



## Regulation Best Interest Disclosure

This guide summarizes important information concerning the scope and terms of the brokerage services we offer and details the material conflicts of interest that arise through our delivery of brokerage services to you. We encourage you to review this information carefully, along with any applicable account agreement(s) and disclosure documentation you may receive from us.

As you review this information, we would like to remind you that we are registered with the U.S. Securities and Exchange Commission (SEC) as a broker-dealer, with the state of California as Investment Advisor and are members of the Financial Industry Regulatory Authority (FINRA) and SIPC, providing brokerage services. Our brokerage services are the focus of this guide. For more information on our investment advisory services and how they differ from our brokerage services, please review the Customer Relationship Summary (or Form CRS) available at [www.planbii.com](http://www.planbii.com). Our Form CRS contains important information about the types of services we offer, both brokerage and investment advisory, along with general information related to compensation, conflicts of interest, disciplinary action and other reportable legal information.

Please carefully review and consider the information in each section below.

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### Brokerage Services

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When you establish a brokerage account with Plan B Investments (“PBII”), you have the ability to buy, sell and hold investments within your account. We offer application-based brokerage services, which are accounts held directly with mutual fund companies and variable annuities. These accounts are held directly by third-party companies, such as American Funds, Fidelity, etc. We execute purchases and sales in your account with these third-party companies as directed by you.

#### Cash Brokerage and Margin Brokerage Accounts

We provide brokerage services through a cash application-based brokerage account. In a cash application-based brokerage account, you must pay for your purchases in full at the time of purchase. PBII does not offer margin brokerage accounts, so we do not recommend margin in our customer accounts.

#### Brokerage Account Types

We offer many different brokerage account types including individual and joint accounts, , trusts and estate accounts, individual retirement accounts and other types of retirement accounts such as 401(k) profit sharing plans and Defined Benefit Plans as outlined in our account agreement(s). You should refer to our PBII and/or your custodian’s account agreement(s) for more information concerning available account types or speak with your Financial Professional at PBII.

#### Incidental Brokerage Services, Recommendations and Account Monitoring

As an element of your brokerage account with PBII, we provide other incidental services such as recommendations to buy, sell, or hold assets. When we make a securities recommendation, investment strategy recommendation or recommendation to rollover assets from your Qualified Retirement Plan (QRP) to an Individual Retirement Account (IRA), the recommendation is made in our capacity as a broker-dealer unless otherwise stated at the time of the recommendation. Any such statement will be made orally to you. Moreover, when we act in a brokerage capacity, we do not agree to enter into a fiduciary relationship with you.

It is important for you to understand that when our Financial Professionals make a brokerage recommendation to you, we are obligated to ensure the recommendation is in your best interest, considering reasonably available alternatives, and based on your stated investment objective, risk tolerance, liquidity needs, time horizon, financial needs, tax status, and other financial information you provide us. You may accept or reject any recommendation. It is your responsibility to monitor the investments in your brokerage account, and we encourage you to do so regularly. We do not commit to provide on-going monitoring of your brokerage account. If you prefer ongoing monitoring of your account or investments, you should speak with a Financial Professional about whether an advisory services relationship is more appropriate for you.

Please also consider that from time to time we may provide you with additional information and resources to assist you with managing your brokerage account. This may include but is not limited to educational resources, sales and marketing materials, performance reports, asset allocation guidance, and/or periodic brokerage account reviews. When we offer these services and information, we do so as a courtesy to you. These activities are not designed to monitor specific investment holdings in your brokerage account, they do not contain specific investment recommendations about investment holdings, and you should not consider them a recommendation to trade or hold any particular securities in your brokerage account. Upon your request, we will review such information and reports with you and may provide you with investment recommendations, but we are not under a specific obligation to do so.

**Custody Services**

Custody for your account is provided by several different third-party companies (custodians) where they agree to carry your account and provide certain back office functions. We and the custodian of your securities share responsibilities with respect to your account as set forth in the Designation of Responsibilities that was delivered to you upon opening of your account. Please refer to the Designation of Responsibilities for more information on how such responsibilities have been allocated between us.

