

**W&S Brokerage Services, Inc.**  
**IMPORTANT DISCLOSURES**  
**CURRENT AS OF April 1, 2024**

W&S Brokerage Services, Inc. (“W&SBS”) is providing You with this Important Disclosures document (“Disclosure”) to describe certain material facts We have identified with respect to the scope and terms of Our relationship with You, fees and costs associated with the products We sell, limitations on Our product offerings, and related conflicts of interest with respect to the recommendations We make to you. This Disclosure does not seek to impose any additional contractual obligations, restrictions, liabilities or additional costs on You.

This document is updated as needed, if material changes to its content are necessary. Please be sure to refer to the most recent version of this document. For the most up to date version, please visit <https://www.westernsouthern.com/wslife/important-disclosures/wsbs-disclosures>.

**Definitions.** “We”, “Us”, “Our”, “Firm” means W&SBS and any employee, contractor, agent, representative, or affiliated entity under common control with W&SBS. These terms also include an entity or individual in which any of those entities and individuals have an interest that may affect Our best judgment. “You” or “Your” means you, the individual(s) purchasing or holding an annuity contract or one or more retail brokerage accounts with W&SBS, and “Product” means the annuity(ies) or mutual fund(s) about which We are making a recommendation.

A conflict of interest is defined to mean an interest that might induce Us or a natural person who is an associated person of the Firm – consciously or unconsciously – to make a recommendation that is not disinterested. For this purpose, conflict of interest describes a situation in which the Firm or a registered representative of the Firm could be incentivized to place their own interests ahead of a client’s interests.

**Material Facts Relating to the Scope and Terms of Our Relationship.** W&SBS is a dually registered broker-dealer and investment adviser with the U.S. Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC).

A “broker” is any person or firm engaged in the business of effecting transactions in securities for the accounts of others. A “security” is a type of investment issued by a corporation, government, or other organization that offers evidence of equity or debt. We offer brokerage services to retail investors, including taxable and non-taxable brokerage accounts, employer-sponsored retirement plans, and one 529 plan. Within these account types and, in some cases, directly with the Product issuer, We offer only two types of securities - variable annuities and mutual funds. We also offer fixed indexed annuities, which are not securities. Other broker-dealers offer a broader variety of securities including, but not limited to, stocks, bonds, exchange-traded funds, unit investment trusts, and private funds.

As a retail investor, We will recommend an account type and investments to You or You may select an account type or investments, but You will make the ultimate investment decision regarding the account type, investment strategy and the purchase or sale of securities and/or annuities. We will offer assistance with developing or executing Your investment strategy by discussing Your investment goals and objectives with You. W&SBS does not accept discretionary authority and will not provide ongoing monitoring of Your brokerage accounts, investments, or fixed indexed annuities.

We offer a limited selection of investments and annuities. Other firms offer a wider range of choices, some of which have lower costs. We offer mutual funds issued by both third parties and an affiliate fund company. We only offer annuities sponsored by an affiliate company. Each offering has an account minimum that is determined by the product sponsor.

For non-direct mutual fund accounts, W&SBS utilizes Pershing, LLC as its clearing firm for mutual fund transactions. A clearing firm handles the back-office details of securities transactions in accounts set up with the firm. Pershing, LLC is a subsidiary of The Bank of New York Mellon Corporation and is a separate entity from W&SBS. With the exception of new Simple, SEP, and 401(k) accounts, W&SBS requires that all new mutual fund purchases be cleared through Pershing, LLC, unless a client had previously purchased mutual funds directly from the fund issuer.

Your registered representative, in addition to providing brokerage services to You through W&SBS, is an insurance agent with The Western and Southern Life Insurance Company (“WSLIC”) and Western & Southern Agency, Inc., a life insurance agency. Through this relationship, they are able to sell products of, Integrity Life Insurance Company (“ILIC”), Columbus Life Insurance Company (“CLIC”), The Lafayette Life Insurance Company (“LLIC”), Western-Southern Life Assurance Company (“WSLAC”), and Gerber Life Insurance Company (“GLIC”). W&SBS, WSLIC, ILIC, CLIC, LLIC, and GLIC are subsidiaries of Western & Southern Financial Group, Inc. (“WSFG”). WSFG wholly-owns, directly or indirectly, these subsidiaries that provide insurance related products in the United States. In this capacity Your registered representative may recommend non-securities related services or products, such as fixed annuities, indexed annuities, and life insurance, which is offered separate and apart from W&SBS. Life insurance, fixed annuities, and indexed universal life insurance products and services are not covered by this Disclosure.

