



# The AUM Math

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What 1% of your assets actually costs you over a career.

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# Executive Summary

A 1% AUM fee does not cost you 1%. It costs you the compounded growth of that 1%, every year, for decades. This report shows the exact math.

Starting NW	20-Year Benefit	30-Year Benefit
\$1M	\$187,585	\$683,161
\$5M	\$2,369,210	\$6,992,247
\$10M	\$5,428,885	\$15,617,906
\$25M	\$14,848,583	\$41,963,608

Portfolio benefit = additional portfolio value you keep with flat fees vs. 1% AUM, accounting for lost compounding on fees paid. 7% annual growth assumed.

At \$5M over 30 years, your portfolio is **\$6,992,247** larger with flat fees.  
The rest of this report shows you how.

# Introduction

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*“When most advisors quote you a 1% AUM fee, they say something like ‘It’s just one percent.’ That’s the line. ‘Just one percent.’ The math says otherwise. Over a 20-year career, 1% compounds into something most clients have never seen laid out. This report is the math.”*

## What this report shows

- How AUM (assets under management) fees actually work — and why they grow faster than most people realize.
- Side-by-side math comparing 1% AUM fees to a flat-fee model at \$1M, \$5M, \$10M, and \$25M in assets.
- The 20-year and 30-year compounding effect — the numbers most advisors never put in front of you.
- What you could actually do with the money you keep.

## Why it matters

The difference between a 1% AUM fee and a flat fee is not 1%. It is the compounded cost of 1% applied to a growing portfolio, year after year, for decades. At higher net worth levels, that difference becomes hundreds of thousands — or millions — of dollars. Money that stays in your accounts, compounds for your family, and works for your goals instead of your advisor’s.

This report uses real math and transparent assumptions. No tricks. No fine print. Just the numbers.

# How AUM Fees Actually Work

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## The mechanics

An AUM fee is a percentage of your total managed assets, charged annually (usually billed quarterly). If your advisor charges 1% and you have \$5 million invested, you pay \$50,000 per year.

Here is the part people miss: as your portfolio grows, so does the fee. If your portfolio grows to \$7 million, you now pay \$70,000. The advisor did not do 40% more work. They may not have changed your plan at all. But they earned 40% more.

## The structural conflict

AUM creates a structural incentive misalignment. Your advisor is financially rewarded when your managed assets grow — which can discourage advice that moves money out of the managed portfolio, even when that move is in your best interest. Paying down a mortgage, funding a business, buying real estate, or making a large charitable gift all reduce the advisor's revenue.

## Why flat fees align incentives

A flat-fee advisor earns the same regardless of where your money goes. The advice is about your life, not your account balance. Whether you invest more, pay off debt, buy a property, or give generously — the fee stays the same. The advisor's only job is to give you the best advice, period.

*“Your AUM advisor gets paid more when your account grows — whether or not you ever get better advice.”*

# The Math: Year 1

Annual fees at 1% AUM vs. WIY flat fee at four net worth levels.

Net Worth	AUM Fee (1%)	WIY Flat Fee	You Save
\$1M	\$10,000	\$10,000	—
\$5M	\$50,000	\$21,000	\$29,000
\$10M	\$100,000	\$31,000	\$69,000
\$25M	\$250,000	\$46,000	\$204,000

