

Market Study: Average Investment Management Fees

Introduction

Following is an excerpt from an article published by AdvisoryHQ in 2016 which reported their findings from their national study on investment advisory fees. You can find a [full version of the AdvisoryHQ report here](#).

Excerpt begins.

Average % Fees (Percentage of Asset Under Management)

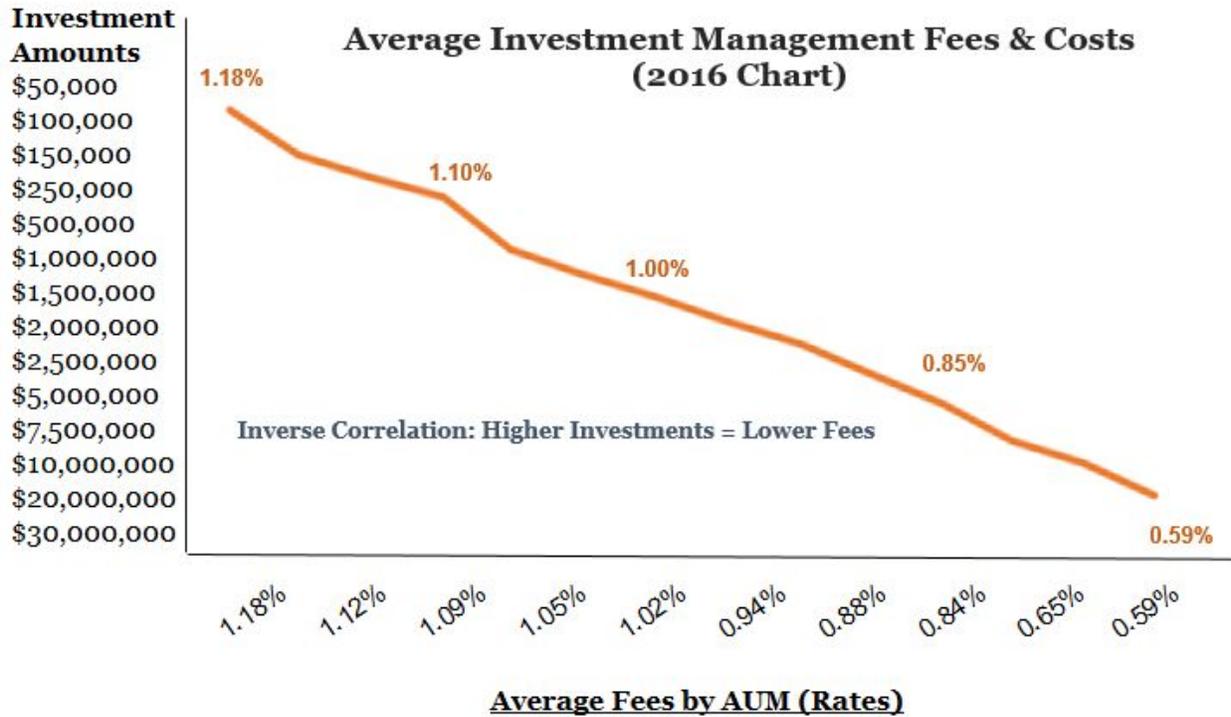
Charging each client a percentage of the asset being managed, also known as assets under management (AUM), was the original compensation plan for financial advisors, RIAs, and wealth managers, and it's still the most commonly used investment fee structure today.

This structure is very simple: a client gives a particular amount/asset (for example, \$500,000) to an investment manager to invest on their behalf. In return, the investment manager charges an annual percentage (for example, 1%) of the assets entrusted to the wealth management firm as income.

The table below presents the average 2016 independent financial advisor fees (comparison) based on percentage of AUM. These fees were documented based on a random sampling of a wide range of wealth advisors, RIAs, and asset management firms. Click here for additional information on our [equal probability of selection](#) sampling approach.

