Important Disclosures

First Palladium

First Palladium, LLC ("First Palladium," "Firm," "we," or "us") is a broker-dealer that is registered with the Securities and Exchange Commission ("SEC") and a member of the Financial Industry Regulatory Authority ("FINRA"). We strive to provide objective recommendations to our customers insurance needs. This document provides information and disclosures about First Palladium and its business, product platform, compensation practices, conflicts of interest and material limitations. For more information, please call us at (260) 478-0607 or write to First Palladium, LLC, P.O. Box 2572, Fort Wayne, IN 46802.

Disclosures Regarding Our Business, Account Types and Rollovers

FINRA. As a member of FINRA, we are required to inform customers of the availability of FINRA's Investor Brochure, which includes information on the FINRA Public Disclosure Program. Customers may call FINRA's hotline at (800) 289-9999 or visit FINRA's website at **www.finra.org**.

BrokerCheck. FINRA BrokerCheck provides investors with an easy, free way to learn about the professional background, registration/license statuses and conduct of FINRA registered firms and their registered representatives. To find information about a firm or a FINRA registered representative under this program, visit the FINRA website at **http://brokercheck.finra.org** or call (800) 289-9999.

Application of Regulation Best Interest. The SEC's Regulation Best Interest only applies to recommendations to a "retail customer," which is a natural person, or the legal representative of such person who receives a recommendation of a securities transaction or investment strategy involving securities from a broker-dealer, and uses the recommendation primarily for personal, family or household purposes. A "legal representative" includes a non-professional legal representative of such natural person, for example, a non-professional trustee that represents the assets of a natural person. Regulation Best Interest does not extend to a professional legal representative, such as a corporate trustee, nor does it apply to a corporation or legal entity. Before or at the time a retail customer enters a broker-dealer relationship with us, he or she will receive our Form CRS (also called a Relationship Summary), which provides summary information about us, including our services, fees and costs, conflicts of interest and standards of conduct, disciplinary history and other matters. The Relationship Summary is available at **https://www.ashbrokerage.com/pages/legal** or it may be requested by calling us at (260) 478-0607.

Scope of Relationship. Our services are to provide an insurance policy or annuity that meets our customer's needs. We do not have any account minimums or other requirements to open or maintain an account relationship; however, insurance companies may have minimums which can vary by product. Our obligations to customers primarily are at the time of our recommendation. Once the transaction is completed, we will not monitor the ongoing suitability or the investment components of insurance products, leaving that to the customer or his/her investment advisor. Instead, our role is that of "broker-of-record" with the insurance company. Future communications regarding the policy will be from the insurance company and not us. This means all confirmations, statements and other documents will come from the insurance company, except for any communications we are required to provide. We may receive compensation from the insurance company based on ongoing premiums that are paid or maintaining assets with the insurance company. Additionally, we may continue a relationship with a customer's investment advisor, providing him/her with information about policies so that he/she can manage the policy within an overall financial plan. We can only provide these services by being broker-of-record with the insurance company.

Risks Associated with Investing. While we will take reasonable care in developing and making recommendations, securities involve risk, and customers may lose money. There is no guarantee that our recommendation will perform as anticipated. Please consult the prospectus or offering memorandum, if applicable, for a discussion of risks and costs associated with a particular insurance product.

Process of Buying Life Insurance. Buying life insurance can be a dynamic process. Our initial recommendation and illustration may change due to several things, some of which are beyond our control, such as a customer's health condition, underwriting and price changes by the insurance carrier. If the basis for our recommendation changes due to these or other factors, we will make an attempt to revise our recommendation, if possible, to accommodate these previously unknown factors and support such recommendation with a new illustration.

Account Types. We support the following account types to help meet our customer's needs and circumstances:

