

Woodmen Financial Services, Inc.

Regulation Best Interest Disclosure

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We provide this required disclosure (the “Reg BI Disclosure”) to our customers to inform them about the services we offer and our relationship with them. Among other things, this Reg BI Disclosure addresses the scope and terms of our relationship with you, the capacity in which we are acting, the type and scope of our services, any material limitations on our services, the fees and costs associated with your holdings, accounts, and transactions, and the conflicts of interest that exist for us and our financial professionals.

Certain portions of this disclosure are also intended to comply with requirements under the U.S. Department of Labor’s Prohibited Transaction Exemption 2020-02, specifically; (i) information regarding the scope of services provided, (ii) fiduciary acknowledgment when providing investment advice to retirement plans subject to the Employee Retirement Income Security Act of 1974 (“ERISA”) or Individual Retirement Arrangements (“IRAs”) as well as recommendations to roll over ERISA retirement plan assets and IRAs into an IRA, and (iii) a description of the material conflicts of interest.

1. Scope and Terms of Our Relationship with You

Woodmen Financial Services, Inc. (the “Firm”) is registered with the Securities and Exchange Commission (“SEC”) as a broker-dealer. The Firm is not registered as an investment advisor, and it is important for you to understand these differences. Free and simple tools are available for you to research firms and financial professionals at Investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers, and investing.

Depending on your needs and your investment objectives, the Firm may only assist you with brokerage services, not investment advisory services. There are important differences between brokerage and advisory services, including their costs, the services they provide, and the rules that govern them. You should carefully consider these differences when deciding which type, or combination of types, of services and accounts are right for you. Information regarding these differences are available at www.woodmenlife.org/investments/about.

1.1. Our Capacity

All recommendations made by your financial professional regarding your broker-dealer account (“your account”) will be made in a broker-dealer capacity. Before our financial professionals make a recommendation to you, your financial professional may provide you with a supplemental disclosure at the outset of your relationship with us if they are limited to making recommendations that are limited to certain types of investments, such as mutual funds and insurance products.

Broker-Dealer Capacity

In our capacity as a broker-dealer, we can recommend and effect securities transactions for you, including buying and selling securities (including investment funds and products) that can be held in your account. We offer many different options or account types for your brokerage account, including accounts held with Pershing LLC, our clearing firm; accounts held directly with the issuer of the securities purchased (sometimes referred to as directly held accounts); education accounts (e.g., college savings plans); retirement accounts (e.g., IRA accounts), where your investments will be held with the custodian of the IRA; and certain other accounts (e.g., employer-sponsored accounts).

In addition, we offer the option to hold cash in either money market funds (non-insured) or a bank account insured by the Federal Deposit Insurance Corporation (a “cash sweep vehicle”). We do not have any minimum account requirements for our accounts, but some of the investments you can purchase through us have minimum investment requirements. More information about these minimum investment requirements is available in the investment’s offering document or prospectus.

We provide a number of services related to investments in securities, including

taking customer orders, executing securities transactions, and providing general information regarding your investments. Our financial professionals may also provide recommendations concerning whether to buy, sell, or hold securities.

Our financial professionals do not make investment decisions for you or manage your account on a discretionary basis. Because our financial professionals do not have discretionary investment authority, this means that we cannot buy or sell investments in your account without first obtaining your consent. Our financial professionals may recommend investments to you, but you are responsible for making the decision whether to purchase or sell investments, and we will only purchase or sell investments when specifically directed by you.

Our financial professionals also do not monitor your account after a securities transaction is effected for you, including those investments they recommend for you.

As a broker-dealer, we are subject to the Securities Act of 1933, the Securities Exchange Act of 1934, as amended, the rules of self-regulatory organizations, such as the Financial Industry Regulatory Authority, Inc. (FINRA), and applicable state laws.

1.2. Type and Scope of Services

Brokerage Services

Our financial professionals can recommend and we can effect securities transactions for you, including the buying and selling of securities (including investment funds and products) that can be held in brokerage accounts, which may include accounts held with our clearing firm, directly held accounts, education accounts, or IRA accounts.

We also offer the option to hold cash in a cash sweep vehicle. In addition, the type and scope of the brokerage services we offer include a number of services related to investments in securities, including taking customer orders, executing securities transactions, and providing general information regarding your investments.

Our brokerage services include recommendations concerning whether to buy, sell, or hold securities. Our services also include recommendations of investment strategies involving securities, which includes recommendations of account types, and rollovers or transfers of assets, such as rolling over retirement plan assets into an IRA account.

Account Types

In order to receive any of our brokerage services described above, you must first open an account with us. Our Product Platform offers an array of account types with different features and benefits that are intended to address different needs and objectives of our customers. When opening an account with us, you may choose between many different options or account types for your account, including accounts held with our clearing firm; directly held accounts; education accounts (e.g., college savings plans); retirement accounts (e.g., IRA accounts); and certain other accounts (e.g., employer-sponsored accounts).

In addition, our accounts offer certain cash management features, including the option to hold cash in a cash sweep vehicle. Our cash sweep vehicles allow you to hold your cash in interest-bearing money market funds (non-insured) or bank accounts insured by the Federal Deposit Insurance Corporation.

More information about our available account options, including the key features and benefits of each available account option, is available at www.woodmenlife.org/investments/about. In addition, before deciding whether to open an account with us, you will want to discuss your account options with your financial professional to decide which account type best fits your financial goals.

Our Investment Philosophy

The Firm's target market is low-middle income to middle-high income customers who are seeking to invest to meet retirement, education, legacy, and other similar funding goals. The Product Platform includes traded investments, investment funds and products, and investment strategies believed to be in the best interest of the Firm's customer base.

We require our financial professionals to have a reasonable basis, taking into account the potential risks, rewards, and costs associated with a recommendation, to believe that each recommendation made to a customer is in the customer's best interest, and does not place the interest of the broker-dealer ahead of the interest of the customer at the time the recommendation is made.

In determining whether our financial professional's recommendation is in the customer's best interest, we consider the customer's individual investment profile. The information in the customer's investment profile includes, but is not limited to, the customer's age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and other information that the customer may disclose to us or the financial professional in connection with a recommendation.

1.2.1. Material Limitations

Given the wide range of our brokerage services, we do not have many material limitations on the type and scope of our services. For instance, we do not limit our investment offerings to specific asset classes, or investments with third-party arrangements such as revenue sharing payments or mutual fund shareholder servicing fees. In addition, we do not limit our investment offerings to a select group of issuers. Finally, we do not have any minimum account requirements, although some of the investments you can purchase through us have minimum investment requirements.

Notwithstanding the wide range of our brokerage services, there are certain material limitations on our services and the services of our financial professionals, and these limitations are set forth below.

- ▶ **Financial Professional Limitations:** Not all of our financial professionals can offer the full range of investments and services we offer. For instance, some of our financial professionals are licensed to offer only certain types of investments, such as mutual funds and insurance products, and are unable to offer the full range of investments we make available.
 - This is a material limitation on the securities or investment strategies that your financial professional may recommend to you, and you should discuss any such limitations with your financial professional. In addition, you may research your financial professional's experience and licenses on FINRA's BrokerCheck website at www.brokercheck.finra.org.
- ▶ **Investment Limitations:** While we offer a wide range of investments, including investment funds and products, there are certain types of investments we do not offer. For instance, we do not offer all mutual funds from all mutual fund company issuers, or every type of ETF. We do not offer every type of insurance product or college savings plan. We also do not offer closed-end funds, real estate investment trusts ("REITs"), or unit investment trusts. This means that our financial professionals are limited to recommending only those investments that we are authorized to offer. This is a material limitation on the securities or investment strategies that our financial professionals may recommend to you.

