FF * Securities *
Founders Financial Securities, LLC

Regulation Best Interest Disclosure

This guide summarizes important information concerning the scope and terms of the brokerage services we offer and details the material conflicts of interest that arise through our delivery of brokerage services to you. We encourage you to review this information carefully, along with any applicable account agreement(s) and disclosure documentation you may receive from us. For information specific to the Investment Advisory services offered through Founders Financial Securities, LLC ("FFS"), please review our ADV 2A brochure.

As you review this information, we would like to remind you that we are registered with the U.S. Securities and Exchange Commission (SEC) as a broker dealer and an investment advisor, providing both brokerage services and investment advisory services. Our brokerage services are the primary focus of this guide. For more information on our investment advisory services and how they differ from brokerage, please review the Customer Relationship Summary (or Form CRS). Our Form CRS contains important information about the types of services we offer, both brokerage and investment advisory, along with general information related to compensation, conflicts of interest, disciplinary action and other reportable legal information.

Please carefully review and consider the information in each section below.

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BROKERAGE SERVICES

Brokerage Account Types

We offer many different brokerage account types including, but not limited to, individual and joint accounts, custodial accounts, estate and trust accounts, individual retirement accounts and other types of retirement accounts as outlined in our account agreement(s). You should refer to our account agreement(s) for more information concerning available account types or speak with your financial professional.

Incidental Brokerage Services, Recommendations and Account Monitoring

It is important for you to understand that when our financial professional makes a brokerage recommendation to you, we are obligated to ensure the recommendation is in your best interest, considering reasonably available alternatives, and based on your stated investment objective, risk tolerance, liquidity needs, time horizon, financial needs, and other financial information you provide us. You may accept or reject any recommendation. It is also your responsibility to monitor the investments in your brokerage account, and we encourage you to do so regularly. ***We do not commit to provide on-going monitoring of your brokerage account***. If you prefer on-going monitoring of your account or investments, you should speak with a financial professional about whether an investment advisory relationship is more appropriate for you.

Within your brokerage account, we may also provide other incidental services such as research reports, and recommendations to buy, sell, or hold assets. When we make a securities recommendation, investment strategy recommendation or recommendation to rollover assets from your Qualified Retirement Plan (QRP) to an Individual Retirement Account (IRA), the recommendation is made in our capacity as a broker-dealer unless otherwise stated at the time of the recommendation. Any such statement will be made orally to you. Moreover, when we act in a brokerage capacity, we do not agree to enter into a fiduciary relationship with you.

Please also consider that from time to time we may provide you with additional information and resources to assist you with managing your brokerage account. This may include but is not limited to educational resources, sales and marketing materials, performance reports, asset allocation guidance, and/or periodic brokerage account reviews. When we offer these services and information, we do so as a courtesy to you. These activities are not designed to monitor specific investment holdings in your brokerage account, they do not contain specific investment recommendations about investment holdings, and you should not consider them a recommendation to trade or hold any particular securities in your brokerage account. Upon your request, we will review such information and reports with you and may provide you with investment recommendations, but we are not under a specific obligation to do so.

Clearing and Direct Account Services

For clearing, we have entered into an agreement with Pershing (also referred to herein as “Clearing Agent”) to carry your account and provide certain back office functions. We and the Clearing Agent share responsibilities with respect to your account that was/will be delivered to you upon opening your account. Please refer to your account opening documents for more information on how such responsibilities have been allocated between us.

For direct accounts, your financial professional purchases the investment directly with the product sponsor, which is responsible for sending you confirmations and account statements. We and the product sponsor share responsibilities with respect to your account that was/will be deliver to you upon opening your account. Please refer to the product sponsor’s account opening documents for more information on how responsibilities have been allocated between us.