**Understanding Risk**

It is important for you to understand that all investment recommendations and activities involve risk, including the risk that you may lose your entire principal. Further, some investments involve more risk than other investments. Higher-risk investments may have the potential for higher returns but also for greater losses. The higher your “risk tolerance,” meaning the amount of risk or loss you are willing and able to accept in order to achieve your investment goals, the more you may decide to invest in higher-risk investments offering the potential for greater returns. We align risk tolerances with investment needs to offer you different investment objectives from which to choose (see below). You should select the investment objective and risk tolerance best aligned with your brokerage account goals and needs.

Investment goals typically have different time horizons and different income and growth objectives. Generally, investment goals are on a spectrum, with “Income” investors typically holding the smallest percentage of higher-risk investments, followed by “Growth and Income” investors holding *some* higher-risk investments, and finally “Growth” investors holding a significant portion of their portfolio in higher-risk investments.

Risk tolerance also varies, and we measure it on a continuum that increases from “Conservative” to “Moderate” to “Aggressive,” and finally “Trading and Speculation.” See the chart below for details.

Investment Objective	Investment Objective Description	Risk Tolerance	Risk Tolerance Definition
Income	Income portfolios emphasize current income with minimal consideration for capital appreciation and usually have less exposure to more volatile growth assets.	Conservative	Conservative Income investors generally assume lower risk but may still experience losses or have lower expected income returns.
		Moderate	Moderate Income investors are willing to accept a modest level of risk that may result in increased losses in exchange for the potential to receive modest income returns.
		Aggressive	Aggressive Income investors seek a higher level of returns and are willing to accept a higher level of risk that may result in greater losses.

Growth & Income	Growth and Income portfolios emphasize a blend of current income and capital appreciation and usually have some exposure to more volatile growth assets.	Conservative	Conservative Growth and Income investors generally assume a lower amount of risk but may still experience losses or have lower expected returns.
		Moderate	Moderate Growth and Income investors are willing to accept a modest level of risk that may result in increased losses in exchange for the potential to receive modest returns.
		Aggressive	Aggressive Growth and Income investors seek a higher level of returns and are willing to accept a higher level of risk that may result in greater losses.
Growth	Growth portfolios emphasize capital appreciation with minimal consideration for current income and usually have significant exposure to more volatile growth assets.	Conservative	Conservative Growth investors generally assume a lower amount of risk but may still experience increased losses or have lower expected growth returns.
		Moderate	Moderate Growth investors are willing to accept a modest level of risk that may result in significant losses in exchange for the potential to receive higher returns.
		Aggressive	Aggressive Growth investors seek a higher level of returns and are willing to accept a high level of risk that may result in more significant losses.
Trading and Speculation	Trading and Speculation investors seek out a maximum return through a broad range of investment strategies which generally involve a high level of risk, including the potential for unlimited loss of investment capital.		

Our recommendations are based in part on your investment objective and risk tolerance, as outlined above. We encourage you to carefully consider and discuss your investment objective and risk tolerance with your Financial Professional before investing.

**Account Minimums and Activity Requirements**

There is no minimum initial account balance required to open a brokerage account with us. However, if you either fail to fund your account or do not return account opening documents as required, your account will be closed. In addition, some types of brokerage accounts with our custodians have minimum account activity requirements and/or minimum on-going balance requirements that must be maintained, or your brokerage account will be closed. These requirements are detailed in the account agreement(s) you receive when you open your brokerage account.

You should also understand that our Financial Professionals may establish their own minimum account balance requirements for the brokerage accounts they service. For example, a dedicated Financial Professional may choose to service only those brokerage account customers who satisfy account-specific or total household asset conditions. Minimum asset requirements are disclosed to you orally by your Financial Professional.

**Brokerage Service Models and Products**

PBII offers a limited brokerage service model to our customers. This means that when you open a brokerage account with us, we offer limited investment options for your account. The types of investment choices available for your brokerage account include:

**Mutual Funds**

PBII currently offers thousands of mutual funds varying in share class, structure, and investment style.

A mutual fund is a company that pools money from many investors and invests the money in securities such as stocks, bonds, and short-term debt. Mutual funds are operated by professional money managers, who allocate the fund's assets and attempt to produce capital gains or income for the fund's investors. A mutual fund's portfolio is structured and maintained to match the investment objectives stated in its prospectus. The combined holdings of the mutual fund are known as its portfolio. Investors buy shares in mutual funds.

