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?

When you purchase a life insurance policy, the insurance company sets a target premium that will be used to compensate the firm and your financial advisor for the specific policy (the "Target Premium"), and this Target Premium could be higher or lower than the premium that you would pay on your specific policy. Based upon the actual premium you pay for your policy, Edward Jones will receive up to 80% of the Target Premium amount and 2% of any excess you pay above the Target Premium amount. The percentage Edward Jones receives is the same for all insurance providers we work with, and your financial advisor receives a portion of these revenues. Edward Jones also receives a portion of the premium you pay after the first year as revenue for a set number of years (generally the 2nd through the 10th years of the policy) and shares a portion of this revenue with your financial advisor. Your financial advisor has an incentive to make recommendations to increase the premium or to recommend the purchase of a policy with a higher target premium. This may also create a conflict regarding recommendations on whether to renew or exchange your current policy.

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.