

Understanding how we are compensated for financial services

Fixed annuities

What is a fixed annuity?

A fixed annuity is a contract issued by an insurance company that pays specific rates of interest for a predetermined period of time, subject to the insurance company's conditions and ability to meet obligations.

You do not pay a front-end sales charge when you purchase a fixed annuity, but you may pay a contingent deferred sales charge ("CDSC") to the insurance company if you liquidate the contract before the end of a certain period of time. The percentage amount of the CDSC usually declines over time. Typically, you do not pay any sales charges or annual operating expenses when you purchase a fixed annuity. However, an annual fee may apply if electing certain riders or contract features. The insurance company considers all its costs, including commissions, when determining the interest rate and CDSC. If you choose to renew your fixed annuity contract, you typically renew the CDSC schedule as well.

If you liquidate your fixed annuity before the age of 59½, some or all of the surrendered value may be subject to a 10% penalty under the Internal Revenue Code. Please consult your tax advisor for further details. Also, you may pay a market-value adjustment if interest rates have risen and you request a surrender before the end of a certain period of time. There may also be an additional ongoing expense to add an optional benefit to the contract, such as an income rider.

How are we paid for our services?

The insurance company pays Edward Jones a commission at the time you pay your premium and, for some contracts, at the time of any subsequent renewal. The commission is not deducted from your initial premium or renewal amount. The insurance company considers all its costs, including commissions, when determining the interest rate you earn on your premium.

Inforce Contract Service Fees – Edward Jones has entered into inforce contract service agreements with certain insurance companies to provide support of certain issued and outstanding annuity contracts. We receive payments for providing these services. For information about inforce contract service fees, please see edwardjones.com/revenuesharing.

How is your financial advisor compensated?

Your financial advisor receives a percentage of the 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.