## **Annuities**

PBII is a broker-dealer selling variable annuities issued by insurance companies.

An annuity is a contract between you and an insurance company in which you make a lump-sum payment or series of payments and, in return, receive regular disbursements, beginning either immediately or at some point in the future. The income you receive from an annuity is taxed at regular income tax rates; not capital gains rates, which are usually lower. The goal of an annuity is to provide a steady stream of income, typically during retirement. Funds accrue on a tax-deferred basis and can only be withdrawn without penalty after age 59 ½.

## **Brokerage Fees and Our Compensation**

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It is important to consider that while a brokerage relationship can be a cost-effective way of investing your assets, a brokerage account may not be the right choice for everyone given the transactional nature of the account fees and associated costs.

### **Transaction-Based Fees**

You will pay transaction-based fees for purchase and sale trades you decide to execute in your brokerage account, such as buying and selling mutual funds, annuity contracts, and other investment purchases and sales. These transaction-based fees are generally referred to as a “commission,” “mark up,” “sales load,” or a “sales charge.” Transaction-based fees are based on a host of factors, including, but not limited to:

- Underlying investment product selection
- Your brokerage service model and account type
- The size of your transaction and/or overall value of your investment account
- Frequency of your trading activity
- Available discounts and/or fee waivers

### **Account and Service Fees**

You will pay fees for various operational services provided to you through your brokerage account. These fees are set at least annually and communicated to you through information included in your account statement and other notifications. These fees do not apply to all account types and may be waived under certain conditions.

You should understand that based on the brokerage service model you choose, the same or similar products, accounts and services may have varying fees and costs. For more information concerning our administrative and service fees, please refer to our Form CRS and/or visit us at [www.planbii.com](http://www.planbii.com).

### **How We Are Compensated**

We receive direct and indirect compensation in connection with your accounts. Direct compensation is taken directly from the respective account. Indirect compensation is compensation paid in ways other than directly from the account and may impact the value of the associated investments in your account. The sections below describe the compensation that we receive in connection with various investments that may be available to you. In many cases, the descriptions that follow refer to a prospectus or offering documents.

### **Brokerage Account Commission/Fee Schedules**

#### **Mutual Funds**

We currently offer hundreds of mutual funds, varying in share class, structure, and investment style through our custodians. If you invest in mutual funds in a brokerage capacity, we receive direct and indirect compensation in connection with such mutual fund investments, as described below. The fees associated with the purchase and sale of mutual funds are described in more detail in the Form CRS provided to you.

PBII maintains relationships with certain mutual fund sponsors that provide additional benefits to PBII as part of those relationships. Benefits include, but are not limited to, due-diligence trips whereby the sponsor will cover travel and entertainment expenses for PBII’s Financial Professionals; and customer events whereby the sponsor will pay all or a portion of the expenses associated with such events. These relationships do not impact the fees and expenses generally associated with customer investments; however, they do present a conflict of interest for PBII because this provides an additional incentive for PBII to utilize the funds of sponsors that provide ongoing support to PBII .

PBII has implemented a compliance program to monitor its compensation arrangements to review whether customer assets are invested in, what we believe, are the best available mutual funds for the strategies we are implementing. As always, please see a fund’s prospectus for more information about fees.

### **12b-1/Shareholder Service Fees**

Annual 12b-1 fees, also known as trails, are paid by the fund and paid to us out of fund assets under a distribution and servicing arrangement to cover distribution expenses and sometimes shareholder service expenses that we may provide on the fund's behalf. Shareholder servicing fees are paid to respond to investor inquiries and provide investors with information about their investments. These fees are asset-based fees charged by the fund family. These fees range from 0.00% to 1.00%, but the majority of these fees are below 0.85%. These fees may be passed on to us and may in turn be passed on to your Financial Professional as a commission.