- ▶ **Account Monitoring:** Our financial professionals do not monitor your account after effecting a securities transaction for you, including those investments our financial professionals recommend, unless you specifically request that our financial professionals do so and we agree in writing to provide such monitoring. While our financial professionals remain available to assist you, our financial professionals do not automatically monitor your account or your investment performance after effecting a securities transaction for you unless specifically agreed upon beforehand in writing with us. Any agreed-upon monitoring services our financial professionals provide will need to be clarified in writing with us and with your financial professional. This is a material limitation on our services and the services of our financial professionals.
- ▶ **Discretionary Investment Authority:** Our financial professionals do not make investment decisions for you or manage your account on a discretionary basis. Because our financial professionals do not have discretionary investment authority, this means that we cannot buy or sell investments in your account without first obtaining your consent. Our financial professionals may recommend investments to you, but you are responsible for making the decision whether to purchase or sell investments, and we will only do so when specifically directed by you. This is a material limitation on our services and the services of our financial professionals.
- ▶ **Discounted Commissions:** We are a full-service brokerage firm, and are not a "discount" brokerage firm. Given the wide range of brokerage services we and our financial professionals offer you as a full-service brokerage firm, we do not offer discounted brokerage commissions. This is a material limitation on our services.

1.3. Fees and Costs

This section provides information about the material fees and costs associated with your account, transactions, and holdings. Because our fees vary depending on the specific transaction or service provided, the information below first describes the fees and costs associated with your account, and then the fees and costs associated with transactions and investment holdings that our financial professionals may recommend.

1.3.1. Fees and Costs Associated with Account

You must first open an account with us to use our brokerage services. Our Product Platform offers an array of account types with different features and benefits that are intended to address different needs and objectives of our customers. When opening an account with us, you may choose between many different options or account types for your brokerage account, including accounts held with our clearing firm; directly held accounts; education accounts (e.g., college savings plans); retirement accounts (e.g., IRA accounts); and certain other accounts (e.g., employer-sponsored accounts).

Depending on the type of account you open, you will pay certain fees and costs associated with your account and holdings. Unlike the transaction-based fees described below, the fees associated with your account and holdings are typically paid annually, although some account-based fees are associated with specific transactions. While we do not generally charge you fees and costs associated with your account and holdings, third-parties with whom we do business, such as a clearing firm or product issuer, may assess fees and costs associated with your account and holdings which are assessed to you.

Highlighted below are the material fees and costs associated with your account:

- ▶ **Account Maintenance Fees** – While we do not charge you an annual “account maintenance fee,” third-parties with whom we do business, such as a clearing firm or product issuer, generally charge you an annual “account maintenance fee” for maintaining your account. This account maintenance fee compensates them for certain maintenance services that they provide to your account and reimburses them for certain operational expenses that they incur in maintaining your account. This fee typically ranges between \$10 and \$50 and is paid annually. The fee varies depending on the type of account, such as qualified or non-qualified, and the type of product holding.
- ▶ **Account Transfer Fees** – While we do not charge you account transfer fees, third-parties with whom we do business, such as a clearing firm or product issuer, generally charge you a one-time “account transfer fee” to reimburse them for the costs associated with transferring your account to another broker-dealer. The account transfer fee includes fees associated with the Automated Customer Account Transfer System, commonly referred to as the ACAT fee. This fee is typically \$100 and is paid when you initiate the transfer of your account to another broker-dealer.
- ▶ **Account Termination Fees** – While we do not charge you account termination fees, third-parties with whom we do business, such as a clearing firm or product issuer, generally charge you a one-time “account termination fee” to reimburse them for the costs associated with terminating your account. This fee is typically \$100 and is paid when you terminate your account relationship with us.
- ▶ **Wire Transfer Fee** – While we do not charge you wire transfer fees, third-parties with whom we do business, such as a clearing firm or product issuer, generally charge you a one-time “wire transfer fee” to wire cash from your account to another account held outside our firm. The wire transfer fee is typically \$30, but may be more for certain international wire transfers.
- ▶ **Recordkeeping Fee** – While we do not charge you a recordkeeping fee, third-parties with whom we do business, generally charge you a “recordkeeping fee” if you open multi-family mutual fund retirement accounts. These types of retirement accounts offer the opportunity to purchase mutual funds from multiple mutual fund companies within one account. In exchange for providing this service, the recordkeeping fee compensates the third-party for custodial and administrative services.

More Information

More information about the fees and costs associated with your account is also available on our website at www.woodmenlife.org/investments/about.

1.3.2. Fees and Costs Associated with Transactions and Holdings

We are paid each time you trade in your account or make a new investment. This payment is typically called a “commission,” but it may also be called a “sales charge” or a “markup.” This kind of payment presents a conflict for us because it creates an incentive to encourage you to trade more and make additional investments. The commission rate or amount varies depending on the investment and the size or amount of the transaction. More information about commission payments is available at www.woodmenlife.org/investments/about.

In addition, investments that are interests in investment funds, such as mutual funds, or products, such as college savings plans and variable insurance products, bear ongoing fees and expenses that are embedded into the cost of the investment holding. You pay these ongoing fees and expenses indirectly because they are factored into the cost of the investment. More information about ongoing

fees and expenses associated with investment funds and variable insurance products is available in the fund or product prospectus.

Because the fees and costs vary among investments, set forth below and on the following pages is particularized fee and cost information regarding the types of transactions and investment holdings generally purchased or traded by our customers.

Where applicable, we have included certain hypothetical transactions as examples for illustrative purposes. Please note that fees and costs associated with your specific transaction may differ from these hypothetical examples.

Equities

Characteristics

The Firm offers equity securities, which give stockholders a share of ownership in a company. Stocks usually are one part of an investor’s holdings. Before deciding to buy or sell an equity security, such as a publicly traded company, it is important for you to evaluate the risks associated with the company. As part of this evaluation, you will want to carefully review the company’s relevant disclosure documents, such as its initial registration statement and prospectus in the case of an initial public offering, or its most recent audited financial statement in the case of a secondary market transaction. Stocks in public companies are registered with the SEC and in most cases, these companies are required to file reports with the SEC quarterly and annually. You may access these disclosure documents on the SEC’s website at www.sec.gov.

Fees and Costs

Buying and selling stocks entails fees. You will typically pay a commission and a service charge every time you buy or sell an equity security. You will pay this commission and service charge in addition to the price you pay for the equity security you choose to buy or sell. This commission and service fee are each a one-time fee, which is typically a \$30 commission and \$9 service fee per trade. Your commission payment will increase if the overall transaction is larger than 2,000 shares. Our firm is not a “discount” broker-dealer; discount broker-dealers generally offer lower, or in some cases, zero commission rates.

For example, if you purchase 1,000 shares in a public company, you will typically pay a \$30 commission and a \$9 service fee for a total of \$39 plus the cost of the equity.

More Information

More information about equity securities, including the commission payments associated with them, is available at www.woodmenlife.org/investments/about. You may also obtain information about equity securities generally by visiting the SEC’s website at www.sec.gov.

Bonds

Characteristics

The Firm offers bonds, such as corporate bonds, government bonds, and municipal bonds. Bonds are debt securities issued by corporations, governments, or other entities that pay fixed or variable interest rates to investors for a specific period of time. When the bond reaches maturity, the bond issuer generally returns the principal amount of the bond to investors. There are many types of bonds and the features, characteristics, and risks associated with bonds can vary significantly.

For most bonds, a bond's coupon rate is the rate of interest it pays annually and is expressed as a percentage of its face value. Usually, the coupon rate is calculated by dividing the sum of coupon payments by the face value of a bond.

