of hatred. The more that people hate this rally and come up with excuses not to play, the more the rally becomes a reality."

—Michael Purves, chief global strategist and head of equity derivatives research at Weeden & Co., *Bloomberg Businessweek*