### **Mutual Fund Front-end Sales Charge Fees/Contingent Deferred Sales Charges (CDSC)**

Front-end sales charge fees may be charged and paid to us, including your Financial Professional, when you purchase a fund. The front-end sales charge is deducted from the initial investment on certain share classes. This charge normally ranges from 0.00% to 5.75%. Some purchases may qualify for a reduced front-end sales charge due to breakpoint discounts based on the amount of the transaction and rights of accumulation. In addition, some purchases may qualify for a sales charge waiver based on the type of account, and/or certain qualifications within the account. You should contact your Financial Professional if you believe you are eligible for sales charge waivers.

CDSC is a charge you pay upon withdrawal of money from a fund prior to the end of the fund's CDSC period. CDSC charges range from 0.00% to 5.50%. CDSC periods can range from zero to seven years. This charge typically exists only on share classes which do not have a front-end sales charge. It is sometimes referred to as the back-end load. CDSCs are not charged when you purchase a fund. The fee charged will depend on the share class purchased by the investor. A CDSC is not passed on to your Financial Professional. You can find a description of the amount and payment frequency of all fees and expenses charged and paid by the fund in the fund's prospectus. Fees and expenses disclosed in the fund's prospectus are charged against the investment values of the fund.

### **Annuities**

We offer our customers variable annuities. Under arrangements with insurance companies, we receive commissions from the insurance companies for the sale of their annuity products, as well as trail commissions, and they are considered indirect compensation. Commissions and trails paid to us vary by product type and may vary by insurance carrier and will be detailed in the product-specific documentation provided to you prior to or at the time of purchase.

In addition, the following is further information on costs and fees associated with annuities. To start with, a simple rule of thumb to remember about annuity commissions is that the longer the surrender charges last, the higher the commissions. Surrender charges are a penalty you pay if you withdraw money from the annuity within a specific period.

Variable annuities (VAs) are complex in design and typically pay a higher commission. For variable annuities, the typical surrender charge period is five to nine years, so the normal commission levels can be 4.00% to 7.00%. Payouts on annuities depend on the specific insurance carrier and will be described in the prospectus.

Other fees that vary by insurance carrier may include transfer charges, annual maintenance fees, distribution charges, third-party transfer charges, contract fees, underwriting fees and redemption fees. Please Note: Each annuity is different and specific fees and charges may be referred to by different names. Actual charges may differ based on the duration of the annuity and the terms of each annuity's prospectus. Longer-duration annuities generally have higher commission rates. This summary is intended to be a general overview. You should review the terms of the prospectus for any annuity you intend to purchase.

### **Training and Education**

We work closely with many product and service providers who provide training and education compensation to offset or reimburse us for costs incurred in conducting comprehensive training and educational meetings for our Financial Professionals. These meetings or events are held to educate Financial Professionals on product characteristics, business building ideas, successful sales techniques, suitability as well as various other topics. In addition, certain vendors provide free or discounted research or other vendor products and services, which can assist our Financial Professionals with providing services to the plan.

Likewise, from time to time, product providers will reimburse us for expenses incurred in connection with conducting training and educational meetings, conferences, or seminars for Financial Professionals and participants. Also, Financial Professionals may receive promotion items, meals or entertainment or other non-cash compensation from product providers (not to exceed \$100 per year per provider).

Although training and education compensation is not related to individual transactions or assets held in customer accounts, it is important to understand that, due to the total number of product providers whose products are offered by us, it is not possible for all companies to participate in a single meeting or event. Consequently, those product providers that do participate in training or educational meetings, seminars or other events gain an opportunity to build relationships with Financial Professionals; these relationships could lead to sales of that particular company's products.

## **Operational Fees**

There are various operational services provided to you through a brokerage account, most of which are provided and charged by the custodian. The fee schedule for these services is described in your account opening documents. PBII does not receive any compensation for the operational fees that are charged by the custodian.

## **Compensation for Termination of Services**

Other than any contingent deferred sales charge for a fund (as described under the Mutual Funds section above, if applicable), the firm would not receive any additional compensation in connection with the termination of its services. If you have questions, or need additional copies, please contact your Financial Professional.

## **Conflicts of Interest**

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Conflicts of interest exist when we provide brokerage services to you. A conflict of interest is a situation in which we engage in a transaction or activity where our interest is materially averse to your interest. The mere presence of a conflict of interest does not imply that harm to your interests will occur, but it is important that we acknowledge the presence of conflicts. Moreover, our regulatory obligations require that we establish, maintain, and enforce written policies and procedures reasonably designed to address conflicts of interest associated with our recommendations to you.