Bonds generally are priced at an initial face value (sometimes called "par" value) of \$1,000 per bond. However, once the bond is traded on secondary markets, the bond's price may be lower than the face value, which is referred to as a "discount," or higher than the face value, which is referred to as a "premium." If the bond is priced at a discount, the investor will receive a higher interest yield (return) as a result of paying less than the face value. On the other hand, if the bond is priced at a premium, the investor will receive a lower interest yield (return) as a result of paying more than the face value. Bond prices typically have an inverse relationship with bond interest yields (e.g., as bond prices decrease, interest yields increase; as bond prices increase, interest yields decrease).

Unlike equities, where prices are usually evaluated based on their daily closing prices, many bonds do not have a uniform closing price because they are traded in over-the-counter (OTC) markets or another negotiated market. Bond prices are affected by many different factors, including but not limited to, supply and demand for the bond, the issuer's credit rating, bond size, interest rates, and age-to-maturity. With regard to the age-to-maturity pricing factor, bonds are paid in full (at face value) when they mature, though there are options to call, or redeem, some bonds before they mature (and some bonds permit the issuer to call the bond prior to maturity). Since a bondholder is closer to receiving the full face value as the maturity date approaches, the bond's price moves toward par as the bond ages. Many bonds are priced by discounting the expected cash flow to the present using a discount rate.

Fees and Costs

You will typically pay a "markup" as a transaction cost to the clearing firm when you buy a bond, as most bonds are traded on a principal (dealer) basis in the OTC market. With most bonds, the broker-dealer marks up the price of the bond to above its face value. The broker-dealer may also charge a commission as well. When you buy bonds through a broker-dealer on the secondary market, the bonds will have price markups. The markup thus represents the difference between the price a broker-dealer pays for a bond and the price at which it is sold to you by the broker-dealer.

With new issues of bonds, the broker-dealer's markup generally is included in the par value, so you do not pay separate transaction costs. Everyone who buys a new issue pays the same price, known as the offering price. If you are interested in a new issue of a bond, you can get an offering document describing the bond's features and risks.

If you sell a bond before it matures, you may receive more or less than the par value of the bond. Either way, the clearing firm will mark down the price of your bond, paying you slightly less than its current value (and will then mark up the price slightly upon resale to another investor). This is how broker-dealers are compensated for maintaining an active secondary market.

The amount of a markup/markdown charged on a bond transaction will depend on a number of factors and particular circumstances for each transaction, including the type of bond (corporate, government, or municipal), transaction size, credit quality, unit price, maturity, liquidity, and market scarcity.

For example, if you purchase 10 corporate bonds of the same company priced at \$1,000 per bond, and the markup is \$0.70 per bond, you would pay \$10,000 for the market price of the bond and then an additional \$7 markup plus a \$35 commission, which means you would pay \$10,042 in total to purchase the corporate bonds.

More Information

More information describing a specific bond's features and risks is available in the bond's offering document. More information about bonds, including pricing and issuer credit ratings, is also available on FINRA's website at www.finra.org. In addition, more information about government bonds is available on the Municipal Securities Rulemaking Board's (MSRB) website at www.msrb.org.

More information about our commissions for bonds is available at www.woodmenlife.org/investments/about.

Mutual Funds

Characteristics

The Firm offers a wide range of mutual funds from many different mutual fund companies. Mutual funds are registered investment companies that issue redeemable securities. Mutual funds issue shares on a continual basis, and there is no secondary trading market for mutual fund shares. Mutual funds are required to sell their shares at the fund's net asset value (NAV) per share plus any applicable sales charge or load, which is described below. The fund's NAV is calculated by dividing the total value of all the fund's assets, minus any liabilities such as ongoing fees and expenses (described below), by the number of shares outstanding.

An important aspect of mutual fund investing is to read the mutual fund's prospectus carefully before investing. Each mutual fund prospectus contains important information that will help you make an informed decision about an investment in a mutual fund. In deciding whether to invest in a mutual fund, you should consider several different factors, including the mutual fund's past performance, investment objective, investment strategies and risks, the investment adviser responsible for the management of the mutual fund's assets, and the fees and expenses associated with an investment in a particular mutual fund. While past performance of a mutual fund is not indicative of future results, a mutual fund's long-term performance record and portfolio manager's experience and qualifications may be important factors in deciding to invest in a mutual fund.

Fees and Costs – Generally

You will typically pay a sales charge or load when you buy shares in a mutual fund. We receive a portion of this sales charge for our efforts and the efforts of our financial professionals in selling shares of the mutual fund.

Most mutual funds utilize multiple share classes, with differing fees and expenses for distribution and shareholder services. Though there are many different types of share classes, the most common share classes available to you are Class A, Class C, and Class R. Each class typically has different fees and costs, and therefore fund performance results will differ as those fees and expenses reduce performance across share classes. You should also note that the amount of time you expect to hold your investment in a mutual fund may play an important role in determining which share class is most appropriate for you, and you should discuss this consideration with your financial professional.

Fees and Costs – Share Class Distinctions

While there are no standard definitions for these share classes, and each mutual fund defines its share classes in its prospectus, set forth below are some basic descriptions of the most common share classes available to you:

- ▶ **Class A** – This share class usually carries a front-end sales charge, which is typically assessed as a percentage of your investment. This means that

a sales charge is deducted from your investment each time you purchase shares in the mutual fund. Class A shares also typically have ongoing fees and expenses, which sometimes include fees commonly referred to as 12b-1 fees, and these 12b-1 fees are intended to finance distribution activities intended primarily to result in the sale of additional shares of the mutual fund. Despite these ongoing fees and expenses, Class A shares typically have lower operating expenses compared to the other share classes of the same mutual fund that may be available to you. This means that ongoing costs will typically be lower than ongoing costs associated with other share classes of the same mutual fund that may be available to you. Many mutual funds offer "breakpoint" discounts for large investments in Class A shares, which means that the front-end sales charge decreases as the investment increases. These breakpoints are described in the mutual fund's prospectus.

For example, if you purchase \$10,000 of Class A shares of a mutual fund that assesses a 5.75% front-end sales charge on your investment, you will pay a \$575 front-end sales charge and the remaining \$9,425 of your investment will be used to purchase Class A shares of the mutual fund.

- ▶ **Class C** – This share class is characterized by a level asset-based sales charge that you pay annually as a percentage of your assets. It does not have a front-end sales charge like Class A shares, but does have a contingent deferred sales charge (also known as a CDSC). This CDSC means that you pay a sales charge when you sell your mutual fund shares. The amount of the CDSC is typically assessed as a percentage of your investment, and it declines over time and eventually is eliminated the longer you hold your shares. Most Class C shares generally eliminate the CDSC after one year.

For example, if you purchase \$10,000 of Class C shares of a mutual fund with a 0% asset-based sales charge, you will not pay a front-end sales charge or a CDSC, so the entire \$10,000 investment will be used to purchase Class C shares of the mutual fund at the time of purchase. However, each year, your investment will be charged a 1.55% asset-based charge, so your initial \$10,000 investment will be reduced to \$9,845 after the first year as a result of the asset-based sales charge, assuming no appreciation of the shares in that one-year period.

- ▶ **Class R** – This share class is available to retirement investors purchasing shares in a mutual fund through employer-sponsored retirement plans, such as 401(k) plans. Class R shares do not have a front-end sales charge or CDSC like Class A or Class C shares, but Class R shares do have ongoing fees and expenses such as 12b-1 fees intended to finance the distribution activities related to sales of the fund shares. These fees and expenses are deducted from your assets on an ongoing basis.

