

Wealth Management Fees & Costs

Fees Wealth Management

Fee Type	Description	Typical Fee Structure	Additional Notes
Annual Maintenance Fee	Recurring yearly fee for ongoing administrative support, including reporting, compliance, and account servicing.	0.1% - 1% of AUM or a flat fee of \$500 - \$5,000	Larger accounts might negotiate a lower percentage, while smaller accounts may face a minimum fixed charge.
Management Fee	Charged as a percentage of Assets Under Management (AUM), covering investment advisory and portfolio management.	0.5% - 2% of AUM	Fees may vary based on the asset class and complexity of management. Some banks offer tiered rates, reducing costs as AUM increases.
Performance Fee	Applied to profits above a benchmark or hurdle rate, incentivising managers to maximise returns.	10% - 20% of returns above a set benchmark	High-water marks are often used to ensure fees are charged only on net profits. Hurdle rates can be LIBOR plus a premium, for instance.
Transaction Fees	Fees per trade or exchange, typically associated with buying, selling, or rebalancing assets in the portfolio.	\$10 - \$100 per trade, or 0.1% - 0.5% of trade volume	Complex transactions, such as derivatives or foreign assets, might incur higher fees. Volume discounts may apply.
Custodian Fee	Annual fee for the safekeeping of assets, covering services like record-keeping, asset segregation, and reporting.	0.01% - 0.2% of AUM	The type of assets (e.g., equities, bonds, alternative investments) can affect this fee. Offshore jurisdictions with stricter regulations may have slightly higher custodial fees.
Fund Fees	Embedded costs within investment funds, including management expenses, and operating costs of mutual funds, ETFs, or hedge funds.	0.1% - 1.5% annually per fund	These fees can include operating expenses, fund manager compensation, and other administrative costs. Private equity or hedge fund investments may have additional layers of fees, such as management and performance fees within the fund itself.
Wire Transfer Fee	Charge for processing incoming or outgoing wire transfers, often based on the currency and country of the transaction.	\$10 - \$50 per transfer	Offshore banks may also have additional charges for SWIFT or SEPA transactions. Volume of transfers and currency conversion requirements may influence the fee.
Foreign Exchange (FX) Fee	Cost for currency conversion, often expressed as a spread over the interbank rate.	0.1% - 1.5% of the converted amount	Complex FX transactions, such as those involving emerging market currencies, can be subject to higher fees. Banks may offer preferential rates for large transactions.
Account Closure Fee	A final fee for closing the account, covering administrative processes like fund disbursement and document termination.	\$500 - \$1,000	This may also include fees related to transferring or liquidating assets. In cases of early closure, some banks may impose additional penalties.
Advisory Fees	Charges for specialised advisory services, including estate planning, tax advice, or bespoke financial strategies.	\$200 - \$500 per hour, or negotiable per project	Banks may offer packaged services at a discounted rate or retainers for ongoing advisory needs. Complex services, such as cross-border tax planning or estate structuring, typically command higher rates.
Other Potential Fees	Miscellaneous charges, such as for account statements, portfolio reviews, tax reporting, or special requests.	\$20 - \$100 per request or a flat annual fee of \$200 - \$500	This can include charges for mailing physical statements, generating detailed tax reports, or providing additional consultations or performance reports.

Additional Considerations:

1. **Minimum Account Size:** Many offshore banks set minimum asset requirements, ranging from \$250,000 to \$5 million. Those unable to meet these minimums may face increased fees or be directed toward lower-tier services.
2. **Fee Negotiability:** Larger clients or those with significant investment potential often have the leverage to negotiate fee reductions. This is particularly relevant for management, custodial, and performance fees.
3. **Bundled Services:** Some banks offer bundled services where certain fees (e.g., account maintenance, wire transfers) are included in a higher-tier management fee. Such packages may prove more economical for clients requiring a comprehensive suite of services.
4. **Jurisdictional Variations:** Depending on the offshore jurisdiction (e.g., Cayman Islands, Luxembourg, Switzerland), certain fees may be higher due to local regulations or operational costs. For instance, stringent KYC/AML requirements might increase account setup fees in highly regulated jurisdictions.
5. **Reporting Requirements:** Some offshore banks charge for enhanced reporting services, such as tax-optimised reports, detailed performance metrics, and personalised portfolio summaries. High-net-worth clients or those requiring frequent reporting for compliance purposes might benefit from these options.
6. **Performance Fee Calculation:** Performance fees can be structured differently depending on the institution. Some utilise a “crystallisation period” (e.g., annual or quarterly) to calculate fees based on realised profits, while others calculate it more frequently, impacting overall costs.
7. **Alternative Investments:** Investments in alternatives, such as private equity, real estate, or commodities, may have unique fees. Private equity, for example, might charge higher custodian fees due to complex administration, and funds themselves may layer additional management and performance fees.
8. **Tax Implications:** Offshore accounts may incur unique tax considerations depending on the client’s country of residence. Many offshore banks offer specialised tax reporting services, often for an additional fee, to assist clients in complying with international tax obligations.

This structure should provide a comprehensive understanding of the wealth management fees you can expect from an offshore bank’s IFB account.