

ERISA Section 408(b)(2) Disclosure

IMS Wrap Programs

The disclosures in this document are intended to describe the direct and indirect compensation payable to Avantax Advisory ServicesSM ("AAS") for the plan-related services provided in accordance with ERISA Section 408(b)(2) and the related regulations thereunder.

Description of Services

We provide investment-related services, brokerage services and other related assistance (Investment-Related Services) that are intended to assist you with your duties in your capacity as the sponsor and fiduciary of your Plan. With regard to such Investment-Related Services, your investment advisory services are provided by Avantax Advisory Services ("AAS") and your brokerage services are provided by Avantax Investment ServicesSM ("AIS"). Such Investment-Related Services are based, in part, on the risk profile questionnaire completed by you.

The Investment-Related Services entail providing assistance with the management of the investments held through the Plan's brokerage account under the *IMS Gateway*, *IMS Flex Choice*, *IMS Select Portfolios*, *IMS Prime*, *IMS Unified Choice*, *IMS Portfolio Choice* or *IMS Access* programs.¹

- **IMS Gateway:** A wrap-fee program designed for those who are bringing new assets to AAS from a third-party source, an existing Avantax Investment Services ("AIS") brokerage relationship, or from an AIS relationship where assets were held directly at a mutual fund company. It is designed to accommodate clients with smaller account balances, has an account minimum of \$1,000, and offers a limited universe of mutual fund investment options.
- **IMS Flex Choice:** IMS Flex Choice is offered in a wrap and non-wrap version with a minimum investment amount of \$15,000 for each.
- **IMS Select Portfolios:** A wrap-fee program with professional management by the Portfolio Management Group of AAS investing primarily in low-cost mutual funds and exchange-traded funds. The account minimum is \$25,000.
- **IMS Prime:** A fully managed wrap-fee program offering diversified asset allocation models for balances between \$5,000 and \$25,000 that invests solely in exchange-traded funds.
- **IMS Access, IMS Unified Choice and IMS Portfolio Choice:** Wrap-fee programs utilizing unaffiliated third-party money managers with a variety of investment styles, objectives and areas of expertise available to clients. Account minimums for these three programs start at \$25,000 (IMS Portfolio Choice). Program minimums are \$250,000 for Unified Choice, Fixed Income and \$500,000 for Unified Choice, Diversified Portfolio and \$100,000 for IMS Access.

Please Note – for each of the programs you will have authorized Avantax to open an account under the Program on behalf of the Plan with National Financial Services, LLC (Program Custodian). Pursuant to a separate agreement between the Program Custodian and you, the Program Custodian executes and clears all securities transactions and maintains custody of all funds and securities on behalf of the Plan's account.

¹ Please see the "Important Information" section at the end of this document for additional resources and information.



Status

If Client has selected the IMS Gateway, IMS Flex Choice, IMS Unified Choice, IMS Portfolio Choice, IMS Prime or IMS Access programs, Avantax Advisory Services provides its Investment-Related Services to the Plan in its capacity as an investment adviser registered with the U.S. Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940, as amended (Advisers Act), and as a fiduciary within Section 3(21) under the Employee Retirement Income Security Act of 1974 (“ERISA”), as amended. If the Client has selected the IMS Select Portfolios, AAS represents that the investment management services under this Agreement will be provided by AAS as an investment adviser registered under the Investment Advisers Act of 1940, as amended (Advisers Act), and as a fiduciary within Section 3(38) under the Employee Retirement Income Security Act of 1974 (“ERISA”), as amended. Avantax Investment Services provides its brokerage services and certain other Investment-Related Services in its capacity as a registered broker-dealer.

Direct Compensation Payable to the Firm from the Plan

Client Fee. The annual Client Fee for the services provided on behalf of Client is provided in the Statement of investment Selection (SIS). The net amount due is payable to Avantax Advisory Services in quarterly installments in advance. The amount of this fee is based upon the market value of the assets in Client’s account determined as of the close of business on the last business day of the calendar quarter.

General. Plan clients may be subject to certain additional charges when we effect securities transactions on their behalf. In order to provide the applicable brokerage services, Avantax Investment Services relies on the Custodian, which is an unaffiliated subcontractor, to perform trade execution, clearing and other similar services for Client’s brokerage account. The following fees and charges apply for accounts held through NFS. Fees and charges are subject to change. Additional fees will apply for specific account features such as check writing, debit or charge cards, and bill pay services. Please refer to specific account documentation for further information.