- **Individual**
  - Individual – An individual account is an account with only one owner regarding non-qualified assets.
  - Individual Retirement Accounts (IRAs)
    - *Traditional* - Contributions made from earned income to a traditional IRA may be fully or partially deductible, depending on an individual's circumstances. Generally, amounts in a traditional IRA (including earnings and gains) are not taxed until distributed. Taxable distributions from an IRA can be taken without penalty starting at age 59½ and must be started by April 1st of the year following the year the account owner reaches age 72, unless the account owner turned age 70½ prior to January 1, 2020. If this is the case, the account owner must begin taking distributions starting April 1st of the year following the age the account owner reaches age 70½.
    - *Roth* - Contributions to a Roth IRA are always made as after-tax contributions; therefore, the earnings can be distributed tax-free for a qualified distribution. Contribution amounts for a Roth IRA are the same as those for a traditional IRA; however, there are income restrictions associated with contributing to a Roth IRA. To take a tax-free qualified distribution, the account owner must both have a qualifying event (age 59 1/2, death, disability, or first-time homebuyer) and the account must have been open at least five years. There is no requirement to take withdrawals by a certain age.
  - Joint – A joint account can take different forms based on state law. Customers are responsible for setting up joint accounts in compliance with applicable state law. For information only, the following are types of joint accounts:
    - *Joint Tenants with Right of Survivorship (JTWROS).* A JTWROS account has two or more account owners, with each person having an undivided interest in the entire account. Each party has equal rights to the account assets and the right of "survivorship." When one joint owner dies, all the assets in the account will transfer to the other co-owner(s) without probate.
    - *Joint Tenants by the Entirety.* A Tenants by the Entireties account is owned by two married people. Upon the death of one joint owner, the other retains the right to the whole account. The creditors of one spouse cannot attach the property or force its sale to recover debts unless both spouses consent.
    - *Joint Tenants in Common.* A Tenants in Common account has two or more account owners with each person owning a specified percentage of the entire property. When one joint owner dies, their percentage of the assets in the account will transfer to their estate. The surviving joint owner keeps access to his/her portion of the assets but does not have a legal right of survivorship to the deceased joint owner's portion of the account.
    - *Community Property.* A Community Property account is owned by two married people who acquired property during the marriage (with exceptions) where each spouse has equal interest in the property acquired during the marriage.
- **Trust** - A trust is a fiduciary arrangement that allows a third party, or trustee, to hold assets on behalf of (a) beneficiary(ies). Trusts can be arranged in many ways and can specify exactly how and when the assets pass to the beneficiary(ies). Named Trustees are required to administer the Trust account according to the specifications of the Trust document.
- **Organization** – An organization is an entity such as a corporation, LLC, LLP and association.

Rollovers. A decision to roll over plan assets, such as assets in a 401(k) or 403(b) ("Plan"), should reflect consideration of various factors, the importance of which will depend on an individual's needs, circumstances and options. Our financial professionals, when providing advice regarding an IRA Rollover, do not represent the Plan or the employer. Investors generally have four options when considering a rollover from a Plan to an IRA:

- Option 1: Leave the assets in the former employer's Plan, if permitted;
- Option 2: Roll over the assets to the new employer's Plan, if one is available and rollovers are permitted;
- Option 3: Roll over the assets to an IRA; and
- Option 4: Cash out the account value.

Each choice above offers advantages and disadvantages, depending on desired investment options, tax treatment, an investor's unique financial needs and retirement plan options and the desire for access to a financial professional.

- Investment Options and Services: By choosing option 3, an investor may have access to additional investment options as well as access to financial advice and other brokerage services which may not be offered by a Plan.
- Fees: By choosing option 1 or 2, generally fees and expenses are lower than choosing option 3. If option 3 is chosen, our financial professional will receive compensation and a customer's costs may be higher than in the employer's Plan.
- Withdrawals: If option 3 or 4 are chosen, withdrawals prior to age 59 ½ are subject to a 10% IRS penalty and taxed as ordinary income. Withdrawals from option 1 or 2 made between ages 55 and 59½ may be penalty-free. Once a customer reaches age 72, options 1, 2 and 3 require periodic withdrawal of certain minimum amounts, known as a required minimum distribution (RMD); however, if an investor continues to work past age 72, he or she generally is not required to make RMDs from the current employer's plan. If attained age of 70½ is prior to January 1, 2020, a customer must begin taking RMD distributions starting April 1st of the year following upon reaching age 70½.
- Loans: Option 1 or 2 may offer the ability to borrow from plan assets.
- Protection from Creditors: Generally speaking, assets in options 1 and 2 have unlimited protection from creditors under federal law, while assets in option 3 are protected from bankruptcy proceedings only. State laws vary in the protection in lawsuits for assets in option 3.
- Employer Stock: If holding a significantly appreciated employer stock in option 1 or 2, this could have a negative tax consequence if rolling the stock into option 3. The tax advantages of retaining employer stock in option 1 or 2 should be balanced with the possibility that it may be excessively concentrated in employer stock. It can be risky to have too much employer stock in a retirement account.

These are examples of factors that may be relevant when analyzing available options, and the list is not exhaustive. Other considerations also might apply to an investor's specific circumstances. A legal or tax advisor should be consulted to address specific situations.