## What the table shows

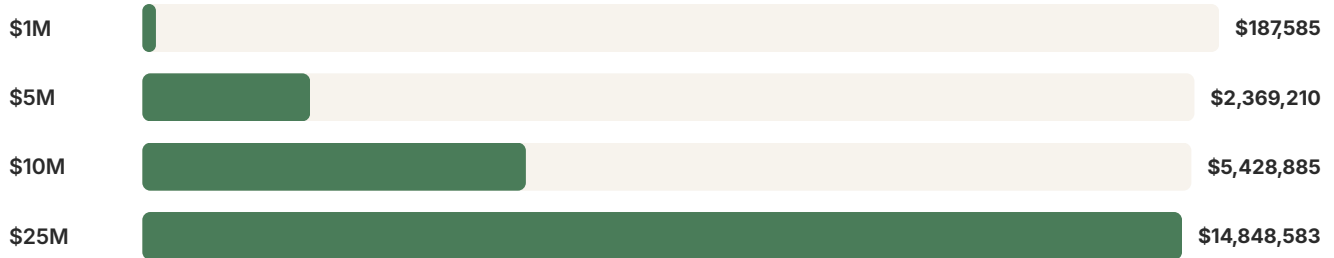
At \$1M, the fees are identical — the WIY flat fee matches the AUM cost at this level. This is by design: flat-fee planning becomes increasingly advantageous as net worth grows. At \$5M, you save \$29,000 per year. At \$25M, you save \$204,000 per year — every single year.

WIY fee based on declining-percentage model: first \$1M at 1.00%, next \$2M at 0.35%, next \$7M at 0.20%, above \$10M at 0.10%. \$10,000 annual minimum. AUM assumes standard 1% of managed assets.

# The 20-Year Compounding Effect

Portfolio benefit over 20 years at each wealth level. Fees are paid from the portfolio each year, reducing the base for future growth.

## Portfolio benefit of flat fees vs. AUM (20 years)



## Cumulative fee comparison at \$5M (20 years)

AUM fees paid  
**\$1,953,284**

WIY fees paid  
**\$603,447**

Fee savings: \$1,349,836. But because those savings stay invested and compound, the total portfolio benefit is even larger.

At \$5M over 20 years  
AUM portfolio: \$15,825,209  
WIY portfolio: \$18,194,419

Portfolio benefit

**\$2,369,210**

Assumptions: 7% annual portfolio growth. AUM fee: 1% of current portfolio value each year. WIY fee: tiered formula recalculated on current portfolio value. Fees paid from portfolio each year. All figures pre-tax and illustrative.

# The 30-Year Outlook

The same math extended to 30 years — where the difference becomes impossible to ignore.

## Portfolio benefit of flat fees vs. AUM (30 years)



## Cumulative fee comparison at \$5M (30 years)

AUM fees paid  
**\$4,177,861**

WIY fees paid  
**\$1,079,849**

Fee savings: \$3,098,011. With compounding, the total portfolio benefit grows to \$6,992,247.

At \$5M over 30 years

AUM portfolio: \$28,153,939  
WIY portfolio: \$35,146,187

Portfolio benefit

**\$6,992,247**

*The 30-year view is where the math becomes impossible to ignore. At \$5M, your portfolio is \$6,992,247 larger with flat fees — money that never had to leave your balance sheet.*

Same assumptions as 20-year projections. 7% annual growth. Fees paid from portfolio each year. WIY fee recalculated on current portfolio value annually.

# What You Could Do With the Savings

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At the \$5M level alone, your portfolio grows \$2,369,210 more over 20 years and \$6,992,247 more over 30 years with flat fees. At higher net worth, the numbers are dramatically larger. Here is what that money could mean for your life:

## **Real estate investment portfolio**

A down payment — or full purchase — on income-producing rental properties that generate cash flow for decades.

## **Education fully funded**

Cover the entire cost of private school and college for multiple children — without student loans.

## **Early retirement by 3–5 years**

An extra two to fifteen million in your portfolio — depending on wealth level and time horizon — means you reach financial independence years sooner.

## **Generational wealth transfer**

Money that stays compounding in your accounts today becomes the inheritance — or the trust — that changes your family tree.

## **Business investment or philanthropy**

Fund your next venture, seed a foundation, or make the charitable gifts you have always planned.

*“This isn’t theoretical. This is real money that never has to leave your balance sheet.”*

# Why Most Advisors Don't Show You This

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## The structural reality

AUM fees account for the vast majority of revenue at most registered investment advisory (RIA) firms in the United States. The entire industry infrastructure — custodians, compliance platforms, technology vendors — is built around AUM billing. Showing clients the true compounded cost of that model is, quite literally, bad for business.

