

## Understanding Our Brokerage and Investment Advisory Services

At Edward Jones, our relationship begins by getting to know you and your financial goals. This helps us understand why you are investing so that our discussions about investments make sense.

Edward Jones is registered and provides services as both a broker-dealer and an investment adviser. Provided below is a summary of our brokerage and investment advisory services, as well as the differences in legal and regulatory responsibilities that apply to these services.

### Our brokerage services

Brokerage services allow you to provide us with instructions to buy, sell and hold your investments. We provide you with investment education, research and planning tools. Brokerage services are provided through non-discretionary transactional brokerage accounts. Depending on your account type, we may make recommendations about your investments. You make each investment decision and do not delegate these decisions to us.

We offer both retirement and non-retirement brokerage accounts, which may have different product and service offerings. When you enter into a brokerage relationship with Edward Jones, you generally open a Select Account. In your brokerage account, Edward Jones and your financial advisor act in the capacity of a broker-dealer.

Additionally, Edward Jones offers brokerage accounts that are not Select Accounts, including, but not limited to, certain non-ERISA and ERISA retirement plans, Flex Fund accounts and pooled employer retirement plans. For more information regarding the fees, commissions and other payments earned by Edward Jones and our financial advisors within these types of accounts, see the applicable sections within this document or contact your financial advisor for additional information.

### Edward Jones Select Account

#### What is an Edward Jones Select Account?

An Edward Jones Select Account is a non-discretionary transactional brokerage account. This means that while your financial advisor may offer education, advice, and recommendations, you make all yes/no decisions on which investments to buy and sell. This also means that within your Select Account, you pay transactional fees and costs when you buy or sell securities.

Within this account, you have the choice to buy or sell investments and the ability to use our guidance as a framework, including the flexibility to use this account as a complement to other diversified accounts. Investment options available for this account include stocks, bonds, certificates of deposit ("CDs"), exchange-traded funds ("ETFs"), mutual funds and annuities.

**Our responsibilities when providing brokerage services in a Select Account.** Applicable federal and state securities laws, regulations and self-regulatory organizations set forth our responsibilities. These include that we:

- Enable you to provide important information to your financial advisor to help complete a Client Profile, which forms the basis of Edward Jones' and your financial advisor's recommendations, before you start investing in your Select Account. This includes your goal or purpose for investing, risk tolerance(s), and investment time horizon(s), as well as other important financial

information. These details enable us to recommend an appropriate Portfolio Objective for both your account and the goal to which your account is assigned. You are responsible for choosing to invest in either a recommended Portfolio Objective or an alternative Portfolio Objective for your account, if available. If any information that you provide in the Client Profile changes, you are responsible for notifying us or your financial advisor. You may be required to complete a new Client Profile in order for Edward Jones and your financial advisor to recommend a modification of the Portfolio Objective for your account after considering such change(s).

- Recommendations to buy, sell, or exchange investments will be provided to you based on the Portfolio Objective for your account. You will make all decisions with respect to your account and may follow or reject any recommendations made by Edward Jones or your financial advisor.
- Act in your best interest. This means that we provide investment recommendations that are in your best interest, based on your investment profile and the potential risks, rewards, and costs associated with the recommendation, and do not place our interest ahead of yours.
- Provide information about investments based on the nature of the security as well as its potential risks, rewards and costs.
- Obtain prices for trades that are fair and reasonable according to market conditions and make sure that the commissions and fees that you pay are not excessive
- Disclose all material facts relating to conflicts of interest associated with a recommendation

#### What is your financial advisor's role when providing brokerage services?

Your financial advisor helps you identify your investment profile, goals and strategies to assess which types of investments may be appropriate for you. Then, your financial advisor discusses investments with you based on the information you have provided, including your Client Profile and your Portfolio Objective. Your financial advisor serves as your key relationship contact for all of your Edward Jones accounts.

#### In Select Accounts, what Fees and Costs may apply to my Transactions, Holdings and Accounts?

Depending on what you buy or sell, you may pay commissions, markups or markdowns, sales charges and/or administrative fees. The commissions on trades for stocks, ETFs, master limited partnerships, real estate investment trusts or preferred stocks may be up to 2.5% of the principal amount or a \$50 minimum commission. The commission charge could be reduced based upon the principal amount of the trade and may be as low as 0.1%

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plus \$2,705 for trades of a principal amount of \$1,000,000 or more. For bonds and CDs, the commission or markup may be up to 2% of the dollar amount you purchase, and the commission or markdown may be up to .75% of the dollar amount you sell. Depending on the principal amount of the trade and the maturity date, you may pay a lower commission or markup/markdown rate. In addition to these costs, you also pay a \$4.95 transaction fee per trade for most buy and sell trades in your account.

You pay a sales charge (sometimes referred to as sales load) when you purchase a mutual fund, a fund in a 529 plan, fixed income unit investment trust ("UIT") or a variable annuity. For equity mutual funds, you will generally pay a sales charge between 4.25% and 5.75%, and for fixed-income mutual funds a sales charge between 2.25% and 4.75%, before any applicable discounts or breakpoints. Breakpoint discounts are volume discounts to the sales charge you pay when purchasing a mutual fund. The extent of the discount depends on the amount invested in a particular family of funds. For example, a mutual fund might charge a front-end load of 5.75% for share purchases of less than \$50,000 but reduce the load to 4.50% for investments between \$50,000 and \$99,999, and further reduce or eliminate the load for larger investments. At certain investment levels (typically \$1 million), your investments with an individual product provider may carry no sales charges. However, in these instances, the mutual fund company may pay Edward Jones a commission on these investments. A contingent deferred sales charge may apply if you sell these investments within a certain time frame. The specific amount of the sales charge on a mutual fund or 529 plan varies depending upon the fund company, type of fund and applicable breakpoints or sales charge waivers. You do not pay a commission to Edward Jones or your financial advisor when you exchange or sell a fund.