Understanding Risk

It is important for you to understand that all investment recommendations and activities involve risk, including the risk that you may lose your entire principal. Further, some investments involve more risk than other investments. Higher-risk investments may have the potential for higher returns but also for greater losses. The higher your “risk tolerance,” meaning the amount of risk or loss you are willing and able to accept in order to achieve your investment goals, the more you may decide to invest in higher-risk investments offering the potential for greater returns. We align risk tolerances with investment needs to offer you different investment objectives from which to choose (see below). You should select the investment objective and risk tolerance best aligned with your brokerage account goals and needs.

We categorize your investment objective in five ways: Aggressive Growth, Growth, Growth and Income, Income, and Capital Preservation. Each of these categories is defined as follows:

- Aggressive Growth: Investment portfolio that seeks greater than average potential gains or rapid growth of capital through securities and investment techniques involving substantial risks and generally higher transaction costs.
- Growth: Investment portfolio primarily focused on capital appreciation with little emphasis on income through dividends and interest.
- Growth and Income: Investment portfolio that seeks both capital appreciation as well as dividend and interest income.
- Income: Investment portfolio focused on the continued receipt and steady stream of income through dividends and interest with little emphasis on capital appreciation.
- Capital Preservation: Investment portfolio focused on maintaining the accounts value through investments techniques involving minimal risk.

To further assist you in determining the categories of investments that would be consistent with your investment objectives described above, we offer the following guide. The types of securities listed in this table include, but are not limited to, individual listings, ETFs, and mutual funds comprised of those securities.

Aggressive Growth – Equities

Growth – Equities

Income – Bonds (government, corporate, high yield), dividend-paying equities, REITs, BDCs

Capital Preservation – CDs, Fixed annuities, money market mutual funds

We consider risk tolerance as a measurement of your willingness to accept portfolio volatility and the risk of loss based on the securities held in your account. We categorize your account risk tolerance in four categories: low, moderate, moderate plus, and high.

Each of these categories is defined as follows:

- Low Risk Tolerance: If you have a low risk tolerance you value keeping your invested amount over seeking growth of the assets. You are comfortable accepting lower returns for a higher degree of liquidity and/or stability. Typically, low risk investors primarily seeks to minimize risk and losses.
- Moderate Risk Tolerance: If you have a moderate risk tolerance you value reducing risks and enhancing returns equally. You are willing to accept modest risks to seek higher long-term returns. A Moderate Risk investor may endure a short-term loss of principal and lower degree of liquidity in exchange for long-term appreciation.
- Moderate Plus Risk Tolerance: If you have a moderate plus risk tolerance investor you value higher long-term returns and are willing to accept considerable risk. You are comfortable with short-term fluctuations in your account value in exchange for seeking long term growth of your assets. The moderate plus risk investor is willing to endure larger short-term losses of principal in exchange for the potential of higher long-term returns. Liquidity is a secondary concern to a Moderate Plus Risk investor.
- High Risk Tolerance: If you have a high-risk tolerance you value maximizing returns and are willing to accept substantial risk. This investor believes maximizing long-term returns is more important than protecting your assets. A high-risk investor may endure extensive volatility and significant losses. Liquidity is generally not a concern to a high-risk investor

CASH Brokerage and Margin Brokerage Accounts

We provide brokerage services through either a cash brokerage account or margin brokerage account, based on your eligibility and selection. In a cash brokerage account, you must pay for your purchases in full at the time of purchase. In a margin brokerage account, you must eventually pay for your purchases in full, but you may borrow part of the purchase price from our clearing firm, Pershing[1]. This is generally referred to as a "margin loan." The portion of the purchase price that is loaned to you is secured by securities in your account, also referred to as "collateral." You will incur interest costs

[1] Pershing LLC is a subsidiary of The Bank of New York Mellon.

as a result of your margin activity. While many securities are eligible to be used as collateral for a margin loan, some assets are not available for margin collateral purposes.

