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The Flat Fee Revolution™

Why the way you pay for financial advice matters more in retirement than it ever has



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Published by Elite Wealth Network, Inc.
3319 Barrington Court, The Villages, FL 32162
An Inside Your Retirement™ title · InsideYourRetirement.com

ISBN 978-0-9960249-8-3 (paperback)
First edition, 2026

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CHAPTER SIX

Fifty Years of Driving Down Cost

I want to step back from your statements for a chapter and tell you where this argument comes from, because I did not invent it and I would be a poor student to pretend otherwise.

The idea that cost is the thing to attack is roughly fifty years old. It has already produced two revolutions in how Americans invest. Both of them saved ordinary people extraordinary amounts of money. Neither of them touched the fee you computed in Chapter Three.

That is the whole story of this book, and it takes about twenty minutes to tell.

The first revolution: the product

In 1975 a man named John Bogle started a mutual fund company organized in a way nobody had tried. The funds would be owned by their shareholders, and those funds would in turn own the management company. There would be no outside owners to pay.

The arrangement sounds like a technicality. It was not. It meant that when the firm became more efficient, there was no third party standing between that efficiency and the people whose money it was. The savings had nowhere else to go.

Bogle spent the next four decades making one argument, over and over, to an industry that found it deeply irritating.

The argument was arithmetic. Investors as a group must, by definition, earn the market's return before costs. That is not a theory, it is a tautology; the investors collectively *are* the market. So after costs, investors as a group must earn less than

the market, by exactly the amount of the costs. Every dollar of fee is a dollar that does not compound.

From which the conclusion follows and cannot be escaped: in investing, you get what you don't pay for.

The industry hated this. It implied that the expensive product was not merely no better but reliably worse by the amount of its own expense. It implied that a great deal of very well-compensated activity was subtracting value. And it was, uncomfortably, correct.

The firm Bogle built now manages more than ten trillion dollars. Jason Wenk, whose company I will come to shortly, credits it with cutting fund fees more than two thousand separate times across fifty years.

Two thousand times. Not two thousand basis points of marketing. Two thousand actual reductions in what somebody was charged.

That is the first revolution, and it worked so thoroughly that most people under fifty have no memory of what came before. An eight percent front-end load on a mutual fund used to be ordinary. Annual expense ratios of one to two percent were unremarkable. A generation of investors now pays three or four basis points for broad market exposure and considers it unremarkable, which is exactly what winning looks like.

The second revolution: the plumbing

The second one is less famous because it happened backstage, and because it saved money for advisors rather than directly for you.

Running an advisory firm used to be enormously expensive in ways that had nothing to do with advice. Custody, trading, account opening, performance reporting, billing, compliance documentation, the physical movement of paper. A small firm might spend a third of its energy on operations that produced nothing a client could see.

Over the past decade that cost collapsed. Modern custody platforms rebuilt the infrastructure, integrated the pieces that used to be stitched together by hand,

and removed enormous quantities of friction from the business of running a practice.

I have a personal stake in this part of the story, so let me disclose it rather than narrate around it.

I started in this business as a broker. I did well at it, quickly, and the thing I remember most clearly from those years is how much waste I was looking at. Not fraud. Waste. Layers of cost that existed because they had always existed, work being done twice, fee structures inherited from an era of paper tickets and telephone orders that nobody had revisited because nobody had to.

Years later, WealthKare entered a co-advisor agreement with a firm called FormulaFolios, run by a man named Jason Wenk — we used their models and methods for our clients' accounts held with them — and I participated in an advisor group affiliated with that company during its peak years. I think he is one of the sharper minds working in this industry, and our paths look similar enough that I noticed it early: two people who came up inside a system, did well in it, and could not stop seeing the inefficiency.

That history also has a present tense, and you should know it plainly before I describe anyone's work. The WealthKare Investment Center uses Altruist, the custody platform Wenk built afterward, as the custodian for our flat-fee programs. We are not partners and not co-advisors; Altruist is where the accounts are held. We chose it because it has proven to be a successful solution, and because its consumer-driven pricing and design run parallel to our own goals for a financially efficient wealth-management platform — a genuine win-win for clients where the platform is suitable and available. I have never participated in any advisor group at Altruist, I do not speak for the company, and nobody there has blessed a word of this. But when their work appears in the pages that follow, you should read it knowing that we do business together.

What just happened

In August of 2026, that custody platform, Altruist, announced that it has agreed to be acquired by Vanguard, the company Bogle founded. As of this writing the transaction has not closed and remains subject to regulatory approval.

I have no stake in the transaction itself, and this book is not about the deal — though as you now know, we do business on the platform, so read this section with that in mind. But the symmetry is worth one paragraph.

On the morning of the announcement, Wenk published a letter explaining the decision. He traced his own thinking back to reading Bogle early in his career, and said he was drawn as much to the conviction behind the ideas as to the ideas themselves. He described the principle that had governed the company he built this way: *if something isn't good for the end client, we shouldn't do it.* And he named the reason he was willing to hand the work to Vanguard specifically, which was that Vanguard has no outside public shareholders standing between its efficiency and the investors it serves.

