

BILLING SCENARIO: AVERAGE DAILY VALUE BILLING, TIERED RATES, NO PRORATED FLOWS

In this scenario, you are billing a client for a previous period – such as the most recent quarter – at multiple rates using the average value billing method. Because you are using the average daily value billing method, you do not need to make adjustments to the billing amount for capital flows. This document shows you the settings you need on your billing spec to achieve a billing statement similar to the example on the right.

EXAMPLE OF A STATEMENT

The image on the right shows a statement displaying the calculation of the gross fee using the appropriate rate.

WFWM WILSON FINANCIAL MANAGEMENT		Billing Statement		Period Ending: 9/30/2010 Portfolio Inception Date: 4/30/2003	
Abbot Combined Accounts Combined Brokerage					
Management Fees for 3rd Quarter 2010					
Statement for Services Rendered: June 30, 2010 through September 30, 2010					
Billable Account Value as of September 30, 2010: \$7,179,975.76 Non-Billable Assets Value as of September 30, 2010: \$207,212.32					
Days in Billing Period: 92 Days in Year: 265 Billing Period Factor: 0.252080					
Description	Asset Value Range		Annual Rate		
Up to \$500K	\$0.00 to \$500,000.00		1.0000%		
\$500K to \$1M	\$500,000.01 to \$1,000,000.00		0.9200%		
\$1M to \$8M	\$1,000,000.01 to \$8,000,000.00		0.8400%		
\$8M to \$10M	\$8,000,000.01 to \$10,000,000.00		0.7800%		
Over \$10M	\$10,000,000.01 to		0.6800%		
				Fee:	\$7,656.19
Adjustment for Discount Rate					
Per our agreement, your fee will be discounted by 5%.					
				Discount:	(\$382.81)
				Subtotal:	\$7,273.38
				Total Amount Due:	\$7,273.38
Allocations for Group Members					
Name	Billing Account	Account Number	Account Value	Bill Amount	
Abbot, Joel	999-1937	999-1937	\$4,370,641.85	\$1,633.91	
Abbot, Joel	999-1937	999-5030	\$2,809,333.91	\$5,639.47	
This is not an invoice. Your fee has been deducted from your account.					
Average Value Billing Fee Calculation					
The fee amount calculated uses a factored rate applied to each date below in the billing period.					
Date	Break Point 1	Break Point 2	Break Point 3	Total Value	Fee
July 01, 2010	\$500,000.00	\$500,000.00	\$2,087,242.05	\$3,087,242.05	\$74.34
July 02, 2010	\$500,000.00	\$500,000.00	\$2,079,091.59	\$3,079,091.59	\$74.16
July 03, 2010	\$500,000.00	\$500,000.00	\$2,079,091.59	\$3,079,091.59	\$74.16
July 04, 2010	\$500,000.00	\$500,000.00	\$2,079,091.59	\$3,079,091.59	\$74.16
July 05, 2010	\$500,000.00	\$500,000.00	\$2,079,091.59	\$3,079,091.59	\$74.16
July 06, 2010	\$500,000.00	\$500,000.00	\$2,087,508.69	\$3,087,508.69	\$74.35
July 07, 2010	\$500,000.00	\$500,000.00	\$2,128,012.97	\$3,128,012.97	\$75.28
July 08, 2010	\$500,000.00	\$500,000.00	\$2,149,135.46	\$3,149,135.46	\$75.77
July 09, 2010	\$500,000.00	\$500,000.00	\$2,163,468.69	\$3,163,468.69	\$75.10
July 10, 2010	\$500,000.00	\$500,000.00	\$2,170,878.04	\$3,170,878.04	\$75.27
July 11, 2010	\$500,000.00	\$500,000.00	\$2,170,878.04	\$3,170,878.04	\$75.27
July 12, 2010	\$500,000.00	\$500,000.00	\$2,162,348.44	\$3,162,348.44	\$75.07
July 13, 2010	\$500,000.00	\$500,000.00	\$2,191,580.69	\$3,191,580.69	\$76.75
July 14, 2010	\$500,000.00	\$500,000.00	\$2,197,134.41	\$3,197,134.41	\$76.67
July 15, 2010	\$500,000.00	\$500,000.00	\$2,190,619.70	\$3,190,619.70	\$76.72
July 16, 2010	\$500,000.00	\$500,000.00	\$2,135,024.62	\$3,135,024.62	\$75.44
July 17, 2010	\$500,000.00	\$500,000.00	\$2,135,024.62	\$3,135,024.62	\$75.44
July 18, 2010	\$500,000.00	\$500,000.00	\$2,135,024.62	\$3,135,024.62	\$75.44
Continued on Next Page					
This data is gathered from what is believed to be reliable sources, but we cannot guarantee its accuracy. Please use your brokerage statements as an accurate reflection of your portfolio.					
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Online

