

The Pension Protection Act (PPA) Advice Exemption: What Our Clients Should Know

Why we are contacting you

Our commitment is to provide you with information to help you evaluate the benefits, risks and costs of the investment products and services available to you as part of the value of your ongoing advisory relationship with us.

This disclosure document, *The Pension Protection Act (PPA) Advice Exemption: What Our Clients Should Know*, contains important information that we will send to you each year. It outlines our roles and responsibilities to you for your retirement account, which we refer to in this document as a "Tax-Qualified Managed Account." Specifically, this document describes our adoption of a provision in federal law called the **PPA Advice Exemption**, which regulates how Ameriprise Financial Services, LLC ("Ameriprise Financial"), our affiliates and our financial advisors can be compensated when managing your account.

Please review this document and keep with your records. No further action is required.

We're here to help. If you have any questions, please:

- Contact your financial advisor
- Call an Ameriprise Financial client service representative at **800.862.7919**, enter the information requested and say "Representative" at the main menu.
- Mail a signed, written request that includes your account number(s) to:
Ameriprise Financial Services, LLC, 70215 Ameriprise Financial Center, Minneapolis, MN 55474

Thank you for choosing Ameriprise Financial. We appreciate your business and look forward to continuing to help you reach your financial goals.

Fiduciary status under ERISA and the Internal Revenue Code

When Ameriprise Financial ("We", "Us" or "Our"), provides your Tax-Qualified Managed Account with investment advisory services as described in your advisory agreement and either the Ameriprise Managed Accounts Client Disclosure Brochure or Ameriprise Managed Accounts and Financial Planning Service Client Disclosure Brochure, as applicable, we will be a fiduciary under the Internal Revenue Code of 1986 (the "Internal Revenue Code") and, if your Tax-Qualified Managed Account is part of an employer-sponsored retirement plan, the Employee Retirement Income Security Act of 1974 ("ERISA"). Fiduciaries under ERISA must act prudently and with only your interest in mind when providing you recommendations on how to invest your retirement assets.

The Internal Revenue Code and ERISA place certain limitations on fiduciaries, and, in particular, permit us and companies affiliated with us to receive compensation that varies based on our investment recommendations, as long as we meet the requirements of an exemption. One such exemption is the PPA Advice Exemption. We will rely upon the PPA Advice Exemption with respect to your Tax-Qualified Managed Accounts held within the following advisory account programs:

- Ameriprise® Strategic Portfolio Service *Advantage*
- Ameriprise® *Active Portfolios*®
- Ameriprise® Select Separate Account
- Ameriprise® Vista Separate Account
- Ameriprise® Investor Unified Account
- Ameriprise® Access Account

How Ameriprise Financial and our affiliates are compensated

This section describes how Ameriprise Financial and our affiliates are compensated when using the PPA Advice Exemption.

Compensation

Ameriprise Financial and your financial advisor will be compensated directly for the advice we provide under the terms of your advisory agreement. We will receive an ongoing advisory fee based on the value of the assets held in your advisory account. Neither Ameriprise Financial nor your financial advisor will be compensated based on which investments you select within your advisory account, or receive commissions for individual transactions you make in these accounts.

Affiliate compensation

Companies affiliated with us will also provide services related to the operation of your account for which they will be compensated. These services include investment management, recordkeeping and administration, and custody and shareholder servicing for many of the investment products available within your advisory account.

When we recommend that you invest your assets in an investment fund or portfolio and you follow that advice, the investment manager of that fund or portfolio will receive compensation for its services. This applies whether the investment manager is an unrelated third party or is an affiliate of Ameriprise, such as Columbia Management Investment Advisers, LLC ("CMIA"). When you invest in funds or portfolios managed by CMIA, CMIA or its affiliates will receive compensation for managing investments and for other services they provide to the fund or portfolio based on the amount you invest, just as they would for investors at other firms. The amounts paid to CMIA or its affiliates will vary depending on the particular fund or portfolio in which you invest and will generally range from 0.20% to 1.31% of your assets held in the fund or portfolio, but may be higher for certain alternative strategies where CMIA passes on interest expense associated with securities sold short.