Full Retirement Termination Fee (\$125). This is a processing fee associated when a client makes a full distribution out of a retirement account.

Full TOA Delivery Fee – non-retirement plans (\$125). This is a processing fee associated with a complete transfer and delivery of assets out of a NFS account. Certain retirement plan accounts setup on the NFS brokerage platform are created under the registration type of Non-prototype which is not classified as a retirement account by NFS. Therefore the termination fee associated with these Non-prototype plans is not subject to the Full Retirement Termination Fee described above. However these Non-prototype plans may still be subject to a Full TOA Delivery Fee of \$125 if a complete transfer and delivery of assets out of the NFS account occurs as a result of termination.

Indirect Compensation Payable to the Firm

From Sources Other Than the Plan or the Plan Sponsor.

As a firm Avantax can receive third party compensation from mutual fund companies, insurance and annuity companies and other investment product sponsors, distributors, investment advisors, broker-dealers and other vendors to support the sale of their products and services to clients. The payment and receipt of these fees are determined by a number of factors including firm policy, regulatory guidelines, the types of services provided (i.e., brokerage vs advisory), investments and decisions made independently by the third-party provider. In general:

- **Avantax Advisory Services (“AAS”)** – While AAS may receive indirect compensation related to assets held in non-ERISA advisory accounts, assets in ERISA accounts are not included in the customer assets or new sales calculations which means AAS does not receive additional Third-Party Compensation on securities held in ERISA Accounts.²

² Please see the “Important Information” section at the end of this document for additional resources and information.

- **Avantax Investment Services (“AIS”)** - As a registered broker-dealer, AIS may receive payments from any investment funds (Funds) held by the Plan as indirect compensation for the Investment-Related Services provided on behalf of the Plan, including certain related brokerage services, such as effecting securities transactions in connection with investments in the Plan’s investment options. Funds may include mutual funds and other similar investment products.³

Companies for some of the investment products the Firm sells participate in activities that are designed to help facilitate the distribution of their products. The marketing activities and educational programs provided by these product sponsors include, but are not limited to, attendance by product representatives at our conferences, cash and non-cash marketing assistance paid to the Firm, and training and education presentations provided to the Firm’s registered representatives about their products and services. In return for assistance in facilitating the activities described above, the Firm receives additional compensation, commonly referred to as “revenue sharing,” from these companies. These companies are part of what the Firm calls our Educational Partners Program. These revenue sharing payments are in addition to the commissions and distribution fees (known as 12b-1 fees), and other fees and expenses paid to us, as disclosed in the respective product’s prospectus. It is important to note, however, that these revenue sharing payments are paid out of the company’s own assets—not from the investment’s assets themselves—and, therefore, would not appear as items in a fund’s expense table.

Compensation Paid Among Related Parties

General. As disclosed, plan clients may be subject to certain additional charges when we effect securities transactions on their behalf. In order to provide the applicable brokerage services, Avantax Investment Services relies on the Custodian, which is an unaffiliated subcontractor, to perform trade execution, clearing and other similar services for Client’s brokerage account. The Custodian receives transaction-based compensation from Avantax Investment Services for providing its subcontractor services. The amount of such compensation payable to the Custodian is described below.

Full Retirement Termination Fee (\$125). This is a processing fee associated when a client makes a full distribution out of a retirement account.


NFS is the custodian of your account. We pay an asset-based fee to NFS based on average daily balances in all IMS accounts. The asset-based fee we pay NFS does not apply to the following asset classes: NTF Funds, iNTF Funds, Fidelity Retail Funds, Cash and Cash Equivalents, variable and fixed annuity contracts sold through the NTF Annuity Processing Program and Non-Standard Assets, which include but are not limited to Foreign Securities, Alternative Investments, and Non-Marketable Securities. We can and do utilize these products in our accounts. A potential conflict of interest exists as Avantax has a financial incentive to use these products over other products that are assessed the asset-based fee.

There are no transaction costs associated with the available universe of ETFs within the IMS Prime Program. Please note, however, that a short-term redemption fee will be charged for any sales that occur within 30 days of the original purchase of the ETF. The fee is \$7.95 and is designed to reduce the likelihood of excessive trading in these investment products.

