



*Ameriprise*<sup>®</sup>

# Financial Planning Service

Client Disclosure Brochure

(Form ADV Part 2A)

March 2018

Ameriprise Financial Services, Inc.  
2773 Ameriprise Financial Center  
Minneapolis, MN 55474  
[ameriprise.com](http://ameriprise.com)

This Brochure provides information about the qualifications and business practices of Ameriprise Financial Services, Inc. If you have any questions about the contents of this Brochure, please consult with your financial advisor or contact us at 800.862.7919 between 7 a.m. and 6 p.m. Central time. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Ameriprise Financial Services, Inc. also is available on the SEC's website at [adviserinfo.sec.gov](http://adviserinfo.sec.gov).

Dear Valued Client:

Thank you for choosing Ameriprise Financial for your financial advice needs. We're committed to financial planning because over the years, we've learned it's the best way to help our clients feel more confident about the future.

We take a flexible approach, one that's based on your unique situation and financial goals. You and your advisor will talk about all aspects of your financial life and how they fit together. Once you both have a clear picture of where you are and where you want to be, your financial advisor will build a plan for you — one that includes solutions to help you reach your goals and track your progress along the way. And if you're ready to start planning for retirement, our advisors are uniquely positioned to answer your toughest retirement questions by using our exclusive *Confident Retirement*<sup>®</sup> approach.

This disclosure Brochure explains our financial planning services in detail, so you'll know what to expect from your financial advisor and how to make the most of your financial planning relationship. The Brochure also contains essential disclosures about our affiliates, how we do business, and the terms and conditions of your financial planning service agreement. Please take time to read this important information and keep it handy for future reference. If you consider additional products or services, be sure to review the related prospectuses and disclosures.

We're dedicated to helping you reach your financial goals and look forward to working with you over the long term.

If you have questions about financial planning or other services, please talk with your financial advisor or call us directly at 800.862.7919 between 7 a.m. and 6 p.m. Central time. Again, thank you for choosing Ameriprise Financial Services.

A handwritten signature in black ink that reads "Mike R. Greene". The signature is fluid and cursive, with the first name "Mike" being the most prominent.

Mike Greene, CFP<sup>®</sup>  
Senior Vice President  
Ameriprise Financial Services, Inc.

# Brochure highlights

## Please read this entire AFPS Client Disclosure Brochure (“Brochure”) for more information about the following disclosure subjects

- When you enter an AFPS relationship, an Ameriprise financial advisor (“financial advisor”) will provide you with ongoing written financial planning analysis and written recommendations that align with your goals and needs. See the “**Advisory Business**” section of this Brochure.
- You will pay a financial planning fee when you purchase AFPS. See the “**Fees and Compensation**” section of this Brochure.
- AFPS is an ongoing service. Each year, you will receive written recommendations and pay a financial planning fee. The service will automatically renew on an annual basis until you decide to terminate the agreement. See the “**Ongoing Relationship**” subsection of the “Advisory Business” section of this Brochure.
- If you are not satisfied with AFPS, you may terminate your AFPS Agreement. See the “**Termination of AFPS**” subsection of “Fees and Compensation” and “**Termination procedure**” in the “Terms and Conditions of your AFPS Agreement” section of this Brochure.
- If you invest in an Ameriprise managed account (“Managed Account”), you will pay an ongoing asset-based fee for advice on the assets in those accounts and related services. This fee is separate from, and in addition to, any AFPS fee you pay. See the “**Other advisory services**” subsection of the “Advisory Business” section of this Brochure.
- If you purchase investment products from us, Ameriprise Financial Services, our affiliates, and your financial advisor will receive revenues in addition to the financial planning fees you pay. You will incur time-of-sale expenses such as commissions or sales loads in a transaction fee-based brokerage account and any ongoing expenses associated with those products such as investment management fees on mutual funds. These fees and expenses are separate from, and in addition to, any AFPS fee you pay. See the “**Other Financial Industry Activities and Affiliations**” and “**Client Referrals and Other Compensation**” sections of this Brochure.
- Ameriprise Financial Services does not monitor the day-to-day performance of your specific investments. See the “**Implementation of your financial planning recommendations**” subsection of the “Advisory Business” section of this Brochure.
- Ameriprise Financial Services cannot guarantee future financial results. See the “**Implementation of your financial planning recommendations**” subsection of the “Advisory Business” section of this Brochure.
- Some aspects of our business may pose conflicts of interest for us, our affiliates and our financial advisors. See the “**How we get paid**” and “**Revenue Sources for Ameriprise Financial Services, Inc.**” subsections of the “Other Financial Industry Activities and Affiliations” section of this Brochure.
- Regulatory proceedings have occurred affecting Ameriprise Financial Services. See the “**Disciplinary Information**” section of this Brochure for a detailed explanation of these and other matters.
- We will notify you of material changes to this Brochure and offer you a revised copy that replaces any previous version. See the “**Understand that our financial planning service will continue until you terminate it**” subsection of “How to make the most of your financial planning relationship” in the “Advisory Business” section of this Brochure.

# Material Changes since last *Ameriprise*<sup>®</sup>

## Financial Planning Service Brochure March 2017

Below are material changes since the Brochure's last annual update, dated March 2017.

- Where requested, financial advisors provide guidance relating to your retirement plan assets that are held outside of Ameriprise Financial Services in a participant-directed defined contribution plan (e.g., 401(k) plan) ("Outside Workplace Retirement Plan") based on information provided by you about your Outside Workplace Retirement Plan.
- In December 2017, Ameriprise Financial Services reached a settlement with the SEC regarding allegations that from December 2010 through October 2013, the firm negligently relied on misrepresentations made by F-Squared Investments, Inc. regarding certain of its ETF portfolios and, as a result, the firm made false statements about the portfolios in certain advertisements. The SEC also alleged that the firm had failed to adopt and implement written compliance policies and procedures reasonably designed to prevent the alleged violations. The firm agreed to pay a disgorgement amount of \$6.3 million plus prejudgment interest of \$700,000 and a civil penalty amount of \$1.75 million.
- Ameriprise financial advisors may make mutual fund recommendations based on a group of funds that appear on the Starting Point List. Financial advisors are not required to use the Starting Point List as their source for mutual fund and ETF recommendations, and mutual funds contained on the Starting Point List may not be equally available across both Managed Accounts and Ameriprise brokerage accounts. The Starting Point List is developed by the Ameriprise Investment Research Group ("IRG") based on eligibility criteria established by Ameriprise Financial Services. The universe of ETFs includes funds available for sale at Ameriprise. The universe of mutual funds includes only mutual funds sponsored or managed by Full Participation Firms in the Mutual Fund Program. If a suitable mutual fund recommendation for a particular asset class cannot be found within the Full Participation Firms' offerings, the IRG will proceed to look for mutual fund options sponsored or managed by "Available for Sale Firms." These eligibility criteria are designed by AFSI to primarily include, and therefore favor, mutual funds from Full Participation Firms. Full Participation Firms have also agreed to pay our affiliate, AEIS, a portion of the revenue generated from the sale and/or management of fund shares. Available for Sale Firms make payments to AEIS for distribution support but do not provide marketing and sales support such as those provided by Full Participation Firms, thus they do not have the same access to financial advisors as Full Participation Firms. As a result, Ameriprise financial advisors may have a greater familiarity with and an incentive to sell funds of Full Participation Firms. Full Participation Firms make payments at a higher level than do Available for Sale Firms. This presents a conflict of interest as Full Participation Firms pay AEIS more revenue than Available for Sale Firms, and thus AEIS earns more revenue from the purchase of mutual funds offered by Full Participation Firms than from the purchase of mutual funds offered by Available for Sale Firms.
- Rather than an asset-based basis, American Funds pays AEIS an annual negotiated platform fee based on a number of factors including prior year assets, not to exceed 0.20% of assets invested in those funds, subject to the limits set forth in the applicable fund prospectus.
- All Ameriprise financial advisors pay the same transaction rate for orders entered by phone for all mutual fund firms we offer. Franchisee financial advisors are assessed a transaction charge if entering an order by phone for SPS *Advantage* or SPS Advisor accounts. For employee financial advisors, this transaction charge is assessed to the employee's branch and not paid by the advisor. Direct payment by the financial advisor of phone-in transaction charges may be a disincentive for a franchisee financial advisor to recommend an SPS *Advantage* or SPS Advisor account or to recommend trades in the account(s).

- From time to time we recruit financial advisors from other firms to join Ameriprise Financial Services and may enter into arrangements with financial advisors for the payment of compensation and/or loans based upon the value of eligible assets or accumulated production of the recruited advisor at a pre-determined measurement date and this compensation is disclosed in your financial advisor's Form ADV brochure supplement.

You may request at any time a current copy of this Disclosure Brochure from your financial advisor. The current Brochure replaces any earlier version you receive.

You may also request copies of the Brochure by writing to Ameriprise Financial Services, Inc. at 2661 Ameriprise Financial Center, Minneapolis, MN 55474, or by calling 800.862.7919.

**Please retain a copy of this Brochure for your records.**

# Table of Contents

<b>Advisory Business</b> .....	<b>1</b>	Revenue sources for	
Ameriprise® Financial Planning Service.....	1	Ameriprise Financial Services, Inc.....	22
AFPS planning goals .....	2	• Financial interest in products .....	23
Initial recommendations .....	4	• Economic benefit of affiliates’	
Ongoing relationship.....	4	products and services.....	24
Changing your planning goals .....	4	• How our financial advisors get paid .....	26
Implementation of your financial		• Salary .....	27
planning recommendations .....	5	• Commissions and referral fees .....	27
How to make the most of your		• Incentives, training and education .....	28
financial planning relationship.....	6	• Ameriprise Financial, Inc. equity programs.....	29
Other advisory services. ....	8	• Loan programs .....	29
		• Advisor-to-advisor training programs.....	29
<b>Fees and Compensation</b> .....	<b>8</b>	• Shared compensation .....	29
Client programs and promotions.....	9	• For clients without a financial advisor .....	30
Pro bono financial planning.....	10	• Management compensation	
Institutional services .....	10	and bonus programs.....	30
Termination of AFPS.....	10		
		<b>Code of Ethics, Participation or Interest</b>	
<b>Performance-Based Fees and</b>		<b>in Client Transactions and Personal Trading</b> .....	<b>31</b>
<b>Side-by-Side Management</b> .....	<b>10</b>	Code of ethics.....	31
		Participation or interest in client transactions .....	31
<b>Types of Clients</b> .....	<b>10</b>	Personal trading rules and procedures .....	31
		Insider trading policy.....	31
<b>Methods of Analysis, Investment</b>			
<b>Strategies and Risk of Loss</b> .....	<b>10</b>	<b>Brokerage Practices</b> .....	<b>32</b>
Methods of financial analysis.....	10	<b>Review of Accounts</b> .....	<b>32</b>
Sources of information .....	11		
Investment strategies .....	11	<b>Client Referrals and Other Compensation</b> .....	<b>33</b>
		Referral arrangements and	
<b>Disciplinary Information</b> .....	<b>12</b>	other economic benefits .....	33
Regulatory proceedings .....	12	Review of issuers of financial products.....	33
State securities actions .....	13	Revenue sources for	
		RiverSource Life.....	33
<b>Other Financial Industry</b>		Revenue sources for	
<b>Activities and Affiliations</b> .....	<b>13</b>	Columbia Management and Threadneedle .....	34
Broker-dealer .....	14	Revenue sources for other	
Investment company .....	15	Ameriprise Financial, Inc. companies .....	34
Investment advisory firm.....	15		
Banking institution .....	15	<b>Custody</b> .....	<b>35</b>
Trust company .....	16	<b>Investment Discretion</b> .....	<b>36</b>
Insurance company .....	16	<b>Voting Client Securities</b> .....	<b>36</b>
How we get paid .....	16	<b>Financial Information</b> .....	<b>37</b>
Cost Reimbursement		<b>Terms and Conditions of Your AFPS Agreement</b> .....	<b>48</b>
Services and Payments.....	16		
• Payments from product companies .....	16		
• Other financial relationships .....	19		
• Payments from other nonproprietary			
product providers .....	20		

# Advisory Business

Ameriprise Financial Services, Inc. (“Ameriprise Financial Services”) is an investment advisory firm offering financial planning services since 1986. Ameriprise Financial, Inc., a publicly held company, is the parent company of Ameriprise Financial Services.