CMIA will also receive proprietary and/or third-party research services from certain broker-dealers through which it executes transactions on behalf of client funds held in the mutual funds and other portfolios it manages. For more information about our affiliates' commission practices, please review CMIA's Advisory Brochure ("Form ADV") by searching the Securities Exchange Commission's investment adviser public disclosure website by firm name at adviserinfo.sec.gov.

In certain situations, such as when you request overnight delivery of a statement reprint, American Enterprise Investment Services, Inc. ("AEIS"), our affiliated clearing firm, will charge your advisory account. These fees are described in the Fee Schedule section of the Ameriprise Financial Schedule of Account and Service Fees, which is available at ameriprise.com/disclosures. The Fee Schedule may be amended from time to time. In addition to receiving such fees directly from your advisory account, AEIS will receive the following types of compensation with respect to the investments we recommend and that you select for the investment of your Tax-Qualified Managed Account assets. This compensation helps fund the cost of providing service, maintaining accounts and offering an investment advisory account program for our clients.

- **Mutual funds.** AEIS will receive cost-reimbursement payments from affiliated and unaffiliated mutual fund firms for investments, including money market mutual funds, you make as a result of our recommendations. This compensation varies depending on the particular mutual fund in which you invest. For both affiliated and unaffiliated mutual funds we offer, AEIS will earn compensation up to 0.20% of assets invested in those mutual funds, except for American Funds, which pays us an annual negotiated fee based on a number of factors including prior year assets in accordance with the prospectus governing each fund, not to exceed 0.20% of assets and the limits set forth in the applicable American Funds fund prospectus.

AEIS will also receive sub-transfer agency fees with respect to investments you make in affiliated and unaffiliated mutual funds. These fees vary depending on the mutual fund family and on whether the mutual fund keeps a separate record for each account (i.e., networked accounts) or relies on AEIS's recordkeeping (i.e., omnibus accounts). Compensation for sub-transfer agency services generally ranges from \$6 to \$12 per position annually for networked accounts, and from \$16 to \$19 per position annually for omnibus accounts or, if paid on an asset basis, from 0.10% to 0.15% annually of any amounts you have invested. In the case of some no-load fund families for which AEIS has a direct relationship, the compensation for sub-accounting, administrative and distribution support services are bundled into one asset-based fee of generally up to 0.35% (which may include a service fee of up to 0.25%) annually of the value of shares held in an account.

- **Cash-sweep program.** If your account sweeps uninvested cash to the Ameriprise Insured Money Market Account ("AIMMA"), our available multi-bank cash-sweep program, AEIS will receive compensation from the participant banks based on your cash balance. This compensation is negotiated between each Federal Deposit Insurance Corporation ("FDIC") member bank ("Program Bank") and AEIS, or between the Program Bank and our vendor, IntraFi Network LLC, and is based on a benchmark interest rate, such as the Federal Funds Rate, plus or minus a spread. You can find more information including an up-to-date example of the revenue AEIS receives from unaffiliated banks participating in AIMMA at ameriprise.com/products/cash-cards-lending.

Ameriprise Bank, FSB, an affiliate of AEIS, (i) participates in AIMMA; and (ii) holds deposits for the Ameriprise Bank Insured Sweep Account ("ABISA"), an interest-bearing single bank money settlement option made available by AEIS. ABISA is available to certain Tax-Qualified Managed Accounts. If your account sweeps uninvested cash to AIMMA, our affiliate AEIS receives compensation from the Program Banks based on the cash balance in the AIMMA program. If your account sweeps uninvested cash to ABISA or to Ameriprise Bank, FSB as a Program Bank in the AIMMA program, Ameriprise Bank, FSB does not compensate AEIS, but reimburses AEIS for its direct out-of-pocket expenses related to the sweep services provided.

The Program Banks participating in the AIMMA program earn income by lending or investing the deposits they receive and charging a higher interest rate to borrowers, or earning a higher yield than the Program Banks pay on the deposits held through these sweep programs.