For example, if you purchase \$10,000 of Class R shares of a mutual fund through your employer-sponsored retirement plan, you will not pay a front-end sales charge or a CDSC, so the entire \$10,000 investment will be used to purchase Class R shares of the mutual fund at the time of purchase. However, certain ongoing fees and expenses, such as 12b-1 fees, will be deducted from your investment. If the ongoing fees and expenses are 1.45%, your \$10,000 investment will be reduced to \$9,845 after the first year as a result of the ongoing fees and expenses.

Fees and Costs – Breakpoints

While it may make sense to own mutual funds from different mutual fund companies, it also may increase the total sales charges that you pay to purchase those mutual funds. Mutual fund companies often offer discounts or reduced sales charges based on the total amount you choose to invest with the mutual fund company. The investment levels needed to receive these discounts are known as "breakpoints." Mutual fund companies typically allow you to combine holdings with those of immediate family members to reach these breakpoints.

Set forth below are some common ways you can receive the benefits of breakpoints.

- ▶ **Rights of Accumulation:** "Rights of accumulation" allow you to combine your mutual fund purchase with your existing investment in the mutual fund company to reach a breakpoint.
- ▶ **Letter of Intent:** You can take advantage of breakpoints by agreeing to purchase a certain dollar amount in a mutual fund over a specified period of time. In most instances, this requires signing a "Letter of Intent" (LOI).

The prospectus of every mutual fund describes its breakpoint policies, including how you can reach breakpoints. You can request a copy of a mutual fund's prospectus from your financial professional. You can also typically access prospectuses for mutual funds on the mutual fund company's website.

Fees and Costs – Ongoing Fees and Expenses

In addition to the 12b-1 fees mentioned above, mutual funds typically also deduct other ongoing fees and expenses, such as management fees or servicing fees, from fund assets. These ongoing fees and expenses are typically used to pay for the mutual fund's continued annual operating expenses (these ongoing fees are sometimes referred to as the mutual fund's "expense ratio"), such as paying the mutual fund's investment manager, accounting and auditing expenses, legal expenses, and recordkeeping expenses. In addition, as noted above, the ongoing fees and expenses include fees commonly referred to as 12b-1 fees, and these 12b-1 fees are intended to finance distribution activities intended primarily to result in the sale of additional shares of the mutual fund, and include marketing and advertising expenses.

These ongoing fees and expenses are typically charged daily as a percentage of your assets. You pay these fees and expenses indirectly because they are deducted from your assets on an ongoing basis. These payments, as well as the conflicts of interest associated with them, are described more fully below in this Reg BI Disclosure.

More Information

More information on a mutual fund's sales charges, ongoing fees and expenses, and overall expense ratio is available in the mutual fund's prospectus. You can request a copy of a mutual fund's prospectus from your financial professional. You can also typically access the prospectus for mutual funds on the mutual fund company's website.

Exchange-Traded Funds

Characteristics

The Firm offers exchange-traded funds (ETFs). ETFs are investment funds that are listed for trading on a national securities exchange and can be bought and sold in the equity trading markets. Shares in the ETF represent an interest in a portfolio of securities.

Similar to mutual funds, an ETF pools assets of multiple investors and invests those pooled assets according to its investment objective and investment strategy. ETFs also continuously offer their shares for sale like mutual funds. ETFs may be different than mutual funds in that the fund's shares trade on a secondary market and may trade at prices higher or lower than the fund's NAV.

However, ETFs do not sell or redeem individual shares. Instead, certain "authorized participants" have contractual arrangements with the ETF to purchase and redeem ETF shares directly from the ETF in blocks called "creation units" and "redemption units," respectively, where each creation or redemption unit typically represents 50,000 shares of the ETF. After purchasing a "creation unit," the authorized participants generally sell the ETF shares in the secondary trading market.

This creation and redemption process for ETF shares provides arbitrage opportunities designed to help keep the market price of ETF shares at or close to the NAV per share of the ETF. For example, if ETF shares are trading at a price below the NAV (generally referred to as a "discount"), an authorized participant can purchase ETF shares in secondary market transactions, and – after accumulating enough shares to compose a "redemption unit" – redeem them from the ETF for the more valuable underlying securities. The authorized participant's purchase of ETF shares in the secondary market would create upward pressure on ETF share prices, which would bring them closer to the NAV per share of the ETF.

Fees and Costs

You will typically pay a commission every time you buy or sell shares in an ETF. You will pay this commission in addition to the amount of the ETF you choose to buy or sell. This commission is a one-time fixed fee, typically \$30 per trade.

For example, if you purchase \$10,000 of shares in an ETF, you will typically pay a \$30 commission.

ETFs also deduct ongoing fees and expenses, such as management fees, from ETF assets. These ongoing fees and expenses are typically used to pay for the ETF's continuing operations, such as paying the ETF's investment manager, accounting and auditing expenses, legal expenses, and recordkeeping expenses. However, ETFs generally have lower expense ratios than mutual funds because most ETFs are not actively managed and, therefore, do not incur the internal costs of buying and selling the underlying portfolio securities.

These ongoing fees and expenses are typically charged annually as a percentage of your assets. You pay these fees and expenses indirectly because they are deducted from your assets on an ongoing basis. We may receive payments from the legitimate profits of the ETF's investment adviser, where such payments are generally referred to as "third-party payments" or "revenue sharing." These payments, as well as the conflicts of interest associated with them, are described more fully below in this Reg BI Disclosure.

More Information

More information about ETFs, including their ongoing fees and expenses and overall expense ratio, is available in the ETF's prospectus. You can request a copy of the ETF's prospectus from your financial professional. You can also typically access the prospectus for ETFs on the investment company's website.

In addition, more information about ETF commissions is available at www.woodmenlife.org/investments/about.

College Savings Plans

Characteristics

The Firm offers various college savings plans, which are a type of "529 plan." 529 plans are tax-advantaged and state-sponsored investment programs designed specifically for education savings and named after the section of the Internal Revenue Code that authorized them.

There are two general types of 529 plans: college savings plans and prepaid tuition plans. College savings plans are securities that allow investment earnings to grow tax-deferred, and withdrawals are exempt from federal taxation when used for qualified educational expenses. College savings plans generally operate through state-sponsored trusts and permit investors to allocate contributions to one or more trust portfolios or "investment options" offered in the plan. Prepaid tuition plans allow investors to "lock in" tuition rates at certain specified educational institutions. Every state offers at least one type of these 529 plans, and some states offer both types of 529 plans. The remainder of this disclosure discusses college savings plans.

College savings plan contributions are generally invested in certain underlying investment options, such as mutual funds, that support the plan. The contributions will fluctuate in value as the underlying investment options increase or decrease, and there is no guarantee that the amount contributed to the college savings plan will equal the amount necessary for future education expenses. Although similar to mutual funds in certain ways, college savings plans are issued by state governments, and are not directly regulated or registered under the federal securities laws.

An important aspect of investing in college savings plans is to read the offering document (often called a "program description" or "official statement") carefully before investing. Each program description contains important information that will help you make an informed decision about an investment in a college savings plan. In deciding whether to invest in a college savings plan, you should consider several different factors, including each investment option's past performance, investment objective, investment strategy and risks, the investment adviser responsible for advising the state issuer, and the fees and expenses associated with an investment in a particular investment option. While past performance of an investment option is not indicative of future results, an investment option's long-term performance record may be an important factor in deciding to invest.

Fees and Costs

You often pay a sales charge when you purchase a college savings plan. We receive a portion of this sales charge for the sales and related services we provide to the primary distributor of the college savings plan.

