



# Changes to Costs & Fees for 2024: Frequently Asked Questions

Updated Dec. 15, 2023

## Affiliation Fees

### What changes are happening with affiliation fees?

We continue to leverage scale to minimize the impact of increasing costs from vendors that support the services, technology, and capabilities available to you.

In 2024, to offset a small portion of the increased costs we will incur, your bundled Affiliation Fee will increase slightly, moving from \$6,500 to \$6,675 annually. The fee for hybrid RIAs will continue to be \$500 more annually. The fee will continue to be charged monthly.

The Affiliation Fee will continue to include your affiliation, core technology, errors and omissions (E&O) insurance, and Fidelity bond fees, while fees for cyber protection will be pulled into a separate “Regulatory & Protection Fee.”

### Why are there two different affiliation fees?

Similar to how fees have been structured for several years, there will continue to be two different rates: a standard affiliation fee and a Hybrid RIA fee, which is for independent or dual RIA financial professionals. The hybrid RIA fee is \$42 more per month, which covers the cost of additional E&O associated with supporting this type of business.

## Non-Registered Admin Fee

### Why are you changing the Non-Registered Admin Fee?

As advisors and ensembles look to grow their practices and increase their efficiencies, we have received feedback that the fee for non-registered staff hinders this process. That’s why we have consolidated technology and vendor partner contracts in order to reduce this fee significantly going forward.

### Will the Registered Admin Fee change?

No, the Registered Admin Fee will remain the same.

## Regulatory & Protection Fee

### What is the Regulatory & Protection Fee?

We have combined your cyber protection and FINRA/SIPC fees, which will now be called your “Regulatory & Protection Fee.”

This combined fee will include regulatory assessment fees incurred by Osaic on your behalf from FINRA and SIPC. In addition, this fee will include our [CyberGuard Program](#) and our new [online protection service](#), which proactively monitors and remediates spoofed digital presence to combat associated information security, fraud, regulatory, and reputational risks.



### **How will the Regulatory & Protection Fee be calculated?**

The fee will be calculated as 38 bps of production as of December 31, 2023, with a minimum and maximum fee of \$1,000 and \$5,000 respectively, divided into four equal quarterly charges for 2024.

### **Why is the calculation of this fee different than the previous FINRA/SIPC fee calculation?**

The updated calculation aims to recoup a portion of the increased assessments incurred from FINRA over the last several years while more accurately reflecting the amount of risk your firm carries based on size.

The calculation has also been adjusted to reflect the increasing expenses associated with the programs and policies needed to protect your business from the growing threat of increasingly sophisticated cyber-attacks. Importantly, this fee provides you with access to our cyber protection programs at a much lower rate than what could be attained independently.

## **Off-Platform Fee**

### **Why are you implementing an Off-Platform Fee and who does it apply to?**

The new Off-Platform Fee will only be assessed to advisors with 50% or more of their assets off platform. On-platform assets are defined as Pershing or NFS accounts where the Firm is the broker-dealer of record. This includes DirectChoice, brokerage and Wealth Management Platform (WMP) business.

Osaic has mutual economic alignment with advisors who have a majority of their assets on platform. When assets are held directly at third-party money managers/TAMPs or at mutual fund or annuity companies, we do not recoup revenue that helps us keep your overall costs low.

If you are subject to the Off-Platform Fee, we will waive the fee if you write at least one life insurance policy or annuity with Highland Capital Brokerage.

### **How is the Off-Platform Fee different than the Directly Held Mutual Fund Fee?**

The \$2.50 Direct Mutual Fund Fee covers a portion of the ongoing fees Osaic has historically subsidized, including costs associated with mailings, data feed for aggregation and supervision, and various systems used to support direct business.

### **When will off-platform assets be evaluated and when will the Off-Platform Fee be charged?**

We will review assets as of December 31, 2023, and the fee will be assessed in January 2024. This is an annual fee that will be assessed each January moving forward.

### **How can I qualify for the Highland credit and when will it be issued?**

To qualify for this credit, you must write one or more life insurance policies or annuities with Highland Capital Brokerage during the annual calendar year.

We will review Highland activity three times in 2024:

- A credit will be issued in January if you wrote at least one life insurance policy or annuity with Highland Capital Brokerage in 2023.



- The second review will be as of June 30, 2024, and you will receive the credit in July if you meet the qualification above.
- The final review will be December 31, 2024, and you will receive the credit in January 2025 if you meet the qualification above during the year.

### **Why is the credit being offered for Highland Capital Brokerage business, and what are the benefits of using Highland?**

Because Highland is owned by Osaic, we benefit from transparency into the business and the economics associated with your use of Highland. We also recognize that feedback from Osaic financial professionals has been that their support and case design capabilities are exceptional, which makes it a great solution for financial professionals.

Highland offers a multitude of products and services through its carrier relationships. This helps ensure they meet the needs of even the most discriminating producers and reflect the unique conditions of each local market. Product and service offerings include life insurance, annuities, longevity planning, disability insurance, and more. [Learn more by visiting the Highland website.](#)

## **Miscellaneous**

### **What about the changes announced at ConnectED regarding your advisory pricing structure?**

We look forward to officially announcing the enhancements we are making to pricing on the Wealth Management Platform (WMP) in early 2024. These changes will not be effective until April 1, 2024.

Because the impact of these changes will vary based on your individual business, we will be reaching out to you soon to provide more details. Your new WMP pricing will be based on your individual book of business and will not increase if your current pricing is more favorable than the new structure.

### **Why did you remove the Insurance OBA fee and associated on-platform credits that were implemented last year?**

Last year, we introduced an annual insurance business activity fee for those with an insurance-related OBA due to the additional errors and omission costs associated with covering insurance business. We heard your feedback that the nuances of determining when an OBA is required can be complicated and confusing, so we are eliminating this fee. The requirement to disclose your outside business activities has not changed.

Because this fee is being eliminated, we also eliminated the associated on-platform credit opportunity.

### **You mentioned that custodial fees my clients are currently paying are changing. What fees will change and how will my clients be notified?**

We are pleased to announce we will eliminate some of the custodial fees your clients pay at Pershing, which will be implemented in the first quarter of 2024. These include:

- Equity Dividend Reinvest Fee
- NTF Short Term Redemption Fee
- Alternative Investment Transaction Fee



- Retirement Account Conversion Fee
- DRS Transfer
- Margin Extension

Clients will be notified of these changes in their December statement. NFS fees will remain the same as they are today.