

[VeriPlan can even estimate the lost lifetime value of investment sales loads that you have already paid in the past \(Part 1 of 2\)](#)

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VeriPlan can even estimate the lost lifetime value of investment sales loads that you have already paid in the past (Part 1 of 2)

Your personal investment portfolio losses related to past investment sales load payments can and should be measured, when you evaluate the cost-efficiency of your investment strategy. However, you cannot recapture any of the lost returns (past or future) that are associated with any excessive investment sales load payments that you have paid in the past. These lost assets were removed from your investment portfolio, when you made the purchase and you paid the sales load. However, if you can measure the cumulative lifetime value of these past investment sales load payments, you can make a more informed decision about whether to keep paying sales loads on investment purchases in the future. (See: [How expensive is advisor compensation paid via sales loads?](#) and [Pay less to get more](#)) Sales load payments consume part of your original investment principal. With a front-end sales load, the asset is simply gone at the outset. With a back-end load, the asset is gone, when you sell the asset and buy a replacement investment. These lost sales load assets can never provide a future return. Sales load payments become 'phantom' assets to you and real assets in someone else's pocket. Sales loads charges, which you paid in the past, effectively were 100% charges on the assets that were taken out of your original investment principal. The key question is whether you got your money's worth, when you paid sales loads for 'advice' in the past. There are strong reasons to doubt whether you did get your money's worth. (See: [Can you really get free and objective investment advice, when you pay investment sales loads?](#) and [Does it matter how financial planners and investment advisors are paid?](#)) The investment sales loads you have paid in the past have already diminished your investment portfolio. In addition, your portfolio was diminished further by the returns that you have lost on these phantom assets up to the present. Furthermore, because you cannot earn a return on them in the future, your portfolio will continue to be diminished for the rest of your life by these lost assets, which long ago slipped off your radar screen. All you can do is to stop paying future loads, if you can quantify and understand the lifetime costs to you of sales loads, and if you conclude that these costs were too high for the value of the advice received. (See: [Understanding one-time investment fees, such as sales loads](#)) With VeriPlan, you can make a reasonable estimate of the lifetime value of your assets you have lost, due to your past investment sales load payments. VeriPlan automatically evaluates your lost sales load assets using the tax basis information that you supply, when you enter information about your current investment portfolio. Knowing the tax basis of your current investment portfolio, VeriPlan can automatically develop a lower bound estimate of the lifetime costs related to your past sales load payments. VeriPlan automatically projects the future annual returns that you might have earned on these lost assets, if you had used a more cost-efficient strategy. [Note: To understand how VeriPlan projects the lifetime value of additional investment sales loads that you intend to pay in the future, when you purchase new investments, see: [VeriPlan automatically tracks returns lost to investment sales loads](#). This article that you are reading now focuses only on how VeriPlan values past investment sales load payments.] For each of your family assets that you enter

into VeriPlan's cash, bond / fixed income, and stock / equity worksheets, you are asked to supply your current estimate of the total tax basis for that asset. The tax basis of your assets includes your original capital contribution plus any loads that you paid to acquire each asset that you currently hold. Furthermore, your total tax basis for each asset also might have increased over time to reflect any new investments and any reinvested taxable distributions. If you paid loads on these new investments and reinvested distributions, then your current tax basis should also include those subsequent sales load payments. "Gee," you might say, "I have not been tracking my sales loads and other investment expenses as part of my investment asset tax basis." Well, frankly, you should be tracking these expenses. Particularly, if you pay loads regularly, if you trade frequently, and/or if you have substantial assets, then these investment expenses can mount up quickly. Many of your investment expenses, such as sales loads on purchases, are not currently deductible. Instead, they must be added to your asset tax basis, or you will lose their "tax shield" value in the future. These investment expenses could reduce your future tax bill substantially. If you do not maintain accurate investment tax basis records, then you are more likely to overlook these expenses with the passage of time and the disposal of your records. ([See IRS Publication 550](#), "Investment Income and Expenses" for more information.) Nevertheless, even if you have not kept good records of your ongoing investment expenses, VeriPlan can still develop an estimate of the lifetime costs of your past sales load payments. If you simply enter the dollar amount that you invested at the outset as your investment tax basis in VeriPlan and you enter the front-end load percentage that you paid, then VeriPlan still can automatically develop a lifetime lost value estimate. This lifetime lost value estimate would be lower than cumulative cost of the sales loads you may have actually paid in the past.

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