

“In today’s low interest rate environment, even minimal portfolio fee savings translate into the equivalent of an endowment contribution of millions of dollars.”

*-Scott Santin, Managing Principal & Co-Founder of
The Concord Advisory Group, Ltd.*

Interest rates today are close to the lowest they’ve ever been. This is causing organizations to look elsewhere for stable income. A risk free strategy for increasing returns is cutting costs.

The illustration below shows how a reduction in costs can produce earnings equivalent to various endowment dollars. For instance; if your organization has \$50 million in assets, cutting investment costs by just 0.10% is equivalent to saving \$50,000. In other words, reducing costs by 0.10% is like depositing \$1,666,667 in your portfolio risk-free.*



You may have previously reviewed your investment program for cost savings and believe that costs are reasonable. Without specialized knowledge of industry norms you may be missing additional savings. Hiring an expert in the field who can identify and negotiate fees with your investment managers and custodians can afford your portfolio sizeable savings.

It is good management, and in some cases fiduciary duty, to research what the marketplace is charging for financial services. If your organization needs guidance in this task, there are independent consulting firms that can assist you. In many cases their fees are offset by the cost savings gained during the first year.

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* Based on an interest rate of 3%.