Discussing Fees with Clients:
Emphasizing Services Instead of Stressing Value

Discussing your investment management fees with clients has never been easy, but it's essential to maintaining productive, trusting, long-term client relationships. That's especially true in today's post-recession world where consumers of financial advice are wary of investment professionals and cautious about their own spending. According to Dr. Jim Grubman, psychologist and consultant to wealth managers and high net worth families, the mindset of today's consumer requires that you take a slightly different approach with fee discussions than you may have in the past, one that focuses on two important objectives:

1. Gives the perception that while you are in business to make a profit, your approach to fees is reasonable and in alignment with your client's best interests, and
2. Actively conveys a fair balance between the specific services you provide and the fees you charge, which is much more meaningful than simply telling your clients that you provide value

Dr. Grubman's advice on discussing fees is especially useful if you are debating how to broach the subject of a fee increase with clients.

A TIMELY OPPORTUNITY

As documented in the State Street/Knowledge@Wharton report, *Bridging the Trust Divide: Advisor Best Practices for Communicating Value and Discussing Fees,* failure to proactively and confidently address the subject of fees with clients leads to confusion and erodes trust, thereby damaging the business relationship. Although wealth managers wrestling with the question of how to broach the subject of fees traditionally have been counseled to convey their "value proposition," a shift in the American consumer's mindset in the aftermath of the Great Recession necessitates a change—and illuminates a new path—for fee discussions.

A new approach for fee discussions should be a welcomed change in an industry that traditionally has done a poor job of discussing fee structure. For example, the State Street/Knowledge@Wharton report found that clients were concerned about fee clarity even more than the absolute levels of fees. Although almost all advisors surveyed (95%) indicated that they discuss fees with their clients, only 66% of customers reported that their advisor initiated fee discussions.

Conditions in today's financial environment are ideal to address the significant disconnect regarding fee discussions. Recent events—from the credit crisis to the passage of the Dodd Frank Act for Consumer Financial Protection—have brought the issue of investment professionals' compensation to the forefront, providing you with a "news hook" to broach the historically difficult to address subject of fees. Additionally, the continuous stream of news articles on what it means to be a fiduciary or how brokers are compensated differently from fee-only advisors has kept transparency in fees on consumers' radar screen.

With today's emphasis on transparency across all industries, it's more crucial than ever to address your fees with confidence and clarity, for prospects and current clients alike. And while you previously may have stressed the more abstract "value" of the advisory relationship, today's financial environment dictates that you reposition your fee discussion to present a balance between concrete services and specific fees, one that is fair to you and to your clients.

So, how exactly do you begin this essential transition in how you discuss fees? Dr. Grubman provides both a framework for your thinking and five easy-to-follow steps to guide your client discussions.

TRANSITIONING FROM DISCUSSING VALUE TO CREATING A GOOD FEE/SERVICE BALANCE

In the aftermath of the Great Recession, successful fee conversations first and foremost require that advisors recognize that prospects and clients aren't necessarily thinking about, nor will they be motivated by, something as intangible as the "value" you provide, says Dr. Jim Grubman. "Clients really only care about two things: the services that advisors provide and the fees they charge," he says. "Once they've been provided with these inputs, they will make their own determination as to whether those services hold value."

Accordingly, rather than expecting clients to compensate you for the big-picture benefits of helping them reach their goals and lead more secure financial lives, you need to begin your fee discussions by listing the specific line item services you provide and establishing what those services are worth. This creates the essential service/fee balance that enables clients to define your value for themselves.

In fact, viewing the fee discussion from your clients' perspective can help you to more effectively communicate your fees. Notes Dr. Grubman, "I ask advisors to think of a time when they engaged with a contractor to build a house or renovate a kitchen, or hired another professional to perform a particular service. Then I ask how they would feel if, when it was time to discuss cost, the professional turned to them and said, 'Let me tell you about my value proposition.' That just doesn't happen."

According to Dr. Grubman, attempting to communicate one's intangible "value" centers the ensuing discussion around the service provider, not the client. "When I ask advisors what they mean by value, they invariably start to list the services they provide: help with retirement planning, integration of multiple accounts, or management of taxes," he says. "What they don't realize is they can more effectively communicate the value of an advisory relationship by just listing those specific services at the outset of the fee discussion."