## **Ameriprise® Financial Planning Service**

Ameriprise® Financial Planning Service (“AFPS”) is designed as a long-term, collaborative, ongoing financial planning relationship to help you achieve at least one financial goal or need. You and your financial advisor will work together to define your goal or need, develop a plan to help you get there and then track your progress along the way, making changes when needed. Ameriprise Financial Services uses the six-step financial planning process defined by the Certified Financial Planner Board of Standards, Inc. As participants in this process, you and your financial advisor will:

- **Identify/prioritize objectives.** Discuss your goals and needs to develop a clear vision of your financial future.
- **Gather information.** Review important documents such as your bank and brokerage statements, tax returns, insurance policies and retirement plans.
- **Analyze information.** Understand the big picture of your financial situation, based on information you provide, and analyze how the different elements of financial planning may impact each other.
- **Propose recommendations.** Develop written financial planning recommendations that align with your goals.
- **Take action.** Take action on your recommendations after developing proposed financial solutions to help reach your goals.
- **Track your progress.** Your needs and goals evolve over time. Tracking your progress will enable you to make adjustments in light of personal, legislative or regulatory and economic changes.

References in this Brochure to “you” and “your” apply to each AFPS client who signs the AFPS Agreement. References to “us,” “we,” and “our” refer to Ameriprise Financial Services. References to “your financial advisor” are to your Ameriprise financial advisor.

If you are a client of the Ameriprise Advisor Center, you may receive advice and support in the financial planning process from a dedicated team of financial advisors and professionals whose members may use titles such as Client Support Associate, Client Relationship Manager, or Financial Consultant.

The advice you receive from your financial advisor is intended for your use only. If you choose to share your analysis and recommendations with a third party, neither your financial advisor nor Ameriprise Financial Services (nor any of its affiliates) is responsible for the outcome.

Ameriprise Financial Services and our financial advisors owe you a fiduciary duty, as applied under the Investment Advisers Act of 1940, as amended, when you enter a financial planning relationship with Ameriprise Financial Services. This duty generally requires that Ameriprise Financial Services and your financial advisor make investment recommendations that are not only suitable for you, but that place your best interests ahead of our interests and the interests of your financial advisor. This is accomplished by:

- Explaining and providing to you written disclosures that outline key, relevant factors about the investment advice and recommendations you receive; and
- Providing you with written disclosures that describe material conflicts of interest that your financial advisor and/or Ameriprise Financial Services have as part of AFPS. (You will find these written disclosures throughout this Brochure, and in particular in the “Other Financial Industry Activities and Affiliations” section.)

Your financial advisor can provide you with guidance to help you meet a wide variety of your financial needs, including asset allocation services. Your financial advisor may discuss, present or offer ideas for you to consider related to the allocation of retirement assets among one or more Managed Accounts. Such communications are offered solely as education, marketing and examples of the potential uses of these

Managed Accounts for purposes of discussion and for your independent consideration, and should not be viewed, construed or relied upon, as investment or fiduciary recommendations or advice under the Employee Retirement Income Security Act of 1974 ("ERISA") or Section 4975 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). Additionally, if in connection with discussing, presenting, or offering particular Managed Accounts to you, we provide you with a sample or proposed asset allocation, including one that identifies specific securities or other investments, such asset allocation is merely an example of, or proposal for, the fiduciary advice and recommendations that may potentially be made available through the Managed Account once you decide to enroll in the Managed Account, and should not be relied upon as investment or fiduciary advice or a recommendation under ERISA or the Internal Revenue Code. Also, to the extent an asset allocation service identifies any specific investment alternative in a Plan, please note that other investment alternatives with similar risk and return characteristics may be available to you. Such investment alternatives may be more or less costly than those available at or recommended by Ameriprise Financial Services. Your Plan sponsor (for government plans or those that fall under ERISA) or your financial advisor can assist you in obtaining information about other potential investment alternatives.

AFPS tailors advisory services to the individual needs of clients as discussed in the next several sections.

## **AFPS planning goals**

Your financial advisor will review your data and other information to make recommendations that can help you meet your goals.

## **Financial Fundamentals**

**Basic financial position.** At a minimum, this will include a high-level compilation of your net worth, income (inflows) and expenses (outflows). It may also include action step(s) and/or an acknowledgement by your financial advisor that figures are based on estimates if you are not able to provide precise data.

**Protection needs.** At a minimum, this will include an inventory of your insurance policies, including life, disability (if you are not retired) and long-term care (if you have reached a certain age). You may also receive an analysis of your needs and your family's needs in the event of death, disability and long-term care, as applicable. This may include an overview of other protection needs (e.g., property and casualty). Your financial advisor may also provide action steps in the form of recommendations; observations about the adequacy of your coverage; and/or other statements acknowledging your insurance situation, protection planning preferences, and/or whether any of the data or analysis is based on estimates if you are not able to provide precise data.

**Basic estate needs.** This may include an inventory of basic estate documents that are essential for the proper disposition of your assets upon your death and to provide for appropriate care in the event of your incapacity. It may also include a review of asset and policy ownership and beneficiary designations, as well as action steps or comments on how to work with legal advisors to improve your basic estate situation.

Your financial advisor will review the financial fundamentals in the first year of your financial planning relationship and thereafter as needed, for example, if your personal financial circumstances or financial goals change. The review of fundamentals is not provided in advisory relationships with entity clients, such as trusts or businesses. The review of fundamentals is not provided as part of estate settlement or divorce planning.



## Goals to track over time

Your analysis and written recommendations may address one or more of the following goals:

**Funding retirement** — applying strategies to help you fund retirement, transition to retirement or ensure adequate retirement income.

**Funding education** — applying strategies to help you fund the education of children, grandchildren or others. This may also include financial aid analysis.

**Funding future goal** — applying strategies to help you plan to fund a future purchase or accumulate funds for a particular goal.

## Additional financial planning areas

Your analysis and recommendations may address one or more of the following:

**Financial position planning** — applying cash flow management strategies to help you optimize resources available to help you reach your goals. This may include debt management techniques, major purchase financing decisions, cash reserve strategies and family budgeting.

**Investment planning** — applying strategies to help optimize portfolio performance to reach future financial goals. AFPS does not include current market analysis or other ongoing investment-related advice.

**Income tax planning** — addressing the general tax considerations for financial services products, transactions and registrations (ownerships).

**Employee benefits planning** — helping you make decisions related to your employer-sponsored benefit plans.

**Estate, legacy or multigenerational planning** — helping you prepare to pass wealth to your beneficiaries in an efficient manner.

**Estate settlement** — applying strategies to help an estate or testamentary trust meet its obligations, such as distribution of assets and payment of income and estate taxes.

**Business financial planning** — addressing your financial planning needs as a business owner, which may include an analysis of business cash flow, business valuation, business tax planning, business benefits planning and business transition.

**Divorce financial planning** — proposing strategies to arrange personal finances during a divorce. Divorce financial analysis does not recommend a preferred divorce settlement option or include recommendations regarding ownership or division of assets and liabilities. Any documents, analyses and other work products, and any other statements made by a financial advisor in providing the divorce financial analysis service are not protected by privilege and may be discoverable by another party to the proceeding. You should consult with your attorney regarding such issues. Your attorney, not your financial advisor, is your advocate during divorce proceedings.

This service may also include expert witness service in which your financial advisor may testify regarding the process used to prepare a divorce financial analysis and its contents. Fees for preparation for, attendance at and participation in a divorce proceeding are in addition to any divorce analysis fee.

Financial advisors are required to complete specialized training to provide divorce financial planning and planning for some types of trusts. If your financial advisor has not met these requirements, another qualified financial advisor may provide these services.

**Ameriprise Financial Services and your financial advisor do not provide legal or tax advice.**

## **Initial recommendations**

In the first year following the effective date (described below) of your AFPS Agreement, your financial advisor will make best efforts to perform an analysis and deliver within 180 days initial written recommendation(s). This timeframe does not apply to estate settlement planning or divorce financial planning.

The analysis and written recommendations will address the fundamentals of your financial situation as well as the priority goal(s) you have discussed with your financial advisor. The remainder of the first year may focus on tracking your progress to goals, addressing other financial planning goals and/or beginning to take action on written recommendations as appropriate.

Shortly after you sign the Agreement, you will receive a confirmation of services that reflects:

- the total quoted AFPS fee;
- the date your planning relationship began; and
- the latest date on which you can expect to receive your initial written recommendations.

You will also receive a confirmation of services annually, in the form of a notice on your consolidated statement or other written notice to you, each time your Agreement renews. Please contact Ameriprise Financial Services at 800.862.7919 if you do not receive a confirmation of services within 120 days of your renewal date. If your personal financial circumstances or need for financial planning services changes, you and your financial advisor should discuss whether your fee needs to change.

## **Ongoing relationship**

As your financial planning relationship continues, you will work with your financial advisor following the financial planning process described above. For example, you and your financial advisor will:

- Confirm your working relationship and the associated fee, annually
- Track progress over time toward identified goals
- Identify key changes to your situation and revisit your financial goals
- Propose new financial planning recommendations as appropriate

Your Agreement is effective the day that Ameriprise Financial Services processes the Agreement (“Effective Date”), which may be different than the date(s) signed by you and your financial advisor. Your initial engagement begins on the Effective Date and ends the day prior to the anniversary date of your Effective Date. Each twelve-month period thereafter will be a new engagement period (“Engagement Period”).

Your Agreement will automatically renew each year. If you do not receive your written financial planning recommendation(s) within the Engagement Period, you are entitled to a refund of your AFPS fee.

## **Changing your planning goals**

You may change the financial planning goals on which you are requesting financial advice by discussing any desired changes with your financial advisor. In addition, after looking at all of your financial data, your financial advisor may decide to recommend further assessment in a specific area that has not already been identified.

Changes to your financial planning goals are confirmed to you by the delivery of recommendations consistent with your new goals.

Read and understand those recommendations to determine if you received advice on the goals you specified. If you did not, please contact your financial advisor or call 800-862-7919.

You and your financial advisor should also discuss whether your fee needs to change in light of the changes to your planning goals.

## **Implementation of your financial planning recommendations**

You may decide to implement the recommendations you receive through Ameriprise Financial Services, its affiliates or other financial services providers. Before implementing any recommendations, consider carefully the ramifications of purchasing products or services. You may want to seek further advice from your lawyer and/or accountant, particularly for estate planning, taxes, or business financial planning issues.

When you choose to purchase products and services through us, you have the option of investing through a transaction-based brokerage account, a fee-based investment advisory account, or both.

**Transaction-based brokerage account.** You pay commissions and other charges (such as sales loads on mutual funds) at the time of each individual securities transaction. As a result, this type of account may be more suitable than a fee-based investment advisory account if you do not expect to trade on a regular basis and do not want ongoing investment advice on assets held in your advisory account.

**Fee-based investment advisory account.** You pay an annual advisory fee based on the assets held within your account (rather than a commission on each individual transaction) for services such as investment selection, asset allocation, execution of transactions, custody of securities and account reporting services. This fee is assessed monthly or quarterly. As a result, this investment advisory account, which is also known as a managed account, may be more suitable than a brokerage account if you want ongoing investment advice and expect to trade more frequently. Ameriprise Financial Services acts as sponsor and introducing broker in connection with a managed account and offers several different types of managed accounts. See the Ameriprise® Managed Accounts Client Disclosure Brochure or, if you have elected to pay a consolidated advisory fee, the Ameriprise® Managed Accounts and Financial Planning Service Disclosure Brochure for additional important information, including applicable fees and other charges.

Your financial advisor may not offer all investment advisory services or accounts available from Ameriprise Financial Services.

Depending on how long you choose to be a financial planning client and the number and types of products that you purchase from Ameriprise Financial Services, you may pay more or less to purchase products and services through Ameriprise Financial Services and its affiliates than if you were to purchase products and services from other financial services providers. Other financial services providers may offer less expensive share classes of products offered by Ameriprise Financial Services.

Advisory, institutional or other share classes that do not have a sales load and do not assess 12b-1 shareholder servicing fees (collectively “Advisory Shares”) are offered in all Ameriprise managed account services as the primary mutual fund share class offered, where available to us through a selling agreement. None of the mutual funds currently offered in Ameriprise managed account services impose a front-end sales charge.

Advisory Shares held in an Ameriprise managed account are less expensive than other share classes available in Ameriprise brokerage accounts because they typically do not pay a 12b-1 shareholder servicing fee. This presents a conflict of interest because Ameriprise Financial Services and its financial advisors typically earn higher fees from non-Advisory Shares than Advisory Shares. It is therefore generally more profitable to Ameriprise Financial Services, its affiliates and its financial advisors, and more costly to clients, if clients invest in non-Advisory Shares through an Ameriprise brokerage account.

A financial advisor’s recommendation that the client invest in non-Advisory Shares through an Ameriprise brokerage account service will cause the client to pay higher internal expenses for certain mutual funds than the client might otherwise pay if participating in an Ameriprise managed account service or by buying

the mutual funds directly from the distributor outside of a brokerage account service, if possible. The client's participation in a brokerage account service that does not offer Advisory Shares may still be an appropriate choice depending on the facts and circumstances of the client's individual situation and in light of the features and benefits of the particular brokerage account service. Please refer to the mutual fund's prospectus(es) or website to determine whether your investment would qualify for Advisory Share classes or a less expensive share class outside a brokerage account service, with corresponding lower expenses and fees.

