



Alternative Fee Reductions in the RIA Channel:

Explainer

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Alternative Fee Reduction in the RIA Channel

RIAs writing \$1–5M tickets through a platform need to organize for fee reductions. The levers that move fees are volume aggregation across a platform, multi-year commitment letters that reduce GP fundraising cost, co-investment rights that bypass the fund vehicle entirely, and reduced-carry separately managed accounts for the largest relationships. Firms that treat fee negotiation as a systematic program — not a one-off ask — routinely achieve 25–50bps of annual fee savings, which compounds materially into net-of-fee return.

25–50bp

Annual fee savings achievable through platform aggregation

1.4%

Avg. management fee after RIA platform discount

15–17%

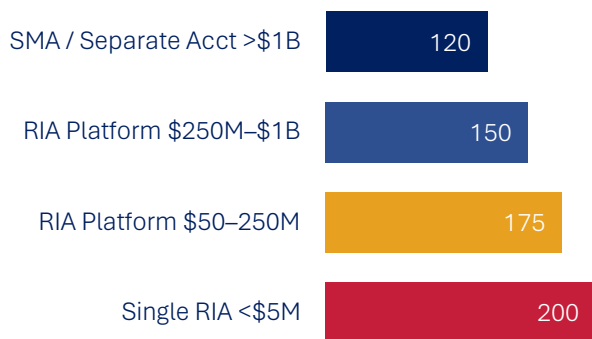
Avg. carry after multi-year commit (vs. 20% standard)

\$250M+

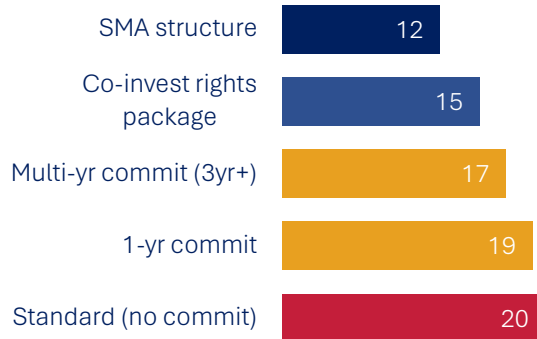
Typical platform AUM threshold for preferential terms

FEE ANATOMY & COMPRESSION LEVERS

Typical Mgmt Fee by Aggregation Tier (bps, PE funds)

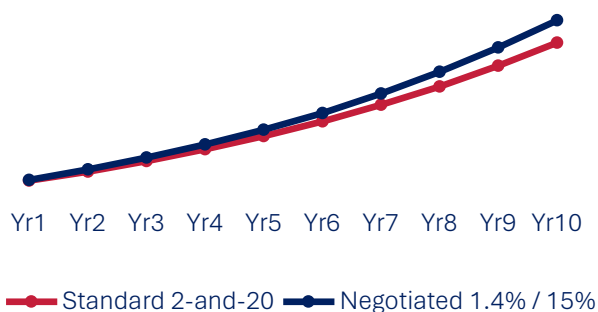


Carry Rate by Commitment Structure (% of profits)

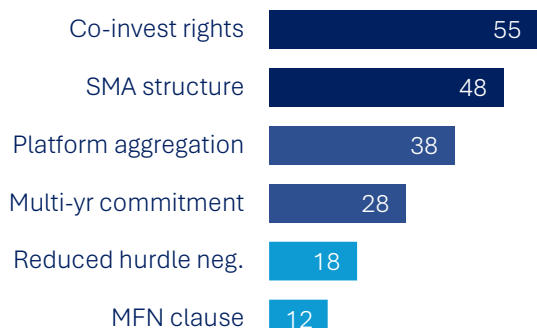


NET RETURN IMPACT & PLATFORM ECONOMICS

10-Year Value of Fee Savings on \$1M (Gross 15%)



Fee Levers Ranked by Annual Impact (bps saved)



A powerful lever is co-investment rights — fees are typically zero carry on co-invest, which converts GP economics into pure LP return. Platform aggregation works because GPs price based on fundraising cost: a single \$250M commitment from a platform is cheaper to service than 50 individual \$5M tickets, and that saving can be passed back in management fee. Multi-year commitment letters — agreeing in writing to participate in GP's next two or three vehicles — reduce GP re-marketing risk and are the most underused tool in the RIA toolkit. Systematic fee programs that stack these levers typically deliver 40–60bps of annualised net return improvement, which over a 10-year hold is the difference between a 3.1x and a 3.4x multiple on the same underlying investments.

Sources: Preqin Fee & Terms Report 2024; iCapital Network RIA Platform Fee Survey 2024; Pitchbook Private Fund Fee Study 2024; McKinsey Global Private Markets Review 2024; Hamilton Lane Fee Benchmarking Report 2023. Fee ranges are representative estimates; actual terms vary by manager, strategy, and commitment size.



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