



## **AFS Revenue Sharing & Compensation Disclosure**

### **Allstate Financial Services, LLC (AFS)**

#### **Introduction & Purpose of This Disclosure**

This document explains the compensation AFS receives from third-party product sponsors (including insurers, mutual fund companies, and clearing firms) and how this compensation creates conflicts of interest. It also explains how your financial professional is compensated, and how these arrangements may influence recommendations made to you. These disclosures are required under Regulation Best Interest (Reg BI).

#### **1. Revenue Sharing from Insurance & Annuity Providers**

When you purchase annuities or variable life insurance products through AFS, the issuing insurance company pays us commissions. These payments are considered third-party compensation, because they are paid by the insurance company rather than by you directly.

In addition to commissions, insurers pay AFS revenue-sharing and marketing allowances, which may include:

- Payments based on new deposits or premium
- Payments based on assets under management
- Flat-fee platform or onboarding fees
- Event sponsorship payments for AFS meetings or training sessions

These payments create conflicts of interest because they incentivize AFS and your financial professional to recommend products from insurers that make such payments, rather than equivalent products that pay less or do not pay at all.



### 2025 Insurance & Annuity Revenue Sharing

Insurer	Structure of Arrangement	Total 2025 Payments	Event Sponsorship
Equitable	0.45% of deposits for Retirement Cornerstone; 0.35% for Structured Capital Strategies; 0.45% for SCS Income	\$2.318 million	Yes
Lincoln Financial	0.40% on fixed/fixed indexed deposits; 0.45% on variable annuity deposits; plus \$100k per \$100M in sales (up to \$500k)	\$1.630 million	Yes
Protective Life	0.20%–0.45% of new annual premium depending on product type	\$577,742	Yes
Prudential	0.45% of deposits except Defined Income (0.25%); no payment for PruSecure	\$183,802	None
Sammons	0.25%–0.50% based on new premium tiers	\$1.8 million	Yes
Voya	0.05% annually (quarterly payments) on AUM less last-12-months premiums	\$156,311	Yes

Certain product sponsors may pay one-time or periodic platform, onboarding, or technology fees to AFS to support the addition or integration of their products on our platform. These amounts are paid by the sponsor and are separate from clearing/custody payments. In 2025, Lincoln Financial paid AFS \$6,000 to off-set costs associated with onboarding new products to our shelf.



## **2. Alternative Investments (REITs, BDCs, Interval Funds, Private Offerings, UITs)**

AFS does not receive revenue-sharing payments related to:

- Non-traded REITs
- BDCs
- Interval funds
- Private placements
- Direct participation programs
- Unit Investment Trusts (UITs)

## **3. Strategic Partner / Platform Access Considerations**

AFS does not provide exclusive or preferential access to financial professionals solely based on revenue-sharing payments.

If training or educational access is provided to product sponsors, it is offered on a non-exclusive basis, and AFS does not commit to sales quotas or product shelf placement tied to sponsor payments.

## **4. Cash Sweeps & Clearing/Custody Compensation**

AFS uses National Financial Services (NFS) as its clearing firm. AFS receives:

### **Net Flows Credit**

AFS may receive a credit from NFS when the value of assets transferred into NFS exceeds assets transferred out. In 2025, AFS earned \$14,994 in Net Flows Credit. This creates an incentive to encourage clients to maintain assets on the NFS platform.



## Fidelity Money Market Sweep Funds

AFS receives an annualized fee based on assets in Fidelity sweep funds; in 2025, AFS earned \$264,994 from these arrangements.

## 5. How AFS Financial Professionals Are Compensated

AFS shares with your financial professional a percentage of the compensation AFS receives. Compensation includes:

- Transaction-based commissions
- 12b-1 fees
- Insurance commissions
- Trails
- Mutual fund commissions
- Equity/fixed income transaction commissions

### Payout Grid

- 50% payout for professionals producing < \$135,000
- 70% payout for professionals producing > \$300,000
- Payout varies by product type (non-neutral grid)
- Minimum production thresholds by June 30 and December 31
- Quarterly bonuses and top-producer conferences (luxury venues)
- Compensation tied to sales targets and production credit

## 6. Non-Cash Compensation

AFS financial professionals may receive:

- Gifts valued at less than \$300 per sponsor per year



- Occasional meals or entertainment
- Training, education, or conference attendance
- Sponsored travel when permitted under regulatory guidance

These non-cash benefits create potential incentives to recommend products from sponsors who provide such support.

## 7. Event Sponsorships

AFS receives event-sponsorship payments used to offset costs of educational conferences and training sessions. In 2025, Allstate Insurance Company (AIC) received the following payments on behalf of AFS:

- Equitable: \$80,000
- Fidelity: \$50,000
- First Trust: \$75,000
- John Hancock: \$75,000
- Lincoln: \$150,000
- Protective: \$150,650
- Sammons: \$75,880
- Voya: \$10,000

## 8. 2026 Life Insurance Bonus Opportunity

In 2027, AFS may be eligible to receive a performance-based bonus from participating life insurance carriers based on growth in the sale of newly issued fixed and variable life insurance policies. Bonus eligibility is measured by positive growth in Gross Dealer Concessions (“GDC”) during each applicable performance period as compared to the corresponding baseline comparison period from the prior year. Two independent performance periods apply: Period 1 (Q2), covering April 1, 2026, through June 30, 2026, compared against April 1, 2025 through June 30, 2025 and Period 2 (Q3), covering July 1,



**Revenue Sharing and Compensation Disclosure**  
**Allstate Financial Services, LLC**

2026 through September 30, 2026, compared against July 1, 2025 through September 30, 2025. AFS may earn a one-time quarterly bonus for each period independently in which positive GDC growth is achieved.

Securities offered by Personal Financial Representatives through Allstate Financial Services, LLC (LSA Securities in LA and PA). Registered Broker-Dealer. Member FINRA, SIPC. Main Office: 151 N. 8<sup>th</sup> Street, Suite 450, Lincoln, NE 68508. (877) 525-5727. Check the background of this firm on FINRA's BrokerCheck website <http://brokercheck.finra.org>.