Talking about the "value I provide" muddles your fee conversations, says Dr. Grubman. "Advisors should discuss the services they deliver, the money they save clients, and the risks they help them avoid," he counsels. "They might mention, for example, how they kept clients invested during the recession so they are now positioned to benefit from the market's current recovery. To the advisor, that's 'added value.' To the consumer, it's a useful service. The consumer's perspective is what's important. When making any type of purchasing decision, consumers need to clearly understand both the services provided and the cost of those services. Very simply, this information is what's important to all of us when we need help."

In fact, discussing fees for financial advice should be handled no differently than talking about costs with a contractor who is re-modeling your kitchen, says Dr. Grubman. "Advisors can learn from a contractor's approach," he insists. "Contractors walk through the kitchen, point to improvements you both agree on, and submit a detailed estimate so you can review what the work costs. They don't simply insist that the homeowner accepts the overall 'value' of the renovation. The consumer then analyzes the estimate, probably comparing it to other quotes, to decide what improvements add value and what he can afford. This approach is empowering for consumers because the service provider is not telling them what to value, but allowing them to choose what they want. When the service looks good then the fee is more easily justified."

FIVE STEPS TO A SUCCESSFUL FEE DISCUSSION

If you are like most advisors you will experience anxiety whether you are talking about compensation for the first time or re-negotiating your fees. Following this proven five-step process for discussing fees can help you to overcome your anxiety and establish a mutually acceptable balance between services and fees, the foundation for a long-term client relationship.

#1. TAKE THE LEAD.

Initiating the discussion of cost is difficult across all industries—and that stress is magnified when talking about fees for financial advice. While money is traditionally a socially taboo subject, you have the added difficulty of having to talk to prospects and clients about how much it costs for investment management advice.

"Advisors easily discuss how they manage money by investing in various funds because that's a service they provide to clients," explains Dr. Grubman. "However, when the conversation shifts to the fees for those services, the interaction becomes much more personal. Now the focus becomes a money exchange between the two individuals, not just a money activity. And so, the stress ratchets up."

While you may anticipate confrontation or awkwardness when raising the subject of fees, Dr, Grubman says it's crucial to take the lead and be proactive. "By the end of the first meeting, the advisor should at least quote a price range, noting that they will present an exact cost in meeting number two after they've had the opportunity to review the client's financial situation and needs in greater detail," he explains. "This can be as simple as noting, 'For the kinds of services we've been talking about, my fees tend to range between 1.25% and 1.75%.'"

Grubman notes that many advisors don't mention fees until clients raise the question of compensation. Yet, simply asking, 'Would it be helpful to talk for a moment about fees?' opens the door for you to begin the conversation about services and fees. "Waiting for a prospect or client to ask about fees unfairly puts the onus on consumers to be assertive and tread in waters they are not comfortable in," he explains. "Conversely, if the advisor is the first to address fees, he demonstrates leadership and cultivates goodwill."

Grubman reminds advisors to think back to conversations with contractors or professionals when they were the client, asking themselves: Did I have to bring up the fee issue, or did the professional? Which felt the best? Which would I prefer in future professional relationships?

Further, says Dr. Grubman, taking leadership in the fee discussion has a hidden benefit. It demonstrates that you are "open to discussing potentially sticky topics." He explains, "When advisors address fees in a straightforward and honest way, clients may reasonably conclude that they will proactively reach out to them in other difficult situations, perhaps during a setback in the market. What you do in the fee discussion teaches the client some important things about who you are and how you operate."

#2. EMPHASIZE SERVICES.

While you once focused on conveying your overall value to clients, Dr. Grubman emphasizes that today's fee discussions should detail specific services. If you are meeting with a new client, it will be helpful to list the range of services your firm provides, from retirement and college planning to helping with asset allocation in 401(k) plans. If you are meeting with a current client, it might be appropriate to discuss any increase in services that have occurred since the beginning of the engagement. You may have begun your relationship simply managing a retirement account, but you now provide assistance with estate planning and some financial planning. Therefore, the fees that were originally appropriate no longer fit the spectrum of services you are providing to the client.