## **How to make the most of your financial planning relationship**

At Ameriprise® Financial Services, we believe that financial planning is the best way to help you achieve your goals. The financial planning relationship begins with you. As an AFPS client, you will need to:

**Establish clear and measurable financial goals.** Talk with your financial advisor about your goals so he or she may be part of the planning process. For example, if your goal is a “comfortable” retirement, think about what that means to you. The more specific you are about the lifestyle you envision, the better equipped your financial advisor will be to make recommendations to help you get there.

**Provide complete and timely information to your financial advisor.** Your financial advisor will base your financial planning analysis and written recommendations on the information that you provide. You must provide the requested information in a timely manner to receive your recommendations in a timely manner. When you become an AFPS client, you represent that all financial and other data that you and/or your representatives or agents furnish to your financial advisor relating to your assets, liabilities, policies, present and future income, and obligations are true and correct and may be relied upon by your financial advisor and Ameriprise Financial Services for the purposes of providing AFPS. Your financial advisor will be better able to make recommendations to help you achieve your goals if you provide complete and thoughtful information to your financial advisor about your current financial and economic situation, the financial goals on which you want advice, your investment objectives, and any investment restrictions you may have. Promptly inform your financial advisor if you experience significant life events, or material changes in your financial situation, risk tolerance or financial objectives.

**Review the written recommendations you receive.** Based on the information you provided, your financial advisor will perform financial planning analysis and give you written recommendations on the financial goals you have identified. Your financial advisor is obligated to provide recommendation(s) within a particular timeframe, which is discussed in detail in the “Ameriprise® Financial Planning Service” section of this Brochure. If your financial advisor's assumptions, methods, conclusions or recommendations do not meet your expectations, contact your financial advisor right away to resolve your concerns.

Your financial advisor may provide asset allocation strategies that include advice on allocations into certain classes of investments. Except where we are providing you guidance related to your Outside Workplace Retirement Plan as described below, your financial advisor cannot provide specific buy, sell or hold recommendations or initiate transactions concerning individual securities in your investment accounts held in custody elsewhere, unless held by one of our broker-dealer affiliates. See the “Other Financial Industry Activities and Affiliations” section for more information about these affiliates.

Where requested and as part of your AFPS, your financial advisor may provide guidance on your retirement plan assets that are held outside of Ameriprise Financial Services in a participant-directed defined contribution plan (e.g., 401(k) plans) (“Outside Workplace Retirement Plan”). Any guidance provided to you is based on information provided by you about your Outside Workplace Retirement Plan and is limited to investments offered through the core line up of funds established by your retirement plan sponsor. Your Outside Workplace Retirement Plan may include investment options not available in an Ameriprise managed account or for which your financial advisor may not have access to detailed information. Neither Ameriprise Financial Services nor your financial advisor is responsible for the selection of the available investment options in your Outside Workplace Retirement Plan. Your financial advisor may not make recommendations

related to employer stock that may be available within your Outside Workplace Retirement Plan or with respect to any current portfolio holdings or investment options available through a self-directed brokerage account associated with your Outside Workplace Retirement Plan. You are responsible for placing any transactions recommended by your financial advisor. If you desire ongoing guidance on your Outside Workplace Retirement Plan it is important that you provide your financial advisor with updated information, including statements and a list of funds available in your Outside Workplace Retirement Plan, on a regular basis. Your investment objectives and risk tolerance for your Outside Workplace Retirement Plan may differ from those of your Ameriprise managed account(s), if any, however any guidance provided for your Outside Workplace Retirement Plan is provided in consideration of the investment objectives and risk tolerance of any Ameriprise managed account(s) you hold.

**Form reasonable expectations.** Understand the benefits of and limits to the financial planning process and be reasonable in your expectations of the results you can achieve with your financial plan and investments, given your risk tolerance and objectives. Financial planning is an ongoing process; it will not change your situation overnight. Furthermore, events beyond your financial advisor's control, such as changes in economic conditions, will affect your financial planning results. Share with your financial advisor your expectations about the financial planning process and what you want to achieve. If your expectations are not met, let your financial advisor know so that he or she can make adjustments to meet your needs.

**Take action.** After reviewing your financial planning recommendations with your financial advisor, the next step is to act on the advice you have received. You decide whether or not to implement any of the recommendations. You are not obligated to purchase products or services through Ameriprise Financial Services.

If you would like to work with a different financial advisor, please call us at 800.862.7919 and we will help you find another financial advisor. If for some reason your financial advisor is unable to fulfill the terms of the service agreement, another Ameriprise financial advisor may be assigned to you to provide the written financial planning recommendations and complete the terms of your Agreement.

**Understand that your financial planning service will continue until you terminate it.** You will receive written recommendation(s) and pay a financial planning fee during each Engagement Period. The service will automatically renew on an annual basis until you decide to terminate the Agreement or stop paying the fee. In addition, Ameriprise Financial Services will notify you when there are material changes to the AFPS Brochure and offer you the opportunity to receive a copy of the revised Brochure. You should carefully consider accepting this offer, as that revised Brochure replaces any previous version you have received.

You may request and receive copies of a current Brochure at any time by writing to Ameriprise Financial Services at the following address or by contacting us at 800.862.7919 between 7 a.m. and 6 p.m. Central time.

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

**Take an active role in the process.** Understand the process, your role and your financial advisor's role. Provide information. Ask questions about the recommendations you receive. If at any time there are additional goals you would like to cover, let your financial advisor know. Take an active role in making decisions about your financial future, and you will position yourself to get the most out of your financial planning relationship.

## Other advisory services

Ameriprise Financial Services offers several types of managed accounts, including Strategic Portfolio Service (“SPS”) *Advantage*, SPS Advisor, *Active Portfolios*® investments, Select Separate Account, *Ameriprise Vista* Separate Account, *Ameriprise Investor* Unified Account, and *Ameriprise Access* Account. At this time not all managed accounts are available to all clients; contact your financial advisor for more information. Please review the *Ameriprise Managed Accounts Client Disclosure Brochure*, or if you have elected to pay a consolidated advisory fee, the *Ameriprise Managed Accounts and Financial Planning Service Disclosure Brochure* for a full description of these services.

As of December 31, 2017, Ameriprise Financial Services managed \$140,549,447,582 in nondiscretionary assets and \$103,691,805,897 in discretionary assets.

## Fees and Compensation

Ameriprise financial advisors receive compensation for financial advisory services in the form of commissions and fees. Ameriprise Advisor Center financial advisors can receive compensation for financial advisory services in the form of bonuses.

AFPS fees are negotiable and there is no assurance that similarly situated clients will be assessed comparable fees. Your financial advisor will explain the AFPS fee and the factors considered in calculating the AFPS fee before asking you to sign the Agreement.

A state may impose a sales tax on your AFPS fee, which we will collect and remit to the applicable state.

AFPS fees vary based on (1) your financial advisor’s fee schedule, which is based on your financial advisor’s years of financial planning experience, professional credentials, and other factors, such as local market considerations; and (2) the overall complexity of your case.

Your financial advisor will assign an overall complexity factor of “low,” “medium” or “high” to your case based on your personal financial circumstances and financial planning needs; current estate and tax documents that you provide; the timeframe to address the planning areas; and the frequency with which your financial advisor meets with you and/or other professionals or family members.

Ask questions about the AFPS fee so that you understand the factors considered in arriving at your financial planning fee and what you can expect for this fee.

The minimum annual fee for new AFPS Agreements is \$500. Your financial advisor’s minimum fee may be higher. The fee to enter a new financial planning relationship with financial advisors from the Ameriprise Advisor Center is \$50.00/month. Depending on the overall complexity of your case, you may pay a higher fee. If you have an existing financial planning arrangement with financial advisors from the Ameriprise Advisor Center, you may pay a lower fee.

The AFPS minimum fee will not apply if the expert witness service component of divorce financial planning is the only service provided.

The fee that you pay in the first year of service may differ from the fee you pay for services in ongoing years, as described in the “Ongoing relationship” subsection of the “*Ameriprise*® Financial Planning Service” section of this Brochure. A portion of the financial planning service and managed accounts fees is paid to your financial advisor for introducing you to the service, gathering the information necessary to prepare your service, helping you establish needs and goals, preparing and presenting your service, and/or providing financial advice on behalf of Ameriprise Financial Services. The remaining portion of the fee goes to Ameriprise Financial Services for the supervisory, technical, administrative and other support provided to all

financial advisors. If you establish an Ameriprise managed account, the investment advisory fee you pay for the managed account is separate from your AFPS fee. Please refer to the *Ameriprise Managed Accounts Client Disclosure Brochure*, or if you have elected to pay a consolidated advisory fee, the *Ameriprise Managed Accounts and Financial Planning Service Disclosure Brochure*.

Some financial advisors require clients to pay financial planning fees either at the beginning of an engagement period or before providing AFPS. See the “Termination of AFPS” and “Termination procedure” sections below for information regarding refunds if you or Ameriprise Financial Services terminates the AFPS Agreement before the end of an engagement period.

Ameriprise Financial Services is dedicated to providing quality client service. We work hard to ensure your satisfaction with the AFPS services that you receive, and seek to meet or exceed your expectations. We will work with you to address any of your concerns, including helping you work with a different financial advisor or terminating the Agreement.

Our affiliate American Enterprise Investment Services Inc. (“AEIS”) receives revenue from several different sources on the products and services you purchase through Ameriprise. These sources include arrangements we have in place with product companies, and investment and interest income. See the “Cost Reimbursement Services and Third Party Payments” and “How we get paid” sections later in this Disclosure Brochure for more information on conflicts of interest regarding revenue sources for Ameriprise Financial Services and its affiliates, as well as the subsection “Revenue sources for RiverSource Life Insurance Company and, in New York only, RiverSource Life Insurance Co. of New York (collectively, “RiverSource Life”)” for more information about the fees and commissions you pay when you implement your financial advisor’s recommendations through Ameriprise Financial Services and its affiliates.

The revenue generated or received supports the development of new products, maintenance of our infrastructure, and retention of employees and financial advisors.

Your financial advisor may recommend mutual funds offered by mutual fund firms that make Third Party Payments to our affiliate, AEIS, as described in the “Payments from product companies” subsection later in this Disclosure Brochure. Within its investment advisory business, compensation for the sale of investment products recommended by financial advisors is not Ameriprise Financial Services’ primary source of revenue from its advisory clients.

Your AFPS fee does not include markups or brokerage commissions by Ameriprise Financial Services or your financial advisor. If you implement your financial plan in whole or in part through Ameriprise Financial Services or its affiliates, investment advisory fees, product fees, markups or markdowns and brokerage commissions will apply. Both time of sale and ongoing fees will apply for products and services purchased in a fee-based brokerage account.

## **Client programs and promotions**

Ameriprise Financial Services may provide a fee reduction to corporate, institutional or membership organizations and their employees, partners, independent contractors or members. Ameriprise Financial Services may, from time to time, offer reduced fees on AFPS to individuals in a particular market segment or geographic area. Your financial advisor can tell you whether there is a promotion available to you. Ameriprise Financial Services, in its sole discretion, determines when to offer, modify and/or discontinue these promotions and programs. These promotions and programs are not available to financial advisors from the Ameriprise Advisor Center.

## **Pro bono financial planning**

Ameriprise Financial advisors may seek approval from Ameriprise Financial Services to offer, on a limited basis, pro bono financial planning to persons who otherwise cannot afford to pay for financial planning services. These promotions and programs are not available to financial advisors from the Ameriprise Advisor Center.

## **Institutional services**

Ameriprise Financial Services may enter into written agreements with corporate, institutional or membership organizations to provide AFPS to their employees, partners, independent contractors or members. The fees for institutional services may vary by agreement, and these agreements may include other services and fees lower than the fees paid by other AFPS clients, or may be a workplace tiered pricing. These promotions and programs are not available to financial advisors from the Ameriprise Advisor Center.

## **Termination of AFPS**

For information on terminating AFPS and refund of fees, see “Termination of AFPS” and “Termination procedure” in the “Terms and Conditions of your AFPS Agreement” section in this Disclosure Brochure.

# **Performance-Based Fees and Side-by-Side Management**

Neither Ameriprise Financial Services nor any of its supervised persons accepts performance-based fees for its investment advisory services.

## **Types of Clients**

AFPS is generally appropriate for individuals who seek an ongoing fee-based financial planning relationship and who have financial goals and sufficient assets and income to begin addressing those goals. AFPS is intended for individuals; married couples; domestic partners; and entities with financial planning needs, such as trusts, estates, nonprofit organizations and businesses.