Given that a margin-enabled brokerage account has specific eligibility requirements, unique costs, and governing regulatory requirements, our default brokerage option is our cash brokerage account. You must execute a separate margin agreement before engaging in margin brokerage activity. Included with your margin agreement is a copy of the Margin Disclosure Statement. This statement contains important information you should understand and consider before establishing a margin brokerage relationship with us. For more information on our margin brokerage services, contact your financial professional.

Account Minimums and Activity Requirements

There is no minimum initial account balance required to open a brokerage account with us. However, if you either fail to fund your account or do not return account opening documents as required, your account will be closed. In addition, some types of brokerage accounts have minimum account activity requirements and/or minimum on-going balance requirements that must be maintained, or your brokerage account will be closed. These requirements are detailed in the account agreement(s) you receive when/if you open your brokerage account.

You should also understand that our financial professional may have their own minimum account balance requirements for the brokerage accounts they service. For example, a dedicated financial professional may choose to service only those brokerage account clients who satisfy account-specific or total household asset conditions. Minimum asset requirements are disclosed to you orally by your financial professional.

Distinction Between Holding Products Directly with Sponsor or in a Brokerage Account:

Exchange traded securities (i.e., stocks, bonds, options, ETFs) are only available for purchase in a brokerage account maintained at our custodian Pershing, which sends you confirmations and account statements. Other securities, including mutual funds, variable annuities, and alternative investments, may be owned in either a brokerage account or directly held with the product sponsor ("directly held").

With a directly held account, your financial professional purchases the investment directly with the product sponsor, which is responsible for sending you confirmations and account statements. In a brokerage account, you can hold several different types of securities, which can be more efficient because all the securities are included on one statement and you receive one Form 1099. With a directly held account, you may only hold products issued by that product sponsor. Brokerage accounts typically have annual maintenance fees and fees for transactions and other services while directly held accounts typically do not charge such fees, which makes directly held accounts less expensive.

There are many important differences between brokerage and directly held accounts. We do not require your financial professional to open a particular type nor do we incent the financial professional to open one type over the other. Talk to your financial professional about which type of account is best for you.

BROKERAGE AND DIRECT ACCOUNT FEES AND COMPENSATION

Transaction-Based Fees

You will pay transaction-based fees for trades you decide to enter into, such as buying and selling stocks, bonds, Exchange Traded Funds (ETFs), mutual funds, annuity contracts, exercising options and other investment purchases and sale. These transaction-based fees are generally referred to as a "commission," "mark up," "sales load," or a "sales charge." Transaction-based fees are based on a host of factors, including, but not limited to:

- Underlying product selection
- Your brokerage service model and account type
- Size of your transaction and/or overall value of your account
- Frequency of your trade activity
- Available discounts and/or fee waivers

Account and Service Fees

You will pay fees for various operational services provided to you through your account. These fees are set at least annually and communicated to you through information included in your account statement and other notifications. These fees do not apply to all account types and may be waived under certain conditions.

You should understand that based on the brokerage service model you choose, the same or similar products, accounts and services may vary in the fees and costs charged to you. Information concerning fees are detailed in the account agreement(s) you receive when/if you open your brokerage account.

How We Are Compensated

Both we and your financial professional receive direct and indirect compensation in connection with your account(s). Direct compensation is taken directly from the account based on each transaction. Indirect compensation is compensation paid in ways other than directly from the account and may impact the value of the associated investments in your account. Below in the section titled Conflicts of Interest, we describe the conflicts that are created by direct and indirect compensation, and in the section titled Brokerage Products, we describe the compensation that we receive in connection with various investments that may be available to you. In many cases, the descriptions that follow refer you to a prospectus or offering documents.

Fee for Termination of Services

You will be charged a fee to close/terminate a qualified account (this includes IRA accounts). You will also be charged an account transfer fees. We do not receive any part of these fees.