In all of these fee discussions, Dr. Grubman stresses you should be as specific as possible about the services you provide and the fees you charge. "Advisors often tell clients that the value of the advisory relationship is that they will sleep better at night, but today it's necessary to drill down into that benefit to identify the specific services that enable clients to rest easy," he says. "To hone their pitch about services, advisors might tell clients how they will invest to more closely fit their risk tolerance, integrate multiple accounts to guard against portfolio overlap and position their portfolio to take advantage of emerging opportunities in the transitioning market."

Dr. Grubman cautions that long-standing clients can forget what you've done for them, so it's important to routinely inventory the services you provide. "Again, advisors need to remember to explain the services provided in as much detail as possible so clients understand how their advisor has helped them, whether it's been by reducing risk, developing a financial plan, protecting assets, or improving performance," he says. "If fees need to be increased, it's important after listing these services to remind clients how long it's been since fees were increased and that an adjustment is necessary to better balance services and fees."

The recurring theme is that, while you may want to believe you are getting paid for your *value* to the client, the client is more likely to think about paying you for the *services* you are providing. Let the client make the leap from the services you provide to the value you have. "If an advisor is serving the client well, the client will make that leap," says Dr. Grubman.

#3. DESCRIBE FEES WITH CLARITY.

Now that you've shifted your focus from the abstract "value proposition" to a more concrete and relevant service description, it's time to draft a fee schedule that simply and clearly outlines your fee structure. This should include an example of how fees are calculated, the services included and excluded, and any fee minimums and other small print disclosures.

Given the confusion over fees referenced in the State Street/Knowledge@Wharton report, you should avoid industry terms like basis points. "When advisors use industry jargon, clients often nod knowingly, afraid to admit that they don't understand," says Dr. Grubman. "Most clients really don't grasp what a basis point is. Additionally, avoiding the term "basis points" enables you to talk about your fees in smaller and, therefore, more acceptable numbers. For example, charging 1.5% of assets under management certainly sounds more affordable than charging 150 basis points. *One hundred and fifty* sounds like a lot compared to 1.5."

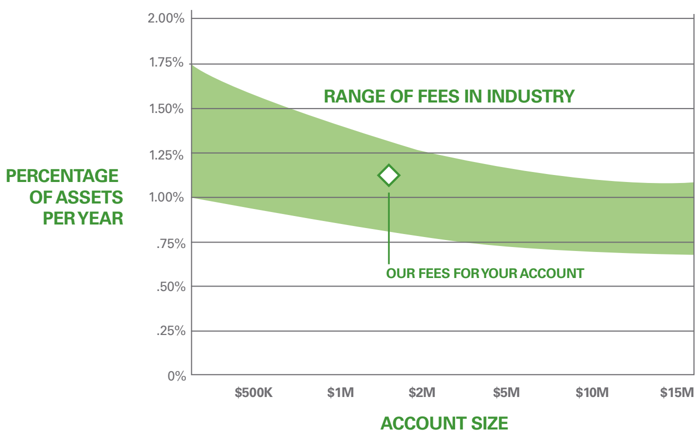
Dr. Grubman also cautions against being overly detailed. "Avoid getting into fine shades of gray," he says. "Many advisors muddle the issue of compensation with lots of ranges and special circumstances because they are so obsessed with compliance and legal issues, but the resulting ambiguity erodes the clients' trust. Rather than seeing the advisor as carefully attempting to cover all the bases, clients perceive all this detail as fudging and creating loopholes, so the advisor's approach backfires."

#4. PROVIDE CONTEXT.

If possible, place your fees in context by benchmarking your compensation against other providers. In fact, clearly disclosing your fees in comparison to your competition is especially useful because novice investors do not always know if a given fee is good, bad or indifferent.

