

What Else Can Investors Do?

- Read the mutual fund Prospectus and Statement of Additional Information for details on breakpoints.
- Ask your broker or investment adviser for details regarding all sales-related charges associated with your investment.
- Verify the credentials and registration of any broker or investment adviser with whom you are doing business by contacting the Massachusetts Securities Division.

What Should Investors Do if they Believe they Qualified for a Breakpoint Discount, but Did Not Receive One?

- Review past mutual fund transactions to determine whether any past purchases qualified for a breakpoint that was not applied.
- Request the discount from your broker or investment adviser in writing.
- If your broker or investment adviser disagrees with you or you feel you were given an unsatisfactory response contact the Massachusetts Securities Division.

FOR MORE INFORMATION CONTACT:



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Are You Getting the Break You Deserve?

Front-End Mutual Fund Sales Charges: Breakpoints



William Francis Galvin
Secretary of the Commonwealth
Securities Division

What Is A Front-End Mutual Fund?

A front-end mutual fund is a mutual fund sold with a sales charge payable immediately upon purchase. This type of mutual fund is typically sold through a broker or investment adviser.

What Are Breakpoints?

Many mutual fund companies offer investors a discount on sales charges when they invest a significant amount of money in a front-end mutual fund. The point at which the amount invested reduces the sales charge is called the “breakpoint.” Each mutual fund may have several breakpoints; the larger the investment, the greater the discount.

Sample Breakpoint Schedule

Front-End Mutual Fund Investment Amount	Sales Charge
Less than \$25,000	5.0%
\$25,000 but less than \$50,000	4.25%
\$50,000 but less than \$100,000	3.75%
\$100,000 but less than \$250,000	3.25%
\$250,000 but less than \$500,000	2.75%

Important Points To Remember:

- Mutual fund companies are not required to offer breakpoints.
- Each company will have its own rules for when to apply breakpoints and how to calculate the discount.
- Brokers should not sell investors mutual fund shares just under a breakpoint without a full explanation.



General Rules For Breakpoints

Letter of Intent (LOI): LOIs allow investors to make a written commitment to invest a certain amount of money over a period of time. If during that period of time, the amount invested crosses the breakpoint threshold, the investor qualifies for a lower initial sales charge.

Right of Accumulation (ROA): ROAs allow investors to combine prior mutual fund purchases with current purchases in the same mutual fund or related mutual fund family to reach a breakpoint and obtain a lower sales charge.

Family Discount: Investors may be able to combine mutual fund purchases for related accounts (such as an IRA, spousal, or children’s account), or combine purchases of different mutual funds that are part of the same fund family, or class of funds, to qualify for a breakpoint and obtain a lower sales charge.



Questions To Ask A Broker Or Investment Adviser When Purchasing Mutual Funds

- Will I have to pay a front end sales charge?
- Are breakpoint discounts available with this mutual fund?
- What are the rules for applying breakpoints to purchases of this mutual fund?
- If I intend to invest in additional shares over a period of time, can I submit a Letter of Intent and qualify for a breakpoint discount?
- Can I combine prior mutual fund purchases with current purchases in the same mutual fund or related mutual fund family in order to obtain a breakpoint?
- Can I combine my mutual fund purchases with those of other household members in order to qualify for a break-point discount?