CONFLICTS OF INTEREST

A conflict of interest is a situation in which we engage in a transaction, recommendation, or other activity where our economic interest is materially benefited by your acceptance of our recommendation or purchase of an investment. The mere presence of a conflict of interest does not imply that harm to your interest will occur, but it is important that we acknowledge and disclose the presence of conflicts. Our regulatory obligations require that we remove where reasonable, and at a minimum mitigate and disclose conflicts of interest. In addition, we establish, maintain, and enforce written policies and procedures reasonably designed to address conflicts of interest associated with our recommendations to you.

We are committed to taking appropriate steps to eliminate or at least mitigate and disclose to you conflicts of interest to ensure we act in your best interest when providing brokerage or direct account recommendations. Below you will find additional information related to our conflicts of interest. This information is not intended to be an all-inclusive list of our conflicts, but generally describes those conflicts that are material to your brokerage or direct account relationship. In addition to this disclosure, conflicts of interest are disclosed to you in your account agreement(s), Customer Relationship Summary ("CRS") forms, disclosure documents, product specific agreements or prospectuses and other information we make available to you.

Restrictions Based on Licensing

A financial professional's ability to offer individual products and services depends on his/her licensing. A financial professional holding a Series 6 license is limited to mutual funds, 529 plans, Unit Investment Trusts ("UITs") and variable annuity contracts. A financial professional holding a Series 7 license can recommend all of the investment products a Series 6 representative, as well as individual stocks, bonds, exchange traded funds ("ETFs"), and alternative investments (real estate investment trusts ("REITs"), limited partnerships ("LPs"), 1031 exchanges, Business Development Companies ("BDCs"), and private equity, subject to firm limitations as described below in the section titled Limited Product Shelf. A financial professional may also hold either the Series 65 or 66 licenses or have attained a certification such as the Certified Financial Professional certificate, which enables them to offer advisory services.

You should ask your financial professional about the investment products or services he/she is licensed or qualified to sell, and his/her ability to service investments that you transfer to FFS from another firm. You should also review the licenses held by your financial professional by visiting the FINRA BrokerCheck system at http://brokercheck.finra.org. Licensing presents a conflict in that individuals have an incentive to offer you products or services that correspond to their licensing. We disclose this conflict to you and mitigate it by reviewing recommendations made to you by our financial professionals to ensure these recommendations are in your best interest.

Limited Product Shelf

While your financial professional may be licensed to sell certain investment products, FFS has a limited product shelf. There are literally thousands of available investment products that could be recommended, but FFS does not offer all of them for sale to clients. Moreover, the scope of products and services we offer may be more limited than what is available through other financial service firms. FFS and financial professionals only offer investment products from investment sponsors with whom FFS has entered into selling and distribution agreements. Other firms may offer products and services not available through FFS. Examples of this include, but are not limited to, precious metals, oil and gas partnerships, or commodities This presents a conflict since not all investment products or services available on the market can be recommended and sold through FFS and your financial professional.

Compensation Conflicts

Our conflicts of interest are typically the result of compensation structures and other financial arrangements between us, our financial professionals, our clients, and third parties. Securities rules allow for us and our financial professionals to earn compensation when we provide brokerage or direct account services to you. However, the compensation that we and our financial professionals receive from you varies based upon the product or service you purchase, which creates a financial incentive to recommend investment products and services that generate greater compensation to us.

Transaction-based conflicts

In your brokerage or direct account you pay certain fees (commissions and sales charges) and ticket charges in connection with the buying and selling of each investment product, including mutual funds, variable annuities, alternative investments, exchange traded funds, equity securities, and bonds. Where these fees apply, the more transactions you enter into, the more compensation that we and your financial professional receive. This compensation creates a conflict whereby we have an incentive for us to recommend that you buy and sell, rather than hold, these investments. We also have an incentive to recommend that you purchase investment products that carry higher fees, instead of products that carry lower fees or no fees at all.