"Consumers are accustomed to reviewing one professional's fee in comparison to another's," says Dr. Grubman. "For example, you get to know one contractor is reasonably priced by comparing his estimate to two or three others. This is not as easy with financial advice where the client may not know what the range of fees may be. Allowing clients to assess what other advisors charge can help them identify an acceptable balance between fees and services."

To put your fees in context, you might draft a fee schedule along these lines:



This graphic immediately conveys a multitude of information to the client. First, it provides a surface level understanding of approximately what the industry charges for the services their advisor provides. Second, it tells the clients just what their fees are in comparison to the overall industry. Alternatively, if you regularly come up against the same three to five competitors when vying for new business, you may choose to visually demonstrate how your fees compare to the fees charged by those specific competitors.

Dr. Grubman acknowledges that this recommendation is scary to many advisors. "Advisors may be afraid to show their fees in context for fear the client will either run to a competitor or push them to drop their fees to a lower level. Yes, there will be some clients who may do that. But if fee differences are really small (1.35% versus 1.25%, for example), and the advisor has done a good job of explaining the services on the front end and the chemistry with the client is good, most clients will go along just fine."

Dr. Grubman stresses that your goal should not necessarily be to establish yourself as the least expensive option. "Situations where the advisor is not the least expensive option provide an opportunity to detail additional services that other advisors may not offer," he notes.

#5. PUT IT ON PAPER.

Because consumers generally don't retain information well, especially in face-to-face meetings, it's helpful to describe your fees clearly in writing to give your prospects and clients something to refer back to. "Advisors may tell the client one thing, but the client walks away remembering something different or forgetting important pieces," says Dr. Grubman. Although fees must be presented to the client in writing for compliance purposes, many fee agreements are so convoluted or obscure that clients only concentrate on what is said in the fee discussion, not what was on paper. This leaves room for miscommunication or mistakes that can come back to haunt you later.

While fee schedules in writing are helpful, Dr. Grubman says supplementing the information with something visual like a chart or graph is even better. "Anything advisors can offer to reduce the client's perception that fees were not discussed or discussed clearly is helpful," he explains. "Long, text-only descriptions are simply not that informative for many clients, despite the fact they satisfy regulatory requirements."

The following example of a fee schedule outlines the fee structure and a sample of how it's calculated, services included and excluded, fee minimums and any other relevant disclosures. This schedule is effective because it does a good job of providing context for the overall fee structure. It also clearly communicates what's included and what's not included. Additionally, the clear fee disclosure is supported by a specific example of how a client's fee would be calculated, lending complete transparency into the total fee structure.

XYZ Financial Company
Fee Schedule

The XYZ Financial Group is a fee-based investment advisory practice. The annual advisory fee is charged as a percentage of the assets it manages on a stepped scale (see example below) and is debited quarterly from client accounts. With exception of the transactional costs listed below, the fee covers all primary services, including investment management, custody, financial planning, estate planning, tax planning and administration. All client relationships are held to a **minimum annual fee of $15,000**.

A Sample Fee Calculation
Based on a market value of $6 million

1.35% X $2 million	=	$27,000
1.15% X $2 million	=	$23,000
1.00% X $1 million	=	$10,000
0.75% X $1 million	=	$ 7,500
TOTAL	=	$67,500
PERCENTAGE OF ACCOUNT	=	1.125%

Advisory Fee Scale

1.35%	from $0 to $2 million
1.15%	from $2 to 4 million
1.00%	from $4 to 5 million
.75%	on $5+ million

Exceptions

- Tax preparation, wire, account maintenance and transactional fees
- Grant-making fees (operational and transactional costs related to processing gifts)
- Costs related to estate settlement

XYZ Financial Company

"Remember," continues Dr. Grubman, "People simply don't remember half of what goes on in a meeting. This phenomenon explains both the discrepancy in perceptions about fees revealed in the State Street/Knowledge@Wharton report, and also where mistrust can sneak into the relationship. An advisor may know he told a client the fee was 1.25% of assets with one exception. The client remembers it as 1.25%, no exceptions. Both parties, then, begin to think that the other is being untruthful or trying to get away with something, should a disagreement arise. A written document enables both parties to refer back to what was discussed so things are more easily resolved."