For a new purchase of a variable annuity, you will pay a commission of 5.00% unless you qualify for a breakpoint discount. Your sales charge may be as low as 1.25% if you qualify for a \$1 million or higher breakpoint discount. For a purchase of a fixed income UIT, you will generally pay a sales charge between 1.95% and 3.5%. The amount of transactional costs and fees you pay depends on the number of and principal amount of transactions, types of investments, specific fund, and any applicable discounts or breakpoints. Larger size trades may result in lower sales charge rates.

Mutual fund companies and 529 plans pay Edward Jones ongoing distribution and/or service fees often known as 12b-1 fees. You pay 12b-1 fees to the mutual fund company as one of the ongoing internal costs of holding the shares. These fees generally range between 0.25% and 1.00%, depending on the fund and share class. The amount of the 12b-1 fee you pay, and that Edward Jones receives from the fund company, varies depending upon the mutual fund company, 529 plan, type of fund, and amount of the fund you purchased. The 12b-1 fee reduces the return from your mutual fund.

Insurance companies that issue variable annuities make ongoing payments to Edward Jones known as "trail commissions." Trail commissions are composed of fees and charges imposed under the variable annuity contract, the separate accounts, and other sources. Trail commissions

are generally 0.25% but are higher for certain share classes. The trail commissions reduce the return from your variable annuity.

When you purchase a variable life insurance policy, you pay a premium determined by the life insurance provider. The amount of premium you pay depends on several factors including the type of policy, the options and level of coverage you select, your age, and other factors. If you choose to pay for your variable life insurance policy over the lifetime of the policy, you will pay ongoing premium payments, in addition to your initial premium payment. These ongoing payments are generally paid annually, quarterly or monthly. Edward Jones receives revenue from your first year's premium payment, as well as a portion of the premium you pay after the first year, for a set number of years (generally the second through the 10th years of the policy). This additional revenue may be called renewal commissions.

Certain investments in your Select Account, including mutual funds, ETFs, UITs, 529 plans, annuities, and life insurance policies, carry built-in operating expenses in addition to any initial commissions or sales charges, ongoing 12b-1 fees, trail commissions or premiums. These costs and expenses impact your returns. For mutual funds and 529 plans, examples of these additional internal costs and fees include investment management fees and fund transaction fees. Built-in operating expenses reduce the return from your investment.

If you take out a margin loan, you will pay ongoing interest to Edward Jones on your margin loan balance. For more information about our policy regarding Margin Accounts/Personal Lines of Credit please consult your financial advisor or see [edwardjones.com/disclosures/account-features-terms/saving-spending-borrowing/margin-disclosure-credit-terms.html](http://edwardjones.com/disclosures/account-features-terms/saving-spending-borrowing/margin-disclosure-credit-terms.html).

More detailed information about specific commission rates, sales charges, breakpoints and discounts, 12b-1 fees, trail commissions, and internal costs and fees, can be found in the applicable trade confirmation, product prospectus, statement of additional information, offering statement, annuity contract or plan information, or by speaking with your financial advisor.

### **Additional Compensation for our services in a Select Account**

**Revenue Sharing** - Edward Jones receives payments known as revenue sharing from certain mutual fund companies, 529 plan program managers and insurance companies. Virtually all of Edward Jones' transactions relating to mutual funds, 529 plans and variable annuity products involve product partners that pay revenue sharing to Edward Jones. For information about revenue sharing, please see [edwardjones.com/revenuesharing](http://edwardjones.com/revenuesharing).

**Inforce Contract Service Fees** - Edward Jones has entered into inforce contract service agreements with certain insurance companies to provide support of certain issued and outstanding insurance contracts. For information about inforce contract service fees, please see [edwardjones.com/revenuesharing](http://edwardjones.com/revenuesharing).

**Networking and Shareholder Accounting Fees** - Edward Jones has entered into networking fee agreements and shareholder accounting agreements with many mutual fund companies and 529 plans, including all of our

1 This includes international equity, commodity and asset allocation funds, as well as funds categorized by Morningstar as U.S. equity or sector equity.

2 This includes currency and convertible funds, as well as funds categorized by Morningstar as taxable bond.

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strategic mutual fund product partners and all mutual funds available for purchase in your account, to provide certain services for the mutual fund companies. The mutual funds available in your Select Account involve product partners that pay shareholder accounting and/or networking fees to Edward Jones. For more information regarding networking or shareholder accounting fees that Edward Jones receives, please see [edwardjones.com/revenuesharing](http://edwardjones.com/revenuesharing).

**Volume Concessions** - UIT sponsors pay Edward Jones additional compensation, sometimes called a “volume concession”, that is based on the overall volume of UIT sales made by Edward Jones, generally over the prior 12-month period. For more information about volume concessions, please see the Unit Investment Trust Additional Compensation Information near the end of this document or see [edwardjones.com/revenuesharing](http://edwardjones.com/revenuesharing).