Financial professionals are compensated in a variety of ways based on the percentage of revenue generated from sales of products and services to clients and/or total assets under advisement, including brokerage account activity. This compensation may vary by the product or service associated with a brokerage or direct account recommendation. In addition to upfront-transaction based compensation, some products feature on-going residual or “trail” or 12b-1 payments. Thus, financial professionals are incentivized to recommend products that have higher fees as well as those with on-going payments.

Financial professionals have an incentive to recommend you rollover assets from a QRP to a brokerage IRA because of the compensation they will receive. We maintain policies and procedures designed to ensure that rollover recommendations are in your best interest.

Tiered Compensation Structure

Typically, a financial professional’s payout schedule (periodically adjusted by us at our discretion) increases with revenue and asset levels.

As a result, financial professionals have an incentive to provide brokerage and direct account recommendations that result in selling more investment products and services, as well as investment products and services that carry higher fees. Financial professional also have an incentive to provide brokerage recommendations to gather more assets under management and to increase brokerage and direct account trading activity.

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.

Third Party Payments

The total amount of payments we receive varies from product to product and varies with respect to the third-party sponsoring the products we recommend. We have an incentive to recommend investment products and services that generate greater payments to us. This compensation generally represents an expense embedded in the investment products and services that is borne by investors. The most common of Third-Party Payments is called Trail Compensation. This is a form of ongoing compensation from Direct Account and Brokerage Product Sponsors that will be received by us and shared with our financial professionals. This compensation (commonly known as trails, service fees, or Rule 12b-1 fees in the case of mutual funds) is typically paid from the assets of the investment product under a distribution or servicing arrangement and is calculated as an annual percentage of invested assets.

In addition, we have relationships with certain product sponsors such as mutual fund, variable annuity, and REIT/BDC companies that financially support events hosted by FFS.

Training and Education Support

We offer certain persons, including issuers of securities and/or sponsors of insurance products, the opportunity to communicate with our financial professionals via our electronic platforms and, in some cases, in person. The purpose is to educate on financial products and resources and make us aware of how these financial products could potentially help a client achieve their investment goals. These companies pay us a fee for these opportunities. The opportunity that companies have to communicate with us, could influence investment recommendations because the company has an opportunity to communicate directly with us and our financial professionals that other service providers and investment managers may not have. There are no requirements that we recommend the investment products or services of these companies. There are no additional financial incentives, bonuses, or additional compensation to your financial professional to recommend these companies products.

Other Financial Professional Activities

Your financial professional has access to insurance products through Founders Financial Securities Insurance Agency, an affiliate of FFS ("FFS Ins. Agency"), Founders Financial Insurance Network, an affiliate of FFS, and other direct insurance providers. As such, FFS Ins. Agency distributes products and does not open or maintain customer accounts or hold customer funds or securities.

Some financial professionals are also licensed independent insurance agents and will recommend or sell clients insurance products. Clients are under no obligation to purchase these products from the broker/dealer. In their separate capacities as an independent insurance agent, the financial professional will be able to implement insurance transactions for clients that have separate and typical commission compensation.

Some financial professionals maintain outside business activities such as practicing as Certified Public Accountants ("CPA") and will recommend or offer accounting and tax advice and/or services. Clients are under no obligation to purchase these services from the financial professional. In their separate capacities as CPAs, these individuals will be able to provide accounting and tax services for clients for separate and typical compensation. Such services are not services of the broker/dealer. Similarly, financial professionals may conduct other outside business activities for compensation that do not relate to their role as a representative of the broker/dealer.

INVESTMENT CHOICES AVAILABLE WITHIN BROKERAGE ACCOUNTS

Mutual Funds

Mutual funds are professionally managed portfolios of securities that pool the assets of individuals and organizations to invest toward a common objective, such as current income or long-term growth. All mutual funds are offered for sale through a prospectus, which you should read prior to investing in a fund. The prospectus describes the sales charges and expenses applicable to the fun and it describes the fund's investment objective.