DISCUSSING FEE INCREASES

In the uniquely stressful situation where you want to discuss increasing your fees, Dr. Grubman says to take a positive approach. "Advisors often make the mistake of approaching fee discussions defensively, or beginning with an apology," he notes. "It's more effective to address the topic of fees in a straightforward fashion, and position your increase in relation to industry standards."

While you may previously have discussed a fee increase in a bull market or as industry fees trended upward and you wanted to keep pace, today there are two specific situations where you might need to address a fee increase:

1. If you reduced your fee and want to increase it back to previous levels;
2. If you have begun providing additional services (either at the client's request or to distinguish your firm from the competition) for which you'd like to be compensated.

INCREASING FEES AFTER A FEE DECREASE

During the recession, many businesses offered discounts and special deals to keep clients on board during sluggish economic times. If you renegotiated your fees downward or added services during the market downturn for fear of losing clients, you may be ready to increase fees now that the market has begun to show signs of recovery. So, what's the best way to broach the subject of a fee increase with clients?

If you want to discuss increasing discounted fees to their previous levels, Dr. Grubman suggests saying, "During the recent period of market difficulty, I demonstrated my flexibility by adjusting my fees. Although I was happy to earn less for a while, I still provided you with all the services you are accustomed to, including (list the most important services you provide). Moreover, during the recent market downturn, we worked to protect your portfolio in a number of ways, including (again, take this opportunity to list any special moves or particular successes). Now, as the market's begun recovering, I'd like to discuss returning my advisory fee to a point where it's more in line with industry standards." (This is an effective place to illustrate how your fees compare to industry averages or to your local competition).

Dr. Grubman advises choosing your words carefully in these fee discussions. For example, stress that you wish to "return" your fee to a previously agreed upon level, rather than use the word "increase." He explains, "Remember to stay positive and emphasize the fee/services balance. And consider beginning your conversation like this: 'As the market continues to improve, it's time to align my fees to be more consistent with the services I'm providing for you and your family. I'd like to discuss returning my fee to the arrangement we agreed on several years ago, before the temporary adjustment we made during the market decline.' In this way, says Dr. Grubman, you position your new fee not as a sudden increase, but rather as a return to a prior agreeable arrangement.

"Discount" is another word Dr. Grubman suggests staying away from. "Consumers love discounts and once they get accustomed to them, they are difficult to give up," he explains. "Advisors don't want their clients to think of them as an off-price provider because nobody ever pays full price at an outlet. Accordingly, advisors should refer to those lowered fees as the 'temporary fee accommodation we agreed on for a period of time.' Similarly, it may be more effective to tell clients you'd like to 'return your fees to industry standards' rather than ask to 're-negotiate' your fees."

INCREASING FEES TO ACCOUNT FOR ENHANCED SERVICES

Over the course of your relationship, it's natural that your clients' financial situations become more complicated. Clients in their 20s and 30s usually do not require the sophisticated estate planning strategies that couples in their 60s and 70s need, for example. As your practice matures, you also may introduce new services to distinguish your firm from the competition or to reward clients for sticking with you over time and in difficult markets, like the recent recession. When you decide it's time to discuss increasing your fees as compensation for extra services, Dr. Grubman suggests saying, "Over the course of our relationship, I've continually enhanced my services. Today in addition to the services I provided when we began working together (list original services), I also provide you with (list additional services). Now, it's time to accommodate those additional services I perform for you and bring my advisory fee back in line with industry standards." (This is an effective place to illustrate how your fees compare to industry averages or to your local competition).

Any time you address fees, Dr. Grubman says it's helpful to stress how critical establishing and maintaining a good fee/service balance is to a healthy, long-term advisory relationship. "The key to all successful business relationships is that the balance between fees and services must be fair to both parties," he explains.

RENEGOTIATING SERVICES INSTEAD OF FEES

In a majority of the instances where you discuss increasing fees, Dr. Grubman says there should be little push-back from satisfied clients. "When the relationship is good and you've been providing quality services, most clients should understand and be willing to act reasonably," he notes. "When advisors run into resistance, their response should depend on whether they want to risk the relationship. Short of ending the relationship over a client's refusal to agree to a higher fee, an advisor might thank a client for listening and ask that they re-visit the fee discussion in another six months."