## Fiduciary vs. suitability

Many investors assume that “fiduciary” means “always acting in your best interest.” In practice, fiduciary duty has limits. An advisor can be a fiduciary and still charge a fee structure that systematically transfers wealth from your portfolio to theirs. The standard requires suitable advice — it does not require the most cost-effective fee arrangement.

Many advisors are dually registered — they hold both an RIA (fiduciary) license and a broker-dealer license. When acting as a broker, fiduciary duty does not apply. And even in their fiduciary capacity, the standard does not require the lowest possible fee — only that the advice be in your best interest given the services provided. A 1% AUM fee on a \$10 million portfolio can satisfy fiduciary duty even when a flat fee would save you \$69,000 per year.

## Why flat-fee firms are still rare

Flat-fee advisory is harder to scale. AUM fees grow automatically with markets. Flat fees require the advisor to deliver value that justifies renewal every year, regardless of what the market does. Most firms prefer the easier path. The firms that choose flat fees do it because they believe it is the right model for clients — not because it is the easiest model for the business.

# Methodology & Assumptions

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## Assumptions used in this analysis

- 7% annual portfolio growth, applied before fees each year.
- Fees are paid from the portfolio each year, reducing the base for future growth. This is how fees work in practice.
- AUM fee: 1% of current portfolio value, charged at end of year.
- WIY fee: tiered formula recalculated on current portfolio value each year — 1% on the first \$1M, 0.35% on the next \$2M, 0.20% on the next \$7M, 0.10% above \$10M. \$10,000 annual minimum.
- Two separate portfolio paths are tracked: one paying AUM fees, one paying WIY fees. The difference in ending portfolio value is the "portfolio benefit."

## Why "portfolio benefit" matters more than fee savings

The cumulative fee difference understates the true cost of AUM fees. When fees are deducted from a portfolio, the money lost to fees can no longer compound. Over decades, this lost compounding significantly exceeds the raw fee difference. The "portfolio benefit" figure captures both the direct fee savings and the growth on those savings.

## Important disclaimers

Figures compound over time. Individual results will vary based on actual returns, tax situation, and portfolio composition. The 7% growth rate is a long-term historical average for diversified portfolios and is not a guarantee. All projections are illustrative and pre-tax. This analysis does not account for inflation, taxes, or specific investment strategies.

### Summary of key results at \$5M starting portfolio

#### 20 Years

Fee delta: \$1,349,836

Portfolio benefit: \$2,369,210

#### 30 Years

Fee delta: \$3,098,011

Portfolio benefit: \$6,992,247



# Your Numbers

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*“The numbers in this report are illustrative. Your numbers are specific.”*

Every financial situation is different. Your net worth, your growth trajectory, your time horizon, and your goals are all unique. The math in this report uses round numbers and standard assumptions to illustrate the principle. Your actual savings could be higher or lower.

## See your exact numbers

Use the [WIY fee calculator](#) to run the math on your specific net worth — and see exactly what you would save over 30 years.

[wealthinyourself.com/pricing](https://wealthinyourself.com/pricing)

## Talk to Josh

Book a free 15-minute intro call to see if flat-fee planning is the right fit for your situation.

[Book a 15-minute intro call →](#)

# About Josh & Wealth In Yourself

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Joshua St. Laurent is a CERTIFIED FINANCIAL PLANNER™ professional, Certified Financial Therapist™, Accredited Personal Financial Coach®, Associate Certified Coach, and holds a Master of Science in Advanced Financial Life Planning. He founded Wealth In Yourself to deliver institutional-quality financial planning at a flat fee — because Josh believes the way advisors get paid should never compromise the advice clients receive.

## The FIAT Philosophy

FIAT — Fiduciary In All Things. WIY is built on a single principle: fiduciary in all things. One flat fee. No AUM. No commissions. No product sales. The only revenue is the planning fee — which means the only incentive Josh has is to give you the best advice possible, regardless of where your money ends up.

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