



# Regulation Best Interest (“Reg BI”)

## *Disclosure Brochure*

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.

Investment Planners, Inc. (referred to as “IPI” or “we” or “our” or “us”) is a broker-dealer registered with the Securities and Exchange Commission (SEC) and member of the Financial Industry Regulatory Authority (FINRA) and Securities Investor Protection Corporation (SIPC). IPI is affiliated with IPI Wealth Management<sup>SM</sup>, (referred to as “IPIWM”) an investment adviser registered with the SEC. In addition, IPI is qualified to sell insurance products in all 50 states. As a broker-dealer, IPI transacts business in various types of securities; including mutual funds, exchange-traded funds (ETFs), stocks, bonds, municipal securities, 529 college savings plans, variable annuities, real estate investment trusts (REITs), unit investment trusts (UITs) and other investment products.

IPI and IPIWM maintain a network of individuals, referred to as “Financial Professionals”, who offer brokerage services, investment advisory services, or both, depending on their licenses. Some of our Financial Professionals are investment adviser representatives (IARs) of IPI Wealth Management<sup>SM</sup>, which is under common ownership with IPI. Typically, we refer to these specific Financial Professionals as “financial advisors” or “advisors”. All our Financial Professionals are independent contractors.

Although most Financial Professionals offer both brokerage and investment advisory services, some offer only brokerage services and others offer only investment advisory services. When you are discussing services with a Financial Professional, you should ask what capacity the Financial Professional is acting in or will be acting in – as a broker-dealer registered representative and/or as an IAR – when providing services to you. This disclosure brochure discusses important information regarding Financial Professionals who act as registered representatives of IPI’s broker-dealer.

Like all financial services providers, IPI and its Financial Professionals have conflicts of interest. IPI and its Financial Professionals are compensated directly by customers and indirectly from the investments made by customers. Typically, when customers invest with us, we are paid an upfront commission or sales load at the time of the transaction and in some cases a deferred sales charge. If we are paid an upfront commission, it means that the more transactions a customer makes, the more commission the financial professional makes. We are paid indirectly from the investments made by customers and receive ongoing compensation, typically called a “trail” payment, for as long as a customer holds an investment. In addition, we receive compensation from the sponsors of some of the investment products that customers purchase through us. The amount we receive varies depending on the type of investment a customer makes. The compensation described in this disclosure represents the maximum gain or profit we receive on an investment before subtraction of our expenses.

Please also note that not all the conflicts described in this disclosure apply to a specific Financial Professional, his/her services or all the products we sell. Compensation types and amounts we receive may vary and change over time. You should ask your Financial Professional if you have any questions about compensation, costs, fees, or conflicts of interest.

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

## Brokerage Services

When you establish a brokerage account through us at our clearing firm, RBC Clearing & Custody<sup>1</sup> ("RBC"), you can buy, sell and hold investments within your account. The primary service we provide through RBC is our trading capability. When we execute purchases and sales on your behalf, as directed by you, we earn a profit. The capacity in which we act is disclosed on your trade confirmation.

### CLEARING AGREEMENT(s)

We have entered into an agreement with RBC to carry your account and provide certain back office functions. We and the clearing firm share responsibilities with respect to your account. For more information, you may refer to your RBC brokerage account application.

### BROKERAGE ACCOUNT TYPES

We offer a variety of different brokerage account types including:

- individual and joint accounts,
- estate and trust accounts,
- partnership accounts,
- individual retirement accounts, and
- other types of retirement accounts
- Custodial or UTMA/UGMA minor accounts
- HSA accounts

You should refer to our account agreement(s) for more information concerning available account types or speak with your Financial Professional.

### MARGIN BROKERAGE ACCOUNTS

We offer customers the ability to purchase securities on credit, also known as "margin". When customers purchase securities on margin, we extend a line of credit to the customer and charge interest on the margin balance. While many securities are eligible to be used as collateral for a margin loan, some assets are not available for margin collateral purposes. We have a financial incentive to encourage you to borrow on margin because we and our financial professionals earn compensation in the form of interest, transaction charges and other fees on investments made with borrowed funds. This financial incentive creates a conflict of interest insofar as IPI and our Financial Professionals benefit from your decision to borrow and incur the various fees and interest described above. Given that a margin-enabled brokerage account has specific eligibility requirements, unique costs, and governing regulatory requirements, our default brokerage option is our cash brokerage account. You must execute a separate margin agreement before engaging in margin brokerage activity. Included with your margin agreement is a copy of the Margin Disclosure Statement. This statement contains important information you should understand and consider before establishing a margin brokerage relationship with us.