Alternatively, you could suggest reviewing the firm's services to ascertain if there's something currently provided that the client doesn't utilize or value. "If the advisor decides to keep working for the client at the reduced fee, eliminating a service such as monitoring the 401(k) plan might make sense," Dr. Grubman explains. "If the client doesn't want to agree to a fee that is fair to the advisor for the number of services provided, the advisor always has the option of dropping some services while maintaining the fee level. That restores a fair balance for the advisor yet maintains an economical fee for the client. In the end, when faced with a client who wants comprehensive services but is unwilling to pay a fair industry-appropriate fee, the advisor has to ask: do I really want to work with this client? It's up to each advisor to decide."

Lastly, Dr. Grubman says that it's always best to conduct fee re-negotiations in person. "Advisors may think a telephone message or an email is a non-confrontational way to begin what might be a difficult discussion, but there's plenty a client can misconstrue from a phone message or email," he explains. "Email in particular lacks important nonverbal cues and can quickly go awry in delicate situations like fee discussions."

According to Dr. Grubman, if you address your fees in person, you can provide helpful details, answer any questions, and, most importantly, see and listen to how the interaction is going in real-time. Not only can you reach a resolution sooner, you can ensure the discussion goes as well as possible.

MAINTAINING FEES IN A DIFFICULT MARKET ENVIRONMENT

Clients who are unhappy with a challenging market environment may push back on their current fee. Some clients may ask you for a fee reduction to offset a decline in their portfolio. In this scenario, your goal is to maintain your fee and you'll need to defend your pricing structure without being defensive. Here, you'll want to leverage two of the steps in Dr. Grubman's process: emphasize services and put fees in context. In order to let your client know that she is being heard, you should begin by acknowledging the volatile environment, but you'll then want to quickly change gears to explain all of the work you've been doing, with an emphasis on how your close management of the client's assets and other needs has helped the client during this period. Remember that your ability to successfully maintain fees will require being as specific as possible about your successes and services during this unprecedented period, while underscoring that your current fee arrangement still seems fair for the work you do.

"During trying times, advisors invest substantial time and effort providing counsel and making the tactical adjustments that clients need to remain focused on and – on target to reach – their long-term goals," explains Dr. Grubman. "It's important to review these efforts with clients, whether it involved moving out of a sector to shelter the portfolio from major losses or boosting the portfolio's income with dividends from S&P® leaders."

While clients understandably focus on portfolio performance, Dr. Grubman says it's important to remember that managing their portfolio is just one component of the services you provide. "Take the time to highlight some of the financial planning work you did over the last year," he suggests. "Maybe you re-financed a mortgage or conducted a thorough insurance review."

Your goal in providing this level of detail is to convey that, in a very difficult market, you are managing the clients' entire financial life with a multi-year lens in order to position them well for the long-term. If you can communicate the fair balance between your services and current fees and put your fees in favorable context with the rest of the industry, you can be successful in maintaining fees with most clients.

OVERCOMING ANXIETIES AND NEGOTIATING WITH CLIENTS

If you have encountered even one prospect or client who has been combative on the topic of fees, you may forever after feel extra anxiety about increasing your fees or even explaining your fee structure. According to Dr. Grubman, your fears may be unfounded. In fact, he says, only a handful of clients will be rattled by your fee discussion. "Only about 15% to 20% of clients are likely to be truly aggressive when it comes to fees," he says.

"There is one money personality subtype that is penny-pinching and unrealistic, expecting huge gains and low fees. Another subtype is the deal-making entrepreneur who always likes to browbeat others into agreeing to the lowest fees possible. These clients 'nickel and dime' advisors and take up a disproportionate amount of their time. However, if advisors run into any of these clients even once, they may feel they will encounter resistance every time from anyone."

To prepare for what you sense might be a difficult conversation, Dr. Grubman suggests practicing fee conversations with the clients who likely will handle the conversation well before graduating to clients who may be more challenging. He notes that it is always important to listen to your clients so you can respond to what they value as individuals. "Some clients desire special service and are willing to pay for it," he says. "Others focus on getting the greatest value for whatever fees are charged."