Disclosures Regarding Products, Compensation and Conflicts of Interest

Securities-Based Insurance Products

First Palladium is a limited broker-dealer that offers variable life insurance, variable annuities and registered index-linked annuities. All products we offer are from companies unaffiliated with First Palladium. We do not offer or sell other types of securities. This could be considered a material limitation of our Firm. A different broker-dealer will need to be engaged if more than securities-based insurance products are required. Additionally, First Palladium does not monitor or discretionarily manage the sub-accounts of variable products that our customers purchase, leaving this responsibility to the customer or his/her investment advisor.

While we offer a wide range of securities-based insurance products, we do not offer every such product. This means that our financial professionals are limited to recommending only those products First Palladium has determined to put on its platform. First Palladium does not view this fact alone as a material limitation, but it may become so depending on the facts and circumstances of each customer situation.

The following is a summary of the types of products we offer:

Variable Life Insurance and Variable Universal Life Insurance (collectively "Variable Life"). Variable Life is a contract between the purchaser and the insurance company, which will pay a death benefit to the insured's beneficiaries upon the death of the insured. Variable Life may be purchased by a single payment or through a series of payments. It is subject to regulation under state insurance and federal securities laws. State securities laws may or may not apply. Variable Life has a cash value and allows the policyholder to invest part of the premium in sub-accounts which typically include a selection of funds that invest in equities, bonds, real estate and other investments (the other part of the premium goes to the cost of insurance and other fees of the policy). Variable Life may also include a guaranteed fixed interest sub-account that is part of the general account of the insurer. The general account is composed of the assets of the insurance company issuing the contract (and thus any assets invested in the general account are subject to the claims paying ability of the insurance company). Variable Life offers a death benefit similar to traditional life insurance. However, the cash value invested in the investment oriented sub-accounts are not guaranteed by the insurance company and can fluctuate in value depending on the performance of the investments. Variable Life is sold by prospectus, which contains important information (such as the investment objectives, risks, and charges and expenses of the policy) and should be read carefully before investing.

Private Placement Variable [Universal] Life ("PPVL"). PPVL is Variable Life insurance as described above, but at least one of the subaccounts is exempt under the securities laws, requiring the product to be provided as a private placement. An exempt security is "illiquid", meaning a consumer would not be able to readily access funds invested through that option (via a loan, withdrawal, transfer, surrender or death benefit payout). PPVL is only available to accredited investors and qualified purchasers.

Variable Annuities. A variable annuity is a contract between the purchaser and the insurance company, generally designed to be a long-term, tax-deferred investment for retirement. There generally are two phases: the "accumulation" phase when customer contributions are allocated among the underlying investment options and earnings accumulate, and the "distribution" phase when the customer withdraws money, typically as a lump sum or through various annuity payment options. A variable annuity may be purchased by a single payment or through a series of payments. It is subject to regulation under state insurance and federal securities laws. State securities laws may or may not apply. It allows the contract owner to invest part of the payments in sub-accounts which typically include a selection of funds that invest in equities, bonds, real estate and other investments (the other part of the premium goes to the cost of insurance and other fees of the contract). A variable annuity may also include a guaranteed fixed interest sub-account that is part of the general account of the insurer. The general account is composed of the assets of the insurance company issuing the contract (and thus any assets invested in the general account are subject to the claims paying ability of the insurance company). However, the investment oriented sub-accounts are not guaranteed by the insurance company and can fluctuate in value depending on the performance of the investments. Variable annuities are sold by prospectus, which contains important information (such as the investment objectives, risks, and charges and expenses of the policy) and should be read carefully before investing.

Private Placement Variable Annuity ("PPVA"). PPVA is a variable annuity as described above, but at least one of the subaccounts is exempt under the securities laws, requiring the product to be provided as a private placement. An exempt security is "illiquid", meaning a consumer would not be able to readily access funds invested through that option (via a loan, withdrawal, transfer, surrender or death benefit payout). PPVA is only available to accredited investors and qualified purchasers.