**For more information** on our margin brokerage services, contact your Financial Professional or refer to the RBC Express Credit Account Agreement and Application, as well as the RBC Express Credit Disclosure Statement. You can also visit RBC's website: <https://www.rbcclearingandcustody.com/>

### INCIDENTAL BROKERAGE SERVICES, RECOMMENDATIONS & ACCOUNT MONITORING

Within your brokerage account, we also 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 a fiduciary relationship with you.

It is important for you to understand when our Financial Professionals make a brokerage recommendation to you, we are obligated to ensure the recommendation is in your best interest, which means we must consider reasonably available alternatives, 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 also your responsibility to monitor the investments in your brokerage account, and we encourage you to do so regularly. We do not commit to provide

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<sup>1</sup> RBC Clearing & Custody, a division of RBC Capital Markets, LLC, Member [NYSE](#) / [FINRA](#) / [SIPC](#)

on-going monitoring of your brokerage account. If you prefer on-going 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 note that from time to time, we may provide you with additional information and resources to assist you with managing your brokerage account, including but 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 resources are not designed to monitor specific investment holdings in your brokerage account and are not intended to provide specific recommendations about investment holdings. You should not consider them a recommendation to trade or hold any specific 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.

### CASH SWEEP FEATURES

Our brokerage services include a Cash Sweep Program feature. This program permits you to earn a return on uninvested cash balances in your brokerage account by allowing cash balances to be automatically “swept” into a “Cash Sweep Vehicle” until such balances are otherwise required to satisfy obligations arising in your account. These Cash Sweep vehicles include interest-bearing deposit accounts, and if permissible, money market mutual funds or such other sweep arrangements made available to you. You will receive additional information concerning the Cash Sweep Program in your account agreement(s). More information about the Cash Sweep Program can be found in the RBC Insured Deposits Disclosure Statement available on [RBC's website](#). Please review the Disclosure Statement carefully.

### ACCOUNT MINIMUMS & 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 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 Financial Professional may choose to service only those brokerage account clients who satisfy account-specific or total household asset conditions. Minimum asset requirements are disclosed to you orally by your Financial Professional.

## ***Commissions, Fees and Other Types of Sales Compensation***

IPI receives upfront ***transaction-based fees***, also known as commissions, when it executes transactions that result in the purchase or sale of a security. A commission, which also may be called a sales load, sales charge, mark up or placement fee, is typically paid at the time of the sale and can reduce the amount available to invest or can be charged directly against an investment. Commissions are often based on the amount of assets invested. We receive the sales charge or commission and share it with your Financial Professional. In some cases, a portion of the sales charge or commission is retained by the investment's sponsor. Commissions vary from product to product, which creates an incentive to sell a higher commission security rather than a lower commission security. The maximum and typical commissions for common investment products are listed below.

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. Below is a disclosure of the commission ranges charged to you and received by IPI and your Financial Professional:

- **Equities and Other Exchange Traded Securities:** The maximum commission charged by IPI in an agency capacity on an exchange traded security transaction, such as an equity or an ETF, is up to 3% per transaction amount. The commission amount decreases as the size of the transaction amount increases according to a schedule. In addition, your Financial Professional can decide to discount the commission amount to a minimum of \$0 per transaction.
- **Mutual Funds and 529 Plans:** The maximum commission or sales charge permitted under applicable rules is 5.75%.
- **Annuities:** The maximum commission paid for new sales of annuities may vary depending on the time purchased, and type of annuity, such as fixed, fixed index, traditional and variable annuities. The typical range of commission is 0% - 7%.