Most college savings plans offer multiple units (often called share classes), similar to the share class structure offered by many mutual funds. Though there are several types of college savings plan share classes, the most common share classes available to you are Class A and Class C. Each class typically has different fees and expenses, and therefore investment option performance results will differ as those fees and expenses reduce performance across share classes. You should also note that the amount of time you expect to hold your investment in a college savings plan may play an important role in determining which share class is most appropriate for you, and you should discuss this consideration with your financial professional.

While there are no standard definitions for these share classes, and each college savings plan defines its share classes in its offering document, set forth below are some basic descriptions of the most common share classes available to you:

- ▶ **Class A** – This share class usually carries a front-end sales charge, which is typically assessed as a percentage of each contribution. The net amount of your contribution after the deduction of the sales charge is invested in shares of the college savings plan investment option(s) that you select. Class A shares typically have lower operating expenses compared to the other share classes of the same investment option. This means that ongoing costs will typically be lower than ongoing costs associated with other share classes of the same investment option. Many college savings plans also offer “breakpoint” discounts for large investments in Class A shares of investment options, which means that the front-end sales charge decreases as the investment increases. These breakpoints are described in the college savings plan’s offering document.

For example, if you purchase \$10,000 of Class A shares of an investment option for a college savings plan that assesses a 3.50% front-end sales charge on your investment, then you will pay a \$350 front-end sales charge and the remaining \$9,650 of your contribution will be used to purchase Class A shares of the investment option.

- ▶ **Class C** – This share class is characterized by a level asset-based sales charge that you pay annually as a percentage of your assets in an investment option. It does not have a front-end sales charge like Class A shares, but does have a contingent deferred sales charge (or CDSC). This CDSC means that you pay a sales charge when you redeem shares from your investment option. The amount of the CDSC is typically assessed as a percentage of the investment option, and it declines over time the longer you hold your investment option shares and eventually is eliminated. The CDSC for Class C shares is generally eliminated after a short period of time (usually one year). Class C shares will automatically convert to Class A shares within a certain timeframe. Typically, this is around five years, but will vary by plan.

For example, if you purchase \$10,000 of Class C shares of an investment option of a college savings plan with a 0% asset-based sales charge, you will not pay a front-end sales charge or a CDSC, so the entire \$10,000 contribution will be used to purchase Class C shares of the investment option at the time of purchase. However, each year, your contribution will be charged a 1.65% asset-based charge, so your \$10,000 contribution will be reduced to \$9,835 after the first year, assuming no appreciation or depreciation of the shares in that one-year period.

The differences in expenses, conversion period and holding period for the investment will all factor in determining the best share class for you. Special consideration should also be paid to any future purchases you may make into your 529 plan. For systematic purchases you should periodically review your share class and how it relates to your expected timeframe for withdrawals. You should do the same for non-systematic (lump sum) future purchases.

In addition to these sales charges, college savings plans typically deduct certain ongoing fees and expenses from each investment option, such as program management fees, from assets in the investment options. Although these ongoing fees and expenses may vary based on your college savings plan, some of the more common ones are set forth below:

- ▶ **Program Management Fee** – College savings plans generally deduct a program management fee to pay the program manager for providing investment advisory, accounting, and other services to the plan. This fee is typically charged annually as a percentage of your assets, and is reflected in the NAV of the plan’s investment options.

- ▶ **Maintenance Fee** – Most college savings plans charge an annual maintenance fee. This fee, which compensates the plan sponsor for costs of maintaining the plan, may be waived in certain circumstances, such as when your plan assets exceed certain thresholds.
- ▶ **Underlying Mutual Fund Expenses** – Most college savings plan investment options invest in one or more mutual funds and bear a portion of the fees and expenses of these underlying funds. The underlying mutual fund expenses are deducted from fund assets and reflected in the NAVs of the underlying mutual funds, which means they are also reflected in the NAV of the college savings plan’s investment options. More information on the mutual funds that underlie the plan’s investment options is available in the college savings plan’s offering document. In addition, more information on the underlying mutual funds, including their ongoing fees and expenses and overall expense ratio, is available in the funds’ prospectuses.

You pay these fees and expenses indirectly as they are deducted from your investment option assets, or the assets of underlying mutual funds, on an ongoing basis.

More Information

More information on the sales charges and ongoing fees and expenses is available in the 529 plan’s offering document, which you can request from your financial professional. You can also typically access the offering documents for a 529 plan on the state’s website or the program manager’s website.

Variable Products

Characteristics

The Firm offers variable annuities and variable life insurance policies (variable products). These variable products are issued by different insurance companies and will be in the form of a contract or policy between you and the insurance company. There are differences from one variable product to the next in the features, benefits, fees and costs of the product and in minimum and maximum premium amounts. Below is general information about most variable products. Information about the particular features, benefits, fees and costs for a specific variable product can be found in the prospectus for that product. You will receive a copy of the prospectus for the variable product that your financial professional recommends to you.

Variable annuities can help with saving for retirement. Funds invested in these annuities can grow tax-deferred. This means you will pay no federal taxes on the income and investment gains on the funds you invest in your annuity until you make a withdrawal, receive income payments, or a death benefit is paid. When you withdraw your funds, however, you will pay tax on the gains at ordinary federal income tax rates rather than lower capital gains rates. When you start taking income payments, you can select payment options that will guarantee you payments for as long as you live. Some annuities offer additional features and guarantees, available as options or riders.

Variable life insurance provides life insurance protection (i.e., a death benefit) and also allows you to build up a cash value that can grow tax-deferred. Most variable life insurance policies allow you to take out loans against your cash value and to make withdrawals (as long as the remaining cash value is sufficient to keep the policy in force). You can also terminate your policy by surrendering it and receiving the remaining cash value. Terminating your policy will terminate your death benefit protection. Most insurance companies offer riders and other options with their variable life insurance policies, such as disability insurance, income benefits or accelerated death benefits.

When you purchase a variable annuity or variable life insurance product, your insurance premium contributions (net of any fees and charges deducted from premiums) are invested in the investment options – typically underlying mutual funds – that you select. The value of your investment – usually referred to as your cash value – will fluctuate as the values of the underlying mutual funds increase or decrease.

Most insurance companies impose a minimum requirement on the initial premium. In the case of variable life insurance, you will likely be required to make premium payments periodically to keep the policy in force. While you may have some flexibility in the amount or timing of these periodic premium payments, you should consider whether you can afford to continue making premium payments when deciding to purchase a variable life insurance policy. If you fail to make sufficient payments to keep the policy in force, the policy will lapse (that is, terminate without value) and you will no longer have any death benefit protection.

Variable products are not short-term savings vehicles. Withdrawing funds or surrendering a variable product in the short term after purchase will likely trigger surrender fees and charges, and may also trigger tax penalties. You can lose the money you invest in variable products, including potential loss of your initial investment, due to poor performance of the investment options you select and/or the cumulative impact of fees and charges on your cash value.

Fees and Costs – Premium Payment Deductions

In the case of some variable products, the insurance company deducts a fee from your premium payment, with the effect that only the net premium amount is invested or allocated. In the case of variable annuities, the fee deduction is usually to cover a state insurance premium tax. In the case of variable life products, the fee deduction can also cover the insurer's sales expenses.

Fees and Costs – Surrender and Withdrawal Charges

Most variable products impose a surrender charge if you surrender your variable product or make a withdrawal of your cash value during the surrender charge period. This surrender charge and the surrender period are described in the product prospectus. Surrender charge periods vary by variable product, but are generally around six to eight years for variable annuities, even though they sometimes may range up to 15 years on some variable life insurance policies.