Our conflicts of interest are typically the result of compensation structures and other financial arrangements between us, our Financial Professionals, our customers and third parties. We offer a broad range of investment services and products and we receive various forms of compensation from our customers, non-affiliated product providers and third parties as described above. Securities rules allow for us and our Financial Professionals, to earn compensation when we provide brokerage services to you. However, the compensation that we and our Financial Professionals receive from you varies based upon the product or service you purchase, which creates a financial incentive to recommend investment products and services that generate greater compensation to us.

We are committed to taking appropriate steps to identify, mitigate and avoid conflicts of interest to ensure we act in your best interest when providing brokerage recommendations to you. Below you will find additional information related to our conflicts of interest. This information is not intended to be an all-inclusive list of our conflicts, but generally describes those conflicts that are material to your brokerage relationship. In addition to this disclosure, conflicts of interest are disclosed to you in our Form CRS and disclosure documents, our product guides and other information we make available to you.

## **Compensation We Receive from Customers**

### **Transaction-based conflicts**

In your brokerage account you pay certain fees (commissions and sales charges) in connection with the buying and selling of each investment product, including mutual funds, variable annuities, and alternative investments. Where these fees apply, the more transactions you enter, the more compensation that we and your Financial Professional receive. This compensation creates an incentive for us to recommend that you buy and sell, rather than hold, these investments. We also have an incentive to recommend that you purchase investment products that carry higher fees, instead of products that carry lower fees or no fees at all. As such, we maintain a supervisory and compliance suitability and trade review process to prevent representative misconduct.

### **Account maintenance and other administrative fees**

For the services provided or made available to you with respect to your brokerage account, the custodian of your assets charges certain account maintenance and other administrative fees, including transfer, wire, or other miscellaneous fees, as described in the fee schedule provided to you with your account opening documents

## **Compensation We Receive from Third Parties**

Third-party payments we receive are based on new sales of investment products, creating an incentive for us to recommend you buy and sell, rather than hold, investments. In other cases, these payments are made on an ongoing basis as a percentage of invested assets, creating an incentive for us to recommend that you buy and hold investments (or continue to invest through a third-party company such as a mutual fund company (custodian)).

The total amount of payments we receive varies from product to product and varies with respect to the products we recommend. Third-party payments are also separate from and in addition to the compensation we receive in connection with other products and services made available to you, including advisory services through our investment advisor firm. We have an incentive to recommend investment products and services that generate greater payments to us. This compensation generally represents an expense embedded in the investment products and services that is borne by investors, even where it is not paid by the Product Sponsor and not directly from the investment product or other fees you pay. The types of third-party compensation we receive include:

- **Trail Compensation.**

Ongoing compensation from Product Sponsors is received by us and shared with our Financial Professionals. This compensation (commonly known as trails, service fees or Rule 12b-1 fees in the case of mutual funds) is typically paid from the assets of the investment product under a distribution or servicing arrangement and is calculated as an annual percentage of invested assets. The amount of this compensation varies from product to product. We have an incentive to recommend that you purchase and hold interests in products that pay us higher trails.

### **Product Share Classes**

Some Product Sponsors offer multiple structures of the same product (e.g., mutual fund share classes) with each option having a unique expense structure, and some having lower costs to you as compared to others. We are incentivized to make available those share classes or other product structures that will generate the highest compensation to us.

### **Additional Compensation from Product Sponsors and Other Third Parties**

We and our Financial Professionals, associates, employees, and agents receive additional compensation from Product Sponsors and other third parties including:

- Gifts and awards, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives, including services for identifying prospective clients.
- Payment or reimbursement for costs associated with education or training events that are attended by our employees, agents, and Financial Professionals, and for conferences and events that we sponsor.

**Note:** The amount of the above payments is not dependent on or related to the level of assets you, or any customer invests in, or with the Product Sponsor.

### **Compensation Received by Financial Professionals/Representatives**

#### **Commission-based Compensation**

Financial Professionals are compensated in a variety of ways from sales of products and services to customers, including brokerage account activity. This compensation varies by the product or service associated with a brokerage recommendation. In addition to upfront-transaction based compensation, some products feature on-going residual or "trail" payments. Thus, Financial Professionals are incentivized to recommend products that have higher fees as well as those with on-going payments.