The difference is known as the "spread." Like the unaffiliated Program Banks in the AIMMA program, Ameriprise Bank, FSB earns spread revenue from the AIMMA program when it is a Program Bank and from ABISA.

If your account sweeps uninvested cash to a money market mutual fund, AEIS may receive marketing support payments of up to 0.42% of the amount held in your money market mutual fund sweep account.

- **Ameriprise Select Deposit Program.** The Ameriprise Select Deposit Program is an interest-bearing bank deposit product made available by Ameriprise Financial Services. Deposits into Ameriprise Select Deposit Program are held in an omnibus account at Ameriprise Bank, FSB, an affiliate of Ameriprise Financial Services. Ameriprise Bank earns spread revenue, the difference between what it pays in interest and what it earns on its investments.
- **Actively Managed exchange-traded funds (ETFs).** AEIS will receive both a fixed dollar and asset-based cost reimbursement payments. AEIS will receive asset-based payments of up to 0.18% of the assets invested in these products. Additionally, AEIS receives an annual program fee (of up to \$400,000) per manager or distributor of the ETFs.
- **Unit investment trusts ("UITs").** AEIS will receive both a fixed dollar amount of cost reimbursement payments, based in part on projected UIT sales, as well as sales-based volume concessions. The total amount of these payments will not exceed 0.20% of total UIT sales.
- **Structured products.** Depending on the product, AEIS will receive payments between 0.25% and 0.60% of the amount you invest multiplied by the product's term. For example, a structured note with a three-year term and a 0.40% payout could have an upfront payment of 1.2% (three years x 0.40%).
- **Managed futures funds and hedge funds.** Depending on the product sponsor, AEIS will receive payments not to exceed 0.25% of the amount you invest in this product.
- **Separately,** AEIS will receive marketing and sales support payments from structured products, hedge fund and managed futures sponsors in the form of an optional subscription for financial advisor support for a fixed annual fee of up to \$250,000; these payments may exceed the ranges noted when combined with the payments described in the structured products and managed futures and hedge fund bullets above.
- **Shareholder Delivery Services.** AEIS is responsible for delivering to clients all shareholder materials (e.g., annual reports and proxies) received from the issuers of securities. It does this through a vendor. The vendor charges each issuer based on rates determined by the New York Stock Exchange. AEIS earns rebates from its vendor based on the difference between the rate charged to the issuer and the cost to the vendor to deliver the shareholder materials. The rebates are generally higher for customers who consent to utilizing electronic delivery.

Specific information concerning the fees and other charges of each investment in which your Tax-Qualified Managed Account may be invested is available in product prospectuses or offering materials, the Managed Accounts Client Disclosure Brochure or Managed Accounts and Ameriprise Financial Planning Service Client Disclosure Brochure (as applicable), or at ameriprise.com/disclosures. Please review all applicable information carefully before you make an investment decision.

Other compensation

Our financial advisors, employees and our affiliates' employees are subject to specific gifts and entertainment policies that prohibit them from receiving gifts that could influence their business judgment. Our policies also prohibit them from receiving cash gifts of any amount and any non-cash gifts exceeding certain limits (currently, \$100 per year from employees of other firms and \$250 from clients and prospects).

Our policy permits individual employees and financial advisors to receive certain non-cash gifts and entertainment (such as the value of a client appreciation event) from the sponsors of products we offer. Any gifts received are subject to our gift-policy guidelines and are to be received in connection with our overall business relationship with such sponsor, and not specifically in connection with business conducted with respect to your Tax-Qualified Managed Account.

Uninvested cash. AEIS will retain the proportionate share of any interest earned on aggregate cash balances held in AEIS's bank account with respect to an account's assets awaiting investment in, and on assets pending distribution from, your Tax-Qualified Managed Account. Such retained interest is part of AEIS's compensation for its services and is generally based on short-term investment rates. Assets awaiting investment include cash you deposit in your Tax-Qualified Managed Account and other un-invested assets held in your account as a result of an instruction to purchase or sell securities. Where such amounts are received by AEIS after deposit cutoff time on a business day, AEIS will earn interest on such amounts through the beginning of the following business day. If such amounts are received on a non-business day, interest will often be earned through the beginning of the second following business day. Business days include any day the New York Stock Exchange and the Federal Reserve Bank of New York are open.