# **Methods of Analysis, Investment Strategies and Risk of Loss**

## **Methods of financial analysis**

When developing recommendations for you, your financial advisor compares your financial goals with your investment risk tolerance and the risk and potential of a specific product. Your financial advisor may use asset value, current and projected return, and other assumptions you provide, as well as historical return analysis prepared by Ameriprise Financial Services or an affiliate. Your financial plan may be prepared through the use of one or more computer software packages that take a needs-based approach to analyze your goals using one or more methods of analysis, including deterministic and probability modeling. The analysis and projections



generated by the tools or other analysis described in this section of the Brochure include information regarding the likelihood of various potential investment outcomes. They are hypothetical in nature, vary depending on which tool of analysis is used and with each use and over time, do not reflect actual investment results, and are not guarantees of future results. Investing in securities involves the risk of loss and you should be prepared to bear this loss. The probability of success also varies based on differing assumptions, on different tools and from one Engagement Period to the next based on changing circumstances and market information. Results may reflect one point in time only and are only one factor you should consider as you determine how best to plan for your future.

Your financial plan also may include an asset allocation analysis designed to assist you in positioning your investment assets. If your financial plan includes such analysis, the recommended portfolio allocation will be determined based on a variety of factors, including your personal financial information and the historical and anticipated performance of different asset classes.

The analysis is meant only to illustrate the relative experience among asset classes and portfolios. Periodic rebalancing of your portfolio and reallocation among the asset classes is recommended in most circumstances, and rebalancing and reallocation may not be part of AFPS. Rebalancing your non-qualified portfolio to meet asset allocation objectives may result in taxable gains or losses. Unless included in a particular Ameriprise managed account service, Ameriprise Financial Services does not rebalance your portfolio or reallocate your target asset allocations on a continuous basis. If you have a substantial percentage of your net worth concentrated in a given asset or asset class, the illustrations may prompt your financial advisor to recommend that you sell or exchange a significant portion of such position to reduce risk by reducing the concentrated positions within your portfolio. This is particularly true if the asset in question is stock of your employer, given that both your income and investment could be tied to the profitability of your employer.

**Before you actually sell any such assets, consult with your legal and tax professionals regarding the tax and other implications of any such sales.**

The asset allocation analysis does not provide a comprehensive financial analysis of your ability to reach your other financial planning goals, and it does not identify the impact of your investment strategy on your tax and estate planning situations. Asset allocation does not guarantee a profit or protect against a loss.

## **Sources of information**

The principal source of information used by your financial advisor is the data provided by you, such as your personal data, assets and liabilities, income expectations, assumed overall rates of interest and inflation, short-term and long-term financial goals, tax information, risk tolerance associated with goals, and other relevant information. When developing product recommendations, your financial advisor may also use training and marketing materials; prospectuses and annual reports for the investment; financial and insurance products distributed or, in certain instances, created by Ameriprise Financial Services or our affiliates; and market commentary provided by Ameriprise Financial Services or our affiliate, Columbia Management Investment Advisers, LLC (“Columbia Management Investment Advisers”), or other unaffiliated entities. Your financial advisor is supported by Ameriprise Financial Services corporate office staff and the staff of our affiliates that reviews publications and other research materials featuring current financial planning techniques, methodologies, laws, regulations and rulings.

## **Investment strategies**

Your financial advisor may recommend long-term strategies for your financial plan, such as dollar-cost averaging, reinvestment of dividends or other proceeds on investments, and asset allocation.

Recommendations may also be made to help you realize capital gains or losses on securities or investment products that you own. Such transactions may have tax consequences for non-qualified accounts. See the “Implementation of your financial planning recommendations” section and the “Broker-dealer” subsection of the “Other Financial Industry Activities and Affiliations” section for further information on investment products and services offered by Ameriprise Financial Services.

We cannot guarantee future financial results or the achievement of your financial goals through implementation of your financial plan and any advice or recommendations provided to you. Ameriprise Financial Services does not monitor the day-to-day performance of your specific investments. Before implementing your financial plan, you should consider carefully the ramifications of purchasing products or services, and you may want to seek further advice from your lawyer and/or accountant, particularly in connection with estate planning, taxes or small business owner planning issues. The benefits and advantages of cash value life insurance generally increase as the policy matures and are most fully realized with the death of the insured. A client with immediate liquidity needs may consider whether to sell the policy to a third party at a discounted value (commonly referred to as a life settlement).

## Disciplinary Information

Below is notice of certain regulatory and legal settlements entered into by Ameriprise Financial Services or its predecessor, American Express Financial Advisors, Inc. (“AEFA”):

### Regulatory proceedings

Ameriprise Financial Services entered into each of the regulatory settlements listed below without admitting or denying the allegations.

### Securities and Exchange Commission (“SEC”) and FINRA (fka NASD) Actions

In December 2017, Ameriprise Financial Services reached a settlement with the SEC regarding allegations that from December 2010 through October 2013, the firm negligently relied on misrepresentations made by F-Squared Investments, Inc. regarding certain of its ETF portfolios and, as a result, the firm made false statements about the portfolios in certain advertisements. The SEC also alleged that the firm had failed to adopt and implement written compliance policies and procedures reasonably designed to prevent the alleged violations. The firm agreed to pay a disgorgement amount of \$6.3 million plus prejudgment interest of \$700,000 and a civil penalty amount of \$1.75 million.

In September 2016, Ameriprise Financial Services reached a settlement with FINRA regarding allegations that between October 2011 and September 2013 the firm failed to detect and prevent the conversion, via wire transfers, of more than \$370,000 from five of its customers by one of its registered representatives. The customers were family members of the registered representatives. FINRA also alleged this went undetected because the firm failed to establish, maintain, and enforce a supervisory system that was reasonably designed to review and monitor the transmittal of funds from accounts of customers to third parties, including those controlled by registered representatives of the firm. The firm paid restitution a fine of \$850,000.

In March 2011, Ameriprise Financial Services reached a settlement with FINRA regarding allegations related to the timeliness of the firm’s investigation of a financial advisor who forged signatures on a number of client documents from January 2003 through October 2007. FINRA alleged that Ameriprise first became aware of the potential forgeries in December 2005 but did not complete its investigation until April 2008. Ameriprise agreed to a fine of \$50,000.

In July 2009, Ameriprise Financial Services, Inc. reached a settlement with the SEC relating to allegations concerning undisclosed real estate investment trusts (“REITs”) revenue-sharing arrangements and selling a REIT prior to the effectiveness of its registration. Ameriprise Financial Services agreed to pay a disgorgement amount of \$8.65 million and a penalty amount of \$8.65 million.

## State securities actions

In October 2009, Ameriprise Financial Services settled with the State of Kentucky concerning alleged failures to adequately supervise two agents with respect to margin account abuses, document forgery, discretionary trading and other sales practice abuses. The firm agreed to offer restitution to impacted clients and pay an administrative assessment and the State's investigative costs, as well as a contribution to the State's investor protection fund.

In April 2009, Ameriprise Financial Services, Inc. reached a settlement with the States of Alabama and Georgia regarding the alleged failure of Ameriprise Financial Services to close financial plans according to its policy requirement. As a result of the settlement, Ameriprise Financial Services was ordered to pay the states' administrative assessments, investigative costs and into their respective investor protection funds. Ameriprise Financial Services also voluntarily paid refunds to impacted clients.

In January 2009, Ameriprise Financial Services reached a settlement with the Commonwealth of Pennsylvania, regarding alleged failures to reasonably supervise certain of its agents and alleged dishonest or unethical practices relating to internal policies requiring the verification of financial plan delivery. As a result of the settlement, Ameriprise Financial Services was ordered to pay investigative and legal costs, as well as pay an administrative assessment of \$1.6 million.

In July 2008, Ameriprise Financial Services reached a settlement with the Commonwealth of Virginia on matters relating to allegations that AEFA, through certain of its financial advisors, provided inadequate disclosures to clients relating to the conflicts associated with proprietary mutual funds and made recommendations regarding proprietary mutual funds without having a reasonable basis for believing that the recommendations were suitable based on client needs. AEFA agreed to settle the matter by paying a fine and offering certain financial planning clients who are Virginia residents the opportunity to file a claim for a partial refund of the financial planning fee.

In June 2008, Ameriprise Financial Services reached a settlement with the State of Illinois on matters relating to allegations that AEFA failed to disclose certain conflicts of interest related to the (i) sale of its proprietary mutual funds and (ii) limited transferability of its proprietary mutual funds. AEFA agreed to settle both matters by paying \$1.5 million and developing and implementing a process so that certain Illinois customers of AEFA would not be responsible for charges associated with the transference of proprietary mutual fund shares to another broker-dealer if it did not have a shareholder services agreement in place with AEFA.

In April 2008, Ameriprise Financial Services, Inc. and the State of New Hampshire reached a settlement relating to allegations that Ameriprise Financial Services, among other things: (i) failed to report in a timely manner to the State of New Hampshire occurrences of advisor forgeries, and failed to deliver previously purchased financial plans, as required by the terms of a 2005 settlement agreement with the State of New Hampshire and (ii) failed to supervise the advisors who allegedly committed such improprieties. Pursuant to the settlement, Ameriprise Financial Services agreed to pay a total of \$3.5 million in fines and costs and submit a written report to the State of New Hampshire by Dec. 31, 2008.

In January 2008, Ameriprise Financial Services settled with the State of Illinois concerning alleged failures to reasonably supervise one of its agents who misappropriated customer funds. The firm agreed to offer restitution of \$1.4 million to impacted clients and reimburse the State's investigative costs. Ameriprise also agreed to a series of remedial actions regarding its supervision.

## Other financial industry activities and affiliations

Ameriprise Financial Services is a subsidiary of **Ameriprise Financial, Inc.** and conducts its activities directly and through its affiliates. These activities may be material to its investment advisory business or its investment advisory clients. These affiliates include companies under common control with Ameriprise Financial Services by virtue of their status as direct or indirect subsidiaries of Ameriprise Financial, Inc. The information below provides you an overview of the Ameriprise Financial, Inc. companies. These

companies work together to offer you financial products and services designed to help you reach your financial goals.

## Broker-dealer

**Ameriprise Financial Services, Inc.** is a registered investment adviser and broker-dealer with the SEC and is authorized to engage in the securities business in all 50 states as well as the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. Ameriprise Financial Services is also a member of FINRA and the Securities Investor Protection Corporation (“SIPC”).

In its capacity as a broker-dealer, Ameriprise Financial Services distributes or receives compensation from selling various products including but not limited to equities and fixed income products including corporate bonds and municipal securities, mutual fund shares, ETFs, 529 plans, face-amount certificates, closed-end funds, preferred securities, UITs, non-traded REITs, non-traded BDCs, non-traded closed end funds, hedge fund offerings, structured products, real estate private placement offerings, exchange funds, private equity offerings, fixed and variable annuities, and fixed and variable life insurance. Ameriprise Financial Services also sells managed futures funds that engage in trading commodity interests, including futures. Ameriprise Financial Services is registered with the Commodity Futures Trading Commission (“CFTC”) as a commodity trading advisor, and has obtained membership with the National Futures Association in connection with such CFTC registration.

In addition, Ameriprise Financial Services is the principal underwriter and distributor of the publicly offered face-amount certificates issued by **Ameriprise Certificate Company**. Ameriprise Financial Services also may serve as an underwriter or member of a selling group for securities offerings, including those issued by affiliates.

Retail brokerage services are made available through Ameriprise Financial Services, which has an agreement with **American Enterprise Investment Services Inc.** (“AEIS”), a registered broker-dealer and an affiliate of Ameriprise Financial Services. Ameriprise Financial Services requires clients to agree in their client agreements that their account(s) are introduced by Ameriprise Financial Services to AEIS on a fully-disclosed basis, and that securities purchase and sale transactions in their account(s) shall be directed through AEIS. You should consider that not all investment advisory firms require clients to direct execution of transactions through a specific broker-dealer. Brokerage accounts are carried by, and brokerage transactions are cleared and settled through, AEIS, subject to AEIS policies to assure that the resultant price to the client is as favorable as possible under the prevailing market conditions. See the **“Economic benefits of affiliates’ products and services”** subsection in the **“Other Financial Industry Activities and Affiliations”** section of this Disclosure Brochure for more information about potential conflicts of interest relating to brokerage transactions.

For purposes of Form ADV Part 2, certain Ameriprise Financial Services management persons are registered representatives of Ameriprise Financial Services in its capacity as a broker-dealer, registered representatives of American Enterprise Investment Services Inc, and are associated persons of Ameriprise Financial Services in its capacity as a commodity trading advisor.

Ameriprise Financial Services approves and opens accounts and accepts securities order instructions with respect to the accounts. AEIS serves as Ameriprise Financial Services’ clearing agent in providing clearing and settlement services for transactions that are executed for customers of Ameriprise Financial Services. In exchange for a fee paid by Ameriprise Financial Services, AEIS provides clearing, custody, record keeping and all clearing functions for certain advice-based accounts.