W&SBS and its affiliates will receive compensation associated with these transactions, including fees and commissions. W&SBS has a financial interest in our clients’ transactions and the recommendations We make to clients to buy or sell these products. WSFG also wholly-owns National Integrity Life Insurance Company, an insurance company that provides insurance related products in parts of the United States.

WSFG also wholly-owns, directly or indirectly, the following insurance agencies that perform insurance related activities in the United States: Western & Southern Agency, Inc., LLIA, Inc., Gerber Life Agency, LLC, and W&S Financial Group Distributors, Inc.

Western & Southern Life is the marketing name for WSLIC and its wholly owned subsidiary, WSLAC. Each company is financially responsible for its own products and services and offer life insurance, interest-sensitive life insurance, and fixed annuities.<sup>1</sup>

Certain W&SBS registered representatives are also financial advisors who have the ability to offer You investment advisory services through our investment advisory registration. The account minimum for advisory services is \$75,000. If You choose to open an advisory services account, You will be provided with additional disclosures, including a Form ADV which provides additional information related to the qualifications, business practices, and fees of the W&SBS advisory services program. Investment

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<sup>1</sup> WSLIC operates in DC and all states except AK, ME, MA, and NY. WSLAC, ILIC, CLIC, and LLIC each operate in DC and all states except NY.

advisory services are not available in all offices or geographical locations, and may require account opening and servicing to be managed by home office representatives that are qualified to do so.

In addition to insurance company and agency affiliations, WSFG also owns Fort Washington Investment Advisors, Inc. (Fort Washington), an SEC registered investment adviser and the sub-adviser to the W&S Wealth Solutions® investment advisory accounts; Touchstone Advisors, Inc., an SEC registered investment adviser and the investment adviser to the affiliated Touchstone Mutual Funds; the Touchstone Mutual Funds, which are SEC registered investment companies, and are entirely sub-advised by other investment advisers, some of which are affiliated with W&SBS, including Fort Washington; and Touchstone Securities, Inc., an SEC registered broker-dealer and member of FINRA, which serves as the underwriter and distributor of the Touchstone Mutual Funds and variable annuities sold by W&SBS in its capacity as a broker-dealer.

### **Material Fees and Costs.<sup>2</sup>**

- **Fixed Indexed Annuities.** You will pay several fees and expenses when You purchase a fixed indexed annuity. The following are types of fees charged:
  - **Surrender charge.** If You withdraw money from a fixed indexed annuity within a certain period after purchase, You will be charged a surrender charge by the insurance company. Generally, the surrender charge is a percentage of the amount withdrawn.
  - **Participation rates.** If You allocate to an indexed interest crediting option, the interest credited may be affected by the participation rate, or in other words, a high participation rate may increase your crediting rate, while a lower participation rate will lower your crediting rate.
  - **Interest rate caps.** If You allocate to an indexed interest crediting option, the interest rate cap is the maximum interest rate that can be credited to the account value in a given indexed interest option for its crediting period.
  - **Administrative fees.** These fees compensate the insurance company for record keeping and administrative expenses.
  - **Fees and expenses for optional features.** Riders that offer living and enhanced death benefits also carry additional fees and expenses paid to the insurance company.
- **Variable Annuities.** You will pay several fees and expenses when You invest in a variable annuity. The following are types of fees charged:
  - **Surrender charge.** If You withdraw money from a variable annuity within a certain period after purchase, You will be charged a surrender charge by the insurance company. Generally, the surrender charge is a percentage of the amount withdrawn.

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<sup>2</sup>Commissions on all annuities do not decrease the amount of the contract, but are paid separately by the issuing insurance company.