AEIS also earns interest on assets pending distribution via check or on the cash portion of an in-kind transfer to another firm, as well as on cash balances during a change from one cash sweep product to another. Typically, the period in which AEIS earns interest related to these events ranges from one to three business days, but can last longer in some cases.

Rollovers and distributions. If you request a distribution or rollover or transfer assets from a qualified plan or another IRA held at a different custodian, we and our affiliates will earn compensation if you invest your assets in one of our advisory account programs. Such compensation will include our advisory fees and the compensation our affiliates will receive as a result of your investment selections, as described above. This information should be reviewed carefully before you make a decision to request a distribution or rollover.

Understanding the relationship between advice, fees and compensation

You should carefully consider the impact of the fees and compensation described above when you evaluate the investment advice that we and our financial advisors provide. The fees and other compensation that our affiliates receive are a significant source of revenue for Ameriprise Financial and its affiliates. However, your financial advisor does not receive any compensation other than a portion of the advisory fee you pay for the services he or she provides related to your advisory account.

- If your assets are held within an IRA, you are always free to move your IRA to another custodian (subject to any account termination, transfer or surrender charges as disclosed in your client agreement or product application) and to select another investment advisor to provide advisory services for your account. Other investment advisors and their affiliates may not have material affiliations with, or receive the same fees or compensation in connection with, the investment funds or products available for the investment of your IRA assets at Ameriprise.
- If your assets are held within an employer-sponsored retirement plan, you can speak with your employer to determine if other options to receive advice on your account are available to you.

Understanding investment returns

While understanding investment-related fees and expenses is important in making informed investment decisions, it is also important to consider additional information about your investment options, such as performance, investment strategies and risk. Your Ameriprise financial advisor is here to help you with any questions you have on these topics. You can also view historical rates of return for mutual fund investments available through your Tax-Qualified Managed Account by visiting the Fund Screeners link under the Research & Insights tab on ameriprise.com. For other types of investments, please contact your financial advisor for more information. Remember when reviewing rates of return that past performance does not guarantee future results, and your investment could lose money.

Parties involved in the selection of investment options

Ameriprise Financial or its affiliates have sole responsibility to determine which investment products, portfolios and managers will be available through our advisory account programs. Ameriprise's Investment Research Group conducts research and due diligence on these investment options and provides recommendations to management on matters including the addition or removal of an investment option in our advisory account programs.

If you select a portfolio or separately managed account ("SMA") from our advisory account programs, the investment adviser for the portfolio or SMA will be responsible for the selection of investments within that portfolio or SMA. Investment managers that construct portfolios or SMA strategies utilizing mutual funds and exchange-traded funds ("ETFs") may utilize any unaffiliated mutual fund or ETF available in the advisory program for which they provide investment advice, provided the fund selected meets operational and other requirements designed to facilitate transaction execution and ensure timely order processing.

How we use your personal information

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share and protect your personal information. California residents have additional rights. At Ameriprise Financial, the types of personal information we collect and share depend on the product or service you have with us.

Visit the Privacy, Fraud and Security Center at Ameriprise.com to view the Ameriprise privacy notice and the California Addendum for California residents. There you'll find the reasons we can share our customers' personal information, whether you can limit this sharing and how to do so. If you are a resident of California, you will find information on how to exercise your rights under California law.

Annual PPA Advice Exemption Audit Report

Ameriprise Financial participates in an annual audit by an independent auditor of our compliance with the conditions of the PPA Advice Exemption and related requirements. Results of the annual auditor's report are posted online within 30 days of our receiving the report. You receive a notification on your client statement with instructions on how to view the final report. This report is delivered to the authorized representative of each participant-directed retirement plan subject to the audit.

Investment advisory products and services are made available through Ameriprise Financial Services, LLC, a registered investment adviser.

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