Investment products are not federally insured or insured by the Federal Deposit Insurance Corporation (“FDIC”), are not deposits of or guaranteed by any financial institution, and involve investment risks including possible loss of principal and fluctuation in value. Cash held in the Ameriprise® Insured Money Market Account (“AIMMA”) cash sweep program, brokered CDs, and certain structured CD products held in a brokerage account are insured by FDIC up to applicable limits.

In addition, AEIS may act as an agent in effecting securities transactions for Ameriprise National Trust Bank accounts.

**Investment Professionals, Inc.** (“IPI”), a wholly-owned subsidiary of Ameriprise Financial, Inc., is an independent broker-dealer and is registered as an investment adviser with the SEC. IPI specializes in the on-site delivery of investment programs for financial institutions including banks and credits unions.

**AMPF Holding Corporation** is a holding company for Ameriprise Financial Services, IPI and AEIS.

**Columbia Management Investment Distributors, Inc.** (“Columbia Management Investment Distributors”), an indirect wholly-owned subsidiary of Ameriprise Financial, Inc., is a registered broker-dealer, serving as principal underwriter and distributor of registered open-end investment companies and other funds advised by affiliated companies, Columbia Management Investment Advisers, LLC (“CMIA”) and Columbia Wanger Asset Management, LLC, (“Columbia Wanger Asset Management”) (collectively, “Columbia Management” or “Columbia”). These investment companies are collectively referred to as the “Columbia Funds.”

**RiverSource Distributors, Inc.** (“RiverSource Distributors”), a wholly owned subsidiary of Ameriprise Financial, Inc., is a registered broker-dealer, serving as principal underwriter and distributor of RiverSource variable life insurance and annuities on behalf of RiverSource Life Insurance Company (“RiverSource Life”), and RiverSource Life’s wholly owned subsidiary, RiverSource Life Insurance Co. of New York (“RiverSource Life of NY”) (collectively, “RiverSource”). Ameriprise Financial Services has selling arrangements with RiverSource and RiverSource Distributors to distribute these products.

## Investment company

Ameriprise Financial Services has arrangements with Ameriprise Certificate Company to distribute and sell its face-amount certificates and selling arrangements with Columbia Management Investment Distributors to distribute the Columbia Funds.

## Investment advisory firm

**Columbia Management Investment Advisers** is registered as an investment adviser with the SEC. CMIA provides investment advice to:

- Columbia Funds and private funds
- Ameriprise Certificate Company
- RiverSource, as well as the Columbia Funds underlying certain variable contracts issued by RiverSource
- Various Wrap Program Sponsors, including Ameriprise Financial Services
- Other affiliated and unaffiliated clients.

Ameriprise Financial, Inc. has other subsidiaries that are registered as investment advisers with the SEC, including Threadneedle International Limited, Columbia Wanger Asset Management and Lionstone Partners, LLC. These subsidiaries are registered as investment advisers and may provide advice to domestic and foreign institutional clients, the Columbia Funds, private funds and other fiduciary clients. These entities provide services independent from Ameriprise Financial Services. Columbia Management and its U.K.-based affiliate Threadneedle Investments operate under a combined global asset management brand, Columbia Threadneedle Investments.

## Banking institution

**Ameriprise National Trust Bank** (“Bank”), a limited purpose national trust bank, provides personal trust services to clients, including trustee and investment management services for asset trusts and irrevocable life insurance trusts. In addition, the Bank provides investment management and custodial agency services for individual, individual trustee, association and non-profit organization accounts. Ameriprise Financial

Services establishes custodial accounts and accepts securities order instructions for trust accounts at the Bank. In addition, Ameriprise Financial Services may provide investment advice and research support to the Bank and its clients for these trust accounts.

## **Trust company**

**Ameriprise Trust Company** (“ATC”), a Minnesota- chartered trust company, provides custodial, investment management and collective trust fund services for employer-sponsored retirement plans, including pension, profit sharing, 401(k) and other qualified and nonqualified employee retirement plans. ATC also serves as custodian for IRAs, 403(b)s and some retirement plans qualified under section 401(a) of the Internal Revenue Code of 1986. ATC is not a deposit bank or a member of FDIC.

## **Insurance company**

Insurance products sold by Ameriprise Financial Services and its financial advisors are issued primarily by **RiverSource Life Insurance Company**, a stock life insurance company that is qualified to do business as an insurance company in the District of Columbia, American Samoa and all states except New York; and in New York only, issued by **RiverSource Life Insurance Co. of New York**, a stock life insurance company that is qualified to do business as an insurance company in New York. The products of RiverSource Life and RiverSource Life of NY include fixed and variable annuities, fixed and variable life insurance, disability income insurance and long-term care insurance. Insurance products are also offered by other third parties through an arrangement with Ameriprise Financial Services and through Diversified Business Services and Crump Insurance Services, Inc., which act as co-general agents.

**Ameriprise Auto & Home Insurance** issues auto, home and umbrella insurance in various states. The insurance is underwritten by IDS Property Casualty Insurance Company and/or Ameriprise Insurance Company, both in DePere, WI. These products are offered primarily by direct marketing and referrals from financial advisors.

**Ameriprise Auto & Home Insurance Agency, Inc.**, an affiliated insurance agency, may place business for third- party carriers.

## **How we get paid**

**This section should be read in connection with the “Services, Fees and Compensation” and/or the “Client Referrals and Other Compensation” sections in this Brochure.**

Ameriprise Financial Services and its affiliates receive revenue from several different sources on the products and services you purchase. These sources include the fees and charges you pay, other arrangements we have in place with product companies, and investment and interest income. The revenue generated or received supports, in part, the development of new products, maintenance of our infrastructure, and retention of employees and financial advisors. Further on in this section you will find information on how our financial advisors are paid.

## **Cost Reimbursement Services and Third-Party Payments**

**Payments from product companies.** AEIS will receive the following types of payments with respect to the investment products we recommend and you select for the investment of your Managed Account assets. This compensation is used in part to fund the cost of providing the Services, maintaining Managed Accounts and offering an investment platform for our clients as well as providing revenue and net earnings to AEIS.

AEIS performs, for the benefit of Ameriprise Financial Services, its financial advisors and clients, certain services, including but not limited to, record keeping, administration and shareholder servicing support, applicable platform level eligibility and investment product due diligence, investment research, training and

education, client telephonic and other servicing, and other support related functions such as trading systems, asset allocation and performance reporting tools, websites and mobile applications (collectively “cost reimbursement services”).

AEIS also receives revenues that exceed the costs of the cost reimbursement services provided. These revenues include revenue sharing and marketing support payments and such payments (as described below under the heading "Education, training, seminar reimbursement and noncash compensation") increase the gross revenues and net earnings of AEIS.

The cost reimbursement payments received by AEIS are paid by some but not all product sponsors out of assets of the investment, such as a mutual fund or unit investment trust, and thus reduce the investor return on their investment. Because not all investments provide for cost reimbursement payments, AFSI has an incentive to recommend or select such products within Managed Accounts to increase the revenues of its affiliate AEIS, which represents a conflict of interest.

AEIS receives a variety of payments for cost reimbursement services from proprietary products sponsored or managed by affiliated investment advisers (e.g. Columbia Management) and by nonproprietary investment product companies which reimburse the costs of client beneficial services provided by Ameriprise Financial Services and AEIS. The most significant of these payments are reimbursement for marketing support received from the product companies. AEIS receives cost reimbursement payments from product companies for the following products: mutual funds, 529 plans, UITs, non-traded REITs, real estate private placements, tax-deferred real estate exchanges, non-traded BDCs, variable annuities, structured products, managed futures funds, private equity offerings, non-traded closed end funds and hedge fund offerings. AFSI receives cost reimbursement payments on our affiliated and unaffiliated annuity products which are not eligible investments for Managed Accounts. These payments are discussed in the remaining paragraphs of this section.

If AEIS and its affiliates did not receive this compensation, Ameriprise Financial Services would likely charge higher fees or other charges to clients for the services provided. When evaluating the reasonableness of the fees and expenses incurred in a Managed Account, you should consider not just the Wrap Fee, but also the fund-level fees and other compensation that Ameriprise Financial Services and its affiliates receive including payments for cost reimbursement services described in this section and other cost reimbursement and marketing support payments received by us and our other affiliates, as described in the “**How we get paid**” and the “**Revenue Sources for other Ameriprise Financial, Inc. companies**” sections of this Brochure as applicable.

**Mutual Fund and 529 Plan Marketing and Sales Support Payments.** Mutual fund and 529 plan marketing and sales support payments are received from certain mutual fund firms. These payments form a structure referred to here as the Ameriprise Financial Mutual Fund Program (“Mutual Fund Program”) within the nearly 300 mutual fund families Ameriprise Financial Services offers.

The goal at Ameriprise Financial Services is to offer a wide range of mutual funds using the following criteria:

- Product breadth and strong-performing funds
- Financial strength of the firm
- Marketing and sales support payments paid to our affiliate AEIS to support cost reimbursement services
- Ability to provide product support and training to our financial advisors
- Tax benefits offered by individual states
- Overall quality of the 529 plan (specific to 529 plans)

Ameriprise financial advisors may offer, and clients are free to choose, mutual funds from nearly 300 firms available. However, certain aspects of the Mutual Fund Program create a conflict of interest or incentive if Ameriprise Financial Services promotes, or Ameriprise financial advisors recommend, the mutual funds offered by a firm participating in the Mutual Fund Program versus mutual funds offered by nonparticipating firms. As further described below, these conflicts and incentives arise from the cost reimbursement related to Education, Training, Seminar Reimbursement and noncash compensation, as more fully discussed below, provided to our financial advisors by, as well as the payments AEIS receives

from, firms participating in the Mutual Fund Program and with other relationships with firms, including Columbia Management; see the section titled “**Columbia Funds**” below. Ameriprise addresses this conflict of interest by calculating the compensation paid to our financial advisors for all assets without regard to the amount of cost reimbursement payments we or our affiliates receive in connection with client investments in mutual funds and other investment products.

To be included in the Mutual Fund Program, firms have agreed to pay AEIS a portion of the revenue generated from the sale and/or management of mutual fund shares. Full Participation Firms make cost reimbursement payments at a higher level than do firms that have arrangements discussed in the “**Other financial relationships**” section. For each year a client holds shares of a particular mutual fund, the mutual fund’s advisor or distributor may pay to AEIS an amount based on the value of the collective mutual fund shares held in clients’ accounts (asset- based payment). In addition, a mutual fund’s advisor or distributor may pay a fee to AEIS for cost reimbursement services provided for the mutual fund shares purchased during a given period (sales- based payment). Ameriprise Financial Services received an asset-based payment (up to 0.20% per year for mutual funds and 0.17% per year for 529 plans) on some or all of Ameriprise Financial Services clients’ assets managed by the participating firms and a sales-based payment up to 0.20% for certain mutual funds and 529 plans) on some or all of the participating firms’ gross sales made through Ameriprise Financial Services. Certain Full Participation Firms mutual fund share classes may pay AEIS more marketing support for certain types of mutual funds. As a result, Ameriprise financial advisors may have an indirect incentive to sell such funds.

If your Account sweeps uninvested cash to a money market mutual fund, AEIS receives cost reimbursement payments of up to 0.42% of the amount held in your money market fund Sweep Option. The amount that AEIS receives may be reduced based on fee waivers that are imposed by the money market fund firm.

These arrangements vary between firms and may be subject to change or renegotiation at any time. If a firm ceases to make cost reimbursement payments, AEIS may remove the firm from the Mutual Fund Program and Ameriprise Financial Services may cease to offer mutual fund shares and or the 529 plan(s).

**Full Participation.** Twenty-eight firms fully participate in the Mutual Fund Program. These fund firms include Columbia Management, Allianz Global Investors, American Century, BlackRock, Delaware Investments, Dreyfus, Deutsche Asset & Wealth Management, Eaton Vance, Federated, Fidelity, Goldman Sachs, Invesco, Ivy, Janus, John Hancock, JP Morgan, Legg Mason, Lord Abbett, MainStay, MFS, Neuberger Berman Management LLC, Nuveen, Oppenheimer, Principal, PGIM Investments (formerly Prudential), Putnam, Virtus and Wells Fargo. These firms are referred to as “Full Participation Firms.”

We offer 529 plans from 22 firms. Of those firms, 13 are Full Participation Firms. These fund firms include Allianz Global Investors, American Century, BlackRock, Columbia Management, Deutsche Asset & Wealth Management, Fidelity, Ivy, John Hancock, J.P. Morgan, Legg Mason, MFS, Oppenheimer and Putnam. Each of these firms is referred to as a “Full Participation Firm.”

The most current Mutual Fund Program information, as well as the previous calendar year’s totals of marketing support payments received from Full Participation firms, in addition to distribution support amounts, may be viewed online by visiting [www.ameriprise.com/funds](http://www.ameriprise.com/funds) and clicking on “An Investor’s Guide to Purchasing Mutual Funds and 529 Plans at Ameriprise Financial”.