Typically, a Financial Professional's payout schedule (periodically adjusted by us at our discretion) increases with production and asset levels. The same payout schedule is reduced when Financial Professionals discount certain customer fees and commissions, or customer relationship asset levels are below minimums established by the custodian or third party. Financial Professionals also may be eligible for annual or ongoing bonuses and deferred compensation awards based upon a variety of factors that may include reaching certain production levels, tenure with the firm, customer product mix, asset gathering, referrals to affiliates or other targets, as well as compliance with our policies and procedures and meeting industry best business practices.

As a result, Financial Professionals have an incentive to provide brokerage recommendations that result in selling more investment products and services, as well as investment products and services that carry higher fees. Financial Professionals also have an incentive to provide brokerage recommendations to increase brokerage trading activity and to reduce the amount of discounts available to you. We maintain supervisory and compliance policies and procedures designed to ensure that all recommendations are suitable, in your best interest, and are in alignment with your financial investing goals.

Financial Professionals have an incentive to recommend you rollover assets from a Qualified Retirement Plan (QRP) to a brokerage Individual Retirement Account (IRA) because of the compensation they will receive. We maintain supervisory and compliance policies and procedures designed to ensure that rollover recommendations are suitable, in your best interest, and are in alignment with your financial investing and retirement goals.

Brokerage accounts, unlike advisory accounts, do not feature an on-going fee based on assets under management. Financial Professionals are incentivized to recommend you transition your brokerage services account to an advisory account to generate on-going revenue where your brokerage account has minimal activity. Further, Financial Professionals are incentivized to recommend you transition your brokerage account to an advisory account after you have already placed purchases resulting in commissions and/or other transaction-based brokerage fees. We have controls established to identify and mitigate this risk. Financial Professionals also have an incentive to provide higher levels of service to those clients who generate the most fees.

Non-cash compensation is provided to Financial Professionals in the form of education meetings and recognition trips. Portions of these programs is subsidized by external vendors and affiliates, such as mutual fund companies and insurance carriers. Consequently, product providers that sponsor and/or participate in education meetings and recognition trips gain opportunities to build relations with Financial Professionals, which could lead to sales of such product provider's products. Financial Professionals also receive promotional items, meals, entertainment, and other non-cash compensation from product providers up to \$100 per year for gifts per vendor and \$1,000 per year for meals per vendor, all of which is closely monitored by the supervisory and compliance structure within the firm.

#### **Personal Trading in Same Securities as Clients**

PBII allows Financial Professionals to purchase or sell the same securities that may be recommended to and purchased on behalf of customers. Owning the same securities that are recommended (purchased or sold) to customers presents a conflict of interest that must be disclosed to customers and mitigated through policies and procedures. Regulation Best Interest directs Financial Professionals to act in the best interest of their customers and this regulation would be violated if personal trades are made with more advantageous terms than your trades, or by trading based on material non-public information. This risk is mitigated by PBII requiring the reporting of personal securities trades by its Financial Professionals for review by the Chief Compliance Officer ("CCO") or delegate. The firm has also adopted written policies and procedures to detect the misuse of material, non-public information.

#### **Personal Trading at Same Time as Client**

While PBII allows Financial Professionals to purchase or sell the same securities that may be recommended to and purchased on behalf of customers, such trades are required to be traded afterward. At no time will PBII, or any Financial Professional of PBII, transact in any security to the detriment of any brokerage customer. Employees and members of the employee's household may desire to trade in the same securities that the firm is trading for our clients. This does not create a conflict of interest with, specifically, mutual fund transactions since all orders are traded for the same closing NAV price on the day of trade execution. All parties will receive the same execution pricing on these transactions.

For more information regarding how PBII minimizes or eliminates the possibility of a conflict of interest with recommendations, buys or sells other securities (such as ETF's, equities, private placements, and IPO's), you may request a full copy of the PBII Investments Code of Ethics.

#### **Additional Resources**

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**For additional information related to our Form CRS, Legal Disclosures and more, please refer to our website [www.planbii.com](http://www.planbii.com).**