All mutual funds charge investment management fees and ongoing expenses for operating the fund and these expenses can vary by the share class purchased. The most common types of mutual funds are Class A and Class C shares and FFS only offers these two types in commissionable direct held or brokerage accounts. Some funds offer no-load share classes available in advisory programs. Funds may also offer special share classes for qualified retirement plans. The key distinctions between share classes relate to costs: the sales charge and operating expenses. Your financial professional's compensation is determined by the type of share class purchased.

The mutual fund company pays FFS a commission at the time you make your investment with the amount varying depending on the share class purchased and any applicable break point discounts. FFS pays a portion of this commission to your financial professional. The product sponsor also pays us an ongoing distribution and/or service fee (12b-1 fees) that are paid out of fund assets for as long as you own your shares and we are the broker of record. Your financial professional receives a portion of these trail payments. Please ask your financial professional how he or she is paid for mutual fund transactions.

Money Market Mutual Funds

A money market mutual fund contains short term debt and monetary investments and has an objective of maintaining a stable net asset value of $1 per share. There are no sales charges when you buy a money market fund. There typically is no fee to redeem money fund shares unless the fund's board has determined to impose liquidity fees in certain circumstances. The fund's prospectus contains information regarding the fund's objectives, risks, investments, fees and expenses. FFS does not charge commissions or fees for the purchase or liquidation of money market funds. We do receive 12b-1 fees for distribution services we provide and share these with your financial professional.

Certain mutual funds may pay FFS additional amounts known as revenue sharing payments, which are based on overall sales and/or assets on behalf of the fund or its fund family.

Exchange Traded Funds (ETFs)

An ETF is an exchange-traded security combining attributes of conventional stocks with mutual funds. ETFs are pooled investment funds that offer investors an interest in a professionally managed portfolio of securities that track an index, a commodity or a basket of assets. ETFs may be actively managed or passively-managed and they trade on stock exchanges where they will experience price changes throughout the day as they are bought and sold.

We act as an agent for your ETF transactions, which means we send your order to an external venue to buy or sell shares of the ETF. You will pay a ticket charge on each transaction. You could also pay a commission, which we share with your financial professional. ETFs also carry built-in operating expenses that affect the ETF's return. For more information on the fees and expenses of the ETF, please refer to the applicable offering documents and/or prospectus.

Closed-end Funds

A closed-end fund is a type of investment company that is typically actively managed. Close-end funds have a fixed number of shares that are publicly traded on an exchange. The share prices fluctuate based on investor supply and demand and there is no requirement that the share price match the Net Asset Value (NAV). Closed-end funds could trade at a discount or premium to NAV. Open end mutual funds, on the other hand, are priced each day at NAV. Closed-end funds are not required to redeem shares.

We act as an agent for your closed-end fund transactions. This means we send your order to an exchange to buy or sell shares of the closed-end fund. You will pay a ticket charge on each transaction. You could also pay a commission based on the amount of the transaction, which we share with your financial professional. Closed-end funds also carry built-in operating expenses that affect the fund's return.

Unit Investment Trusts (UITs)

A UIT is an SEC-registered investment company that invests in a fixed, diversified group of professionally selected securities according to a specific investment strategy. Unlike open end mutual funds, the securities within the UITs portfolio generally are not actively traded and instead maintains more of a buy and hold approach to investing. As a holder of a UIT you own a portion of the securities in the trust.

UITs have a set termination date where the portfolio securities are sold and the proceeds are paid to investors. Prior to the UIT's termination, a holder may redeem shares by tendering back to the sponsor. The amount received will be based on the current value at the date of redemption, which may be less than the original amount invested. UIT sponsors continuously offer new series of UITs, which makes it possible for investors to purchase a new series of the UIT upon expiration of the current UIT.

In brokerage accounts, you typically pay either a front-end sales charge or a combination of front-end and deferred sales charges. The deferred sales charge is usually deducted from your account in periodic installments. We receive a portion of that sales charge from the provider sponsoring the UIT. The trust sponsor may also charge a "creation and development" fee (C&D) to compensate for the costs of organizing and offering the portfolio. UITs have built-in operating expenses that affect their return. Details on the operating expenses and organizational fees are included in each UIT's prospectus.