Financial Advisor Fees (2016) | Average Investment Management Fees (Comparison)

Investment Amounts	Average Fees (%)	Annual Averages
\$50,000	1.18%	\$590
\$100,000	1.12%	\$1,120
\$150,000	1.09%	\$1,635
\$250,000	1.07%	\$2,675
\$500,000	1.05%	\$5,250
\$1,000,000	1.02%	\$10,200
\$1,500,000	0.94%	\$14,100
\$2,000,000	0.91%	\$18,200
\$2,500,000	0.88%	\$22,000
\$5,000,000	0.84%	\$42,000
\$7,500,000	0.77%	\$57,750
\$10,000,000	0.69%	\$69,000
\$20,000,000	0.65%	\$130,000
\$30,000,000	0.59%	\$177,000



The financial advisor [fee averages](#) presented above correlate with Bloomberg's Investor Guide to Fees and Expenses report, which shows that clients with "more than \$100,000 in investment accounts pay less than 1.12%" annually (on average) in management fees.

Less affluent investors, on the other hand (those with \$100,000 or less in account size), typically pay more than 1.12% in fees per year.

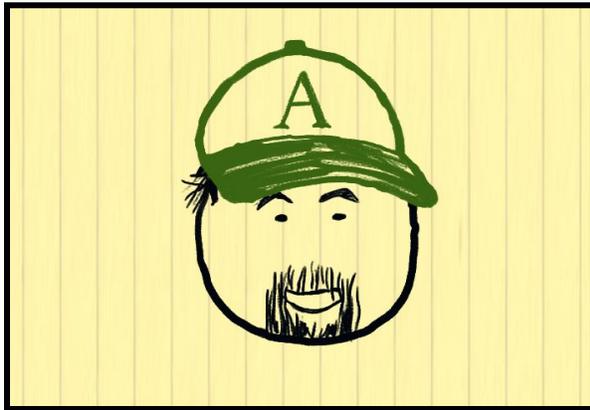
Clients with about \$1,000,000 in invested assets pay around 1%.

The average financial advisor fees presented above reflect administrative fees (record keeping, accounting services, trading, etc.) and overall management costs (ongoing due diligence, monitoring, tax management, account rebalancing, and ongoing investment advice and financial planning).

Excerpt ends.

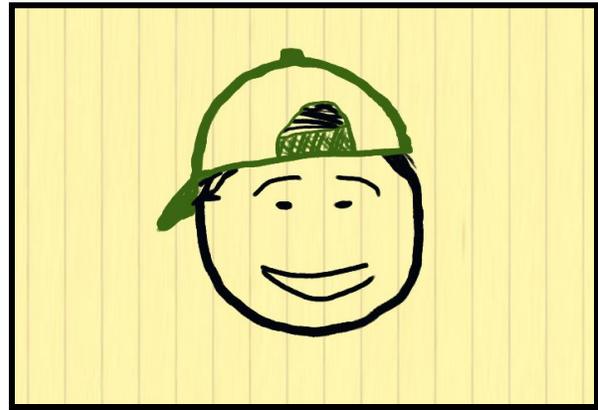
About Anodos

Anodos helps capital owners develop and manage an investment governance process. For many of our clients this oversight responsibility is not merely a subject of curiosity, but a duty they are obligated by statute to fulfill on behalf of the beneficiaries and organizations they serve. What makes Anodos unique is this is all we do. We don't manage money, sell insurance, or accept referral fees. We don't have a horse in the race.



Josh Yager, Esq., CFP®, ChFC®, CLU®

Josh is a recognized content expert on the issues of fiduciary duties relating to the management and oversight of trust assets. He lectures extensively on the policies and procedures for conducting investment manager audits to CPAs, attorneys, and professional fiduciaries throughout the country. Josh is Managing Partner at Anodos Advisors and a licensed attorney. Prior to founding Anodos in 2005, Josh worked for fifteen years as an investment advisor with Mercer Advisors.



Ryan Wolfshorndl, CFA, CIPM, CFP®

Ryan has been with the firm since its inception in 2005 and holds the Chartered Financial Analyst and Certified Financial Planner designations. Ryan is a Partner and has 12 years of experience conducting performance attribution and other statistical analysis relevant to the investment experience. This work ensures accountability, adherence to investment parameters, and clarity of expectations between clients and their managers.