In either case, discussing fees for financial advice should not be handled any differently than talking about costs with a contractor who is re-modeling your kitchen, says Dr. Grubman. "It's important that advisors remain flexible," he says. "Many clients understand that if they negotiate price, then they must also be willing to negotiate the services they receive to the point where the advisor is comfortable with the lower fee. This type of negotiation happens in professional services all the time. Just as ordering less expensive cabinets can reduce the kitchen renovation bill, advisors might consider reducing specific services, such as offering advice on employer retirement accounts, if a client insists on a reduced fee."

In fact, Dr. Grubman notes that a good fee discussion often lays the foundation for a strong business relationship. "When the advisor moves a little, the consumer feels that he's been heard," he says. "Meeting someone halfway is beneficial to all relationships. With professional services, a healthy negotiation creates a sense of collaboration and builds the relationship by establishing a positive tone and a partnership. Consumers want that partnership when they work with a contractor or a physician, and certainly from their financial advisor."

Demonstrating flexibility also gives the client insight into how conflict in the relationship might be handled in the future, says Dr. Grubman. "Consumers appreciate it when a service provider doesn't dig his heels in and refuses to budge," he says. "That gives them confidence that, when the relationship hits a bump in the road, the advisor will be supportive, not adversarial, and open to making necessary adjustments."

CLEARLY DISCUSSING FEES SOLIDIFIES LONG-TERM RELATIONSHIPS

Whether you are dealing with prospects or current clients, addressing fees clearly and presenting a fee/service balance can strengthen your relationships. "Not talking about fees with your clients leads to a much greater likelihood of misunderstandings, while talking about fees openly enhances trust," says Dr. Grubman. "As always when managing a client's expectations, the more specific advisors can be about the services they provide and the fees they charge, the better."

In conclusion, the simple shift in communication that Dr. Grubman advocates has the power to transform your practice. It requires you to move from describing something intangible like "value" to presenting your clients with a clear, fair balance between specific services and straightforward fees. This transition is especially beneficial in today's market where clients expect complete transparency.

"Remember that you and your clients share the same goal: a productive and positive long-term relationship," concludes Dr. Grubman. "Commonsense, clear, direct fee discussions culminate in you and your clients believing that you are each getting a fair deal. Creating—and periodically re-visiting—the fee/service balance establishes a solid foundation to cultivate and sustain those profitable long-term relationships."

ABOUT JAMES GRUBMAN, PHD

WEALTH PSYCHOLOGIST, FAMILYWEALTH CONSULTING

Dr. Jim Grubman is psychologist consulting to ultra-high-net-worth individuals, couples and families about the impact of wealth on personal and family dynamics. He is a frequent speaker and consultant to wealth management firms about family dynamics, the integration of psychological services with financial services, and training of advisors to improve client relationship skills. He designed and taught the first graduate-level-only course in the US about psychology and financial advising at Bentley University, and he is a faculty member for the Certified Private Wealth Advisor certificate sponsored by IMCA and the University of Chicago Booth School of Business. A member of the Boston Estate Planning Council, the American Psychological Association, the Society of Trust and Estate Practitioner (STEP), and the Family Firm Institute, Dr. Grubman has earned the Family Business Advising certificate and provided training for the Family Wealth Advising certificate. He has been featured in print, online, and television media along with publishing multiple journal articles. Dr. Grubman has a doctorate from the University of Vermont and a master's degree from the University of Michigan. More information is available at www.jamesgrubman.com.

.

ETF RESOURCES AT STATE STREET GLOBAL ADVISORS

ABOUT SPDR® ETFS & WWW.SPDRS.COM

SPDR ETFs are a comprehensive fund family of over 100 ETFs, spanning an array of international and domestic asset classes. Offered by State Street Global Advisors, SPDR ETFs provide investors with the flexibility to select investments that are precisely aligned to their investment strategy. Recognized as the industry pioneer, State Street created the first ETF in 1993 (SPDR S&P 500® – Ticker SPY). Since then, we've sustained our place as an industry innovator through the introduction of many ground-breaking products, including first-to-market launches with gold, international real estate, international fixed income and sector ETFs.

