

Fee Impact Calculator

Activity 3: Calculate the long-term cost of investment fees

Part A: Head-to-Head Comparison

Compare two similar S&P 500 investments: a mutual fund vs. an ETF

Characteristic	Fidelity 500 (FXAIX) Mutual Fund	SPDR S&P 500 (SPY) ETF
Expense Ratio	0.015%	0.0945%
Minimum Investment	\$0	Price of 1 share (~\$500)
Trading Hours	End of day only	Market hours (9:30-4:00 ET)
Dividend Handling	Auto-reinvested	Cash or reinvest
Bid-Ask Spread	None	~\$0.01 per share
Tax Efficiency	Good	Excellent

Part B: Long-Term Cost Analysis

Starting Investment (\$)

10000

Monthly Additions (\$)

300

Time Period (Years)

30

Average Annual Return (%)

8

Low-Cost ETF

0.03% expense ratio

\$552,778

Average Mutual Fund

0.75% expense ratio

\$472,016

High-Cost Active Fund

1.25% expense ratio

\$423,772

Visual Comparison

Low-Cost
ETF

Average
Fund

High-Cost
Fund

Fee Impact Summary

Difference between Low-Cost ETF and Average Fund: **\$80,762**

Difference between Low-Cost ETF and High-Cost Fund: **\$129,006**

That high-cost difference equals **430** months of your \$300 contributions!

Record Your Calculations

Low-cost ETF final value:

\$

Average mutual fund final value:

\$

High-cost active fund final value:

\$

Fee impact (Low vs. Average):

\$

Fee impact (Low vs. High):

\$

Challenge Question

The difference between the low-cost ETF and high-cost fund represents how many years of your monthly contribution?

Calculation: Difference / (Monthly \times 12) = ___ years

Show your calculation and answer...