The surrender charges also vary by variable product, and generally begin around 8% of the purchase payment in year one and end around 1% of the cash value in the final year of the surrender charge period. Typically, the surrender charges decrease over the duration of the surrender charge period, with the higher surrender charges applying to surrenders and withdrawals made at the beginning of the surrender charge period, and the lower surrender charges applying to surrenders and withdrawals made toward the end of the surrender charge period. Tax penalties can also apply to surrenders or withdrawals under annuities made before age 59½.

Fees and Costs – Ongoing Fees and Expenses

Insurance companies deduct fees and expenses from your cash value to cover fees and expenses. These ongoing fees and expenses commonly include mortality and expense (M&E) risk fees, cost of insurance fees (assessed under variable life insurance policies), administration fees, transaction fees, and fees associated with certain optional riders. The M&E risk fees are calculated as a percentage of your insurance coverage or account value and are described as an annualized rate charged against assets. However, some fees, such as administration or transaction fees, are fixed amount fees charged annually or when specific transactions occur and are deducted from your cash value. The

cost of insurance fees charged on variable life insurance is typically calculated by applying a rate based on your underwriting classification to the “net amount at risk” (the difference between your product's death benefit and cash value). These fees typically are deducted from your cash value on an ongoing basis. If you add riders to your variable annuity or variable life insurance policy, the fees for those riders will be deducted from your cash value.

In addition, you will indirectly pay the ongoing fees and expenses for the mutual funds that are the underlying investment options for your variable product in which you invest. These fees and expenses are separate from the fees charged by the insurance company and will be reflected in the performance of the underlying investment options. These ongoing fees and expenses include the mutual fund's management fees, servicing fees, and 12b-1 fees, and are typically charged as an annualized rate against fund assets.

The commissions, surrender charges, and ongoing fees and expenses associated with variable products vary by insurance company and the type of variable product. More information regarding the commissions, surrender charges, and ongoing fees and expenses for variable products is available in the variable product's prospectus, which you can request from your financial professional. You can typically access the prospectus for a variable product on the website of the insurance company issuing the variable product.

Fees and Costs – Our Commissions

When you purchase a variable product, the issuing insurance company will pay a commission to us. While you do not pay this commission directly, the insurer factors this commission into the product's fees and costs in the case of variable products. In this way, you indirectly pay the commission. We receive this commission for our sales efforts and for assisting you with the insurance application and the underwriting and delivery processes related to the purchase of a variable product. We share a portion of this commission with your financial professional.

Insurance commissions we receive vary based on the variable product and insurance company, and we receive higher commissions for some types of variable products than for others, which creates a conflict of interest for us. In addition, in the case of life insurance, the commissions may vary between initial premium payments and subsequent premium payments. Although insurance commissions vary, we typically receive between 3.5% and 5% commission for a variable annuity sale. For a variable life insurance sale, we typically receive commissions based on target premium. Target premium is an amount determined from tables published by the insurance company for the variable life insurance product. In year one, we typically receive a 90% commission of target premium, and in subsequent years, we typically receive a 2% to 3% commission of target premium.

For example, if you purchase a \$10,000 variable annuity from an insurer that pays us a 5% commission, we will receive, and you will indirectly pay, an initial commission of \$500. If you contribute another \$5,000 to your variable annuity contract as an additional payment, we will receive, and you will indirectly pay, a subsequent commission of \$250.

Fees and Costs – Marketing Expenses and Allowances

Marketing representatives of insurance companies or their affiliated distributors, often referred to as “wholesalers,” work with our financial professionals to promote their variable products. These insurance companies and their wholesalers may pay for or provide training and education programs for our financial professionals. Insurance companies and their wholesalers may provide small gifts or business entertainment to our financial professionals, may cover expenses with our financial professionals attending business meetings they

sponsor, and may provide financial assistance to financial professionals for their marketing events and activities.

You do not pay these marketing expenses directly. However, the marketing expenses are built into the pricing of the variable product, so you indirectly pay for the cost of the marketing expenses, such as training and education programs for our financial professionals sponsored by the insurance company and their wholesalers.

More Information

More information about variable products, including the insurance commissions and other fees and expenses built into the cost of the insurance, is available in the variable product's prospectus. You can request a copy of a variable product's prospectus from your financial professional. You can also typically access a variable product's prospectus on the website for the insurance company issuing the variable product.

In addition, more information on the mutual funds underlying the variable product's investment options, including the mutual fund's ongoing fees and expenses and overall expense ratio, is available in the mutual fund's prospectus. You can request a copy of an underlying mutual fund prospectus from your financial professional. You can also typically access the prospectus for the underlying mutual funds on the website of the mutual fund company.

Registered Index-Linked Annuities

Characteristics

The Firm offers registered index-linked annuities, also referred to as variable indexed annuities or buffer annuities. These annuities are issued by different insurance companies and are in the form of a contract or policy between you and the insurance company. There are differences in one registered indexed-linked annuity to the next in the features, benefits, fees and costs of the product and minimum and maximum premium amounts. Information about the particular features, benefits, fees and costs for a specific registered indexed-linked annuity can be found in the prospectus for that product. You will receive a copy of the prospectus for the registered index-linked annuity that your financial professional recommends to you. Registered index-linked annuities are complex insurance and investment vehicles; you should discuss the different features, benefits, fees, and costs with your financial professional.

Registered index-linked annuities can help with saving for retirement or other long-term investment objectives. Funds invested in these annuities can grow tax deferred. This means you will pay no federal taxes on the income and investment gains on the funds you invest in your annuity until you make a withdrawal, receive income payments, or a death benefit is paid. When you withdraw your funds, however, you will pay tax on the gains at ordinary federal income tax rates rather than lower capital gains rates. When you start taking income payments, you can select payment options that will guarantee you payments for as long as you live. Some annuities offer additional features and guarantees, available as options or riders.

When you purchase a registered index-linked annuity, your premium contributions (net of any fees and charges deducted from premiums) are invested into an indexed account for a period of time (the "index term"). Most insurance companies impose a minimum requirement on the initial premium.

Indexed accounts provide a return, in part, based on the performance of the index selected. The return, which may be positive or negative, is called the performance or participation rate. Registered index-linked annuities typically have a ceiling on the return that may be received, typically called a performance or participation cap, which is the maximum amount you can earn during the

indexed term. These performance or participation caps come in many forms and vary depending on the specific product and features selected.

In exchange, these types of annuities will also offer certain protections against negative returns in the form of buffers (also known as protection levels) or floors, which typically state the percentage of any negative index performance that the insurance company will absorb. With a buffer, the insurance company will typically absorb any negative index performance up to a specified percentage with the customer responsible for any further negative index performance. For example, if the index declines 15%, and you selected a 10% buffer, the insurance company would cover 10% of the loss with the remaining loss incurred by you. With a floor, the insurance company will absorb any negative index performance after the customer covers a specified percentage. For example, if the index declines 15%, and you selected a 10% floor, you would be responsible for the first 10% of losses and the insurance company would cover the remaining losses.

During the index term, the performance cap and the buffer (or floor) will typically not change until the end of the index term. At the end of the index term, you will either receive a positive index adjustment or a negative adjustment depending on the performance of the index. For a positive adjustment, the gains may be reduced by the participation cap, or performance cap, that was selected depending on the amount of the gain and the cap selected. For a negative adjustment, the losses may be reduced by the buffer or floor selected depending on the amount of the loss and the buffer or floor selected.

The funds in the indexed account are typically invested into underlying investments, such as mutual funds, option contracts, real estate investment trusts, and other investments. The value of your investment in the index account will fluctuate as the values of the underlying investments increase or decrease. Some products may also allow you to invest all or a portion of your contract into a fixed account to earn compound interest at a fixed rate for the duration of the term.

