

## **AMERIPRISE BANK, FSB DISCLOSURES APPLICABLE TO PERSONAL TRUST SERVICES**



This disclosure document provides important information and disclosures applicable to personal trust accounts offered by Ameriprise Bank, FSB ("Bank"). The document includes costs, compensation and the bank's affiliated relationships.

Certain information in this disclosure document is periodically updated and is subject to change without notice. If you desire a copy of the most updated disclosure information, please contact Ameriprise Bank, FSB.

### **USA PATRIOT ACT NOTICE**

Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account, including your name, address, date of birth, and other information that will allow us to verify your identity.

### **SERVICES AND FEES**

#### **General.**

Ameriprise Bank, FSB provides its services primarily to trusts, including revocable trusts, irrevocable trusts, and irrevocable life insurance trusts, custody and agency services. When considering acceptance of a new trust, custody or agency relationship, the Bank generally requires accounts with a minimum asset value of \$500,000.

The Bank will ordinarily accept trust assets in the form of stocks, bonds, mutual funds, or money market instruments. Assets that are inconsistent with the trust's or client's investment objectives will usually be liquidated and invested in securities that are consistent with the trust's or client's investment objectives. All dividends and distributions will be reinvested unless the trust document provides otherwise.

The fees the Bank may charge for investment management and/or administration are subject to change over time. The Bank will review and communicate any such fee changes made in the future.

The Bank's fees, applicable Ameriprise Financial Services, Inc. ("AFSI") and Ameriprise financial advisor fees and/or commissions, product fees and expenses, as well as any other charges, are deducted from the trust account each month based on the market value of the assets in the trust account at the prior month end.

#### **Investment Models and Fees.**

**The fees AFSI, an Ameriprise financial advisor and third parties may receive are separate and distinct from the Bank's fees.**

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Contact your Trust Officer for detailed product fees (which includes, for example, all investment products, life insurance and annuities, and financial planning). In addition to the investment management and administration fees below, these product fees and expenses will separately apply.

The Bank will charge separate fees for trust administration services based on the value of assets under management, as set forth in the Ameriprise Bank, FSB Fees And Charges Applicable to Personal Trust Services disclosure document ("Fees and Charges Document"). If you desire a copy of the most updated Fees and Charges Document, please contact the Bank.

The annual wrap fee you pay for an Ameriprise managed account ("Managed Account"), including the applicable Ameriprise financial advisor's fee schedule is subject to change over time. The Bank will review and communicate any such wrap fee changes made in the future.

In addition, the trust may pay a markup or markdown for transactions executed on a principal capacity with American Enterprise Investment Services, Inc. ("AEIS").

- Traditional investment model

With the traditional investment model, when serving as trustee or agent, the Bank is responsible for the administration of the trust or agency account as well as investment management services, and will charge a fee based on the value of assets under management, as set forth in the Fees and Charges Document. If you desire a copy of the most updated Fees and Charges Document, please contact the Bank.

**Referral Fee:** In the traditional investment model, if the Bank accepts a trust or agency relationship based upon a referral from an Ameriprise financial advisor, AFSI will receive a referral fee paid from the Bank. A portion of that referral fee is paid by AFSI to the Ameriprise financial advisor that made the referral. The referral fee is paid by the Bank from the fees earned for its services, and does not create an additional cost to the trust or agency account.

- Advisor-based investment model

With the advisor-based investment model, AFSI provides either brokerage services through a retail brokerage account, or investment advisory services through one or more *Ameriprise* Managed Accounts. An Ameriprise financial advisor will be assigned to your Ameriprise Managed Account(s) or Ameriprise brokerage account(s) and provide services to the trust account, including investment recommendations when applicable. The Bank provides oversight of the advisor's recommendations and is responsible for the administration of the trust or agency account.

Separate from transaction fees, such as commissions, sales charges and/or other fees on products purchased and sold in your trust or agency account, AFSI and your Ameriprise financial advisor may provide certain investment advisory services, including recommended asset allocations and investments in *Ameriprise* Managed Accounts. The applicable fees associated with those services, including any applicable wrap fees for certain products, will be reviewed and approved by the Bank as part of its trust account oversight obligations. The Bank considers various factors when evaluating and reviewing commissions sales charges or investment advisory

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fees, including the size of the account, the types of assets in the account and the applicable strategies implemented.

**The advisor-based investment model is typically more expensive than the traditional investment model.** However, regardless of the investment model used, it is the policy of the Bank to periodically review and monitor trust and agency accounts to ensure that no account is being charged excessive fees.

- Irrevocable life insurance trusts

In general, Irrevocable Life Insurance Trusts (“ILITs”) cannot be established at the Bank as a stand-alone trust account. Typically, in order to name the Bank as trustee of an ILIT, it should be accompanied by an additional asset-based trust that meets the minimum asset value and falls within the same household group.

The fees and charges for an ILIT account are set forth in the Fees and Charges Document. If you desire a copy of the most updated Fees and Charges Document for personal trust services, please contact the Bank.

- Custodial accounts

The bank provides custody services only and will charge a fee based on the value of assets under management, as set forth in the Fees and Charges Document. If you desire a copy of the most updated Fees and Charges Document, please contact the Bank.

