

## Fees and Compensation

Clients of PDS have the option of **paying for services in two ways: 1) an annual service fee** (fee for ongoing financial planning that may also include investment advisory services), **or 2) a fee based on a percentage of assets managed** for just investment advisory services.

The annual service fee is established at the beginning of the relationship, based upon the scope of the work to be performed and the nature of ongoing consulting desired and may be updated or revised annually. Details of how this fee is calculated are available by request to PDS. This annual service fee may include both Financial Planning and Investment Advisory (Investment Management/Portfolio Management) services.

PDS also offers stand-alone Investment Advisory Services with **fees based on a percentage of assets under management**, according to the following schedule (*which is negotiable*):

- 1.00% per year of the first \$750,000 of assets under management
- 0.75% per year of the next \$750,000
- 0.50% per year of the next \$1,500,000
- 0.25% on all amounts above \$3 million

These *investment advisory fees are billed quarterly, in advance*, and are based on the value of the client's managed assets at the end of the previous quarter. The client may authorize the custodian(s), in writing, to debit the management fees from the account. The monthly statement the client receives from the custodian of the assets shows the fee debited and paid to PDS. Clients may also request to be billed directly. Prices for most assets are available through electronic download on a daily basis. However, daily prices may not be available for certain assets. In such cases, the most recent valuation may be used in calculating the value of assets for billing purposes.

If the client terminates the contract with PDS, all quarterly fees pre-paid as of the date of termination will be refunded to the client.

**Limited Engagements:** PDS may also provide limited consulting services (i.e. college funding, retirement analysis, insurance review, etc.) on a stand-alone, mutually agreeable, separate-fee basis. In such engagements, PDS' obligation is concluded upon completion of the contracted service. Thereafter, it remains the client's exclusive responsibility to contact PDS if the client requires any follow-up review or other services.

### **Other Fees and Expenses Paid to Custodians**

PDS's fees are exclusive of transaction fees and other related costs and expenses imposed by custodians, which shall be incurred by the client. Fees such as wire transfer and electronic fund fees, as well as transaction fees may be incurred. (Transaction fees are charged for certain no-load mutual funds, individual equity, and many fixed-income securities transactions.) Clients incur no commission charges. Mutual funds and exchange traded funds charge internal management fees, which are disclosed in a fund's prospectus. PDS does not receive any portion of these charges.

All fees paid to PDS for Investment Management are separate from the fees and expenses charged to shareholders of mutual funds and ETFs by the funds, and a complete explanation of these expenses is contained in each fund prospectus. PDS *does not* charge management fees based on the performance of a client's portfolio.

### **No Compensation for Selling Products**

Neither PDS nor its advisors accept compensation from the sale of securities or other investment or insurance products.

### **Non-Participation in Wrap Fee Programs**

PDS Planning does not participate in any wrap fee program.

### **Performance-Based Fees**

PDS does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client), because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.