

Explanation of Product Costs & Product Sponsor Compensation

FIXED ANNUITIES

Description

- Fixed annuities are contracts issued by insurance companies that guarantee a fixed interest rate for a specified period of time.
- Fixed indexed annuities are contracts issued by insurance companies where the returns are based upon the performance of a market index, such as the S&P 500. The principal investment is protected from losses in down markets, subject to the solvency of the issuer, while gains add to the annuity's returns.

Fees and charges paid directly by customers

Typically, fixed annuities do not have upfront sales loads or ongoing expenses. The insurance company's costs are built into the interest rate paid on the contract. However, depending on the terms of the annuity, you can pay additional annual fees, including premium taxes and fees for any optional riders selected. Optional riders are provisions that may be added to an annuity contract to increase or limit benefits the contract otherwise provides. Annual fees are generally deducted from the annuity contract value. If the annuity is surrendered before a designated period of time, you will generally have to pay the insurance company a surrender fee specified in the contract (the amount is reduced over time and generally lasts 5 – 10 years).

Compensation CCS receives from third parties

CCS receives commissions for the sale of an annuity from the insurance company issuing the annuity. Insurance companies pay CCS a commission in the first year, and trailing (ongoing) commissions, if any, for each year the customer owns the contract. Insurance companies allow the Financial Professional to choose among various commission structures, which generally provide that when there is a higher first-year commission, there will be a lower or \$0 trail commission (and vice versa).

- For fixed annuities, the first-year commission is usually between 1.50% – 4.00% of the initial client's investment, with an annual trailing commission of up to 0.25% of the total value of the annuity assets.
- For fixed indexed annuities, the first-year commission is usually between 1.00% – 5.00% of the client's initial investment, with an annual trailing commission of up to 1.0% of the total value of the annuity assets.

Financial Professional Compensation

Your Financial Professional receives a percentage of the commissions and trails (if any) based on his or her payout rate.

VARIABLE ANNUITIES

Description

Variable annuities are contracts issued by insurance companies into which the buyer makes a lump-sum payment or series of payments. In return, the insurer agrees to make periodic payments beginning immediately or at some future date. The customer's premiums are paid to the issuing insurance company. At the customer's direction, the insurer allocates the customer's premium payments to investment options,

such as sub-accounts (which are similar to mutual funds) or directly into the general account of the insurance company that manages the portfolios. The value of the account during the accumulation phase and the payments after annuitization vary, depending on the performance of the investment options chosen.

Variable annuities can be issued individually or as group annuities. Group variable annuities are contracts issued by insurance companies to businesses or other eligible organizations, often as funding vehicles for qualified and nonqualified retirement plans.

Fees and charges paid directly by customers

Depending on the terms and share class of the annuity, customers pay additional annual fees as follows: Mortality risk and expense charge ("M&E"). This is a yearly charge that compensates the insurance company for insurance risks it assumes under the annuity contract. The charge typically ranges from 1.00% to 1.70% of the annual total account value.

Administrative fee and annual maintenance fee. This yearly charge covers recordkeeping and other administrative expenses. This may be charged as a flat account maintenance fee (typically ranging from \$25 or

\$50 per year) or as a percentage of the account value (typically in the range of 0.15% per year)

Investment management fees and expenses. These fees and expenses are paid to the firm that manages the investment portfolios and may include affiliates of the insurance company. These vary depending on which investment portfolios the client chooses.

Optional riders are provisions that may be added to an annuity contract to increase or limit benefits the contract otherwise provides. The customer will be charged additional fees if they select optional contract features, such as a stepped-up death benefit or a living benefit. The fees for some benefits may continue after the optional feature ceases to provide a benefit.

Contingent Deferred Sales Charge ("CDSC" or "surrender charge"). If you withdraw money from a variable annuity within a certain period after a purchase payment (typically within seven years), the insurance company usually will assess a "surrender charge". Generally, the surrender charge is a percentage of the amount withdrawn, and declines gradually over a period of several years, known as the "surrender period". The surrender period typically starts when the client makes an investment.