- **Mortality and Expense (M&E) Fee.** This fee compensates the insurance company for insurance risks it assumes under the annuity contract. A portion of this fee is used to pay commissions to the representative that recommended the variable annuity to you.
- **Administrative fees.** These fees compensate the insurance company for record keeping and administrative expenses.
- **Underlying fund expenses.** The investments selected in the variable annuity's subaccounts have their own fees and expenses that are described in the fund prospectus(es).
- **Fees and expenses for optional features.** Riders that offer living and enhanced death benefits also carry additional fees and expenses paid to the insurance company.
- **Mutual Funds.** All mutual funds charge fees. You will find detailed descriptions of the fees a fund charges in the fund's prospectus. The actual fees You will be charged varies based upon factors such as, but not limited to, the fund recommended, the share class selected, and actions You take. The following are types of fees that You may be charged:
  - **Sales loads.** A sales load is a fee charged by the mutual fund that is paid to the selling broker. There are two types of sales loads – a front-end sales load paid when an investor purchases a fund and a deferred sales load which is paid when investors redeem their shares. A front-end sales load immediately reduces your total investment in the mutual fund. A deferred sales load decreases your redemption amount.
  - **Management fees.** These fees are used to pay the mutual fund's portfolio manager from the assets of the Fund.
  - **12b-1 fees.** These fees are taken from the Fund to cover distribution expenses and sometimes shareholder service expenses. Distribution fees include fees paid for marketing and selling fund shares, such as compensating brokers and others who sell fund shares, and paying for marketing expenses.
  - **Redemption fees.** A redemption fee is another type of fee charged directly to fund investors that some funds charge when shareholders redeem their shares. Although the fee is deducted from redemption proceeds like a deferred sales load, it is not considered to be a sales load. Unlike a sales load which is used to pay brokers, a redemption fee is typically used to defray fund costs associated with a shareholder's redemption and is paid directly to the fund, not to a broker.
  - **Pershing fees.** Pershing, LLC, an unaffiliated clearing firm will also charge transaction based fees for each transaction within an account, as well as annual account fees. Additionally Pershing, LLC may charge you fees and expenses for special circumstances, which include but are not limited to, wired funds, overnight check delivery, insufficient funds, returned checks, account termination, braille statements, and large print statements.

**Product Offerings and Scope of Services Offered.** The Firm limits its Product offerings to proprietary fixed indexed, and variable annuities and a limited menu of mutual funds, including, but not limited to, funds manufactured by Our affiliated mutual fund company. Our representatives may only make recommendations from this limited Product shelf. Additional types of securities products including, but not limited to, stocks, bonds, exchange traded funds (ETFs), and unit investment trusts (UITs) are not offered through W&SBS and cannot be recommended by its registered representatives. Annuities manufactured by other insurance companies unaffiliated with WSFG cannot be recommended.

W&SBS offers the College America 529 Plan. Depending on your state of residence, there may be an in-state plan that provides state income tax credits or deductions and other state benefits, such as financial aid, scholarship funds and protection from creditors, not available through the 529 Plan We offer.

**Risk Considerations.** The Products We recommend come with various types of risk that should be carefully considered before investing. It is important that you understand these risks before You make an investment decision. Mutual fund and variable annuity prospectuses contain information related to each Product's specific risk and should be read carefully before investing.

- **Fixed Indexed Annuities.** Guarantees are based on the claims-paying ability of the issuing insurance company. Fixed indexed annuities are not insured by the FDIC, the National Credit Union Share Insurance Fund, or any other federal government agency. Payments in a fixed indexed annuity typically do not have cost-of-living adjustments to keep pace with inflation, so the value of the money you receive in your payments may decline over time.
- **Variable Annuities.** Variable annuities, like mutual funds, involve investment risks. Variable annuities are not deposits of a bank or other financial institution. They are not insured by the FDIC, the National Credit Union Share Insurance Fund, or any other federal government agency. Variable annuities are subject to investment risks, including possible loss of the principal amount invested. You can find more information about a variable annuity's risks and its underlying investment options' risks in the product and underlying fund prospectuses.
- **Mutual Funds.** All funds carry some level of risk. A fund's share price will fluctuate. You could lose money on your investment in a fund and the fund could also return less than other investments. Investments in mutual funds are not bank guaranteed, are not deposits, and are not insured by the FDIC or any other federal government agency. As with any mutual fund, there is no guarantee that the fund will achieve its investment goal. You can find more information about a fund's investments and risks within the fund's prospectus.

**Conflicts of Interest.** Our compensation can, and typically does, vary depending on the choices You make about purchasing, making additional deposits to, and taking distributions from Your brokerage account and annuity contracts. These compensation arrangements and their variations, which are described below, are Conflicts of Interest. We have identified the following as material conflicts of interest, and We have developed policies and procedures designed to mitigate them:

1. **New Account Conflict.** We will not receive any compensation unless a customer chooses to open a new account, or purchase, transfer, rollover or exchange a Product through Us.