**Education, Training, Seminar Reimbursement and noncash compensation.** Full Participation Firms provide to Ameriprise financial advisors, and in some cases their clients, education, training, and support services relating to the investment products they offer. These firms may reimburse Ameriprise Financial Services and Ameriprise Financial Services may subsequently reimburse Ameriprise financial advisors for client/prospect education events and financial advisor sales meetings, seminars and training events consistent with Ameriprise Financial Services policies. Ameriprise Financial Services and its financial advisors may also receive nominal noncash benefits from time to time. As a result, Ameriprise financial advisors may have a greater familiarity with and an incentive to sell investment products of Full Participation Firms.



## Other financial relationships

**Distribution Support Relationships.** AEIS also has cost reimbursement arrangements with firms for distribution support services. These firms make cost reimbursement payments to AEIS of up to and 0.10% on assets for these services, which support the distribution of the fund's shares and 529 plans by making them available on one or more of Ameriprise Financial Services platforms. These mutual fund firms do not provide marketing and sales support such as those provided by Full Participation Firms to Ameriprise financial advisors, thus they do not have the same access to financial advisors as Full Participation Firms.

Ameriprise Financial Services sells 529 plans from eight firms that do not make cost reimbursement payments to AEIS. Moreover, plans offered by these firms are available for sale to in-state residents only. Those firms are: American Funds, Ascensus, First National Bank of Omaha, Hartford, Invesco, NorthStar Financial and Union Bank & Trust and Voya. Certain 529 plans may pay AEIS a fee of up to 1% assets for NAV rollovers.

The mutual fund's distributor or affiliate may also make payments to AEIS for networking and/or omnibus support and other client services and account maintenance activities.

Ameriprise Financial Services also provides clients with access to mutual funds offered by other firms through the relationship AEIS has with Charles Schwab & Co., Inc. ("Schwab"), and Schwab's mutual fund program. AEIS receives an asset based fee of up to 0.40% per year on some or all of Ameriprise Financial Services clients' assets managed by participating mutual fund firms.

AEIS and its affiliates may have other relationships with firms whose mutual funds Ameriprise Financial Services offers. These relationships may include affiliates of firms acting as a sub-adviser to CMIA, CMIA acting as a sub-adviser to a third-party firm, or affiliates of a firm managing an investment portfolio within another Ameriprise Financial Services or affiliated product, such as a RiverSource variable annuity. Firms may use CMIA to manage an underlying investment option in products offered through the Mutual Fund Program.

AEIS has a marketing support agreement with BlackRock Advisors, LLC with respect to mutual fund positions held by Ameriprise Financial Services customers. BlackRock, Inc. owns more than 5% of the outstanding shares of Ameriprise Financial, Inc. stock.

**Columbia Funds.** AEIS and other affiliates of Ameriprise Financial Services provide certain administrative and transfer agent services to the Columbia Funds. Ameriprise Financial Services and its affiliates generally receive more revenue from sales of affiliated mutual funds than from sales of other mutual funds. Employee compensation and operating goals at all levels of the company are tied to the company's success. Certain employees may receive higher compensation and other benefits based, in part, on assets invested in affiliated mutual funds.

**American Funds.** For both affiliated and unaffiliated mutual funds we offer, AEIS receives cost reimbursement payments from mutual fund firms of up to 0.20% of assets invested in those funds. With most mutual fund firms, these payments are paid on an ongoing basis and determined solely based on total assets invested in the funds of a particular fund family held in clients' accounts. Rather than determining the amount of the payment solely on an asset-based basis, American Funds pays AEIS an annual negotiated platform fee based on a number of factors including prior year assets in accordance with their prospectus governing each mutual fund. This platform fee will not exceed 0.20% of assets and will also not exceed the limits set forth in the prospectus governing each fund. You can find the total dollar amounts we receive annual from American Funds, as of the previous calendar year, by visiting [www.ameriprise.com/funds](http://www.ameriprise.com/funds) and clicking on "An Investor's Guide to Purchasing Mutual Funds and 529 Plans at Ameriprise Financial." American funds are generally no longer available for purchase in Ameriprise brokerage accounts, and thus new investments and additional purchases of American Funds can generally only be executed in our Managed Account Programs.

## Payments from other nonproprietary product companies

**Payments from hedge fund offering sponsors.** AEIS, in consideration for its cost reimbursement services, may receive ongoing investor service fee payments from hedge fund offering sponsors available in Ameriprise brokerage accounts. Depending on the fund, AEIS will receive payments ranging from 0% to 0.25% of the amount you invest in this product.

**Payments from UIT sponsors.** Certain UIT sponsors with which AEIS has agreements may pay AEIS cost reimbursement payments to help promote and support the offer, sale and servicing of UITs. These UIT sponsors are granted full access to Ameriprise Financial Services and our financial advisors to promote their products. UIT sponsors without such agreements do not provide direct financial advisor education or sales support, thus they do not have the same access to financial advisors as full access firms. Such marketing and sales support may create a conflict of interest if Ameriprise Financial Services promotes, or Ameriprise financial advisors recommend, the UITs from UIT sponsors that been granted full access versus UITs offered by nonparticipating firms. These conflicts may arise from the marketing and sales support provided to our financial advisors by, as well as the payments AEIS receives from, firms that have entered into such agreements. AEIS will receive compensation from UIT sponsors whose products we recommend, in the form of volume concessions that range from 0.035% up to 0.175% of total UIT sales (in either a calendar quarter or over a trailing 12-month period), and payments that range from 0.058% up to 0.084% annually based on projected UIT sales assuming growth rate each year over the three-year life of the contract.

**Payments from insurance companies.** Cost reimbursement payments are received by Ameriprise Financial Services and/or its affiliate, AEIS, from affiliated and unaffiliated insurance companies. Ameriprise Financial Services sells annuity and insurance products to its clients manufactured by its affiliate, RiverSource, as well as from select unaffiliated insurance companies. Commissions payable to your financial advisor for variable annuity sales are equivalent among RiverSource and the unaffiliated insurance companies for comparable annuity products. Commissions payable on insurance products varies by manufacturer and product.

RiverSource and potentially other unaffiliated insurance companies may be permitted to reimburse Ameriprise Financial Services or AEIS and these entities may subsequently reimburse Ameriprise financial advisors for client/ prospect educational events and financial advisor sales meetings, seminars and training events consistent with Ameriprise Financial Services and AEIS policies, as applicable. These companies also provide support to an Ameriprise Financial Services internal sales desk, which in turn provides support to financial advisors.

These Unaffiliated variable annuity and insurance companies do not provide direct client or financial advisor education or sales support, other than product training materials, product sales literature and addressing client service issues. As a result, Ameriprise financial advisors may have a greater familiarity with RiverSource annuity products and may be more likely to sell those products.

From unaffiliated long-term care insurance product manufacturers, AEIS receives payments up to 27.5% of the commissionable premium. AEIS receives varying payments from unaffiliated life, disability and other insurance product manufacturers.

**Payments from structured products sponsors.** AEIS receives selected dealer fees and/or marketing support fees for the sale of 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%).

**Payments from managed futures fund sponsors.** Depending on the fund, AEIS receives cost reimbursement payments ranging from 0% to 0.25% of the amount you invest in this type of product.

**Payments from private equity offering sponsors.** AEIS receives ongoing investor services fees for the sale of private equity offerings.

**Payments from non-traded closed end fund sponsors.** AEIS receives cost reimbursement payments of up to 2.5% of assets in non-traded closed end funds.

**Payments from non-traded REIT, real estate private placement, tax-deferred real estate exchange and non-traded BDC sponsors.** AEIS receives cost reimbursement payments of up to 2.50% of assets in non-traded REITs, real estate private placements, tax-deferred real estate exchange and non-traded BDCs.

**Mutual Fund & ETF Recommended list (“Starting Point List”)** Ameriprise financial advisors may make mutual fund recommendations based on a group of funds that appear on the Starting Point List. Financial advisors are not required to use the Starting Point List as their source for mutual fund and ETF recommendations, and mutual funds contained on the Starting Point List may not be equally available across both Managed Accounts and Ameriprise brokerage accounts. All ETFs available for sale at Ameriprise and all mutual funds offered by Full Participation Firms or Available for Sale Firms, as further discussed below, must meet Ameriprise Financial Services’ due diligence standards to be eligible for inclusion on the Starting Point List. In developing the Starting Point List, the IRG applies a quantitative and qualitative evaluation process that includes an analysis of a fund’s returns, risk and expenses; the tenure and quality of the investment team; the soundness of the process and consistent implementation; and the overarching health of the organization. Certain mutual funds and ETFs that would have otherwise been included on Starting Point were excluded due to their high investment minimums. Client suitability must be considered when trading mutual funds and ETFs, including breakpoint discount eligibility and NAV transfer ability. The funds on the Starting Point List are subject to change periodically, however changes to the Starting Point List should not be the sole reason to prompt trading.

The Starting Point List is developed by the IRG based on eligibility criteria established by Ameriprise Financial Services. Approximately 2,200 mutual funds are eligible for inclusion on the Starting Point List. The universe of ETFs includes funds available for sale at Ameriprise. The universe of mutual funds includes only mutual funds sponsored or managed by Full Participation Firms in the Mutual Fund Program. If a suitable mutual fund recommendation for a particular asset class cannot be found within the Full Participation Firms’ offerings, the IRG will proceed to look for mutual fund options sponsored or managed by “Available for Sale Firms”.

While the Starting Point List is developed by evaluating the performance characteristics of each fund’s Class A shares, the analysis is ultimately intended to apply at the mutual fund level. Mutual funds included on the Starting Point List may or may not offer an Advisory Share class that is available in our Managed Accounts Programs. As a result, Managed Account clients may be unable to purchase a fund on the Starting Point List if that fund does not offer an Advisory Share class. Similarly, Ameriprise brokerage account clients may be unable to purchase a mutual fund on the Starting Point List if that fund does not offer a share class available in Ameriprise brokerage accounts. In addition, some mutual funds included on the Starting Point List may offer lower-cost share classes than the Advisory Share class available in Managed Account Programs. You should consider whether you may be eligible to purchase these lower-cost share classes outside the Programs.

These eligibility criteria are designed by AFSI to primarily include, and therefore favor, mutual funds from Full Participation Firms. To be included in the Program and be eligible for inclusion on the Starting Point List, each Full Participation Firm must meet a number of criteria that consider product breadth and strong-performing funds, financial strength of the firm and the ability to provide education and training to Ameriprise financial advisors, including marketing and sales support services relating to the funds they offer. Full Participation Firms have also agreed to pay our affiliate, AEIS, a portion of the revenue generated from the sale and/or management of fund shares as further described above.

Available for Sale Firms make payments to AEIS for distribution support but do not provide marketing and sales support such as those provided by Full Participation Firms and make payments at a lower percentage rate than Full Participation Firms. They do not have the same wholesaling access to financial advisors as Full Participation Firms. As a result, Ameriprise financial advisors may have a greater familiarity with and an incentive to sell funds of Full Participation Firms. The payments made to AEIS by Full Participation Firms and

Available for Sale Firms reimburse the costs of client beneficial services provided by Ameriprise Financial Services and AEIS to financial advisors and clients, including but not limited to, distribution, marketing, administration and shareholder servicing support, due diligence, training and education, and other support related functions (e.g., Cost Reimbursement Services) and increase the revenues and profitability of AEIS. The most significant of these payments are reimbursement for marketing support received from Full Participation Firms and other product companies. Full Participation Firms make Cost Reimbursement Payments at a higher percentage rate than do Available for Sale Firms. This presents a conflict of interest as Full Participation Firms pay AEIS more revenue than Available for Sale Firms, and thus AEIS earns more revenue from the purchase of mutual funds offered by Full Participation Firms than from the purchase of mutual funds offered by Available for Sale Firms. Clients may choose to follow the recommendations provided by their Ameriprise financial advisor or they may select from any of the other funds offered through Ameriprise Financial regardless of whether that funds appears on the Starting Point List. More information on the Full Participation Firms that participate in the Program, specific arrangements we have with them, and conflicts of interest or incentives that exist for Ameriprise Financial to promote (and for Ameriprise Financial Advisors to recommend) one fund over another fund is provided on our website at [ameriprise.com/funds](http://ameriprise.com/funds) and click "Purchasing Mutual Funds Through Ameriprise."

## **Revenue sources for Ameriprise Financial Services, Inc.**

**Financial planning and advisory service fees.** These are fees you pay for financial planning and fee-based investment advisory account services, respectively.