- **Alternative Investments:** Alternative investments include hedge funds, private equity funds, non-traded business development companies (BDCs), real estate private placements, or real estate investment trusts (REITs). The upfront sales load can be as high as 7.5%.
- **Unit Investment Trusts (UITs):** We, along with your Financial Professionals, are compensated in ways that vary depending on the type and terms of the UIT portfolio selected. The maximum upfront sales charge paid typically ranges from 0.5% to 2.75% and can depend on the length of the term of the UIT. The types of fees received by us are disclosed via the prospectus issued by the UIT provider.

## SUBSCRIPTION-WAY COMPENSATION<sup>2</sup>

IPI and our Financial Professionals receive compensation from investment product sponsors on the investments you make in securities such as direct mutual funds, annuities, and alternative investments. Some of this compensation is commonly known as “trail compensation” in which IPI and our Financial Professionals receive ongoing compensation from certain investment products under a distribution or servicing agreement with the product sponsor. The more assets you invest in the product, the more trail compensation we receive, therefore we have an incentive to encourage you to increase your account size. Furthermore, the amount of trail received varies by product type and sponsor, therefore creating an incentive to recommend a product that pays a higher trail over a lower trail. For more information about trail compensation received with respect to a particular investment, please refer to the prospectus or offering paperwork. Below is a general disclosure of the trail compensation ranges charged to you and received by IPI and your Financial Professional:

- **Mutual Funds & 529 Plans:** The ongoing payment depends on the class of shares but may range between 0 to 1.25% of assets on an annual/quarterly/monthly basis as stated in the prospectus. Early withdrawal charges may apply depending on the share class of the mutual fund. Review prospectus for additional information.
- **Annuities:** The ongoing payment depends upon the agreement between IPI and the issuer. The maximum trail payment for annuities is generally 1.00%. Surrender charges may apply should the policy be surrendered prior to the completion of the initial investment time. Review the prospectus for additional information.
- **Alternative Investments:** The ongoing payment may be as high as 1.00% on an annual basis. Review the prospectus for additional information.

## ACCOUNT & 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 vary in the fees and costs.

## COMPENSATION FOR FINANCIAL PROFESSIONALS

Financial Professionals receive compensation as a percentage of revenue generated from the sale of products and services to clients, including brokerage account activity. 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 may be incentivized to recommend products that have higher fees as well as those with on-going payments. We generally compensate our Financial Professionals pursuant to an independent contractor agreement, and not as employees. Compensation and other benefits that independent contractor Financial Professionals receive from IPI are described below:

### Cash Compensation

IPI typically pays a Financial Professional a percentage of the revenue he/she generates from the sale of products and services. The percentage received can vary depending on his or her agreements with us and the investment products or services recommended and can be more or less than what he/she would receive at another brokerage firm. The percentage may vary based on the amount of assets serviced or revenue generated by the Financial Professional. When compensation is based on the level of production or assets, the Financial Professional has a financial incentive to increase production and/or assets to attain a higher percentage of payout. In addition, IPI pays compensation to branch managers based on sales of products and services in the branch. In some cases, Financial Professionals pay a portion of their compensation to their branch manager or another Financial Professional for supervision and/or administrative or sales support. A conflict of interest

<sup>2</sup> "Subscription-way" is a common procedure whereby the check used to purchase securities is made payable to the issuer (or other third party) and is forwarded by the selling broker-dealer to the issuer or the issuer's agent.

may exist because the compensation paid to the branch manager may affect their ability to provide objective supervision of the Financial Professional. Furthermore, the amount of revenue a Financial Professional generates may create a conflict of interest when considering whether to employ and/or terminate a Financial Professional.

### **Fees Charged to Financial Professionals**

IPI charges Financial Professionals various fees for trade execution, administrative services, insurance, certain outside business activity related supervision, technology, licensing, and other fees/services as allowable under the independent contractor agreement. Depending on the situation, these fees make it more or less profitable for the Financial Professional to offer and recommend certain services or products over others. In certain cases, these fees are reduced based on the Financial Professional's overall business production or the amount of assets serviced by the Financial Professional, which may give the Financial Professional an incentive to recommend that you invest more in your account or engage in more frequent transactions. Transaction fees charged to your Financial Professional can also vary depending on the specific security that the Financial Professional recommends.