For brokerage accounts and annuities, We receive more compensation when We sell multiple Products, open multiple accounts, and/or add more assets into existing accounts. As a result, representatives are incentivized to recommend that you open accounts and purchase multiple Products.

2. **Differential Compensation.** We offer various Products to meet the individual needs of customers. We will receive higher compensation on some Products than on others. Products with higher compensation generally require additional training, expertise and time to offer those Products. Our representatives are generally paid more on variable and indexed annuities than on mutual funds, and more on equity mutual funds than fixed income mutual funds.
3. **Proprietary Products.** With the exception of some mutual funds, all of the Products We recommend are proprietary Products, which means the Products are managed, issued or sponsored by Our affiliated companies. With respect to mutual funds, We recommend funds advised by an affiliated mutual fund company and certain non-proprietary mutual funds. In addition to the compensation received by W&SBS and its agents, when these proprietary Products are recommended to and purchased by customers, Our affiliated insurance companies and Our affiliated mutual fund company will receive separate fees and compensation in their roles as Product providers. As a result, our representatives are incentivized to recommend proprietary Products.

The sale of proprietary Products increases revenue to Our companies. In addition, Our agents receive certain non-cash compensation from Our companies, such as medical and other employee benefits, and awards and recognition, which may incentivize agents to recommend proprietary Products.

4. **Third-Party Payments from Mutual Fund Companies.** When We Recommend customers allocate assets to variable annuity subaccounts investing in certain funds, Our affiliated life insurance company and/or Our affiliated broker-dealer will receive varying payments from the manufacturer of that fund, including from Our affiliated fund company, based on the amount of assets allocated to the fund. The amount of fees varies by fund family and fund.

Similarly, when We recommend customers purchase certain mutual funds, including those manufactured by Our affiliated mutual fund company, W&SBS receives fees from the mutual fund manufacturer. These fees range from 0% to 1.00% of the amount of deposits in the mutual fund depending on share class and specific mutual fund. W&SBS receives payments from some Product providers and not from others. While We limit the mutual funds that can be recommended (both by family and by individual fund), We do not use the past or future receipt of these payments in Our determination of which mutual funds will be available.

5. **Commissions and Breakpoints – Our Representatives.** Our representatives receive commissions when they sell a Product. Representatives can receive first-year commissions based on the amounts contributed in the first year of the annuity contract or the amount of the mutual fund purchase. Representatives can also receive certain commissions in subsequent years of an annuity/life insurance contract or based on the continued holding

of a mutual fund. These commissions, both first-year and subsequent-year commissions, typically vary depending on the Product type and, in some instances, vary within a Product type. In some instances, first-year commissions decrease based on the age of the annuitant. Depending on the age of the customer, a representative can receive more compensation from the sale of certain Products. A representative's first-year commission rate for each quarter is determined based on the representative's total sales over the prior year and applies prospectively only. This means the commission rate for the representative may increase or decrease for his or her future sales, but not prior sales. As a result, a representative is incentivized at certain times of the year to increase his or her sales in order to increase (or avoid a decrease) in commission rate for the next period.

In addition, different mutual fund families provide different commission breakpoints (decreased commissions for larger purchases). As a result, when a representative recommends mutual funds from different fund families and breakpoints are not attained, he or she receives larger commissions.

The actual commission received by a representative is subject to minimums and maximums based upon a fund's specific sales charge (amount charged to the client). Minimum and maximums are different for "high load funds" and "low load funds". A mutual fund is deemed to be a "high load fund" if its maximum sales charge is 5.25% - 5.75%. The maximum compensation a representative will receive when selling a high load fund is 4.75%. A mutual fund is deemed to be a "low load fund" if its maximum sales charge is 3.75% - 4.75%. The maximum compensation a representative will receive when selling a low load fund is 3.75%. Funds outside of these ranges do not have minimums or maximums. The intent of the minimums and maximums is to narrow the range of commissions that a representative might receive depending on which mutual fund he/she recommends.

6. **Non-Cash Compensation – Our Representatives.** W&SBS sponsors a variety of programs that provide non-cash benefits to qualifying representatives based on sales of both proprietary and non-proprietary Products. These non-cash benefits include medical and other employee benefits, and awards and recognition. Our awards and recognition are summarized below. Generally, these incentives encourage increased sales of Products at specific times of the year and promotion of Products with higher first year commissions. All incentives are based on overall production and are not based on the sale of a specific Product. Overall sales includes the sales of both securities and non-securities through W&SBS, or through our affiliates.
  - Leaders Sales Meeting – Incentive trip that includes travel, accommodations, and entertainment at a resort for the representative and his or her guest. Representatives qualify for this incentive based upon overall production during a 13 month qualifying period with December counting twice. This means representatives have increased incentive to make sales in the month of December. One wholesaler can qualify for this incentive based upon having the highest overall production among wholesalers during the calendar year, while meeting a specific level of production.

