

# FOUNDERS FINANCIAL SECURITIES, LLC CUSTOMER RELATIONSHIP SUMMARY

March 31, 2021

## INTRODUCTION

Founders Financial Securities, LLC (“FFS” or “the Firm”) is registered with the Securities and Exchange Commission (SEC) as both a broker-dealer and an investment adviser and is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). Brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](http://Investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

## WHAT INVESTMENT SERVICES AND ADVICE CAN YOU PROVIDE ME?

We offer both brokerage and investment advisory services to retail investors.

**Investment Advisory Services:** If you open an advisory account, you will pay an on-going asset-based fee at the end of each month or quarter for our services, based on a percentage of the value of the cash and investments in your advisory account. We will offer you advice on a regular basis. We will discuss your investment goals, design with you a strategy to achieve your investment goals, and regularly monitor your account on at least an annual basis, if not more frequently. We will contact you (by phone or e-mail) on a regular basis to discuss your portfolio. You can choose an account that allows us to buy and sell investments in your account without asking you in advance (a “**discretionary account**”) or we may give you advice and you decide what investments to buy and sell (a “**non-discretionary account**”). In non-discretionary accounts the retail investor makes the ultimate decision regarding the purchase or sale of investments. Our investment advice will cover a limited selection of investments. Other firms could provide advice on a wider range of choices, some of which might have lower costs. There are account minimums for investment advisory accounts which are described in full detail in our ADV Brochure. These minimum investment amounts vary depending on the strategy and are detailed in the agreements you receive with the account application. Your custodian will deliver account statements to you in paper or electronically.

**Brokerage Services:** Our brokerage services include buying and selling securities. If you open a brokerage account, you will pay a transaction-based fee, generally referred to as a commission. You may select investments, or we may recommend investments for your account. Your financial professional does not have discretion on your brokerage account, so the ultimate investment decision for your investment strategy and the purchase or sale of investments will be yours. We do not have account minimums. We can offer you additional services to assist you in developing and executing your investment strategy. We do not perform account monitoring activities or services for your account. We will deliver trade confirmations and account statements to you in paper. We offer cash, margin, and option accounts with a selection of investments, including but not limited to: mutual funds, individual securities, variable insurance products, options, bonds, brokered CDs, ETFs, REITs, BDCs. Other firms could offer a wider range of choices, some of which might have lower costs.

**For additional information**, please see our Disclosure Statement, ADV Brochure, which is available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), and our website: [foundersfinancial.com](http://foundersfinancial.com).

### **Conversation Starters.** Ask your financial professional —

- Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?
- How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?

## WHAT FEES WILL I PAY?

**Investment Advisory Services:** The amount paid to our firm and your financial professional is based on a percentage of the value of the cash and investments in your advisory account, and generally does not vary based on the type of investments we select on your behalf. The asset-based fee reduces the value of your account and will be deducted from your account on a monthly or quarterly basis. You may pay a transaction fee (also known as a ticket charge) when we buy and sell an investment for you. The fees you pay are negotiable so you may pay more for the same service than another investor. The amount you pay will depend, for example, on the services you receive and the amount of assets in your account. You will also pay fees to a broker-dealer or bank that will hold your assets (called “custody”). You pay our fee even if you do not buy or sell. Your financial professional is permitted to recommend the use of third-party money managers that offer **wrap fee programs**. Wrap fee programs are when you pay a specified fee for the overall portfolio management services and trade execution. Wrap fee programs differ from other programs in that the fee structure for wrap fee programs is intended to be all-inclusive, whereas non-wrap fee programs, like the asset-based fee program noted above, will charge separately for trade execution and administrative fees in addition to the asset management fee.

**Brokerage Services:** You will pay a fee every time you buy or sell an investment in the form of a ticket charge. The ticket charge will vary depending on the type of security purchased or sold. In addition to a ticket charge, you could be charged a commission by your financial professional. The commission charge is at the discretion of the financial professional and is based on the specific transaction and not the value of your account. With investments, such as bonds, this fee might be part of the price you pay for the investment (called a “mark-up” or “mark down”). With mutual funds, this fee (typically called a “sales charge”) reduces the value of your investment. Some mutual funds offer “break points” depending on how much you invest, which could decrease the amount of sales charge you pay. Some investments (such as mutual funds and variable annuities) impose additional fees that will reduce the value of your investment over time. Also, with certain investments such as variable annuities, you may have to pay fees such as “surrender charges” to sell the investment. You may pay additional fees, such as custodian fees, account maintenance fees, account termination fees, transfer fees, and account inactivity fees. The more transactions in your account, the more fees you will be charged. We therefore have an incentive to encourage you to engage in transactions. From a cost perspective, you may prefer a transaction-based fee if you do not trade often or if you plan to buy and hold investments for longer periods of time.