### **Operational Assistance**

If a Financial Professional recently became associated with IPI after working with another financial services firm, he/she may have received recruitment compensation and other benefits from us in connection with the transition. In many cases, this transition assistance may include enhanced commission payouts from us that are commonly intended to assist a Financial Professional with costs associated with the transition. Other benefits we offer the Financial Professional may include free access to online tools, software, and investment resources. The receipt of such payment or benefit may create a conflict of interest in that the Financial Professional has a financial incentive to recommend that a customer open and maintain an account with IPI or may recommend switching investment products or services where a customer's current investment options are not available through IPI.

### **Arrangements with Banks and Credit Unions**

Some of our Financial Professionals offer brokerage and advisory services on the premises of unaffiliated financial institutions, like banks and credit unions. IPI typically shares a portion of compensation generated by the Financial Professional with the financial institution, including brokerage commissions and fees. In such case, the financial institution typically pays part of that amount to the Financial Professional. Such compensation can vary depending on the investment product or service recommended. The financial institution can limit the types of products that may be sold by a Financial Professional. Some of these financial institutions are affiliated with investment product sponsors (such as mutual fund sponsors) which may present a conflict of interest for a Financial Professional employed by a financial institution to encourage customers to invest in that financial institution's proprietary investment products.

### **Compensation for Other Services**

IPI and our Financial Professionals can offer various types of advisory and brokerage programs, platforms and services, and earn differing types and amounts of compensation depending on the type of service, program or platform in which you participate. This variation in compensation can incentivize a Financial Professional to recommend services, programs or platforms that generate more compensation for IPI and the Financial Professional. For example, if you expect to trade securities frequently in your account, a brokerage account in which you pay a commission for each transaction may generate more compensation for your Financial Professional than an advisory account that generates compensation in the form of investment advisory fees.

### **Financial Professional's Outside Business Activities**

Financial Professionals are permitted to engage in certain pre-approved business activities other than the provision of brokerage and advisory services through IPI, and in certain cases, a Financial Professional receives more compensation, benefits and non-cash compensation through the outside business than they receive from us. Some Financial Professionals may hold other professional positions such as: accountants, real estate agents, insurance agents, tax preparers, or lawyers. Some Financial Professionals refer customers to other service providers and receive referral fees. If you engage with a Financial Professional for services separate from services offered by IPI, you may wish to discuss with him/her any questions you have about the compensation he/she receives from the engagement.

**Find additional information** about your Financial Professional's outside business activities is available on FINRA's website at <http://brokercheck.finra.org>.



## ***Third Party Compensation***

### **Product Due Diligence Fees**

IPI may charge a due diligence fee to product sponsors when adding new investment products or share classes of an investment product to its investment platforms. When a new investment product or fund family joins our platform, IPI may charge from \$0.00 up to \$7,500 to add them to our list of offerings. On some alternative products, IPI may receive an ongoing marketing allowance or due diligence fee which is usually 0.5% to 1.5% of the total dollar amount invested at the time of sale.

### **IPI Strategic Partner Program**

IPI has created the Strategic Partner Program ("Program"), whereas we establish strategic alliances with knowledgeable accountants, attorneys and other third parties, including some product sponsors. Participants in the Program may pay IPI in exchange for a variety of benefits and services, including but not limited to access to our annual conference, networking with our Financial Professionals, marketing support and promotions. The Program has varying levels of participation proportionate to the amount paid by the third party.

### **Field Marketing Organizations ("FMO")**

A Field Marketing Organization ("FMO") works with insurance companies to market their products. IPI has agreements with FMOs in which it receives compensation (commonly referred to as an override) from the FMO on the sale of various insurance products. Such compensation is paid to us from the FMO and the FMO is paid by the insurance company. This compensation may vary based on the type of investment product, the Sponsor Company and the amount of assets you invest.

