



Ameriprise Financial Services, Inc. 70100 Ameriprise Financial Center Minneapolis, MN 55474

# Ameriprise Financial Services, Inc. Risk Acknowledgement Disclosures



## Structured CDs

### Acknowledgements

You understand that a deposit in an Equity Linked CD ("CD") (referred to as "Structured CD") is more complex than the purchase of a traditional CD and/or debt security, and involves a degree of risk. Such risks include, but are not limited to the following:

- **FDIC Insurance.** Although CDs are generally FDIC insured up to the applicable limits (currently \$250,000), the FDIC insurance applies only to your deposit and will not cover any potential performance. FDIC thresholds are limited to all deposits held in the same insurable capacity at any one issuer. You are responsible for monitoring the total amount of deposits that you hold with any one issuer, either directly or through an intermediary, in order for you to determine the extent of deposit insurance coverage available to you.
- **How Your Return Is Determined. Your return is determined by a formula disclosed in the offering documents, and is paid only on the specified date(s).** Your payment at maturity may be lower than your payment on a comparable traditional CD and/or debt security. You may be sacrificing higher returns in exchange for FDIC protection. Please see "Costs" section for additional information on potential impacts to your performance.
- **Lack of Liquidity.** Generally, Structured CDs are not listed on an exchange, do not trade, and are not liquid. The price is provided by the issuer, or an affiliate of the issuer. In addition, broker-dealers affiliated with the issuers often make a market in Structured CDs, but may not be able to offer liquidity, or the price may be substantially less than your original payment. You should be willing and able to hold your Structured CD until maturity.
- **Be aware of call risk.** Call risk refers to the possibility that the issuer could call or redeem your CD before maturity. This generally happens when it is in the issuer's - rather than your - best interest to do so, such as when interest rates fall. While the bond's principal is repaid early, you might be unable to find a similar investment with as attractive a yield.
- **Tax Treatment:** You should consult each Structured CD's prospectus or offering documents and your tax advisor to discuss the tax implications unique to structured products. Some Structured CDs may require you to pay taxes on accrued original issue discount (OID) even though you will not receive payment until maturity. Accrual of OID in excess of the actual amounts you receive at maturity will likely be treated as ordinary loss.
- Typically, structured CDs in a non-qualified, taxable account will receive a Form 1099-OID, Original Issue Discount. You may accrue income at a rate equal to the issuer's "comparable yield." This may be referred to as "phantom income" which is income that you have not yet actually received, but that you must declare as income and upon which you must pay income tax. The comparable yield and OID accrual schedule may be in the final Term Sheet that you receive for this purchase.
- Structured CDs in a qualified account will not be affected by these tax considerations, though your yield may be affected if you sell the product prior to maturity.
- **Costs.** The initial issue price of your purchase includes the underwriter's commissions, the issuer's cost of hedging its obligations for the deposit, and possibly other costs and expenses. The issuer will use part of your deposit to fund hedging activity, which means that less of your deposit is working for a performance return and that your performance return may be adversely impacted. To the extent the issuer generates proceeds from hedging activity, the proceeds are retained by the issuer.
- **No Obligation to Accept Deposits.** The issuer is not obligated to accept your deposit. Financial or other circumstances of the issuer may result in your deposit not being accepted on its scheduled date, or at all.
- **Potential Conflicts of Interest.** In exchange for certain services, (such as distribution, marketing, and customer service), distributors pay Ameriprise Financial a portion of the proceeds generated from the sale of Structured CDs. The fee Ameriprise Financial may receive consists of selling commissions, selected dealer fees and/or marketing support fees at the time of sale. Distributors also pay for sales and training seminars for clients and Ameriprise financial advisors, and reimburse the cost of technology and other expenses associated with the offering. In addition, the issuer may pay certain fixed amounts as agreed by issuer and Ameriprise Financial in connection with the cost of implementing systems to support the sale and distribution of the Structured CDs by Ameriprise Financial. Specific arrangements vary from distributor to distributor and may be subject to change at any time and will be provided to you upon request. To the extent that fees paid to a financial advisor in connection with the sale of Structured CDs are more than the fees paid for the sale of other investments or products, an advisor may have an incentive to recommend Structured CDs, which may pay a higher fee.



- **General Market Risk.** General market and economic factors, some of which may be unpredictable, will affect the underlying instruments or the value of the Structured CD.
- **Review of Issuers of financial products.** Ameriprise Financial, Inc. and its affiliates (“Ameriprise Financial”) have policies and procedures in place to review the issuers of financial products such as Structured CDs that Ameriprise Financial Services permits its financial advisors to offer to some or all of its clients. This review includes publicly available information and reports issued by third party rating agencies, and may in some cases include certain nonpublic information provided by the issuer. Ameriprise Financial has no obligation to provide such information to you, and you are relying solely on the information in the applicable disclosure documents. Ameriprise Financial periodically reassesses, but does not continuously monitor, the creditworthiness or financial solvency of third party issuers. These policies and procedures are reasonably designed to mitigate your exposure to credit and default risks resulting from an inability of the issuer to repay the principal on a CD or fulfill an insurance obligation. However, you should be advised that credit markets can be volatile and the creditworthiness of an issuer may change rapidly. Ameriprise Financial, as a seller of these products, is prohibited by regulation from guaranteeing or providing any assurance that an issuer of financial products will be able to fulfill the issuer’s obligation to any purchaser of such a product through Ameriprise Financial.

**Clients who have acknowledged the risks of these products have made the following representations:**

- You have been offered an opportunity, alone and with your advisor, to consult with Ameriprise Financial regarding the purchase of Structured CDs generally, and all of your questions have been answered to your full satisfaction.
- You have determined that Structured CDs, generally, are appropriate for you and your account, and are suitable for your investment needs and portfolio, notwithstanding the risks presented by the purchase.
- When received, you will carefully read the issuer’s prospectus or disclosure document, supplements, and term sheet, including the “Risk Factors” described therein.
- You acknowledge that you have sufficient investment experience and the level of sophistication to be capable of evaluating the relative merits and risks of owning Structured CDs.
- You acknowledge that you have the ability to bear the economic risk of owning Structured CDs.

**Additional Representation for Certain Qualified Accounts.** If the Structured CD is being purchased in an Individual Retirement Account or an account maintained under an employer sponsored retirement plan qualified under Internal Revenue Code of 1986 (the “Code”) section 401(a) or 403(b) (collectively referred to as a “Qualified Account”), then you make the following additional representation:

- **No Prohibited Transaction.** You represent that the issuer of each Structured CD purchased in your Qualified Account is not a party in interest or disqualified person to your Qualified Account as those terms are defined under the Employee Retirement Income Security Act of 1974 (“ERISA”) or the Code. In general, a service provider, fiduciary, or an entity affiliated with either would be considered to be a party in interest or disqualified person.

Structured CDs are distributed by Ameriprise Financial Services, Inc., but are issued by third party sponsors.

Brokerage, investment, and financial advisory services made available through Ameriprise Financial Services, Inc. Member FINRA and SIPC.