

Understanding How We Are Compensated for Financial Services

Life Insurance

What is life insurance?

A life insurance policy is a contract issued by an insurance company to provide funds to address the financial impacts that may result from the death of the insured.

How are we paid for our services?

Typically, the insurance company pays Edward Jones a commission at the time you pay the premium for the policy. The commission may vary depending on the insurance company issuing the policy, the coverage provided by the policy and the amount of premium paid. The amount of premium you pay depends on the type of policy, the options and level of coverage you select, your age and other factors.

In most cases, the insurance company pays Edward Jones a commission based on a fixed percentage of your first-year premium. We also receive annual renewal commissions, typically for a period of time. If you choose to pay more than the required premium in order to use your insurance policy to accumulate cash value or to fund your policy in advance, we receive a lower commission on any such excess premium that you pay. If your premium is higher due to poor health or the election of certain optional contract riders, the commission we

receive may be based on a target premium. There may also be an additional expense to add an optional benefit to the contract, such as a long-term care or chronic illness rider, that would be reflected in a higher premium amount.

Certain “hybrid” life insurance policies, which also provide long-term care benefits, are often funded as a single lump sum. In such cases, the commission paid to Edward Jones will be a fixed percentage of the single premium amount.

You may also pay a contingent deferred sales charge (“CDSC”) to the insurance company if you liquidate, surrender or withdraw all or a portion of your permanent insurance policy (one with a cash value) within a certain time period. We do not receive a commission or share in any CDSC assessed by the insurance company as part of a surrender or liquidation.

How is your financial advisor compensated?

Your financial advisor receives a percentage of the commissions and renewal commissions the insurance company pays to Edward Jones. The total revenue that Edward Jones receives affects Edward Jones’ overall profitability and thus may affect any branch bonus your financial advisor receives.