Registered Index-Linked Annuities ("RILA"). A RILA is a contract between the purchaser and the insurance company, generally designed to be a long-term investment for retirement. There generally are two phases: the "accumulation" phase when customer contributions are added to the contract, and the "distribution" phase when the customer withdraws money, typically as a lump sum or through various annuity payment options. A RILA may be purchased by a single payment or through a series of payments. It is subject to regulation under state insurance and federal securities laws. State securities laws may or may not apply. Like FIAs (see below), RILAs provide the opportunity for growth based in part on the performance of a securities market index (like the Standard & Poor's 500 Composite Stock Price Index). Unlike FIAs, there is a risk of loss of principal, however such loss typically is limited by a "buffer" or "floor." A buffer is a percentage of downside risk. For example, if a 10% buffer is chosen and the market declined 15%, the loss would be 5%. A floor is a stated percent of loss that an investor would be willing to take. For example, if a 10% floor is chosen and the market declined 15%, the loss would be 10%. RILAs are sold by prospectus, which contains important information (such as the investment objectives, risks, and charges and expenses of the policy) and should be read carefully before investing. When a RILA is purchased, an investor owns an insurance contract. It is not buying shares of any stock or index fund. Although RILAs are securities and may have separate subaccounts, they generally are general account products. Consequently, the ability for the insurance company to meet its obligations to policyholders is subject to sufficient capital, liquidity, cash flow and other resources of the insurance company. Therefore, please pay attention to the financial strength of the insurance company.

Variable Linked Benefit ("VLB"). VLB is a variable universal life insurance policy (see Variable Life section above) with a long-term care rider covering some or all of the services for activities of daily living ("ADLs") that can stem from a long or chronic illness, disability or cognitive impairment. ADLs include bathing, dressing, eating, transferring, toileting and caring for incontinence. Long-term care benefits are set at time of claim and are based on the specified amount of death benefit and accumulation value in the policy. Benefit growth is not guaranteed, and unless on claim, values will increase or decrease daily due to selected investment option performance. Any long-term care benefits paid will reduce the policy's specified amount and accumulation value. If the policyholder never needs long-term care, then his or her beneficiary will receive a death benefit. VLB is sold by prospectus, which contains important information (such as the investment objectives, risks, and charges and expenses of the policy) and should be read carefully before investing.

For more information about variable product features, please see the Insurance Products section of the SEC's investment product website: **https://www.investor.gov/introduction-investing/investing-basics/investment-products**.

Expenses/Fees. Life insurance and annuities include certain ongoing fees and expenses that are imbedded in the cost of the product. These ongoing fees and expenses are paid indirectly because they are factored in the cost of the product. Customers will pay fees and expenses whether they make or lose money on their investments. Fees and expenses will reduce any amount of money customers make on their investments over time; costs compound over time. Because investments with higher costs must be overcome, their performance tends to be lower vs. lower-cost investments. There also are costs if a policy or contract is liquidated prematurely pursuant to the terms of the contract or tax law. **All investors should understand the fees and expenses they are paying, including reviewing the illustration and/or prospectus of the insurance contract they are considering.** The fees, costs and expenses that may apply include:

- Sales Fees or Compensation. Sales charges are expenses established by the issuing insurance company to pay commissions and/or fees to sales agents or distribution companies to distribute products. For more information about our compensation, please see "Compensation and Conflicts of Interest" in the next section.
- A Surrender Charge or a Contingent Deferred Sales Charge (CDSC) is a penalty imposed by the issuing insurance company for withdrawing funds prematurely. It protects the insurance company from sales expenses that it otherwise would not recover in the event of an early withdrawal. The surrender charge follows a schedule which generally reduces every year following the date of purchase. Typically, the range could start as high as 9% and reduces to 0% over time. Please see the contract or prospectus for any surrender charges that may apply.
- Investment Advisor Fee. An investment advisor may charge a fee based on the cash value of a policy/contract. This fee may be deducted from the policy/contract, or it may be charged separately by the investment advisor.
- Annuity Contract Charges. Insurance companies may charge fees against the value of an annuity for items such as mortality and expense risks, platform costs, commissions (*see* Sales Fees or Compensation above), administration costs and other costs or fees. Such charges may be applied as an annual flat fee (*e.g.* typically 0 - $240) and/or or as a percentage of the account value (*e.g.* typically 0% - 1.70%). Administration costs may be waived upon a minimum amount invested in an annuity.
- Life Insurance Contract Charges. Insurance companies may annually charge against a life insurance policy for items such as mortality and expense risks, cost of insurance, premium load (*see* Sales Fees or Compensation above), administration costs and other costs and fees. Such charges may be applied as a per 1,000 of death benefit, a flat fee (*e.g.* typically 0 - $240) and/or or as a percentage of the account value (*e.g.* typically 0% - 1.70%).
- Loan interest. If a policy permits loans, interest will be charged on any loan amount outstanding. The amount charged will depend on the prevailing interest rate at the time of the loan as determined by the insurance company.
- Investment Option Expenses. The underlying investment options, if applicable, also have ongoing fees and expenses (commonly referred to as an "expense ratio"), which are deducted from the investment options. The amount of an expense ratio varies by investment, ranging from 0.10% - 3.09% for the applicable products we offer. These expenses ultimately are borne by the owner of the policy or annuity through lower returns compared to an investment without such expenses.
- Transaction Fees. These fees cover service requests and are set by the insurance company. Some policies assess fees for transactions like transferring money among investment options, partial withdrawals, increasing or decreasing the face amount, or providing additional reports (such as policy illustrations).
- Penalties. If a variable annuity is surrendered before the age of 59½, some or all of the surrendered value may be subject to a 10% penalty under the Internal Revenue Code.
- Riders can be selected, and each may add to the basic benefits of the policy or contract, but they usually increase the costs. Typical costs of each rider ranges from 0.50% - 1.75%, but please consult the prospectus, illustration or contract/policy documentation for the applicable rider. Typical riders include:
  - Long-term Care Benefit
  - Disability Benefit
  - Accelerated Benefits
  - Certain guarantees
  - Enhanced Death Benefit