### **In both Advisory Accounts and Brokerage Accounts:**

**You will pay fees and charges whether you make or lose money on your investments. Fees and charges will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and charges you are paying.**

**For more detailed information about the fees and costs you will pay, please review the applicable prospectus and the information provided in our Disclosure Statement, ADV Brochure which is available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), and our website: [foundersfinancial.com](http://foundersfinancial.com).**

#### **Conversation Starters.** Ask your financial professional —

- Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

## WHAT ARE YOUR LEGAL OBLIGATIONS TO ME WHEN ACTING AS MY INVESTMENT ADVISER? HOW ELSE DOES YOUR FIRM MAKE MONEY AND WHAT CONFLICTS OF INTEREST DO YOU HAVE?

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When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means:

The more assets you have in an advisory account, including cash, the more you will pay us. We therefore have an incentive to increase the assets in your account in order to increase our fees.

We can earn more money by advising you to invest in certain investments. Your financial professional can also receive more money if you invest in certain investments. This creates a conflict of interest.

Your financial professional could favor his/her larger clients when deciding whom to contact regarding investment decisions in times of a volatile or active market.

Your financial professional is allowed to negotiate the fee he/she charges in **advisory accounts**, which will result in different clients paying different fees for similar services.

Your financial professional is compensated in **advisory accounts** by charging a fee based on a percentage of the value of your account, rather than for each transaction you make. This could result in higher compensation to your financial professional than would be paid in a non-advisory account.

We have relationships with product sponsors such as mutual fund, variable annuity, and REIT/BDC companies that financially support events hosted by our firm.

Your financial professionals are compensated on a tiered "grid" payout structure. The greater the amount of assets your financial professional manages the greater his/her percentage of compensation. A conflict exists when your financial professional is incentivized to have more clients and manage more assets because of the time and complexity required to meet all of client's needs, understand all of the product sold, and what product sales commissions are in each client's best interest.

You may pay a 12b-1 fee which is a fee charged by a mutual fund company to pay for their marketing fee, custodial, and administrative fee. Part of this fee is received by the financial professional.

Your financial professional compensation varies depending on the product in which you invest. For example: your financial professional may receive greater compensation investing your money in a variable annuity rather than in a mutual fund or buying and selling individual securities rather than purchasing a mutual fund. In addition, your financial professional could receive further compensation for additional riders/benefits added to a variable annuity.

Our financial professionals providing investment advice on behalf of our firm may be licensed as insurance agents and will earn compensation for selling insurance products, which is in addition to the advisory fee. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with the Firm.

In **brokerage accounts**, your financial professional receives transaction-based compensation, such that the more trades in your account, the more fees are charged to you, so there is an incentive to have



you to trade often.

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**Conversation Starters.** Ask your financial professional —

- How might your conflicts of interest affect me, and how will you address them?

### **HOW DO YOUR FINANCIAL PROFESSIONALS MAKE MONEY?**

In **Investment Advisory Accounts**, your financial professional receives a percentage of the asset-based fee described above, based on a tiered “grid” payout structure, which means your financial professional will receive a greater percentage of the asset-based fee as the revenue generated by your financial professional increases. This creates a conflict of interest because your financial professional is incentivized to have more clients and manage more assets to generate more revenue to increase his/her payout percentage.

In **Brokerage Accounts**, your financial professional receives a percentage of the transaction-based fees described above, based on a tiered “grid” payout structure, which means your financial professional will receive a greater percentage of the transaction-based fees as the revenue generated by your financial professional increases. This creates a conflict of interest because your financial professional is incentivized to have more clients and conduct more transactions to generate more revenue to increase his/her payout percentage.

### **DO YOU OR YOUR FINANCIAL PROFESSIONALS HAVE LEGAL OR DISCIPLINARY HISTORY?**

Yes, please visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research us and our financial professionals. Please also see our Disclosure Statement, ADV Brochure, which is available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), and our website:[foundersfinancial.com](http://foundersfinancial.com)

**Conversation Starters.** Ask your financial professional —

- As a financial professional, do you have any disciplinary history? For what type of conduct?

### **ADDITIONAL INFORMATION**

**For additional information about our services or if you would like additional, up-to-date information** or a copy of this disclosure, please call us at 888-523-1162. Please also see our Disclosure Statement, ADV Brochure, which is available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), and our website:[foundersfinancial.com](http://foundersfinancial.com)

**Conversation Starters.** Ask your financial professional —

- Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?