## Insurance Company Revenue Sharing and Marketing Allowances

When you purchase annuities or variable life insurance products through us, we receive commissions from the insurance company issuing the product. We share these commissions with our financial professionals. We consider these commission payments to be "third party payments" because a third party – the insurance company – pays us the commission instead of our customers directly paying us a commission.

Some insurance companies also make other payments to us that are in addition to the commission described above. For example, certain insurers make additional payments based on the amount of assets our customers invest (or "deposit") in their products or the annual premium they pay in the case of certain life insurance products. Others make ongoing payments to us based on our customers' invested assets (rather than just new investments). Some insurers reimburse us for our expenses so we can add that product to the platform. Some insurers make additional payments that are based on both new deposits (or annual new premium) by our customers and assets that remain invested. Most insurers also make cash payments to us as event sponsors to help cover the costs associated with various training and education and other incentive events we host for our financial professionals. These payments are sometimes referred to as "revenue sharing" arrangements or "marketing allowance" or "marketing assistance" arrangements. Insurers who make these payments to us typically have more access to our financial professionals to provide information about their products than is the case for insurers who do not make these payments. These payments are described in further detail in the prospectus or offering materials for the investment, which will be made available to you in connection with any purchase. All of these payments incentivize us and your financial professional to sell you or recommend you hold investments that entail these payments rather than investments that do not entail these payments or entail comparatively lower payments.

Below is information about the payments we received from insurers during 2021.

| Insurer | Structure of Arrangement | Structure of Platform Fees/Business Development Credit | Total 2021 Payments | Event Sponsorship Payments | Platform Fees/Business Development Credit |
|---|---|---|---|---|---|
| Equitable | 0.5% of new deposits for Retirement Cornerstone product and 0.25% of new deposits for Structured Capital Strategies. | None | $1.982 million | $25,000 | None |
| John Hancock | None | In 2021, John Hancock paid us $500,000 to add their products to our Platform to offset our implementation costs. | None | $25,000 | $500,000 |
| Lincoln Financial | 0.4% on fixed and fixed indexed annuity deposits and 0.45% on variable annuity deposits. Lincoln Financial will also pay us $100,000 for each $100,000,000 in gross sales of annuities not to exceed $500,000 during the agreement term. | In 2021, Lincoln Financial paid us $261,000 to add their products to our Platform to offset our implementation cost. They will pay an additional $239,000 in 2022. | $2.858 million | $25,000 | $261,000 |
| Protective Life | Fixed annuities: 0.20% of new annual premium, Fixed Indexed annuities: 0.40% of new annual premium, Protective Secure II SPDA: 0.25% of total new annual premium under $100 million; 0.35% of total new annual premium between $100 and $250 million and 0.50% of total new annual premium over $250 million. | In 2021, Protective Life paid us $250,000 to add their products to our Platform to offset our implementation cost. They will pay an additional $250,000 in 2022. | $940,000 | $25,000 | $250,000 |
| Prudential | 0.45% of deposits on all products except for Prudential Defined Income on which 0.25% of deposits is paid, and except for PruSecure for which no payments are made. | None | $64,000 | None | None |
| Sammons | 0.25% of total new annual annuity premium under $100m; 0.35% of total new annual premium between $100m and $250m; and 0.50% of total new annual premium over $250m with the exception of the 3-year MYGA paying 0.0625%, 0.0875% and 0.125% across those same three bands, respectively. | In 2021, Sammons paid us $75,000 to add their products to our Platform to offset our implementation cost. They will pay an additional $75,000 in 2022, 2023 and 2024. | $362,000 | $25,000 | $75,000 |

| Insurer | Structure of Arrangement | Structure of Platform Fees/Business Development Credit | Total 2021 Payments | Event Sponsorship Payments | Platform Fees/Business Development Credit |
|---|---|---|---|---|---|
| Voya | 0.05% annually, paid quarterly, on assets under management on Voya Select Advantage, less 12 months premiums calculated as follows: Each calendar quarter, Voya calculates the marketing allowance by determining the amount of assets under management as of the end of each calendar quarter, less prior twelve months premiums, multiplied by .0125%. | None | $143,000 | $10,000 | None |

## Other Revenue Sharing Arrangements

During 2021, our clearing firm, National Financial Services LLC, paid us $77,000 to support our efforts to consolidate assets to its brokerage platform. We received 0.06% based on the assets transferred to our clearing firm. These payments incentivize us to transfer your assets to our clearing firm. During 2021, we also received a $200,000 platform fee to reimburse us for our costs to using their platform.

## More Information about How our Financial Professionals Are Compensated

The amount of compensation we share with your financial professional is a proportion of the compensation we receive from the insurance or investment provider. Compensation includes: transaction-based commission payments for insurance products, mutual funds, and unit investment trusts; 12b-1 fee payments based on monthly/quarterly asset values; and customer paid commissions for equity and fixed income security transactions (e.g., stocks, bonds, etc.). The proportion the financial professional receives on transaction-based commissions is based on their sales volume generated in the previous year. For example, a financial professional who earned total production credit (i.e., sales credit) in the prior calendar year of less than $100,000 would qualify to receive 40% of the GDC on annuities and mutual funds received by us whereas a financial professional who had earned total production credit in the prior calendar year of more than $225,000 would qualify to receive 60% of the GDC on annuities and mutual funds received by us.

Our compensation schedule with providers is not investment neutral, meaning that the percentage of the compensation for any given transaction that your financial professional receives varies based on the investment recommended. In other words, the commission percentage of compensation received by the Firm – the starting point for determining the financial professional's compensation – varies depending on the investment. For example, the compensation received by the Firm as a percentage of the amount invested in a variable life policy can be 100% of the amount invested the first year, but in the case of the amount invested in an annuity policy can typically be as high as 7% or in a mutual fund can be 5.25%. Because our grid is not investment-neutral, our grid incentivizes your financial professional to recommend to you the investment that results in the highest net payout for your financial professional.

Your financial professional's compensation is tied to meeting sales targets. Firm-paid cash and non-cash compensation, incentives, contests, trips, awards, quotas, and bonuses for financial professionals are tied to factors including asset accumulation or growth, and total sales. We refer to these factors as "production credit." For example, financial professionals who are in the top 3%, 8%, and 16% of all financial professionals in terms of their total production credit qualify for exclusive conferences held at luxury resorts. These conferences are typically held annually and are based on production credits earned for a 12-month period. We also pay quarterly bonuses to top financial professionals based on the Firm's annuity and mutual fund revenues. These arrangements incentivize your financial professional to encourage more trading and the purchase of additional investments that result in your financial professional meeting the production credit targets that would qualify the financial professional for the conferences, bonuses or other awards. This conflict is especially acute as your financial professional approaches the deadline for meeting sales targets, which is typically a quarterly bonus, and at the end of the calendar year. Additionally, your financial professional is required to meet a minimum production requirement by June 30th of each year.

Some of our financial professionals receive additional training and support from certain issuers. This support includes travel, meals, and entertainment at meetings by the issuer where training is conducted on the products. Certain issuers and their affiliates provide some of our financial professionals with more training and entertainment than others. If your financial professional receives this additional training and support, his or her use of these issuers' higher level of training incentivizes your financial professional to recommend investments issued by issuers that provide such training and services over issuers that do not, even if such investments are not necessarily in your best interest. Product sponsors can entertain financial professionals of the Firm as long as it is occasional and not pre-conditioned on a sales target. Your financial professional may be incentivized to sell a product from a certain sponsor in order to receive the sponsored entertainment.