





Investment Management Fee

The Investment Management Fee is the fee clients pay for your investment management services. This fee is a percentage of a client's assets in an account. These fees generate fee income for your bank.

As you raise this Management Fee, you will earn more fee income relative to the assets under management. At the same time, as you raise this Management Fee, you become less attractive to customers and prospects, leading to:

Management Fee	Fee Income	Retention Rate	Response Rate
			
As you increase your Management Fee	...your fee income will increase...	...but your retention rate will fall....	...as will your response rate from new customers

- Lower retention rates on existing customers
- Lower response rates from prospects

The opposite is also true. As you lower the management fee, you will earn less fee income relative to the assets under management. However, you will become more attractive to customers and prospects, leading to:

- Higher retention rates on existing customers
- Higher response rates from prospects

More specifically:

- If your Management Fee is within +/- 10% of the market average, there is no impact on your response rates
- If your Management Fee is outside this +/- 10% range, your response rates will be adjusted by 100% of the difference between your fee and the market average

See Sample Calculation R-8 for an example.

The impact on retention rates is similar, but your existing customers are less sensitive than new customers:

- If your Management Fees are within +/- 30% of the market average, there is no impact on your retention rates
- If your Management Fees are outside this +/- 30% range, your retention rates will be adjusted by 100% of the difference between your fees and the market average

See Sample Calculation R-9 for an example.