**Ameriprise brokerage account sales charges.** Sales charges, commissions and/or selling concessions are paid when you buy or sell equities and fixed income products including corporate bonds and municipal securities, mutual funds, 529 plans, stocks and bonds, closed-end funds, preferred securities, UITs, non-traded REITs, non-traded BDCs, non-traded closed-end funds, hedge fund offerings, exchange funds, private equity offerings, managed futures funds, real estate private placement offerings and structured products. In addition, you may pay a markup or markdown in bond transactions executed on a principal capacity with AEIS. These charges vary by product and product type. For example, with respect to mutual funds, the sales charge for a stock mutual fund is typically greater than that for a bond mutual fund. For other product types such as non-traded REITs, the sales charge you pay may also include a portion of the distribution, organization and offering fees and expenses.

**Periodic Fees.** Periodic fees include IRA custodial fees, brokerage fees (i.e., account maintenance and order handling fees), and a portion of the fees associated with certain banking products and services (i.e., personal trust services).

Ameriprise Financial Services offers programs that may result in reimbursement to client accounts for certain periodic fees. These programs do not apply to Managed Accounts. In our client loyalty program, Ameriprise Achiever Circle, participants are eligible for reimbursement of certain fees. In another program available for Ameriprise brokerage clients, Ameriprise financial advisors may receive funds from Ameriprise Financial Services based on the financial advisor's prior-year compensation, and are permitted to use the funds to reimburse client brokerage accounts for periodic fees. Not all financial advisors participate in the latter program, and it is possible that not all fees may be reimbursed.

Sales charges, trading commissions, markups, markdowns and financial planning and advisory services fees are not eligible for reimbursement or offered at a discount.

**Periodic expenses.** Periodic expenses are paid from product assets, such as 12b-1 shareholder servicing fees paid from mutual fund assets (including 12b-1 fees paid on certain funds that serve as underlying investment options for 529 plan assets) and distribution fees paid from *Ameriprise* certificate assets. 12b-1 shareholder servicing fees assessed in Ameriprise brokerage accounts may be used to pay for

marketing, distribution and shareholder service expenses. Any 12b-1 shareholder servicing fees received for Non-Advisory Share classes in any Managed Accounts will be rebated to clients.

**Interest.** If you request a margin account, AEIS charges you interest on your margin balance.

Ameriprise Financial Services may refer clients to certain third-party lenders for extension of credit secured by assets held in their Ameriprise Financial Services accounts. We will receive compensation from these lenders based on the amount of credit extended and the interest rate of the loan to our clients.

Ameriprise Financial Services receives compensation when you open a credit card account with certain financial institutions and for certain transactions in that account. We also receive compensation for promoting these credit cards and are reimbursed for expenses related to rewards programs.

**Payments from managed futures fund sponsors.** Ameriprise Financial Services receives selling commissions for the sale of managed futures funds.

**Payments from exchange fund sponsors.** Ameriprise Financial Services may receive a fee of up to 1% of the value of the exchange fund shares purchased.

**Payments from non-traded closed-end fund sponsors.** Ameriprise Financial Services receives selling commissions for the sale of non-traded closed-end funds. Ameriprise Financial Services may receive fees of up to 6.0% of the amount invested.

**Payments for referrals to structured settlements agents.** Ameriprise Financial Services receives a fee, shared with financial advisors, for referrals to non-affiliated structured settlement professionals for both client and non-client referrals. The amount and basis for the referral fee varies by relationship multiplied by the notional sales amount of the product.

**Underwriters' compensation.** Ameriprise Financial Services receives a fee comprised of a selling concession, management fee, underwriting fee, and, in some cases, a structuring fee for the sale of initial public offerings ("IPOs") such as closed-end funds and preferred securities. The specific amounts vary by individual offering, and are disclosed in the prospectus.

**Transaction charges.** Ameriprise Financial Services does not assess online transactions charges in Managed Accounts to financial advisors. Franchisee financial advisors are assessed a transaction charge if entering an order by phone for SPS *Advantage* or SPS Advisor accounts. For employee financial advisors, this transaction charge is assessed to the employee's branch and not paid by the advisor. Direct payment by the financial advisor of phone-in transaction charges may be a disincentive for a franchisee financial advisor to recommend an SPS *Advantage* or SPS Advisor account or to recommend trades in the account(s).

For Managed Accounts, Ameriprise financial advisors pay the same mutual fund transaction rate for orders entered by phone for all mutual fund firms. Not all mutual fund families are available for purchase in a Managed Account. For more information about payments and potential conflicts of interest, please see the applicable prospectus, term sheet, application or other client disclosure forms.

### **Financial interest in products**

Ameriprise Financial Services has a financial interest in the sales of proprietary products that are manufactured by its affiliates. Ameriprise Financial Services 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 Threadneedle Investments and RiverSource brands, than for the sale of other products and services.

Generally, Ameriprise Financial Services receives more revenue for securities or products sold in a fee-based account than for those sold with only a sales charge or commission. Higher revenue generally results in greater profitability for Ameriprise Financial Services. Employee compensation (including management and field leader compensation) and operating goals at all levels of the company are tied to the company's success. Management, sales leaders and other employees generally spend more of their

time and resources promoting Ameriprise, Columbia Threadneedle Investments and RiverSource branded products and services.

Any 12b-1 fees received by Ameriprise Financial Services for mutual funds held in any Managed Accounts will be rebated to clients and financial advisors do not receive compensation from 12b-1 fees assessed on mutual funds held in Managed Accounts. For brokerage accounts, both Ameriprise Financial Services and individual financial advisors are compensated when clients buy mutual funds through Ameriprise Financial Services. Generally, financial advisors receive a portion of the sales charge and 12b-1 fees paid to the firm in connection with mutual fund purchases for as long as clients own the mutual fund shares. Sales charges and 12b-1 fees vary from mutual fund to mutual fund and from class to class. Ameriprise Financial Services and the financial advisor receive more compensation on fund or share classes that pay higher fees.

Ameriprise Financial Services and the financial advisor generally receive less compensation when the sales charge and/or 12b-1 fee is reduced, waived completely, or where there is no sales charge or 12b-1 fee. Therefore, for brokerage accounts there is an incentive for our financial advisors to sell a fund that pays a load or a fund that pays a 12b-1 fee over funds that do not.

Ameriprise Financial Services and Ameriprise financial advisors are paid in different ways for helping you choose mutual funds, depending on the type of fund, amount invested, and share class purchased. Financial advisors receive compensation from 12b-1 fees for mutual funds in brokerage transactions only. Ameriprise Financial Services and financial advisors receive more compensation for sales of certain types of products, such as insurance rather than others.

## **Economic benefits of affiliates' products and services**

As with all financial services firms, a portion of our revenue and compensation can generate a profit for the firm. The revenue and compensation we receive helps us cover our expenses in providing and servicing these products and services. Employee and financial advisor compensation and operating goals at all levels of Ameriprise Financial, Inc. are tied to the success of its businesses. As a result, certain incentives and conflicts of interest may exist for Ameriprise Financial Services, our affiliates and our financial advisors if you purchase certain products or services recommended by your financial advisor.

Generally, among other things, Ameriprise Financial Services and our affiliates will receive:

- More revenue, in aggregate, from the purchase of products sponsored or managed by Ameriprise, Columbia Management and RiverSource ("proprietary products") than from the purchase of products sponsored or managed by firms that aren't affiliated with Ameriprise Financial, Inc. ("nonproprietary products"). Ameriprise Financial Services actively promotes the products of our affiliates through advertising, direct mail, and product support and training events.
- More revenue from the purchase of products and services than from Wrap Fees.
- More revenue as the size of any margin account balance increases.
- More revenue when you purchase certain types of products, such as insurance and annuity products and direct investments.
- More revenue from products and services that generate ongoing revenue streams, such as mutual funds that pay ongoing 12b-1 fees, an investment advisory account service, and life insurance and annuity products with mortality and expense charges.
- More revenue when you purchase shares of mutual funds or 529 plans from Full Participation Firms than from firms with other distribution support relationships, as described in the "**Cost Reimbursement Services and Third Party Payments**" section of this Brochure.
- More revenue when you purchase investment products for which we receive cost reimbursement payments or have similar financial arrangements, as described in the "**Cost Reimbursement Services**

**and Third Party Payments”** and **“Revenue sources for Ameriprise Financial Services, Inc.”** sections of this Brochure.

- Less revenue when a sales charge or commission is reduced or waived completely, or where there is no sales charge.
- More revenue when you move assets (including retirement plan accounts) from another institution to Ameriprise Financial Services or RiverSource or into a product managed by Columbia Management or another affiliate.

Generally, among other things, your financial advisor may earn:

- More depending on how your financial advisor is affiliated with Ameriprise Financial Services, as described in the **“How our financial advisors get paid”** section of this Brochure.
- More on the sale of certain life and disability insurance products because insurance companies pay increasing levels of compensation the more a financial advisor sells.
- More on the purchase of annuity and insurance products and direct investments, because they are more complex than are other products and take more time to service.
- More revenue from products and services that generate ongoing revenue streams, such as mutual funds that pay ongoing 12b-1 fees, an investment advisory account service, and life insurance and annuity products with mortality and expense charges.
- More from certain sales incentive programs to increase overall assets under management.
- Less on individual purchases within a transaction-based brokerage account because of the higher transaction charges your financial advisor pays on these accounts compared to a fee-based investment advisory account.
- Less when a sales charge or commission is reduced or waived completely, or where there is no sales charge.
- Typically, less when you exchange an existing annuity contract, mutual fund or insurance policy for certain like or similar products from the same company, unless you have held the existing product for a certain period of time.
- More revenue if you purchase securities on margin that you could not otherwise purchase in a cash account.
- Nominal additional compensation on the value of the assets rolled into an IRA brokerage account from a retirement account with Columbia Funds.
- A higher payout rate based on the level of product sales, on the number of financial plans sold, and on higher face/death benefit amount for certain insurance products.
- More when you move accounts (including retirement plan accounts) from another institution to Ameriprise Financial Services, CMIA or RiverSource.
- Compensation for servicing trust accounts held with the Bank.
- No compensation for the renewal of *Ameriprise* certificates.

Financial advisors are required to take training on complex products developed by Ameriprise Financial Services and its affiliates and non-affiliated product manufacturers, including certain RiverSource products prior to soliciting, including RiverSource insurance and RiverSource annuity products and a targeted subset of nonproprietary products. Additional general product training is available and specific product training is required for a number of complex products, including Columbia Threadneedle Investments and RiverSource branded products. It is likely that a product recommendation from your financial advisor will be drawn from the universe of products on which they were trained. Ameriprise Financial Services may enter into strategic alliances with companies that offer products or services that Ameriprise Financial Services and its financial advisors do not sell. In some of those alliances, Ameriprise financial advisors

may receive gifts and non-cash compensation from the other companies which are subject to SEC and FINRA regulations as well as Ameriprise Financial Services' internal compliance policies.

Some, but not all, of the financial planning software tools available for use by your financial advisor were developed by Ameriprise Financial Services or unaffiliated third parties and may make it more convenient for your financial advisor to select proprietary products.

Most Ameriprise financial advisors are also the appointed agents of RiverSource Life Insurance Company and, in New York only, RiverSource Life Insurance Co. of New York, affiliates of Ameriprise Financial Services. When acting as an agent for these affiliates your financial advisor's interests may conflict with yours.

Ameriprise Financial Services grants RiverSource limited access to Ameriprise financial advisors and provides RiverSource with limited information related to Ameriprise clients to promote sales of RiverSource products and to assist financial advisors in understanding the features and benefits of those products. Ameriprise Financial Services does not grant this access to other non-affiliated companies offering similar products, thus they do not have the same access to financial advisors as RiverSource.

Additionally, it is possible that Bank would send an order on behalf of a trust account to AEIS and at the same time AEIS would execute the opposite order for a brokerage client. Investments may be made for Bank's trust accounts in which Ameriprise Financial Services or its related persons have a position or interest. Although Ameriprise Financial Services and its related persons may own securities suitable for or held by clients, in no case will holdings of Ameriprise Financial, Inc., its subsidiaries or their employees or directors be directly sold to or purchased from Bank's trust accounts. AEIS, an affiliate of Ameriprise Financial Services, may buy or sell for its own account securities that Ameriprise Financial Services may recommend for the Bank's trust accounts. Ameriprise Financial Services does not anticipate that conflicts of interest will arise because we have adopted policies and procedures prohibiting Ameriprise Financial Services and our related persons from engaging in trading activity that creates a conflict of interest with our clients as discussed in the **"Code of Ethics, Participation or Interest in Transactions and Personal Trading"** section.

## How our financial advisors get paid

An Ameriprise financial advisor is assigned to every investment advisory service. Ameriprise financial advisors have a wide range of business and educational backgrounds. They are required to have appropriate licenses and registrations to transact business, including Financial Industry Regulatory Authority ("FINRA") registration, required state securities and insurance licenses and, where required, a state investment adviser registration.