Registered index-linked annuities are not short-term savings vehicles. Withdrawing funds or surrendering a registered index-linked annuity in the short term after purchase will likely trigger surrender fees and charges and may also trigger tax penalties. You can lose the money you invest in registered index-linked annuities, including potential loss of your initial investment up to the amount protected by the buffer level by the insurance company due to poor performance of the investment options you select and/or the cumulative impact of fees and charges on the value of your investment.

Fees and Costs – Premium Payment Deductions

In the case of some registered index-linked annuities, the insurance company deducts a fee from your premium payment, with the effect that only the net premium amount is invested or allocated. The fee deduction is usually to cover a state insurance premium tax.

Fees and Costs – Surrender and Withdrawal Charges

Most registered index-linked annuities will impose a surrender charge if you surrender your registered index-linked annuity or make a withdrawal of your investment during the surrender charge period. This surrender charge and the surrender period are described in the product prospectus. Surrender charge periods vary by registered index-linked annuity but are generally around six to eight years.

The surrender charges also vary by registered index-annuity, and generally begin around 8% of the purchase payment in year one and end around 1% of the investment in the final year of the surrender charge period. Typically, the surrender charges decrease over the duration of the surrender charge period,

with the higher surrender charges applying to surrenders and withdrawals made at the beginning of the surrender charge period, and the lower surrender charges applying to surrenders and withdrawals made toward the end of the surrender charge period. Tax penalties can also apply to surrenders or withdrawals under annuities made before age 59½.

Fees and Costs – Ongoing Fees and Expenses

Insurance companies deduct fees and expenses from your investment to cover fees and expenses. These ongoing fees and expenses commonly include mortality and expense (M&E) risk fees, administration fees, transaction fees, and fees associated with certain optional riders. The M&E risk fees are calculated as a percentage of your account value and are described as an annualized rate charged against assets. However, some fees, such as administration or transaction fees, are fixed amount fees charged annually or when specific transactions occur and are deducted from your investment. If you add riders to your registered index-linked annuity, the fees for those riders will be deducted from your investment.

In addition, you will indirectly pay the ongoing fees and expenses for the underlying investments in your index account. These fees and expenses are separate from the fees charged by the insurance company and will be reflected in the performance of the underlying investment options. These ongoing fees and expenses include the investment company's management fees, servicing fees, and 12b-1 fees, and are typically charged as an annualized rate against fund assets.

The commissions, surrender charges, and ongoing fees and expenses associated with registered index-linked annuities vary by insurance company and the type of registered index-linked annuity. More information regarding the commissions, surrender charges, and ongoing fees and expenses for registered index-linked annuities are available in the registered index-linked annuity's prospectus, which you can request from your financial professional. You can typically access the prospectus for a registered index-linked annuity on the website of the insurance company offering the registered index-linked annuity.

Fees and Costs – Our Commissions

When you purchase a registered index-linked annuity, the issuing insurance company will pay a commission to us. While you do not pay this commission directly, the insurer factors this commission into the product's fees and costs in the case of registered index-linked annuities. In this way, you indirectly pay the commission. We receive this commission for our sales efforts and for assisting you with the application and the delivery processes related to the purchase of a registered index-linked annuity. We share a portion of this commission with your financial professional.

Commissions we receive vary based on the registered index-linked annuity product and insurance company, and we receive higher commissions for some types of registered index-linked annuities than for others, which creates a conflict of interest for us. Although commissions vary, we typically receive between 3% and 5% commission for a registered index-linked annuity sale.

For example, if you purchase a \$10,000 registered index-linked annuity from an insurer that pays us a 5% commission, we will receive, and you will indirectly pay, an initial commission of \$500. If you contribute another \$5,000 to your registered index-linked annuity contract as an additional payment, we will receive, and you will indirectly pay, a subsequent commission of \$250.

Fees and Costs – Marketing Expenses and Allowances

Marketing representatives of insurance companies or their affiliated distributors, often referred to as "wholesalers," work with our financial professionals to promote their registered index-linked annuities. These insurance companies and their wholesalers may pay for or provide training and education programs for our financial professionals. Insurance companies and their wholesalers may provide small gifts or business entertainment to our financial professionals, may cover expenses with our financial professionals attending business meetings they sponsor, and may provide financial assistance to financial professionals for their marketing events and activities.

You do not pay these marketing expenses directly. However, the marketing expenses are built into the pricing of the registered index-linked annuity, so you indirectly pay for the cost of the marketing expenses, such as training and education programs for our financial professionals sponsored by the insurance company and their wholesalers.

More Information

More information about registered index-linked annuities, including the commissions and other fees and expenses built into the product, is available in the registered index-linked annuity's prospectus. You can request a copy of a registered index-linked annuity's prospectus from your financial professional. You can also typically access a registered index-linked annuity's prospectus on the website for the insurance company issuer of the registered index-linked annuity.

In addition, more information on the investments underlying the registered index-linked annuity's investment options, including the investments' ongoing fees and expenses and overall expense ratio, is generally available in the prospectus of the underlying investments. You can request a copy of an underlying investment's prospectus from your financial professional. You can also typically access a prospectus for an underlying investment on the website of the investment company or product issuer.

2. Conflicts of Interest

We have identified certain conflicts of interest ("conflicts") that relate to the recommendations we and our financial professionals make. A conflict arises when an economic benefit incentivizes either us or a financial professional to put our interests and/or the interests of the financial professional ahead of the interests of a customer. Some of these conflicts exist between customers and both our firm and financial professionals, while others exist between customers and our firm alone or between customers and financial professionals alone. The section below discloses material facts relating to these conflicts so that you are able to make an informed decision regarding any recommendation a financial professional provides you.

2.1. Conflicts for Both Our Firm and Financial Professionals

Conflicts between customers and both our firm and financial professionals may be caused by a variety of arrangements, including the role we play in a transaction, compensation arrangements, or trading arrangements. The material facts relating to these conflicts are as follows:

- ▶ **We and our financial professionals get paid when you trade or invest based on our recommendations.** We are paid each time you trade in your brokerage account or make a new investment. We also pay our financial professionals a portion of the transaction-based payments that we receive. These transaction-based payments, usually called commissions, incentivize us and your financial professional to encourage you to trade more and

purchase additional investments that result in additional revenue for our firm and your financial professional.

- ▶ **For some investments you purchase based on our recommendation, we receive payments from a third-party that are in addition to the transaction-based payments described above.** This is typically the case when you purchase mutual funds, college savings plans, variable products, and registered index-linked annuities. For example, certain issuers make ongoing payments to us based on invested assets (and not just new investments), such as 12b-1 fees, shareholder servicing fees or trail compensation. These third-party 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 third-party 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.
- ▶ **For investments with multi-share class structures, we generally receive comparatively more compensation when we recommend you purchase or hold a share class that is likely to be more costly for you.** Some investments, such as mutual funds, college savings plans, and variable annuities, offer multiple share classes, and depending on the share class in which you are invested, we may earn higher commissions, ongoing payments and/or other compensation. These comparatively higher commissions, ongoing payments and other compensation incentivize us and your financial professional to sell you or recommend you hold the share class in a multi-share class structure that results in the most compensation for us and is likely to be more costly for you. Please note, however, that where issuers have multi-share class structures, the lowest-cost share classes may not be available to all customers, due to high minimum investment amounts or account type requirements (e.g., a retirement account or an advisory account). You can find more information about the compensation paid on different share classes in the prospectus for the investment, or by asking your financial professional.
- ▶ **We get paid when you engage in a rollover transaction.** We can recommend that you roll over assets from your workplace retirement plan into an IRA account. When you engage in a rollover to an IRA, we and your financial professional will receive compensation in connection with the investments you hold in your IRA account. IRA rollover recommendations incentivize us and your financial professional to encourage the purchase of investments that result in additional compensation for us and your financial professional.
- ▶ **We only offer products and services on our Product Platform.** We can only offer products and services on our Product Platform. This incentivizes us to only recommend products and services on our Product Platform that result in compensation for us and your financial professional.
- ▶ **We have an incentive to recommend investments under the compensation structure that pays us the most compensation.** From time to time, we may adjust or modify our compensation structure. This could incentivize us to recommend investments into existing products rather than investments into new products, or vice versa, depending on which compensation structure pays us the most compensation.
- ▶ **We have an incentive to recommend the account type that pays us the most compensation.** We can recommend that you invest through different account type arrangements, such as through a brokerage account or an account directly held with the issuer of the investment (or its transfer agent). Depending on factors such as the type and level of services you

require as well as the frequency of trading in your account, one of these account types may be more cost-effective for you than the others. The availability of different account types incentivizes us and our financial professional to recommend the account type that results in the most compensation for us and your financial professional.

