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WORKING WITH A FINANCIAL PROFESSIONAL ASSOCIATED WITH A FINANCIAL INSTITUTION

When a financial professional is affiliated with a bank or credit union (a financial institution), there are certain nuances to the relationship that you, as an investor, should be aware of. If you're currently working with an LPL financial professional who affiliates with a financial institution (or you're considering doing so), we've provided some information on this relationship and what it means for you.

How are LPL and the financial institution different?

Banks and credit unions, also known as financial institutions, are depository institutions that offer products such as checking and savings accounts, money market accounts, and certificates of deposits. Banks and credit unions are typically not registered as broker-dealers or investment advisors.

LPL Financial LLC (LPL) is a registered broker-dealer and registered investment advisor in the business of buying and selling securities like stocks, bonds, mutual funds, certain other investment products, and insurance products, as well as offering investment management (or "advisory") services (the LPL Investment Program). LPL and its financial professionals offer the LPL Investment Program on and off the premises of financial institutions like yours (referred hereafter as the "financial institution"). LPL is a separate entity from, and is not an affiliate of, the financial institution.

If you decide to work with a financial professional as part of the LPL Investment Program, the investment products and services are being offered by LPL and not the financial institution. Often, this LPL Investment Program operates under a particular "doing business as," or DBA, name that the financial institution has designated for that particular purpose. While that DBA name may bear some resemblance to the name of the financial institution, it is important to understand that the products and services are still being offered by LPL—not the financial institution. The products and services offered by LPL are not obligations of, and are not guaranteed by, the financial institution, its affiliates, or any federal or state government agency.

What is the relationship between LPL and my financial institution?

Your financial institution and LPL are not affiliates, but instead have entered into an agreement that:

- Allows LPL and its financial professionals to provide investment products (and, if applicable, advisory services) on or off the premises of your financial institution
- Establishes a referral program through which the financial institution may refer a customer or member to the LPL financial professional's office (again, on or off the premises of your financial institution)
- Allows LPL to compensate the financial institution for the use of its facilities, technology, marketing services, office supplies, and also for client referrals.

In some cases, the LPL financial professionals are employed by the financial institution. However, when the LPL financial professionals are offering products and services through the LPL Investment Program, they are registered with LPL for the purpose of offering those investment and insurance products and services. Your LPL financial professional is compensated directly or indirectly by LPL for the products and services offered through the LPL Investment Program.

More on the referral program:

The agreement between LPL and your financial institution allows LPL to pay your financial institution* (in cash or non-cash) for referring customers or members to the LPL Investment Program. That creates a conflict of interest and an incentive for your financial institution to recommend the LPL Investment Program. This client referral compensation varies, but in situations where the financial professional is employed by the financial institution, your financial institution typically receives more than 75% of brokerage commissions and advisory fees earned on such products and services. That range is lower in situations where the financial professional is not an employee of the financial institution, typically between 25% to 75% of the account fee and commissions. This referral arrangement does not result in any increase in the fees or commissions you pay to LPL. The financial institution is paid directly by LPL for the referral.

In addition to this direct payment arrangement, LPL may provide other forms of compensation to the financial institution, such as bonuses, awards, or other things of value (gift cards, etc.). These payments may be more than your financial institution would get paid if you had a separate relationship with LPL.

* In certain situations, financial institutions may have an affiliated broker-dealer and/or registered investment advisory firm — in those situations, the agreement may require LPL to compensate that affiliate, rather than the financial institution, directly.

How do investment products and services through the LPL Investment Program differ from depository products?

- Purchasing investment products and services involves investment risk, including the possible loss of principal and market value.
- The value of the investment products may fluctuate, and the performance of the investment is not guaranteed.
- The investment products offered by LPL are not obligations of the financial institution, and are not endorsed, recommended, or guaranteed by the financial institution.
- The investment products offered by LPL are not insured by the FDIC, NCUA, or any federal or state government agency, except for certain certificates of deposit and cash sweep accounts.
- LPL is a member of the Securities Investor Protection Corporation (SIPC). The LPL SIPC Membership provides account protection up to a maximum of \$500,000 per customer, of which \$250,000 may be claims for cash. An explanatory brochure is available at www.sipc.org. The account protection applies when an SIPC member firm fails financially and is unable to meet obligations to securities clients, but it does not protect against losses from the rise and fall in the market value of investments.

Additional questions?

If you have any additional questions or concerns about working with a financial professional who is associated with a financial institution, please contact LPL at (855) 860-4878.

This material has been prepared by LPL Financial LLC.

Securities and advisory services offered through LPL Financial (LPL), a registered investment advisor and broker-dealer (member FINRA/SIPC). Insurance products are offered through LPL or its licensed affiliates. To the extent you are receiving investment advice from a separately registered independent investment advisor that is not an LPL affiliate, please note LPL makes no representation with respect to such entity. These products and services are being offered through LPL or its affiliates, which are separate entities from, and not affiliates of, the bank/credit union. Securities and insurance offered through LPL or its affiliates are:

Not FDIC/NCUA Insured	Not Bank/Credit Union Guaranteed	May Lose Value	Not Bank/Credit Union Deposits or Obligations	Not a Bank/Credit Union Deposit
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