***Reminder* – Costs and fees vary by insurance company. So, please review the illustration, prospectus and the contract/policy documentation for the applicable product**.

Compensation and Conflicts of Interest

Commissions. Insurance companies pay us commissions, asset-based fees, and/or other fees for administrative or distribution services ("compensation") upon the sale of an insurance or annuity contract, depending on each transaction. The way we make money creates some conflicts with customer's interests; compensation based on insurance transactions inherently are conflicts of interest since they are dependent upon a customer purchasing a life insurance policy or annuity contract from us. Such compensation generally is priced into the product. In addition, commission rates and amounts can differ between insurance companies and among products of the same insurance company ("differential compensation"), which may result in higher compensation on some products than others. A financial professional may be more likely to concentrate on products that have higher payouts when making recommendations. To mitigate conflicts of interest resulting from compensation practices and/or differential compensation, First Palladium and our financial professionals must have a reasonable basis for believing any recommendation or investment strategy made is suitable, is in the best interest and appropriate given a customer's individual financial circumstances, needs and goals.

We and our financial professionals have a choice on the amount and how commissions are paid depending on, among other things, our financial professionals' and/or a customer's investment advisor's business model; our role and capacity and/or the investment advisor (if applicable); and investment objectives. Compensation usually is an upfront commission that may also include trail commissions paid periodically during the years a contract remains in force. Some insurance products provide for a slightly reduced upfront lump sum commission and higher trail commissions paid during the years a contract remains in force. Additionally, compensation for PPVL can be calculated based on the death benefit while the contract is in force (even if premiums are no longer being paid). The service fees or trail commissions are composed of fees and charges imposed under the life insurance contract or annuity, and other sources. The compensation structure that is selected does not impact the life insurance or annuity contract expenses. Please see the chart below for additional information about our compensation.

Commission-Based Products versus Fee-Based Products. Fee-based products are products which do not pay a retail commission, but insurance companies do pay us compensation for our distribution activity. Such compensation may be paid out of the product or from the assets of the issuing insurance company. Fee-based products themselves may be less costly than commission-based products; however, an investment advisor may charge a fee against the policy or contract, either directly or indirectly, which may cause the total costs of a fee-based product to exceed a commission-based product over time. Moreover, fee-based products are only available in limited circumstances. They are available only when we work with an investment advisor on a customer's behalf, and either (1) a customer purchases an annuity, or (2) when purchasing a life insurance policy, a customer's investment objectives do not require guarantees of a life insurance policy. VLB is not offered with a fee-based option (i.e. commission only).

Financial Professionals. We in turn pay our financial professionals a portion of the commissions we receive depending on their role:

Palladium Group. Palladium Group is a division of First Palladium's parent company[1] that provides services to investment advisors and their clients. Employees who are part of the Palladium Group team are paid a salary and may receive a bonus. Bonuses are paid upon the team meeting minimum revenue goals. Once the minimum threshold is reached, bonuses are determined at the discretion of senior leadership, taking into account, among other things, the employee's role, contribution to the business, and client satisfaction.

Financial Endurance. Financial Endurance is a division of First Palladium's parent company that works directly with consumers interested in annuities. Employees who are part of the Financial Endurance team are paid a salary and incentive compensation in the amount of thirty percent (30%) of the base commission First Palladium receives.

