

## **FNFD Compensation for Sales of Annuities and Mutual Funds**

### **Commissions**

FNFD has entered into selling agreements with the distribution affiliates of various insurance companies, who serve as principal underwriters in the sale of the insurance company's tax-deferred annuities. Up front commissions are paid by the insurance companies, or their affiliates, to FNFD at the time of sale. In some instances trail commissions (fees paid for customers that maintain their annuity contracts generally for more than one year) may also be paid to FNFD on an ongoing basis. FNFD in turn pays a portion of the commissions received from the annuity company distributors to its Registered Representatives.

FNFD is also subject to selling agreements with mutual fund companies, or their distribution affiliates, for the sale of mutual fund shares. Up front commissions are paid by the fund companies, or their affiliates, to FNFD at the time of sale. Trail commissions are also paid to FNFD on an ongoing basis. FNFD in turn pays a portion of the commissions received from the fund companies to its Registered Representatives.

### **Additional Payments**

The mutual fund companies and insurance companies, or their distribution affiliates, may also make additional payments to FNFD, to among other things, encourage the sale of their mutual funds or tax-deferred annuity contracts. These payments are made to FNFD, and FNFD does not pay any portion to its registered representatives. In general, these payments are one time non-recurring payments and are used to reimburse FNFD for some or all of the expenses associated with hosting or sponsoring client appreciation meetings or client and prospect seminars, such as meeting space, meals, refreshments or entertainment. The mutual fund or insurance companies, or their distribution affiliates, may also employ "wholesalers" to assist them in the sales process. From time to time wholesalers may visit with FNFD Registered Representatives and pay for the costs of any meals, refreshments or entertainment associated with these visits. The additional payments could be viewed as creating conflicts of interest or incentives for a Registered Representative to recommend products from the mutual fund or insurance companies making these payments.

For more complete information on any tax-deferred annuity or mutual fund you may be considering investing in, including charges and expenses, and compensation to financial institutions, please review the prospectus for that specific annuity or mutual fund. A current prospectus can be obtained from your Registered Representative.

### **Additional Payments from Federated Funds for Investment of Idle Cash in Brokerage Accounts**

FNFD receives certain payments from the Federated Funds themselves and/or from Federated. These include payments for distribution assistance in accordance with plans adopted by the Funds' Board of Directors pursuant to Rule 12b-1 under the Investment Company Act of 1940, payments for shareholder services provided to the Funds, including statement preparation and shareholder subaccounting, and payments for distribution and promotional assistance from Federated out of its own resources (including fees it receives for portfolio management). The amount of such payments range from 0 to .60 of 1% of client cash balances invested in the Federated Funds, depending upon the Fund in which the balances are invested and the average aggregate monthly balances of FNFD customer cash balances invested. Such payments are received through First Clearing LLC, FNFD's clearing firm, which also receives payments with respect to such balances.

A current Prospectus of the Federated Fund(s) for investment of idle cash in brokerage accounts can be obtained from your Registered Representative.