WWW.SPDRS.COM

For rich ETF content, tools and comprehensive information on our ETFs, visit us at www.spdrs.com. While you're there, don't forget to check out our portfolio tools:

- **PORTFOLIO ANALYZER** - a web-based portfolio analysis and proposal tool that enables investment professionals to quickly evaluate and assess an investment portfolio.
- **PORTFOLIO CONSTRUCTOR** - a comprehensive web-based portfolio design and proposal tool that enables investment professionals to model, analyze, and construct portfolios utilizing a variety of investment products and investor profiles. It provides a greater level of detail, analysis and functionality than our Portfolio Analyzer tool.
- **CORRELATION TRACKER** - a web-based tool that allows investors to view the correlation of two or more ETFs and stocks using historical pricing information.

SALES AND MARKETING

For more information about our ETFs or how to invest, please call 866.787.2257.

STRATEGY & RESEARCH

The Strategy & Research group is responsible for the development of research and content for the ETF marketplace. With a focus on educating financial intermediaries about the ETF market, the team assists investment professionals in the development of ETF solutions for their clients. Additionally, the group provides investment professionals with investment research and support services on exchange traded funds. To contact the SPDR Global ETF Strategy & Research team, email sr@ssga.com.

BLOOMBERG PAGE

Enter SPDR to find us on Bloomberg.

SPDR UNIVERSITY (WWW.SPDRU.COM)

Brought to you by State Street's family of SPDR ETFs, SPDR University (SPDR U) is an online education source built exclusively for investment professionals. State Street created SPDR U to meet investment advisors' growing demand for quick "anywhere, anytime" access to high-quality educational content. With tools and information you can put into practice, SPDR U allows investment professionals to earn CE credits on a variety of topics, including: ETF education; portfolio strategies; up-to-date market analysis; actionable investment ideas; and best practices for managing your business. Learn more and go to www.spdru.com today.

STATE STREET GLOBAL ADVISORS
State Street Financial Center
One Lincoln Street
Boston, MA 02111

866.787.2257

FOR INVESTMENT PROFESSIONAL USE ONLY. NOT FOR PUBLIC USE.

IMPORTANT RISK INFORMATION

This material is subject to copyright of State Street Corporation with all rights reserved and may not be reproduced without the prior express written permission of State Street Corporation. The views expressed are the views of State Street Global Advisors as of October 2011 and are subject to change based on market and other conditions. The opinions expressed may differ from those with different investment philosophies. The information we provide does not constitute investment advice and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell a security. It does not take into account any investor's particular investment objectives, strategies, tax status or investment horizon. We encourage you to consult your tax or financial advisor. All material has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. There is no representation nor warranty as to the current accuracy of, nor liability for, decisions based on such information. Past performance is no guarantee of future results.

"SPDR" is a registered trademark of Standard & Poor's Financial Services LLC ("S&P") and has been licensed for use by State Street Corporation. STANDARD & POOR'S, S&P and S&P 500 are registered trademarks of Standard & Poor's Financial Services LLC. No financial product offered by State Street Corporation or its affiliates is sponsored, endorsed, sold or promoted by S&P or its affiliates, and S&P and its affiliates make no representation, warranty or condition regarding the advisability of buying, selling or holding units/shares in such products. Further limitations and important information that could affect investors' rights are described in the prospectus for the applicable product.

Distributor: State Street Global Markets, LLC, member FINRA, SIPC, a wholly owned subsidiary of State Street Corporation. References to State Street may include State Street Corporation and its affiliates. Certain State Street affiliates provide services and receive fees from the SPDR ETFs.

Before investing, consider the funds investment objectives, risks, charges and expenses. To obtain a prospectus or summary prospectus which contains this and other information, call 866.787.2257 or visit www.spdrs.com. Read it carefully.

 IBG-4972 Exp. Date: 10/31/2012 IBG.EDU.FEESWP.1011