

## Lesson 2

### Investing fees explained - Video handout

DIY investing fees	Financial advisor fees
_____ fee: charged every time you buy or sell a financial asset. Some platforms offer a certain number of _____ trades per month.	_____ fee: charged when advisors make trades on your behalf.
_____ fee: charged for holding your account, especially if your balance falls below a certain amount. Often charged _____ or _____.	_____ load: charged when you purchase units of funds and is deducted from your initial investment.
_____ fee: charged when you take money out of your account.	_____ load: charged when you sell units in a fund; usually decreases over time.
_____ fee: charged when you don't make trades for a certain period.	_____ load: an ongoing sales commission charged annually, like a subscription fee.

#### MER fees

- MER stands for \_\_\_\_\_.
- Covers the cost of \_\_\_\_\_ the fund, including administration, marketing and other expenses.
- Example: If a fund's MER is 2.5% and you invest \$10,000, the annual fee would be \$\_\_\_\_\_.
- The three main components of the MER are
  - \_\_\_\_\_ fee (paid to the investment dealer)
  - \_\_\_\_\_ (such as GST and HST)
  - \_\_\_\_\_ management fee (covers research, trading and risk management)

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### Brokerage fees

- Brokers help organize and perform \_\_\_\_\_ in the stock market.
- Brokerage fees can be based on a \_\_\_\_\_ of the transaction, a \_\_\_\_\_ fee or a hybrid of both.
- Some online platforms offer \_\_\_\_\_-free trading, but may charge other fees, like account maintenance.

### Key considerations when managing investment costs

- Moving your money frequently can increase your \_\_\_\_\_ costs.
- In Canada, \_\_\_\_\_% of any capital gains are taxable.
- For example, if you buy a stock for \$500 and sell it for \$800, your taxable gain is \$\_\_\_\_\_.
- Using tax-\_\_\_\_\_ or tax-\_\_\_\_\_ accounts can help reduce tax costs.
- Understanding the various \_\_\_\_\_ involved in investing helps you make informed \_\_\_\_\_ and keep more of your \_\_\_\_\_.
- Managing fees and taxes effectively is key to \_\_\_\_\_ your investment returns over time.

## Lesson 2

### Video handout answer key

DIY investing fees	Financial advisor fees
<b>Commission</b> fee: charged every time you buy or sell a financial asset. Some platforms offer a certain number of <b>free</b> trades per month.	<b>Transaction</b> fee: charged when advisors make trades on your behalf.
<b>Maintenance</b> fee: charged for holding your account, especially if your balance falls below a certain amount. Often charged <b>monthly</b> or <b>annually</b> .	<b>Front-end</b> load: charged when you purchase units of funds and deducted from your initial investment.
<b>Withdrawal</b> fee: charged when you take money out of your account.	<b>Back-end</b> load: charged when you sell units in a fund; usually decreases over time.
<b>Inactivity</b> fee: charged when you don't make trades for a certain period.	<b>Level</b> load: an ongoing sales commission charged annually, like a subscription fee.

### MER fees

- MER stands for **management expense ratio**.
- It covers the cost of **running** the fund, including administration, marketing and other expenses.
- Example: If a fund's MER is 2.5% and you invest \$10,000, the annual fee would be **\$250**.
- The three main components of the MER are
  - a **trailer** fee (paid to the investment dealer)
  - **taxes** (such as GST and HST)
  - a **portfolio** management fee (covers research, trading and risk management)

## Lesson 2

### Brokerage fees

- Brokers help organize and perform **trades** in the stock market.
- Brokerage fees can be based on a **percentage** of the transaction, a **flat** fee or a hybrid of both.
- Some online platforms offer **commission**-free trading, but may charge other fees, like account maintenance.

### Key considerations when managing investment costs

- Moving your money frequently can increase your **transaction** costs.
- In Canada, **50%** of any capital gains is taxable.
- For example, if you buy a stock for \$500 and sell it for \$800, your taxable gain is **\$150**.
- Using tax-**deferred** or tax-exempt accounts can help reduce tax costs.
- Understanding the various **fees** involved in investing helps you make informed **decisions** and keep more of your **returns**.
- Managing fees and taxes effectively is key to **maximizing** your investment returns over time.