Independent Contractors. First Palladium may contract with independent financial professionals to sell insurance products on our behalf. Independent contractor's compensation is based on the commission schedule set by the insurance company and First Palladium's compensation arrangement, or grid, pursuant to a written agreement with the independent contractor. These financial professionals receive a significant portion of commissions First Palladium receives based on the grid.

Employees. First Palladium's parent company allows its employees who are registered with First Palladium to sell securities-based insurance products in limited circumstances. When they do, employees are paid similarly to independent contractors. Please see above.

Additional Compensation – Bonus. First Palladium or its parent company also have entered into agreements or arrangements with certain insurance companies in which they receive additional compensation based on the transactions that flow through them. This additional compensation is not considered commission, but commonly referred to as "Bonus." Bonus compensation may be paid directly by an insurance company or indirectly through the independent marketing organization (IMO) that First Palladium's parent company belongs.[2] Whether paid directly or indirectly, such Bonus compensation is paid out of the insurance company's assets. The benefits to the insurance companies are that financial professionals may be more prepared to concentrate on these products when making recommendations to clients. Bonus payments are in addition to any commission; therefore, First Palladium has an incentive to emphasize these insurance companies' products. Because First Palladium does not pay its financial professionals any portion of Bonus, including what is paid by an IMO, we do not believe that our financial professionals are subject to a conflict of interest when recommending a select provider's product. The insurance companies that pay us Bonus are set forth in the below chart.

Non-cash and Cash Compensation. Insurance companies may also pay cash and non-cash compensation to First Palladium or its parent company (an insurance general agency) which may consist of marketing allowances to support our platform, sponsoring First Palladium at industry events, occasional business travel and entertainment, compliance guidance, and product education and training. The increased marketing and education provided by insurance companies could create a heightened awareness in favor of these companies' products. A financial professional may be more likely to concentrate on these products when making recommendations. We mitigate this conflict by keeping this cash and non-cash compensation independent of the sale of any specific product or to the sales made by any individual financial professional.

[1] First Palladium's parent company is Ash Brokerage, LLC, an Indiana limited liability company.
[2] First Palladium's parent company, Ash Brokerage, is a member of Aimcor, LLC ("Aimcor"), an independent insurance marketing organization ("IMO") made up of brokerage general agencies (such as Ash Brokerage). IMOs provide brokerage general agencies an opportunity to earn a higher proportional share of commission revenue and additional Bonus compensation from the sale of certain insurance products through greater negotiating strength, while at the same time generating efficiencies and economies of scale to their practices.

TYPICAL PRODUCT COSTS AND COMMISSIONS, SALES CHARGES, OTHER TRANSACTION-BASED COMPENSATION AND ON-GOING COMPENSATION PAYMENTS

Life insurance commissions are typically structured in such a way that provides higher compensation in the year of purchase up to a specified amount of premium, referred to as "target premium," with lower commissions on payments in excess of the target premium and in subsequent policy years. Annuities commissions usually are a percentage of the amount of premium (or the amount invested in an annuity). Fee-based annuities, as described above, do not pay commissions, but we do receive compensation for our distribution activity. The below chart describes the maximum amounts of commission, fees or compensation we may earn by product type.