Compensation CCS receives from third parties

CCS receives commissions for the sale of an annuity from the insurance company issuing the annuity. Insurance companies pay CCS a commission in the first year, and trailing (ongoing) commissions, if any, for each year the customer owns the contract. Insurance companies allow the Financial Professional to choose among various commission structures, which generally provide that when there is a higher first-year commission, there will be a lower or \$0 trail commission (and vice versa). The amount of first year commission to CCS is usually between 1% to 7%, with an annual training commission ranging from 0.25% to 1.00%. There are three ways for your Financial Professional to be paid: (1) a lump sum; (2) a payout over time; or (3) a combination of the two.

Financial Professional Compensation

Your Financial Professional receives a percentage of the commissions and trails (if any) based on his or her payout rate.

MUTUAL FUNDS

Description

Mutual funds are open-end investment vehicles designed to invest in a group of assets in accordance with stated investment objectives. Many mutual funds offer several classes of shares that represent an interest in the same portfolio of securities. The principal difference among the classes is the fees and expenses charged by the mutual fund. Fees and expenses in a mutual fund reduce the net asset value of the fund and the investment return. Not all share classes are available for all account types and/or programs.

Fees and charges paid directly by clients

Some fund share classes have an upfront sales charge or a Contingent Deferred Sales Charge (CDSC), also known as a back-end sales charge. Many mutual funds allow for a reduction or waiver of the upfront sales charge based upon, among other things, the amount of your total investments in the particular mutual fund family, investor type, as well as the type of account in which the assets are invested (i.e., advisory).

Requirements for a reduction or waiver of upfront sales charges are detailed in the prospectus.

Upfront sales charges are charged for A shares and can range from 0.00% – 5.75% but most typically we receive 3.00% to 5.75%. Many mutual funds allow for a reduction or waiver of the upfront sales charge based upon, among other things, the amount of your total investments in the particular mutual fund family, investor type, as well as the type of account in which the assets are invested (i.e., advisory). Requirements for a reduction or waiver of upfront sales charges are detailed in the prospectus.

Back-end sales charge. These are sales charges that are applied upon redemption of mutual fund shares within a specified number of years (varies by prospectus). These sales charges are also referred to as a Contingent Deferred Sales Charge, or CDSC. These charges generally range from 1% – 5.5%, but typically are 4% for B shares and 1% for C shares. These charges can be reduced or eliminated based on how long the shares are held and as described in the prospectus.

Investor and Institutional shares. These shares have no front end or back end charges and are generally limited to institutional investors or for purchase in an advisory account. Some funds may also pay trail commissions in which case the trail commission would be credited back to the advisory account. These shares are not available in a brokerage account.

Redemption fee. Mutual funds may charge customers a redemption fee, typically between 0.25% – 2%, on shares redeemed shortly after purchase. CCS does not receive this compensation. Details can be found in the fund prospectus

Compensation CCS receives from third parties

Mutual Funds traded in clearing accounts are assessed standard clearing account fees.

Many mutual funds pay a 12b-1 fee to CCS directly from the fund's assets. Like other fees and expenses in a mutual fund, 12b-1 fees will reduce investment returns. The exact amount varies among funds and share classes but is disclosed in the applicable fund prospectus. The typical ranges of 12b-1 fees in mutual funds we offer are as follows:

A shares: 0.00% – 0.50% (most frequently 0.25%)

C shares: 0.25% – 1.00% (most frequently 1.00%)

Retirement shares: 0.00% – 1.00% (most frequently 0.50%)

Financial Professional Compensation

Your Financial Professional receives a percentage of the commissions, sales load and trails (if any) based on his or her payout rate.

529 COLLEGE EDUCATION PLANS

Description

State-sponsored programs designed to help finance education expenses.

Fees and charges paid directly by clients

Like mutual funds, 529 Plans generally carry sales charges, either front-end or deferred, based on the number of 529 investment units owned.

Compensation CCS receives from third parties

Certain share classes also pay our Firm trail compensation as described above.

Financial Professional Compensation

Your Financial Professional receives a percentage of the commissions based on his or her payout rate.

CLOSED END FUNDS

Description

A type of investment company with a fixed number of shares that is listed on an exchange.

Fees and charges paid directly by clients

Customers pay a commission based on the quantity of shares purchased or sold and their corresponding fund prices.

Compensation CCS receives from third parties

Closed-end funds are traded in clearing accounts and are assessed standard clearing account fees.

Financial Professional Compensation

Your Financial Professional receives a percentage of the commissions based on his or her payout rate.

