

Creating a sustainable practice

Total Cost Reporting

Advisor
resource and
readiness
checklist



A practical guide to *help advisors prepare* for Total Cost Reporting (TCR) conversations and the new Annual Report on Charges and Other Compensation (ARCC).

1. What clients may see on the new ARCC

- Fund Expense Ratio (FER) shown as a percentage for each fund class or series.
- Fund expenses in dollars for in-scope investment funds held during the year.
- Direct investment fund charges in dollars (for example, redemption fees, deferred sales charges, or short-term trading fees, where applicable).
- Total investment fund expenses and charges.
- Total cost of investing, combining registered firm charges with TCR amounts.
- A disclosure note if any reported figures are based on reasonable approximations or assumptions.

2. Quick explainer: The key TCR terms

Term	What it means	How to explain it simply
MER	Management Expense Ratio: Management fees, operating expenses, and taxes embedded in the fund.	The cost of running the fund.
TER	Trading Expense Ratio: The fund's trading-related costs.	The cost of buying and selling securities inside the fund.
FER	Fund Expense Ratio = MER + TER.	The total embedded fund cost shown as a percentage.
DCF	Daily Cost Factor = $\text{FER} \times \text{NAVPU} \div 365$.	The daily mechanism used to convert the percentage cost into a client-specific dollar amount.
Fund expenses (\$)	The sum of daily cost amounts for every day the client held the fund.	The actual dollar amount that appears on the ARCC.

3. Advisor readiness checklist



A. New statements and reports

- ☐ I am familiar with the new TCR-related content clients may see on the ARCC.
- ☐ I can explain MER, TER, FER, and DCF in simple language.
- ☐ I am comfortable walking a client through fund expenses in dollars and total cost of investing.
- ☐ I know which charges may be shown separately as direct investment fund charges.
- ☐ I can explain why some amounts may be estimated or approximated and where that disclosure may appear.

B. Trust-building behaviours

- ☐ I routinely review investment costs with clients and prospects in dollar terms, not only percentages.
- ☐ I use visuals or examples to explain embedded costs in plain language.
- ☐ I connect the cost discussion to value, service, planning, and outcomes, rather than cost in isolation.
- ☐ I am prepared to explain why the lowest-cost option is not always the appropriate option for a client's goals.

C. Impactful value statement

- ☐ I have refined my value statement to clearly describe my attributes (experience, approach, firm support).
- ☐ I can articulate the benefits clients gain from working with me beyond product selection.
- ☐ I can explain the reason my process and my firm's capabilities create those benefits.
- ☐ I have a concise client-friendly message ready for annual reviews and new client meetings.

D. Tough questions from clients

- ☐ I have practiced answering: "How much time do you spend on my account each year?"
- ☐ I have practiced answering: "How are you compensated?"
- ☐ I have practiced answering: "Am I invested in the lowest-cost funds available?"
- ☐ I can show how recommendations align to suitability, planning needs, and total client outcomes.
- ☐ I can manage fee questions calmly, clearly, and without jargon.

4. Suggested advisor talking points

What is TCR?

TCR is Total Cost Reporting and is designed to give clients a clearer, more complete picture of what they pay to invest, including embedded fund costs that were not always visible in annual dealer compensation reports.

What is FER?:

FER is the Fund Expense Ratio. It combines MER and TER and shows the total embedded fund cost as a percentage.

What is DCF?

DCF is the Daily Cost Factor. It helps turn FER into a daily dollar cost based on the fund's value and the number of units a client holds, which then rolls up into the annual dollar amount shown on the ARCC.

Why might a number be estimated?

In some circumstances, a firm may use a reasonable approximation if exact information is not available, provided the result is not misleading. If that happens, the statement should disclose that approximations or assumptions were used.

How should I frame the cost conversation?

A strong cost conversation should cover what the client pays, what the client receives, and how the advice relationship supports goals, decision-making, discipline, and long-term outcomes.

5. 30-day action plan

- ☐ Review one sample ARCC and identify where each new TCR element appears.
- ☐ Practice a two-minute explanation of MER, TER, FER, and DCF.
- ☐ Refine your personal value statement using attributes, benefits, and reasons.
- ☐ Role-play at least three fee-related client questions with a peer or trusted leader.

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