Product	Compensation	Costs
Fee-Based Variable Life	Insurance companies may pay First Palladium compensation either (a) up to 42% of the first-year target premium and up to 1.5% on the premium in excess of the target premium, or (b) based on a formula that is equivalent to 130% of that portion of the first-year target premium associated with the cost of insurance (as if it were a term policy; the remaining portion of the premium is invested in the subaccounts and such amount is not used to determine our compensation), and up to 0.10% on the premium associated with the cost of insurance as ongoing compensation. Bonus is not paid on fee-based variable life insurance.	In addition to compensation, life insurance may have the following ongoing costs and expenses as more thoroughly described above: • Surrender Charge or CDSC • Mortality and expense fees (M&E) • Cost of Insurance • Administration Fees • Loan Interest • Investment Option Expenses • Transaction Fees • Penalties • Riders
Commission-Based Variable Life	<u>Upfront commission structure</u>. Insurance companies may pay First Palladium compensation up to 125% of the first year target premium (this does not include Bonus, see below), up to 6% on the premium in excess of the target premium and, thereafter, up to 6% on ongoing renewal fees or trail commissions. <u>Trail commission structure</u>. Some of our products may pay less upfront and more on an ongoing basis. For these compensation structures, insurance companies may pay First Palladium compensation up to 75% of the first-year target premium, up to 6% on the premium in excess of the target premium and, thereafter, up to 12% on ongoing renewal fees or trail commissions. <u>New York commission structure</u>. The State of New York limits the amount of first year commissions to 99% of target premium but allows for increased trail compensation. Accordingly, for cases issued in New York, insurance companies may pay First Palladium compensation up to 99% of the first-year target premium, up to 5% on the premium in excess of the target premium and, thereafter, up to 27% on ongoing or trail commissions. Insurance companies may also pay us up to 4% on ongoing renewal fees. <u>Bonus</u>. The following insurance companies pay First Palladium or its parent company a Bonus as described above: • Lincoln Financial Group - bonus rate 6% • John Hancock - bonus rate 4%	
Private Placement Variable Life (PPVL)	The compensation for PPVL is negotiable based on the facts and circumstances of each case, including but not limited to the role of First Palladium, the size of the case, and the complexity of the case. Typical cases usually include compensation based on target premium (industry norms range 1 – 5%) and ongoing compensation (i.e. trail, industry norms range from 0.10% - 1.0%). Compensation may also be based on the death benefit of the case, where compensation is an amount based on a per $1,000 of death benefit (industry norms have yet to be established). Bonus is not paid on PPVL.	
Fee-Based Variable Annuities	Insurance companies may pay First Palladium up to 0.75% of the amount invested in an annuity for the first year. Some companies also pay ongoing compensation up to an amount of 0.05% of the amount invested for as long as an investor is invested in the contract. Bonus is not paid on fee-based variable annuities.	
Commission-Based Variable Annuities	Insurance companies may pay First Palladium up to 8% of the amount invested in an annuity for the first year. Some companies also pay ongoing compensation up to 1.25% of the amount invested for as long as an investor is invested in the contract. Bonus is not paid on commission-based variable annuities.	
Private Placement Variable Annuities (PPVA)	The compensation for PPVA is negotiable based on the facts and circumstances of each case, including but not limited to the role of First Palladium, the size of the case, and the complexity of the case. Typical cases usually include compensation based on target premium (industry norms range 1 – 5%) and ongoing compensation (i.e. trail, industry norms range from 0.10% - 1.0%). Bonus is not paid on PPVA.	
Fee-Based Registered Index-Linked Annuities (RILA)	Insurance companies may pay First Palladium up to 2% of the amount invested in an annuity for the first year. Some companies also pay ongoing compensation up to an amount of 0.05% of the amount invested for as long as an investor is invested in the contract. Bonus is not paid on fee-based RILAs.	
Commission-Based Registered Index-Linked Annuities (RILA)	Insurance companies may pay First Palladium up to 6% of the amount invested in an annuity for the first year. Some companies also pay ongoing compensation up to an amount of 1% of the amount invested for as long as an investor is invested in the contract. Bonus is not paid on commission-based RILAs.	
Variable Linked Benefit	Insurance companies may pay First Palladium compensation up to 110% of the first-year target premium. We do not receive excess compensation, ongoing renewals or trail commissions for VLB at this time. Bonus is not paid on variable linked benefit products.	Please see life insurance costs above. The long-term care rider typically is in the range of 0.05424% - 0.20537%.

<u>Other Compensation Disclosures</u>

Rollovers. We and our financial professionals have a financial incentive to recommend to roll assets out of a retirement plan (such as a 401(k), 403(b) or 457(b)), to an annuity-based IRA. We and our financial professionals could earn commissions on a customer's purchase of an annuity. Customers should be aware that such commissions likely will be higher than those paid through the plan. As securities held in a retirement plan are generally not transferred to an IRA, commissions and sales charges may be charged when liquidating such securities prior to the transfer, in addition to commissions and sales charges previously paid on transactions in the plan. If our financial professional provides a "rollover" recommendation, the recommendation will be based on the customer's profile (including other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs and risk tolerance), as well as information that is provided to the financial professional concerning the features, restrictions and options under the existing 401(k) or similar employer-sponsored retirement plan. In order to ensure that our financial professional bases his or her recommendation on the right information, it is important that a customer provides the financial professional with full and accurate information. Our financial professional will use that information to help analyze a customer's options. Although our financial professional may provide a recommendation based on the information provided, the ultimate decision is the customer's. So, the customer should make sure all questions are answered before deciding.

Fixed Insurance Products and Outside Business Activities

First Palladium financial professionals may also offer and sell other insurance products that are not securities, such as fixed annuities, fixed indexed annuities, universal life, whole life, term life and indexed universal life (collectively defined as "fixed insurance"). The sale of fixed insurance is considered an outside business activity ("OBA") in relation to First Palladium. An OBA is an activity approved by First Palladium and is carried-out independently of First Palladium. The duties and obligations that First Palladium has under the SEC's Regulation Best Interest does not extend to transactions in fixed insurance executed as an OBA. Please contact the financial professional for the compensation and standards he or she has when selling fixed insurance. First Palladium may or may not have an obligation to supervise fixed insurance transactions. ***Accordingly, we are providing the below for information purposes only***.