EXCHANGE TRADED FUNDS (ETF'S)

Description

An ETF is an interest in a pooled investment fund that can be bought and sold in the open market. These funds typically hold portfolios of securities that correspond to the price and yield performance of a particular broad market index or basket of securities for a particular industry, sector or geographic region, minus annual fees and expenses.

For more information, please refer to the fund prospectus.

Fees and charges paid directly by clients

Clients typically pay a commission in connection with the purchase or sale of an ETF

Compensation CCS receives from third parties

ETF's are traded in clearing accounts and are assessed standard clearing account fees.

Financial Professional Compensation

Your Financial Professional receives a percentage of the commissions based on his or her payout rate.

UNIT INVESTMENT TRUST (UIT)

Description

UITs are investment companies that purchase a fixed unmanaged portfolio of securities and subsequently sell shares in the trust to investors. For more information, please refer to the fund prospectus/

Fees and charges paid directly by clients

Clients typically pay the UIT sponsor either a deferred sales charge or a combination of upfront and deferred sales charges as disclosed in the prospectus. The maximum upfront sales charge paid typically ranges from 1.85% to 3.95% and depends on whether the UIT is equity or fixed-income and can depend on the length of term of the UIT.

Compensation CCS receives from third parties

UIT'S traded in clearing accounts are assessed standard clearing account fees.

Financial Professional Compensation

Your Financial Professional receives a percentage of the commissions based on his or her payout rate.

EQUITIES (STOCK)

Description

Equity securities include common stock.

Fees and charges paid directly by clients

You pay a commission based on the quantity of shares purchased or sold and their corresponding stock prices. Commissions are negotiable and generally range from .75% to 3% of the principal involved.

Compensation CCS receives from third parties

Equity securities are traded in clearing accounts and are assessed standard clearing account fees.

Financial Professional Compensation

Your Financial Professional receives a percentage of the commissions based on his or her payout rate.

OPTIONS

Description

You pay a commission to buy or sell an option based on the number of contracts and the principal amount of the trade.

Fees and charges paid directly by clients

You pay a commission based on the quantity of shares purchased or sold and their corresponding stock prices. Commissions are negotiable and generally range from .75% to 3% of the principal involved.

Compensation CCS receives from third parties

Option contracts are traded in clearing accounts and are assessed standard clearing account fees.

Financial Professional Compensation

Your Financial Professional receives a percentage of the commissions based on his or her payout rate.

MUNICIPAL BONDS

Description

Municipal securities are bonds issued by states, cities, counties and other governmental entities to raise money, typically for general governmental needs or special projects.

Fees and charges paid directly by clients

Clients pay a markup (in the case of a purchase) or a markdown (in the case of a sale) that varies depending on the bond type and duration.

Compensation CCS receives from third parties

Municipal bonds are traded in clearing accounts and are assessed standard clearing account fees.

Financial Professional Compensation

Your Financial Professional receives a percentage of the commissions based on his or her payout rate.

FIXED INCOME BONDS

Description

Taxable fixed income securities include:

- Corporate bonds
- US Treasuries
- Federal agency bonds

Fees and charges paid directly by clients

Clients pay a markup (in the case of a purchase) or a markdown (in the case of a sale) that varies depending on the bond type and duration.

Compensation CCS receives from third parties

Fixed-income bonds are traded in clearing accounts and are assessed standard clearing account fees.

Financial Professional Compensation

Your Financial Professional receives a percentage of the commissions based on his or her payout rate.

ALTERNATIVE INVESTMENTS

Description

Alternative investments we offer include, but are not limited to, real estate investment trusts (REIT), private placements and limited partnerships. For more information, please refer to the prospectus or private placement memorandum for each fund.









Fees and charges paid directly by clients

Client fees for investing in alternative investments are based on various factors, such as whether the investment is or isn't nonproprietary, and/or by product type.

Compensation CCS receives from third parties

Trails, in any pursuant to the prospectus or offering document.

Have More Questions?

CUSTOMER RELATIONSHIP	BEST INTEREST	ADDITIONAL	AVAILABLE AT	OR CONTACT			
							
FORM CRS	DISCLOSURE GUIDE	INFORMATION	http://ccsmadison.com/#disclosures	Your Financial Professional or contact us directly 608.221.4545 info@ccsmadison.com			



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