The Bank is not the trustee for custody accounts. The serving trustee provides administration and investment management direction. All investment management fees and/or commissions, as well as applicable product fees and expenses, are separate from the Bank’s custodial account fees.

The Bank’s responsibilities for custody services are limited to the custody of the account assets, execution of transactions, tax preparation and providing account recordkeeping and statements. In a custodial arrangement, the client will provide investment management instructions to his/her financial advisor.

### **Ownership of Custody and Agency Accounts:**

When there are two or more individual owners of a custodial or agency account held in joint tenancy, the death of one individual co-owner will not result in the Bank ceasing to provide custody or agency services for the account. The surviving joint co-owner(s) will become the legal owner(s) of the entire account and the Bank will continue to provide custody and agency services for that person or person’s benefit.

However, the Bank’s services to a custodial and agency account for an account owner who is an individual that is not survived by a surviving joint tenant will result in the Bank ceasing to provide custody or agency services when the Bank receives notice that the individual account owner dies. In this instance, the Bank will stop providing custody or agency services for the account and wait for instructions from a court appointed representative authorized to assume responsibility of the decedent’s estate.

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When the account owner of the custodial or agency account is a trust, the Bank's services will not cease upon the death of the person serving as trustee. The Bank will continue to provide custody or agency services for the trust until differing instructions are received from a duly appointed successor trustee.

### **Additional Services Fees.**

Additional fees for certain services, including, but not limited to, preparation of federal/state fiduciary income tax returns, are set forth in the Fees and Charges Document. If you desire a copy of the most updated Fees and Charges Document, please contact Ameriprise Bank, FSB.

**Termination Fee.** The client or the Bank may terminate the Bank's services pursuant to the terms of the applicable agreement. The Bank reserves the right to charge a termination fee for any account receiving services provided by the Bank. The actual fee will be dependent on the complexity and actual costs associated with terminating the account and may be up to 2% of the account's assets.

### **Affiliate Compensation for Clearing and Settlement Services.**

The Bank effects securities transactions through AEIS, an affiliate of AFSI and the Bank. AEIS serves as clearing agent and receives a fee for providing clearing and settlement services for investment transactions that are executed for customers of AFSI and the Bank, including managed accounts.

## **AFFILIATE RELATIONSHIPS AND POTENTIAL CONFLICTS OF INTEREST**

### **General.**

The Bank owes a fiduciary duty to its trust and agency clients to whom it offers discretionary investment services when it accepts a trust or applicable agency relationship. This duty requires that the Bank provide administration and/or investment management that place the best interests of the trust or such agency client ahead of the bank's interests and the interests of its affiliates, including its affiliated financial advisors.

The Bank is a subsidiary of Ameriprise Financial, Inc. and conducts many of its activities directly with and through its affiliates. The Bank works with these affiliated companies, specifically including AFSI, to offer a broad array of financial products and services. These affiliates include companies under common control with the Bank by virtue of their status as direct or indirect subsidiaries of Ameriprise Financial, Inc. These affiliated relationships have the potential to create certain conflicts of interest.

The Bank and its affiliates provide written disclosures that describe these affiliated relationships and the conflicts of interest that may exist among the bank, its affiliated financial advisors and/or its affiliated companies in the Ameriprise Financial Client Relationship Guide and *Ameriprise Managed Accounts Client Disclosure Brochure* **under the "How we get paid" and "How our financial advisors get paid" subsections**. These documents clearly describe the revenues received by AFSI and its affiliates and the sources of those revenues, as well as the sources of compensation received by Ameriprise financial advisors. If financial planning services are

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provided to the trust, the Financial Planning Service Client Disclosure Brochure will be provided and available upon request.

In addition to this information, you will receive account statements and other information to allow you to see all investment activity in the trust, including fees and expenses incurred from the administration and investment management of the trust.

**Affiliates.** The Bank may invest trust or agency account assets in products managed, offered or otherwise serviced by AFSI and its affiliates. AFSI has a financial interest in the sales of proprietary products that are manufactured by its affiliates. AFSI and its affiliates receive more revenue from the sale of some financial products and services, particularly those products and services sold under the Ameriprise, Columbia Management and RiverSource brands, than for the sale of other products and services. In addition to the trust fees received by the Bank, certain mutual fund families pay AFSI or its affiliates a 12b-1 fee for providing services on behalf of the fund. Any 12b-1 fees received by AFSI for mutual funds held in any Ameriprise Managed Accounts will be rebated to clients and financial advisors do not receive compensation from 12b-1 fees assessed on mutual funds held in Ameriprise Managed Accounts. For brokerage accounts, both AFSI and individual financial advisors are compensated when clients buy mutual funds through AFSI. For more detail please review the Ameriprise Financial Client Relationship Guide and *Ameriprise Managed Accounts Client Disclosure Brochure*.

Additional terms and provisions regarding investment in proprietary products may be contained in the trust agreement governing the account. Clients will need to work with their own attorney to develop an appropriate trust agreement to fit their needs.