## ***Conflicts of Interest & Other Compensation***

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. 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:

### **Markups and markdowns for principal transactions**

When you buy or sell fixed income securities in a brokerage account, and in accordance with industry regulations, we typically impose a markup (increase) or markdown (decrease) in the price of transactions we execute on a principal basis. We are compensated based upon the difference (markup) between the price you pay for securities purchased from us and the price we sell such securities to you over the prevailing market price, or the difference (markdown) between the price you sell securities to us and the price we purchase such securities from you over the prevailing market price. The maximum markup/markdown on a transaction with a customer that we may receive when acting in a principal capacity typically does not exceed 5.00% of the value of the security. On rare occasions, a markup/markdown may exceed 5.00 % on a deeply discounted security. We maintain policies and procedures reasonably designed to help ensure compliance with the markup and markdown industry rules.

purchases or fails to deliver negotiable securities for liquidations before trade settlement), IPI will cancel the trade and any resulting monetary loss will be borne by the customer. In the case of a trade that requires a correction and that resulted in a monetary gain to the customer, such gain may be removed from the account and may result in a financial benefit to IPI.

### **Rollovers**

In the event you choose to roll assets out of a retirement plan, such as a 401(k) plan, and into an individual retirement account (IRA), we have a financial incentive to recommend that a customer invests those assets with us, because we will be paid on those assets. A customer should be aware that such fees and commissions likely will be higher than those the customer pays through the plan, and there can be custodial and other maintenance fees. As securities held in a retirement plan are generally not transferred to an IRA, commissions and sales charges may be charged when liquidating such securities prior to the transfer, in addition to commissions and sales charges previously paid on transactions in the plan.

### **Error Correction**

In the event a trade error occurs and is the cause of IPI or one of our Financial Professionals, we will cancel the trade and remove the resulting monetary loss from your account. If a trade correction is required as a result of a customer (e.g., if a customer does not make full payment for

### Limitations on Investment Recommendations

IPI and our Financial Professionals offer and recommend investment products only from investment sponsors with which we have entered into selling and distribution agreements with. Other firms may offer products and services not available through IPI and/or they may offer the same or similar investment products and services at lower cost than us. In addition, IPI may only offer certain products in a brokerage account, even though there is a version of the product that may be offered at a lower cost through an advisory account, and vice versa. The scope of products and services offered by certain Financial Professionals may also be more limited than what is available through other Financial Professionals. A Financial Professional's ability to offer individual products and services depends on his/her licensing, training or branch

office policy restrictions. For example, a Financial Professional maintaining a Series 6, Series 63 and Life Insurance Agent license is limited to providing investment company securities, such as mutual funds and UITs and variable annuity contracts. A Financial Professional maintaining a Series 7, Series 63 and Life Insurance Agent license is able to provide solutions including all securities available for sale by a Series 6 representative as well as individual stocks, bonds, and alternative investments, among others. As another example, a Financial Professional may only be licensed to provide brokerage services, and not advisory services, or vice versa. You should review the licenses held by your Financial Professional by visiting the FINRA BrokerCheck system at <http://brokercheck.finra.org>.

## Conflicts & Compensation Related to Our Affiliates

### IPI Wealth Management<sup>SM</sup>

IPI is under common ownership with IPI Wealth Management<sup>SM</sup>. ("IPIWM"), an SEC registered Investment Adviser. Being under common ownership means we share some expenses and some resources, such as our employees and Financial Professionals. The relationship between the two affiliates creates an incentive for us to refer business between the two entities, therefore, if you are seeking investment advisory services, your Financial Professional will refer you to use IPIWM.

## Disclosures & Resources:

Title	Web address
Mutual Fund/529 Disclosures	<a href="#">View Form Here</a>
Alternative Disclosure Form	<a href="#">View Form Here</a>
Retirement Account Disclosure	<a href="#">View Form Here</a>
Brokerage to Advisory Conversion	<a href="#">View Form Here</a>
Annuity Suitability & Disclosure	<a href="#">View Form Here</a>
RBC Express Credit Disclosure	<a href="#">View Form Here</a>
RBC Insured Deposits Disclosure	<a href="#">View Form Here</a>
RBC Express Credit Account Agreement + Application	<a href="#">View Form Here</a>
Cash Sweep Program	<a href="#">View Form Here</a>
IPI New Account Form Investment Objectives & Risk Tolerance	<a href="#">View Form Here</a>