

Growth of Initial \$800,000 at two Investing Costs:
\$450,000 difference in Portfolio Value in 15 years

Option #1: Spend \$10,000 on consultants and will. Invest \$790,000 at Investing Cost of .06%

Option #2: Invest \$800,000 at Investing Cost of 1.6%.

I use 100% stock portfolio in this example: 7.1% Real Expected annual return
before consideration of costs.

Option #1 Real Return Rate 7.04%

| | Start of year | Growth in Year | Added at end of Year | End of year |
|----|---------------|----------------|----------------------|------------------|
| 1 | 790,000 | 55,616 | 15,000 | 860,616 |
| 2 | 860,616 | 60,587 | 15,000 | 936,203 |
| 3 | 936,203 | 65,909 | 15,000 | 1,017,112 |
| 4 | 1,017,112 | 71,605 | 15,000 | 1,103,717 |
| 5 | 1,103,717 | 77,702 | 15,000 | 1,196,418 |
| 6 | 1,196,418 | 84,228 | 15,000 | 1,295,646 |
| 7 | 1,295,646 | 91,213 | 15,000 | 1,401,860 |
| 8 | 1,401,860 | 98,691 | 15,000 | 1,515,551 |
| 9 | 1,515,551 | 106,695 | 15,000 | 1,637,245 |
| 10 | 1,637,245 | 115,262 | 15,000 | 1,767,508 |
| 11 | 1,767,508 | 124,433 | 15,000 | 1,906,940 |
| 12 | 1,906,940 | 134,249 | 15,000 | 2,056,189 |
| 13 | 2,056,189 | 144,756 | 15,000 | 2,215,944 |
| 14 | 2,215,944 | 156,002 | 15,000 | 2,386,947 |
| 15 | 2,386,947 | 168,041 | 15,000 | 2,569,988 |

Total growth from initial \$1800,000 **1,769,988**

Option #2 Real Return Rate 5.5%

| | Start of year | Growth in Year | Addition at end of Year | End of year |
|----|---------------|----------------|-------------------------|------------------|
| 1 | 800,000 | 44,000 | 15,000 | 859,000 |
| 2 | 859,000 | 47,245 | 15,000 | 921,245 |
| 3 | 921,245 | 50,668 | 15,000 | 986,913 |
| 4 | 986,913 | 54,280 | 15,000 | 1,056,194 |
| 5 | 1,056,194 | 58,091 | 15,000 | 1,129,284 |
| 6 | 1,129,284 | 62,111 | 15,000 | 1,206,395 |
| 7 | 1,206,395 | 66,352 | 15,000 | 1,287,747 |
| 8 | 1,287,747 | 70,826 | 15,000 | 1,373,573 |
| 9 | 1,373,573 | 75,547 | 15,000 | 1,464,119 |
| 10 | 1,464,119 | 80,527 | 15,000 | 1,559,646 |
| 11 | 1,559,646 | 85,781 | 15,000 | 1,660,426 |
| 12 | 1,660,426 | 91,323 | 15,000 | 1,766,750 |
| 13 | 1,766,750 | 97,171 | 15,000 | 1,878,921 |
| 14 | 1,878,921 | 103,341 | 15,000 | 1,997,262 |
| 15 | 1,997,262 | 109,849 | 15,000 | 2,122,111 |

1,322,111

Difference in spending power **-\$447,900**

What percentage less growth **-25%**

Average annual difference over the 15 years **-\$29,900**