### **Methods for Analysis of Investment Products and Strategies.**

The Bank receives information and research from affiliates and independent rating services in order to evaluate investment products and strategies. The Bank's investment officers may also conduct their own analysis of securities.

The Bank utilizes various sources of information to assist in the evaluation of securities, including:

- Corporate rating services.
- Financial and industry trade publications.
- Research materials prepared by a wide variety of investment community resources, including affiliates.
- Economic reports and government services.

### **Investments and Products.**

The Bank provides both discretionary and non-discretionary investment management services to its personal trust services clients.

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A detailed Investment Policy Statement is created after account opening to develop, implement and monitor the investment objectives and the strategies used for each individual trust account, and to assess and account for any pre-existing or non-marketable assets transferred to the Bank.

It is important to remember that all investments involve risk, including possible loss of principal. Diversification does not assure a profit or protect against loss.

Trust or agency account assets are invested in accordance with the terms of the governing trust or agency document, as applicable, applicable laws and in accordance with the trust or agency account's investment policy statement, with consideration given to risk and return profiles.

**Investment products made available through AFSI are not FDIC insured, are not deposits or other obligations of Ameriprise Bank, FSB and are not guaranteed by Ameriprise Bank, FSB, and are subject to investment risks, including possible loss of principal invested.**

When the Bank is providing as part of personal trust services investment management services in the traditional investment model, account assets are typically invested in a diversified portfolio of mutual funds and/or Exchange Traded Funds (ETFs). The Bank may enter into a financial planning agreement with AFSI to provide certain planning fundamentals and investment planning to the trust paid for out of the fee charged to the trust. There are additional costs associated with a financial planning relationship that are agreed to by the trustee and borne by the trust. These fees are described in the *Ameriprise* Financial Planning Client Disclosure Brochure.

When AFSI provides investment advisory services, under the Bank's oversight, account assets are typically invested in certain investment advisory accounts, which are also known as an *Ameriprise* Managed Account. *Ameriprise* Managed Accounts have annual-asset based fees, or wrap fees, as further discussed above, that reflect the costs of an on-going investment advisory relationship. Please refer to the *Ameriprise* Client Relationship Guide and the *Ameriprise* Managed Accounts Client Disclosure Brochure for a full description of services, product disclosures and fees applicable to managed accounts.

### *Qualified/IRA Trust Accounts*

In accordance with regulatory guidelines concerning qualified and/or IRA trust accounts, the Bank is unable to purchase or hold any investments that pay compensation to affiliated parties. Therefore, the Bank will only accept a qualified and/or IRA trust account if it determines that it would be prudent to immediately sell such investments and purchase other investments that do not pay compensation to affiliated parties. If the Bank accepts the qualified and/or IRA trust account, it will seek to sell such investments shortly after funds are received and reinvest those funds into approved investment programs. However, before such investments have been sold and/or reinvested, there may be instances where these accounts may be charged commissions. Regardless of the investment model approved for the account, aggregate account fees will not exceed 1.5% of assets under management. Qualified and/or IRA trust accounts will be periodically reviewed and monitored by the Bank to ensure that total fees do not exceed this stated percentage amount.

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### Review of Accounts.

Daily financial updates of trust and agency account portfolios are available to the Bank to help monitor portfolio activity and composition. A Trust Officer and an Investment Officer are assigned to each trust and agency account. For each trust or agency account assigned, the Trust Officer and Investment Officer reviews a daily transaction ledger to confirm anticipated transactions have processed, to ensure no unusual transactions have occurred, and to verify receipts and disbursements are properly allocated.

Each year, and when market conditions occur that require changes in the composition of a portfolio, the Investment Officer or a staff member reviews the account to ensure that it contains a portfolio consistent with the objectives of the trust or agency services' clients.

The Investment Officer, and if the advisor-based investment model is used, the Ameriprise financial advisor, is provided with a copy of the account opening and the trust or agency account's Investment Policy Statement for each account.

Transaction confirmations will be sent to authorized parties. Account statements and other information are furnished to the trust's known beneficiaries showing all transactions that have taken place in the trust account and the account's current valuation.

Ameriprise Bank, FSB provides deposit, lending, and personal trust products and services to its customers, including clients of Ameriprise Financial Services, Inc. ("AFSI"). Ameriprise Bank, FSB and AFSI are subsidiaries of Ameriprise Financial, Inc. AFSI financial advisors may receive compensation for selling bank products.

Neither Ameriprise Bank, FSB nor AFSI financial advisors are authorized to give legal or tax advice. For specific legal or tax matters, clients should consult with their own legal and/or tax advisors.

**Investment products made available through AFSI are not FDIC insured, are not deposits or other obligations of Ameriprise Bank, FSB and are not guaranteed by Ameriprise Bank, FSB, and are subject to investment risks, including possible loss of principal invested.**

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

Ameriprise Financial Services, Inc. Member FINRA and SIPC.

Ameriprise Bank, FSB. Member FDIC. Equal Housing Lender



Investments:

Are not FDIC Insured	Are not bank guaranteed	May lose value	Are not a deposit	Are not insured by any federal or state government agency
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