The Average Value Billing method can only be used with client presentations. On our website, we have provided a document with all the available billing page settings to help you setup the billing page. For more information, see [Page Specifications – Billing Statement Page](#).

EXAMPLES OF SPEC SETTINGS

The sections below show you how to set up your spec, highlighting only the most important settings for each tab. If a setting is not mentioned, it is not relevant for this billing scenario.



Important

- The Average Value Billing method will only work when billing in Arrears. If you select the Bill In Advance setting on the General tab and then try to select the Bill total Portfolio by Average Daily/Monthly Value setting, you will receive an error.
- All billing specifications must be assigned to portfolios and/or groups before you can produce a statement. See [Assigning Billing Specs and Forms](#) for instructions on the various methods to assign billing specifications and forms to portfolios and/or groups.

THE GENERAL TAB

- **Dates** – should be the prior billing period. In this example, we show billing for the third quarter of 2010, assuming that we are preparing the bill on a date after 9/30/2010.
- **Prices** – Leave blank. PortfolioCenter will automatically pull the price file of the date for which the average value billing is being calculated.
- **Bill In** – Arrears should be selected in this setting. This setting controls what date the portfolio is valued. If is selected, the portfolio is arrears valued on the **To** date using the **To Price**.
- **Bill at Single Rate** – This box should be unchecked.

The screenshot shows the 'Billing Spec Details' window with the 'General' tab selected. The settings are as follows:

- Spec Name: Average Daily Value - Tiered
- Billing description: Management Fees for 3rd Quarter 2010
- Adjust amount: 0.00
- Min fee: 0.00
- Dates: 06/30/2010 (From) to 09/30/2010 (To)
- Service Tax Rate: 0.00 %
- Bill In: Arrears, Advance
- Group Members: Allocate bill to group members, Allocate based on category values (category billing only)
- Other options: Round total bill amount, Bill at single rate

Buttons at the bottom include 'Save' and 'Go to Assignments'. A 'Close' button is in the top right corner.



Important

The option to prorate capital flow is not available with the Average Value Billing method. This tab will be grayed out once the Bill total portfolio by Average setting is selected on the Rates tab.

THE RATES TAB

- **Bill Total Portfolio by Average Daily/Monthly Value** – should be selected using the **Daily** option. This setting controls what type of average value billing method to use: daily or monthly. If daily is selected, the portfolio fee is calculated using each day's ending value. If monthly is selected, the portfolio fee is calculated using each month end value.
- **Rates...** button – enter the rate in percent format in the rate column for up to 5 rates on a schedule, similar to the example on the right.

Billing Spec Details [Close]

General Prorate Rates

Bill by Total Portfolio - Select Calculation Method

Bill by total portfolio using

Bill total portfolio by Average Daily Value [Rates...]

(Client Presentations only)

Cash Flow Adjustments

Value at Day of Flow

Adjusted Beginning/Ending Value

Rate Set [X]

Average Value Billing Requires an Annual Rate

	Rate	From	To	Description
1	1	0.00	500000.00	Up to \$500K
2	.92	500000.01	1000000.00	\$500K to \$1M
3	.84	1000000.01	5000000.00	\$1M to \$5M
4	.76	5000000.01	10000000.00	\$5M to \$10M
5	.68	10000000.01		Over \$10M

Last Description: []

[OK] [Cancel]



Important

All rates should be entered as the **annual rate** for the period you are billing. For example, if you charge a client 1% annually, the rate you enter on the rates tab should be 1.

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