Variable Annuities

Variable annuities are investment contracts issued by insurance companies into which the buyer makes a lump-sum payment or series of payments. At the client's direction, the insurer allocates the client's payments/contributions to investment options, or sub-accounts. Sub-accounts are comprised of stocks, bonds, or other investments. When you invest in a variable annuity, any growth in the value of the underlying sub-accounts is not taxed until you take distributions, at which point you pay taxes on any gains. Withdrawals before the age of 59 ½ may also incur a federal tax penalty. Please refer to the prospectus for information specific to the variable annuity you purchase.

Fees and charges: Because variable annuities possess protection features, they have fees and/or expenses that are not found in other investment products. The fees or expenses that you pay vary depending on the terms and share class of the annuity purchased. The most common fees are as follows:

- **Surrender charge** - Most variable annuities do not have an initial sales charge. However, insurance companies usually assess a surrender charge, often called a contingent deferred sales charge (CDSC), to an annuity owner who liquidates a contract or makes a withdrawal in excess of the free withdrawal provision (typically 10%) during the surrender charge period specified in the prospectus. The CDSC typically decreases over several years. Please read the prospectus carefully with regard to the applicable surrender charges.
- **Mortality & Expense Risk charge (M&E)** - The insurance company charges you this fee for the insurance risks it assumes by providing you guaranteed1 future payments and basic death benefits. In addition, this fee helps offset the cost of commissions paid.
- **Administrative fees** - These fees cover administrative costs associated with servicing the annuity, including the cost of transferring funds, tracking purchase payments, issuing confirmations and statements, recordkeeping, and customer service.
- **Contract maintenance fee** - This is an annual flat fee, approximately $25 or $30 a year, to keep the contract active. This fee may be waived on variable annuity contracts with account values over a certain dollar amount (for example, $50,000). See the prospectus for details.
- **Underlying fund expenses on subaccounts** - These fees cover the cost of managing the investments within the subaccounts.
- **Optional Rider costs** - Additional riders that provide protection for death and/or provide guaranteed income will cost extra.

The compensation paid on variable annuity transactions from the insurance company is made to FFS and shared with your financial professional. Your financial professional has the option to choose from a higher upfront commission with a lower trail payment or, conversely, a lower upfront commission with a higher trail payment. Please refer to the prospectus and offering documents for information specific to the variable annuity you purchase.

Fixed Indexed Annuities

Fixed indexed annuities are contracts issued by insurance companies that provide principal protection of payments/contributions. These contracts credit interest based upon the performance of a market index, such as the S&P 500. The performance is subject to predetermined rate caps and floors, meaning the performance of your fixed indexed annuity will not exceed or fall below the specified return levels, regardless of market conditions. Generally, this means that your principal investment is protected from market loss while it provides some participation in market returns when index values that are tracked in the policy increase over time.

Typically, index annuities do not have a front-end sales charge when you purchase them but you may pay a CDSC to the insurance company if you liquidate the contract before the end of a certain period of time. The percentage amount of the CDSC usually declines over time. Typically, you do not pay any sales charges or annual operating expenses when you purchase a fixed indeed or buffered annuity. The insurance company considers all its costs, including commissions, when determining the interest rate, caps, participation rates, and CDSC.

Index annuities also offer optional riders for purchase by policy holders that provide guarantees of income. These costs are paid directly out of the policy.

The insurance company pays FFS a commission at the time you fund the policy and, for some contracts, at the time of any subsequent renewal. The commission is not deducted from your initial premium or renewal amount. We share this commission with your financial professional.