2.2. Conflicts for Our Firm Alone

Conflicts between customers and our firm may be caused by a variety of arrangements, including the role we play in a transaction, compensation arrangements, trading arrangements, or customer-specific arrangements. The material facts relating to these conflicts are as follows:

- ▶ **For some investments you purchase based on our recommendation, we receive payments from a third-party that are in addition to the transaction-based payments described above.** This is typically the case when you purchase mutual funds, college savings plans, and variable products. For example, certain issuers make ongoing payments to us based on invested assets (and not just new investments), such as 12b-1 fees, shareholder servicing fees or trail compensation. These third-party 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 third-party 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.
- ▶ **We have an incentive to minimize our own execution costs.** Some securities transactions and investment strategies may be easier and less costly for us to execute than others. For instance, it may be less costly for us to execute a purchase order for a highly traded equity security through a national securities exchange than it would be for us to execute a purchase order for a thinly traded and relatively illiquid equity security through the OTC markets. These differential execution costs incentivize us to recommend investments with execution costs that are lower for us, even if they are not necessarily in your best interest.

2.3. Conflicts for Financial Professionals Alone

Conflicts between customers and our financial representatives may be caused by a variety of arrangements, including compensation arrangements, retail customer-specific arrangements, or outside business activities. The material facts relating to these conflicts are as follows:

- ▶ **Your financial professional's compensation is tied to meeting sales targets.** Firm-paid cash and non-cash compensation, incentives, contests, quotas, and bonuses for financial professionals are tied to factors including asset accumulation, or growth, and total sales. These arrangements incentivize your financial professional to encourage more trading and the purchase of additional investments that result in your financial professional meeting his or her sales targets. This conflict is especially acute as your financial professional approaches the deadline for meeting sales targets, which is typically at the end of the calendar year.
- ▶ **Your financial professional has an incentive to recommend proprietary product(s).** We offer a proprietary variable annuity product issued by our parent company Woodmen of the World Life Insurance Society ("WoodmenLife"). WoodmenLife may provide your financial professional with retirement, medical and other benefits based on qualification criteria. This creates an incentive to financial professionals to recommend proprietary products over non-proprietary products in order to meet the qualifications.

- ▶ **The amount of compensation we share with your financial professional depends on the investments recommended to you and your financial professional's sales volume.** The amount of commissions, fees, transaction-based payments, ongoing payments, and other forms of compensation we share with financial professionals is dictated by a compensation grid. Our compensation grid 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. Our non-neutral investment grid incentivizes your financial professional to recommend to you the investment that results in the highest net payout for your financial professional. In addition, our compensation grid has thresholds or bands that enable your financial professional to increase his or her compensation through an incremental increase in sales. Moreover, your financial professional's payout percentage can be adjusted annually depending on your financial professional's total sales and overall performance. These thresholds, bands and payout percentage adjustments incentivize your financial professional to encourage more trading and the purchase of additional investments that result in your financial professional meeting certain sales targets and other metrics. This conflict is especially acute as your financial professional approaches a sales threshold or the deadline for meeting sales targets, which is typically at the end of the calendar year.
- ▶ **The amount of compensation paid to your financial professional for an exchange of an existing product sold through us varies depending on the product exchanged.** The compensation your financial professional receives for recommending an exchange your existing product with us varies depending on the type of product exchanged. Your financial professional is compensated if he recommends an exchange of a non-proprietary product to another product offered through us. Your financial professional may be compensated less, or not at all, if your financial professional recommends you exchange your proprietary product for another product offered through us. This incentivizes your financial professional to recommend exchanges of non-proprietary products more readily than proprietary products.
- ▶ **Regional Directors and Recruiting Sales Managers of our parent company, WoodmenLife, receive overrides on upfront commissions based on sales of financial professionals in their area.** These arrangements incentivize Regional Directors and Recruiting Sales Managers to encourage financial professionals to make more sales and recommend the purchase of additional investments that result in additional compensation, through overrides, to them. This conflict is especially acute as Regional Directors and Recruiting Sales Managers approach the deadline for meeting sales targets, which is typically at the end of the calendar year.
- ▶ **Some of our financial professionals receive additional training and support from certain issuers.** Certain issuers and their affiliates provide some of our financial professionals with more training and administrative support services than others. If your financial professional receives this additional training and support, his or her use of these issuers' higher level of training and administrative support services 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.
- ▶ **Some of our financial professionals' marketing efforts are subsidized by wholesalers.** Some of our financial professionals receive reimbursements or direct payments from the wholesalers of certain

investments for marketing expenses they incur in connection with the distribution of wholesalers' investments. If your financial professional receives these wholesaler reimbursements or direct payments, they incentivize your financial professional to recommend investments that entail these wholesaler reimbursements or payments over investments that do not, even if such investments are not necessarily in your best interest.

- ▶ **Some financial professionals have outside business activities that compete for their time.** Some of our financial professionals engage in outside business activities. If your financial professional engages in any outside business activities, these activities can incentivize your financial professional to spend more time on the outside business activity rather than on his or her brokerage relationship with you. You may research any outside business activities your financial professional may have on FINRA's BrokerCheck website at www.brokercheck.finra.org.

3. Fiduciary Acknowledgment

The following fiduciary acknowledgment applies only when our financial professional (i) provides investment advice to participants in or the fiduciaries of ERISA-covered retirement plans and to owners of IRAs and (ii) recommends to participants in ERISA-covered retirement plans or owners of IRAs to make a rollover to an IRA.

When we provide investment advice to you regarding your retirement plan account or IRA, we are fiduciaries within the meaning of Title I of ERISA and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. Fiduciary status for this purpose does not necessarily mean we are acting as fiduciaries for purposes of other applicable laws. This acknowledgment of fiduciary status does not confer contractual rights or obligations on you, the Firm, or the financial professional.

Woodmen Financial Services, Inc.

Regulation Best Interest Disclosure

We provide this required supplemental disclosure (the "Reg BI Supplemental Disclosure") to our customers when your financial professional has a material limitation regarding the investments and services that your financial professional can offer you.

- ▶ **Financial Professional Limitation:** Your financial professional cannot offer the full range of investments and services that we offer. Your financial professional is licensed to only offer mutual funds and insurance products and cannot offer the full range of investments that we make available. This is a material limitation on the securities or investment strategies that your financial professional may recommend to you, and you should discuss these limitations with your financial professional. In addition, you may research your financial professional's experience and licenses on FINRA's BrokerCheck website at www.brokercheck.finra.org.

If you would like to meet with a financial professional that can offer the full range of investments and services that we offer, or if you have any questions regarding this material limitation, you can call WFS directly at (877) 664-3332. You can also contact WFS by mail at 1700 Farnam St., Omaha, NE 68102.

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