Life Insurance. A life insurance policy is a contract with an insurance company. In exchange for premium payments, the insurance company provides a death benefit to beneficiaries upon the insured's death. Term life insurance generally provides protection for a set period of time, while permanent insurance, such as whole and universal life, provides lifetime coverage as long as premiums are paid, or the dividends and interest are sufficient to cover the premium.

Indexed Universal Life. An indexed universal life policy (IUL) is a contract with an insurance company in which policyholders have the option of allocating all or a portion of their net premiums (after policy charges) to either a fixed account or an indexed account. The fixed account credits interest based on the performance of the insurance company's general account. The indexed account credits interest based on the performance of an underlying index or a combination of indices. One of the most commonly used indices is Standard & Poor's 500 Composite Stock Price Index (the S&P 500), which is an equity index. The value of any index varies from day to day and is not predictable. The indexed account does not actually invest in the indices, but rather gains exposure to them through options contracts purchased by the insurance company using some portion of the policy premium. Additionally, First Palladium supervises IUL transactions conducted by our financial professionals, even if such transactions are done as an OBA through an affiliated or unaffiliated insurance agency.

Disability Insurance. Disability income insurance provides supplementary income in the event of an illness or accident resulting in a disability that would prevent the insured from working at his or her regular employment.

Long-term Care Insurance. Long-term care insurance covers some or all of the services for activities of daily living ("ADLs") that can stem from a long or chronic illness, disability or cognitive impairment. ADLs include bathing, dressing, eating, transferring, toileting and caring for incontinence.

Linked Benefit Insurance. Linked-benefit products are life insurance policies with a leveraged pool of money to pay long-term care expenses as noted above. If the policyholder never needs long-term care, then his or her beneficiary will receive a death benefit.

Fixed Annuities. A fixed annuity is an insurance contract between the purchaser and an insurance company in which the purchaser pays a sum of money, either in a lump sum or through periodic contributions. Fixed annuities are long-term contracts, and early withdrawals or surrenders may result in substantial penalties or charges. With a fixed annuity, the insurance company agrees to provide both a rate of return (the interest rate) and the payout to the investor. Fixed annuities typically have two phases – an accumulation phase (during which the money contributed will earn interest at a designated fixed rate of interest) and an income phase (during which the money the investor accumulated in the annuity can be turned into a stream of income payments). Generally, there are two types of income annuities: single premium immediate annuities (SPIA) and deferred income annuities (DIA). SPIA annuity payments typically must begin within one year of purchase, while DIA annuity payments can begin after a specific waiting period up to a specific age limit.

Fixed Indexed Annuities. A fixed indexed annuity (FIA) is a contract between the purchaser and the insurance company in which the insurance company guarantees a stated interest rate and some protection from loss of principal and provides an opportunity to earn additional interest based on the performance of a securities market index. Fixed indexed annuities are long-term contracts, and early withdrawals or surrenders may result in substantial penalties or charges. One of the most commonly used indices is Standard & Poor's 500 Composite Stock Price Index (the S&P 500), which is an equity index. The value of any index varies from day to day and is not predictable. When buying a FIA, a customer owns an insurance contract and is not buying shares of any stock of index. Additionally, First Palladium is required to supervise transactions in FIAs conducted by our financial professionals pursuant to the regulations of FINRA, even if such transactions are done as an OBA through an affiliated or unaffiliated insurance agency.

Claims Paying Ability of the Insurance Company. For all fixed insurance products, the ability for the insurance company to meet its obligations to policyholders is subject to sufficient capital, liquidity, cash flow and other resources of the insurance company. Therefore, a buyer of fixed insurance will want to pay attention to the financial strength of the insurance company.

Costs. Fixed insurance may also incur costs for sales fees or compensation, surrender charges, mortality and expenses risk fees, cost of insurance, administration fees, loan interest, transaction fees, and riders, as described above. In addition, there may also be a Market Value Adjustment (MVA), which is a feature often attached to fixed annuities with longer rate guarantees (usually 3 to 10 years). The MVA could increase or decrease the accumulation value of an annuity only if more than the penalty-free amount is withdrawn or the contract is surrendered during the surrender charge period.