Which is exactly the structural argument Bogle made in 1975, arriving back at the same door fifty-one years later.

A Vanguard executive described the same structure more plainly a year earlier, saying the firm was built to make money for its clients rather than from them.

I have quoted that sentence to more people than any other sentence in my professional life, and I want to be careful about why. It is not an endorsement of my firm. Vanguard has never heard of me. It is a description of what happens to an organization's incentives when its compensation is not tied to extracting more from the people it serves.

That is a structural claim, not a marketing one, and it can be evaluated on its own terms.

The layer nobody touched

So: the cost of the product fell to nearly nothing. The cost of the plumbing fell dramatically. Both revolutions succeeded beyond what their advocates expected.

Now go back to the number you wrote down in Chapter Three.

The fee for advice did not move.

The one percent convention was in place before Bogle started. It survived the index fund. It survived the collapse of trading costs, the arrival of modern custody,

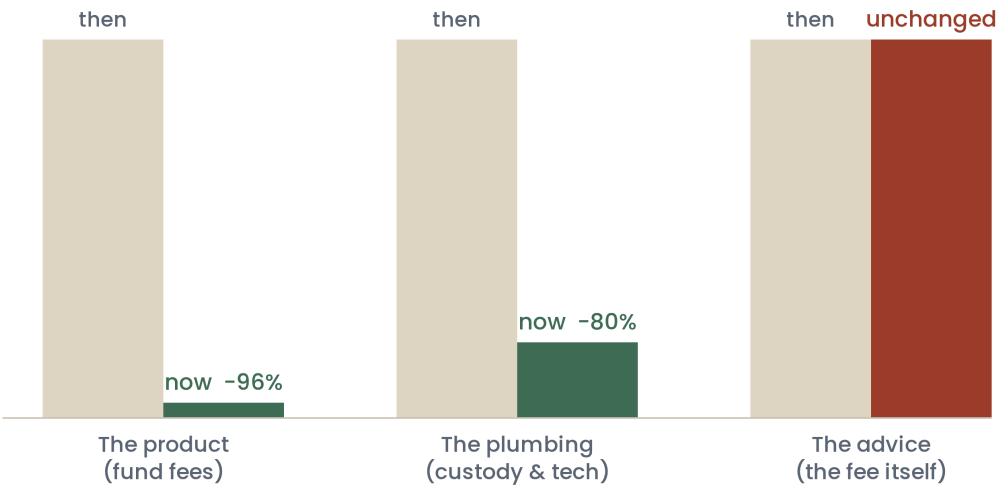
the automation of rebalancing and reporting and billing. Every efficiency of the past fifty years arrived, and the advisory fee sat there, indexed to the market, rising automatically, unexamined.

I find that genuinely remarkable. Two enormous cost revolutions rolled through this industry, and the largest single line item most affluent households pay was untouched by either of them.

Not because anyone conspired to protect it. Because nobody attacked it, and prices do not fall on their own.

Fifty years of driving down cost

Relative cost, illustrative



Two cost revolutions rolled through this industry. One layer was untouched by either.

Illustrative. Relative cost of each layer, then and now.

There is a small piece of evidence for that which I did not go looking for.

Over the past few years we have asked a number of firms whether a flat fee could be billed on their platforms. Not whether they thought it was a good idea. Whether the system could do it.

Most said it was not available.

I am not going to tell you why, because I do not know, and I am not going to speculate about anyone's motives in print. What I will tell you is what the answer implies about the machinery.

A fee that does not move with the account balance is the simplest instruction you can give a billing system. A fixed number, divided by four. That this is unavailable on a great many platforms in 2026 says nothing about anyone's intentions. It says a good deal about what those systems were built to assume.

They were built to compute a percentage of assets, because for fifty years that is what everybody charged. The convention never had to be defended. It simply became the shape of the plumbing.

And plumbing is slow to change.

There is a version of this chapter that claims I am the third revolution. I am not going to write it. I run a firm with offices in Pennsylvania and Florida, serving families across the country. Bogle changed how the world invests; I am arguing about a fee schedule.

But the argument I am making is his argument, applied one layer further down than he applied it. Costs compound. What you keep is what compounds. A charge indexed to your assets rather than to the work is subtracting from the thing it is supposed to be growing, and it does so silently, forever, in an amount that rises every year without anyone deciding it should.

Bogle spent fifty years proving that at the product layer.

Nobody has finished the job at the advice layer.

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YOU JUST READ CHAPTER SIX · THE WEALTHKARE INVESTMENT CENTER

Fifty years of driving down cost. Now see your own first bill.

Index funds, discount brokers and zero commissions took the cost out of the product. Chapter Six shows why the advice layer is next. The rest of *The Flat Fee Revolution*™ is free to read at mywealthkare.com.

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