Your financial professional can be incentivized to join and remain affiliated with Avantax. These incentives can include compensation arrangements such as bonuses and/or business transition loans in the form of a promissory note. Your financial professional may use this payment to help pay for expenses incurred during the transition of his or her book of business to Avantax. Receiving this compensation is a conflict of interest as it provides your financial professional an incentive to join and remain affiliated with Avantax based solely on this compensation and not on our ability to meet the needs of your financial professional and his or her clients.

Financial professionals may be awarded restricted stock units in Avantax’s publicly traded parent company Blucora (Nasdaq: BCOR) based on either their total gross dealer concessions or their percent of revenue growth generated during the year based on all lines of business (advisory, brokerage, retail direct, etc.). These stock awards create an incentive for

³ Please see the “Important Information” section at the end of this document for additional resources and information.



financial professional to grow their business, but they are not conditional upon any specific products or types of investments being offered or sold to clients. In addition, Avantax may also provide acquisition financing to financial professional firms to help them purchase other firms outside the Avantax network. This creates an incentive for financial professionals to remain affiliated with Avantax based solely on their ability to obtain acquisition financing and not on our ability to meet the needs of your financial professional and his or her clients.

Compensation for Termination of Services

The Firm expects to receive the Retirement Termination Fee of \$125 in connection with the termination of its Investment-Related Services on behalf of the Plan. In addition, the client will be charged the Retirement Account Fee of \$50 unless that fee has already been paid for the year.

Certain retirement plan accounts setup on the NFS brokerage platform are created under the registration type of Non-prototype which is not classified as a retirement account by NFS. Therefore the termination fee associated with these Non-prototype plans is not subject to the Full Retirement Termination Fee described above. However these Non-prototype plans may still be subject to a Full TOA Delivery Fee of \$125 if a complete transfer and delivery of assets out of the NFS account occurs as a result of termination.

Manner of Receipt of Compensation

Avantax Investment Services receives fees for maintaining Client's brokerage account. The amount of any fees for maintaining Client's brokerage account will be deducted directly from the assets in its brokerage account.

With regard to any annual 12b-1 fees and Shareholder Service Fee payable from the Funds to Avantax Investment Services, such amounts will be deducted directly from the Fund's assets automatically. AAS credits the mutual fund 12b-1 fees it receives back to the client accounts paying such 12b-1 fees. Any revenue sharing payments made to Avantax Investment Services by a Fund Manager are paid directly from the Fund Manager's own separate assets and are not deducted from the Fund's assets or the Plan's account.

Important Information

Please note that the information included in this Disclosure is not intended to replace or modify any existing or prospective agreement relating to the Plan. This document is intended to provide you an overview of sources of “Direct” and “Indirect” Compensation” that can be received by Avantax in either its capacity as a broker-dealer (Avantax Investment Services) or in its capacity as a registered investment adviser (Avantax Advisory Services).

For additional information we encourage you to review important information and specifics related to your account that can be found in your account opening documentation and agreements. You may also contact your Avantax Financial Advisor directly for any questions or other assistance including obtaining copies of these documents.

Avantax also maintains copies of its most current disclosures which can be found on-line at: <https://www.avantax.com/disclosures>. These disclosures include but are not limited to:

- *Form CRS and Regulation Best Interest Disclosures*
- *Account Fees and Costs*
- *Account Agreements & Features (including the Mutual Fund Buyers Guide)*
- *Retirement Plans (including ERISA 408(b)(2) Disclosures and the firm's Indirect Compensation Supplemental Disclosure)**
- *Advisory Services and Managed Accounts (including the Firm Brochures)*

We encourage you to contact your Avantax Financial Advisor if you have any questions about any of the above disclosures and/or the disclosures in the applicable AAS Form ADV Part 2A disclosure brochure (“Firm Brochures”).

To request a copy of the most current Firm Brochures at any time, please email AdvisoryCompliance@Avantax.com or call 877-959-8400. A copy will be sent promptly, at no charge to you, and you can always find the latest version online at: <https://www.avantax.com/disclosure-catalog/advisory-services-managed-accounts/> or at <https://adviserinfo.sec.gov>

*** PLEASE BE ADVISED:** *As permitted under Department of Labor regulations Avantax the firm will continue to post updated 408(b)(2) Disclosure Documents to the website but will no longer mail a separate notification for these updates. In the event you do wish to receive a hard copy form or have any questions on the content or of which disclosure(s) are applicable to your plan, please contact your Financial Professional for assistance.*

We appreciate your continued relationship with us and your trusted Financial Advisor.