- President’s Trophy – Award presented to the “best” Western & Southern Life office. Offices qualify for this incentive based upon a number of factors, including overall annual sales and client retention, and life insurance sales persistency.
  - Agency Leadership Conference – Dinner with W&SBS senior management provided to the management of agencies that excelled in the Legion campaign (see below) or in retaining employees during the Agency Leadership Conference, an annual business meeting for W&SBS management. This incentive is based on a number of factors, including sales, over an eight week period in September and October. None of the factors include sales of a specific Products or specific types of securities.
  - Majors – W&SBS managers receive recognition and an article of high end clothing. Incentive is based on sales during two sales campaigns, President’s Month and Legion.
    - President’s Month – Recognizes “top” W&SBS managers and offices based on sales during an eight week period in February and March (but not based on sales of specific Products or specific types of securities).
    - Legion - Recognizes “top” W&SBS managers based on sales during an eight week period in August and September (but not based on sales of a specific Products or specific types of security).
  - Local Sales Contests – Throughout the year, individual W&SBS branch office or division management may offer production based incentives to representatives. All local sales contests are pre-approved to ensure that they are not based on the sale of specific Products or specific types of securities.
7. **Sales Thresholds – Our Representatives.** Our representatives are required to meet certain sales thresholds to maintain their employment with Us. When agents sell Products with higher first-year commissions, they are able to reach these thresholds more quickly. In addition, to meet these thresholds, representatives may focus on selling Products at specific times of the year and in specific amounts.
8. **Performance Incentive – Our Representatives.** In their first two years of service, Our representatives can be awarded additional flat weekly payments for the next quarter based on the achievement of certain first year commission goals for the prior quarter. Through the two-year period, first year commission requirements go up and payment amounts go down. To receive these payments, representatives may focus on selling Products towards the end of a quarter.
9. **Override Commissions and Sales Incentives– Our Managers.** Our managers receive commissions when the representatives they manage sell a Product. These commissions are commonly referred to as “override commissions.” Some of Our managers receive quarterly (agency managers) or annual (division vice presidents) incentives based on total contracts sold and total sales amounts by the representatives they manage. Additionally, each manager’s salary is re-set annually based upon the office’s total production. All Products are included in these incentives, but they may cause managers to focus on the promotion



of Product sales at specific times and in specific amounts, as well as those Products with higher first year commissions.

- 10. Override Commissions and Sales Incentives– Wholesalers.** Both W&SBS wholesalers and wholesalers for the proprietary Products we sell receive commissions when W&SBS representatives sell a Product. These commissions are commonly referred to as “override commissions.” All Products are included in these incentives, but they may cause wholesalers to focus on the promotion of Products that result in higher commissions. Additionally W&SBS wholesalers receive incentives when representatives submit new applications within four months of becoming registered. All Products are included in this incentive, but they may cause W&SBS wholesalers to focus on the promotion of Product sales at specific times.
- 11. Registered Representatives Qualifications.** Representatives that are authorized to offer both brokerage services and investment advisory services (dually registered representatives) may be incentivized to recommend one or the other depending on the representative's financial circumstances. The rate of compensation for advisory services is lower, but the deposits are generally higher and compensation is on-going. Representatives who are authorized to offer only brokerage services have an incentive to recommend the sale of Products within a brokerage account rather than refer an individual to a dually registered representative.
- 12. Solicitor’s Agreement.** All registered representatives are authorized to refer qualified prospects to Fort Washington in exchange for a referral fee. Representatives may be incentivized to recommend a brokerage Product or make the referral depending on the representative's financial circumstances. The rate of compensation for advisory services is lower, but the deposits are generally higher and compensation is on-going. W&SBS representatives are not permitted to make referrals to non-affiliated investment advisers.

We appreciate Your business and look forward to continuing to help You pursue Your financial goals. If You have any questions about this information, please contact Us at 855-497-5433 or via email at [WSBS.Compliance@wslife.com](mailto:WSBS.Compliance@wslife.com).