Common and Preferred Stocks

Stocks are securities that represent an ownership share in a company. For companies, issuing stock is a way to raise money to grow and invest in their business. For investors, stocks are a way to potentially grow their investments Stock prices fluctuate, but investors who own stock anticipate that over time, the stock will increase in value. Not every company or stock does so. Companies can lose value or go out of business completely. When that happens, stock investors may lose all or part of their investment.

We act as an agent for your Stock transactions, which means we send your order to an external venue to buy or sell shares of the Stock. You will pay a ticket charge on each transaction. You could also pay a commission, which we share with your financial professional. For additional information please discuss the ticket charges and commissions with your financial professional prior to the transaction.

Bonds (Corporate, Municipal, Government)

A bond is a fixed income instrument that represents a loan made by an investor to a borrower (typically corporate or governmental). Bonds are used by companies, municipalities, states, and sovereign governments to finance projects and operations. Owners of bonds are debtholders, or creditors, of the issuer. Bond details include the end date when the principal of the loan is due to be paid to the bond owner and usually includes the terms for variable or fixed interest payments made by the borrower.

We act as an agent for your Bond transactions, which means we send your order to an external venue to buy or sell positions in the Bond. You will pay a ticket charge on each transaction. You could also pay a commission, which we share with your financial professional. For additional information please discuss the ticket charges and commissions with your financial professional prior to the transaction.

Certificates of Deposit

CDs issued by banks or savings & loans companies have fixed interest rates and set maturity dates. We also offer market-linked CDs, which are CDs with a return based on a collection of stocks or a market index, such as the Dow Jones Index or a basket of equities. CDs and market linked CDs are FDIC insured.

For new market-linked CD's, clients pay the initial offering price, which is set by the issuer. The offering price includes costs and fees associated with purchasing the security and includes selling concessions paid to FFS. Clients are not charged additional sales charges or commissions. The offering price and a description of the costs and fees associated with a security can be found in the prospectus. We share the selling commission received with your financial professional.

For CDs purchased in the secondary market, clients pay a markup (in the case of a purchase) or a markdown (in the case of a sale), which generally consists of (1) the sales credit (effectively a commission) that varies based on the time to maturity and (2) the markup or markdown that the trading desk has included as part of the transaction. We share the markup/markdown with your financial professional.

Alternative Investments

FFS offers alternative investment solutions that can include non-traded real estate investment trusts (non-traded REITs), non-traded business development companies (non-traded BDCs), and non-traded closed-end funds.

These products are classified as "alternative" because they are unlike traditional brokerage securities, such as stocks and bonds, and are generally not traded on an exchange. In some cases, alternative investments have a negative correlation to traditional investments and are used to further diversify portfolios beyond the traditional asset classes to help manage risk.

Alternative investments are generally illiquid long-term investments (7-10+ years) and there typically does not exist a secondary trading market. For this reason, converting an alternative investment to cash prior to liquidation is extremely difficult and may not be possible. In some cases, it may be difficult to determine the current value of the asset. Units or shares of these types of investments may fluctuate in value. Therefore, at the time of redemption, they may be worth more or less in value than the original amount invested. Most of these offerings are sold by prospectus or offering memorandum, which contains more complete information including risks, costs and expenses. Investors should read these carefully before investing.

Additionally, these investments contain fees and expenses that are higher than those of other investment types. These products are often complex and not appropriate for everyone. For this reason, there are heightened investor qualification requirements for purchases. There also could be a less expensive or less complicated product that is similarly appropriate for you.

When you invest in an alternative investment, the product sponsor pays us a sales charge or commission, which we share with your financial professional. In addition to this sales charge you will also be responsible for paying additional expenses relating to the organization and operation of the investment. A complete description of these expenses can be found in the product prospectus. We share the sales charge received with your financial professional.

ADDITIONAL INFORMATION

This information is provided solely to clients of FFS and no further distribution or disclosure is permitted without the prior written consent of FFS. No person other than FFS clients can rely on any statement herein. The FFS Business Continuity Plan is reviewed and updated regularly and is subject to change.

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