Many financial advisors hold advanced academic degrees and/or professional designations, including Certified Financial Planner™ (CFP®) designation. In addition, ongoing training is available to financial advisors. **For additional important information about an advisor check FINRA BrokerCheck at [www.finra.org/brokercheck](http://www.finra.org/brokercheck) or call 800.289.9999.**

Your financial advisor earns a living by providing you with financial advice and product recommendations to suit your goals. To understand how your financial advisor gets paid, you should first know that there are three ways Ameriprise financial advisors can be affiliated with us.

- **Independent contractor franchisees.** These financial advisors are not employed by Ameriprise Financial Services and they do not receive a salary from us.
- **Employee financial advisors.** These financial advisors are employed by Ameriprise Financial Services.
- **Associate financial advisors.** These financial advisors are employed by or contract with the independent contractor franchisees and they do not receive a salary or other compensation from Ameriprise Financial Services.



All Ameriprise financial advisors are licensed registered representatives. Depending on the affiliation, our financial advisors are compensated differently. Financial advisors may choose to change how they are affiliated with Ameriprise Financial Services over time.

### **Salary**

In addition to the fees described below, employee financial advisors may receive a salary or wage from Ameriprise Financial Services. Associate financial advisors may receive either a salary or a flat fee from the independent contractor franchisee for whom they work, at the discretion of the employing or contracting independent contractor franchisee.

Financial advisors may also have the potential to receive bonus compensation.

### **Commissions and referral fees**

A portion of the financial planning service and advisory service fees may be paid to your financial advisor for introducing you to the service, gathering the information necessary to prepare your service, helping you establish needs and goals, preparing and presenting your service, and/or providing financial advice on behalf of Ameriprise Financial Services.

The remaining portion of the fees goes to Ameriprise Financial Services for the supervisory, technical, administrative and other support that is provided to all financial advisors. Additionally, sales charges you pay on the products and services you purchase, as well as a portion of the fees you pay for Bank services, may be paid to Ameriprise Financial Services in the form of financial advisor fees. The amount paid to your financial advisor depends on the payout rate your financial advisor qualifies for and the amount of fees you pay.

- Independent contractor franchisees generally receive 72% to 91% and employee financial advisors generally receive 0% to 50% of the advisory service fees and product commissions we receive (the “advisor payout rate”). In addition, the financial advisor may qualify for a bonus which could increase the effective advisor payout rate up to 96% for independent contractor franchisees or 57% for employee financial advisors, respectively.
- In general, commission and referral fees generated by an associate financial advisor are paid to the employing or contracting independent contractor franchisee. At the discretion of the employing or contracting independent contractor franchisee, the associate financial advisor may receive commissions, or financial advisory or referral fees or a bonus.

The compensation programs for our financial advisors may vary based on, among other factors, the financial advisor’s industry experience, tenure with Ameriprise Financial Services, and whether the financial advisor was formerly associated with a firm acquired by Ameriprise Financial, Inc.

Ameriprise Financial Services offers a vast range of investment solutions to clients. Some products and services may be offered only by certain Ameriprise financial advisors. Discuss with your financial advisor the products he or she offers and the compensation your financial advisor receives as some investment product companies and issuers, including RiverSource, may pay higher compensation than others.

Our financial advisors primarily offer life, disability, and long-term care insurance and annuity products from RiverSource and certain pre-approved, but unaffiliated, insurance companies. However, in some situations where the client’s needs may be met more effectively by another company’s product, and RiverSource and other pre-approved providers do not offer such a product, Ameriprise financial advisors may offer insurance products issued by unaffiliated insurance companies.

If a nonproprietary insurance product is offered, the financial advisor is an appointed agent of the insurer and receives, directly or indirectly, compensation from the insurer for the sale and service of that product. The compensation for these nonproprietary products and RiverSource products is separate from, and in addition to, any fee you pay for investment advisory services and may vary depending on the type and size of the life insurance or annuity product that you purchase, the insurer that issues the product, the total number of life insurance and annuity products sold by the financial advisor for that insurer, and other factors. This compensation typically will increase as the size of the insurance policy or annuity contract increases, or the amount of the payments that you make on the life insurance or annuity product

increases. Generally speaking, the compensation that the financial advisor will receive is calculated by a formula. This compensation may also increase as the financial advisor sells increasing amounts of life insurance or annuity products issued by that insurer.

In instances where a customer already owns a financial product sold by Ameriprise Financial Services, the amount of a financial advisor's compensation may vary in connection with the sale of an additional or replacement product, due to formulas relating to the cancellation of a product that is already owned. As a result, the financial advisor in such a transaction may have an incentive to recommend the purchase of additional or replacement insurance or annuity products or, conversely, an incentive to recommend that you not purchase additional or replacement insurance or annuity products, depending on the relevant compensation formula.

Your financial advisor receives compensation for the marketing of and your opening of a credit card account with non-affiliated financial institutions.

Your financial advisor receives referral fees and client management fees when you purchase and maintain Ameriprise Auto and Home insurance products.

Your financial advisor also receives a referral fee for referrals to non-affiliated structured settlement professionals for both client and non-client referrals.

### **Incentives, training and education**

Product companies with which we have agreements work with Ameriprise Financial Services and our financial advisors to promote their products. They may pay for training and education events; prospecting events such as seminars for employees, financial advisors, clients and prospective clients; or due diligence meetings. For employees and financial advisors, these events may be held at off-site locations, and the travel, meals and accommodations may be paid for by the product company. Additionally, product companies may occasionally provide business or recreational entertainment or gifts of nominal value to employees and financial advisors.

Ameriprise Financial Services or sales leaders may, from time to time, offer contests or incentive programs to individual financial advisors or groups of financial advisors in particular areas. These contests and programs are limited to such targets as new client acquisition, financial plan count, net flows and financial advisor recruits. The contests and programs are prohibited from incenting on any non-insurance product sales. These programs and incentives and the receipt of other cash/noncash compensation could affect your financial advisor's recommendations of products and/or services to you. These programs and incentives and other cash and/or noncash compensation are subject to SEC and FINRA regulations as well as Ameriprise Financial Services' internal compliance policies.

Ameriprise Financial Services from time to time recruits financial advisors from other firms to join Ameriprise Financial Services. In connection with these recruiting efforts, Ameriprise Financial Services may enter into arrangements with financial advisors for the payment of compensation and/or loans based upon the value of eligible assets or accumulated production of the recruited financial advisor at a pre-determined measurement date. The funds may be payable immediately, over time, as a bonus, or as a loan. For financial advisors who entered into these arrangements prior to 2017, these arrangements may have been structured to include a provision requiring that payment of transition compensation and/or loans would be dependent upon the advisor meeting certain agreed-upon production and/or asset level benchmarks. The financial incentives associated with these transition arrangements could influence the type and amount of product and/or service recommended by your financial advisor. Ameriprise Financial Services manages this conflict of interest by supervising the suitability of recommendations made by its financial advisors in accordance with all applicable regulatory requirements. Please review your financial advisor's Form ADV brochure supplement or ask your advisor if you have questions about whether these transition arrangements apply to them.

From time to time, Ameriprise Financial Services also provides compensation to financial advisors in connection with the sale of all or a portion of their client base to an Ameriprise financial advisor. Some of this compensation may be dependent on a certain percentage of the client base remaining as clients of Ameriprise Financial Services for a certain period of time. If your financial advisor is selling all or a portion of

their practice to another Ameriprise financial advisor, this program could incent your financial advisor to recommend you remain a client of the acquiring financial advisor and/or Ameriprise Financial Services.

### **Ameriprise Financial, Inc. equity programs**

We encourage our financial advisors to take an ownership stake in our future by holding stock in our parent company, Ameriprise Financial, Inc. (NYSE: AMP). To make this possible for financial advisors, we have created equity compensation programs for them. Employee financial advisors and independent contractor franchisees may be eligible to receive an annual stock bonus. In addition, independent contractor franchisees may be eligible to defer a certain percentage of their compensation each year. They may choose to invest all or portion of this deferral into a notional account that tracks the performance of Ameriprise Financial, Inc. stock.

Financial advisors who are independent contractor franchisees may build equity in their practices and may receive payments if they sell all or a part of their practices to other Ameriprise financial advisors.

### **Loan programs**

As a limited purpose national trust bank offering trust products and services to clients, the Bank does not originate mortgages or offer any other loan products or services.

However, clients may have access to information about lending products and services (e.g. mortgages, home equity loans, home equity lines of credit) through marketing relationships with third-party financial institutions. Financial advisors do not earn compensation related to lending products (e.g., mortgages, home equity loans, home equity lines of credit) offered by third-party providers that have a marketing relationship with Ameriprise Financial Services. With limited exceptions, neither your Ameriprise financial advisor nor Ameriprise Financial Services may arrange, promote, suggest or knowingly permit you to use loan proceeds to purchase securities or other investment products.

### **Advisor-to-advisor training programs**

Ameriprise Financial Services or its affiliates may also pay its financial advisors for training other financial advisors on specific products and services that we offer. A portion of this payment may be based on incremental sales of these products and services sold by the financial advisor receiving the training.

### **Shared compensation**

Financial advisors may also choose to work together as a team that shares fees and commissions from products and services you purchase. The cost of the product or service you purchase is not affected by the fact that your financial advisor is a member of a team or by the fact that the fee or commission may be split. Your financial advisor may be allowed to share a portion of the investment advisory fee he or she receives with one or more other Ameriprise financial advisor(s), including financial advisors who have not completed the Ameriprise Financial Services-required training to sell the investment advisory service, franchise consultants or registered principals, as described below.

In cases where two financial advisors are assisting you, both financial advisors may share in the investment advisory fee. Your primary, or servicing financial advisor, will present the managed account or AFPS, set the investment advisory fee, and oversee the analysis and advice prepared for you. Your servicing advisor may or may not be the financial advisor authorized to use discretion to purchase and sell securities in your account, e.g., your SPS Discretionary Advisor. In the instance that your servicing advisor is not authorized to use discretion, the financial advisor authorized to use discretion will oversee the analysis and advice prepared for you. Only the financial advisor authorized to use discretion will purchase and sell securities in a managed account.

Your servicing advisor may or may not be the financial advisor who has completed the required training. A financial advisor who has not completed the required training may refer a client to a financial advisor who has completed the required training for the service or product. The financial advisor who has completed

the required training may pay a fee to the financial advisor who has not completed the required training for that referral. The financial advisor who has not completed the required training may provide investment advisory services for services and products that do not require training, however only the financial advisor who has completed the required training required for a particular service or product will provide the analysis and advice prepared for you with respect to a service or product that requires the training. The financial advisor who has not completed the required training may receive a share of the commission from any services or products sold to you by your financial advisor who has completed the required training.

Your financial advisor may work with a franchise consultant. In those situations, the franchise consultant, who is registered with Ameriprise Financial Services, may receive compensation based on services and products that you purchase, and for the training and leadership of your financial advisor. The cost of the product or service you purchase is not affected.

Your financial advisor may employ staff or work with other Ameriprise Financial Services staff to assist with creating your financial planning recommendations. This may include leveraging services in geographic locations outside of your financial advisor's location, including international locations.

Services provided may include entering data into financial planning software, proving initial calculation and assistance in creating solutions. Your financial advisor will provide final recommendations to you. For these services your financial advisor may pay a fee or salary to employed staff.

Financial advisors and field leaders may share compensation with their registered support assistants or recommend bonuses for their non-registered support staff.

Employee financial advisors and selling leaders may receive continuing commissions for the sale of certain products for up to five years after leaving the securities industry.

Ameriprise offers a Business Development Account (BDA) Program. Eligible employee financial advisors may create a voluntary BDA in a predetermined amount and use this account for business-related expenses above and beyond what the company provides.

### **For clients without a financial advisor**

Investment products in Managed Accounts can only be purchased through an Ameriprise financial advisor. Certain products can be purchased through the Ameriprise Financial Services online brokerage site without the aid of a financial advisor. If you do not work with a financial advisor, Ameriprise Financial Services keeps the full amount of any fees paid to us in connection with your transaction. These fees are used in part to pay other employees and to pay for the technology that supports the services we provide you.

### **Management compensation and bonus programs**

Employee compensation and operating goals at all levels of the company are tied to the company's success. All employees, directly or indirectly, may receive higher compensation and other benefits when the investment products of certain providers, particularly affiliates, are purchased. Management, sales leaders and other employees spend more of their time and resources promoting Ameriprise, Columbia Threadneedle Investments, and RiverSource branded products and services.

Field leaders receive a salary and a bonus and are responsible for an operating budget for expenses. Bonus programs for Ameriprise Financial Services field leaders are designed to include an amount based on the aggregate sales of all products sold by financial advisors, including proprietary products, in the regions of the country those leaders are responsible for overseeing. The bonus incentive and expense programs present a potential conflict because they are based in part on sales of these products.

# Code of Ethics, Participation or Interest in Transactions and Personal Trading

## Code of ethics

As part of an overall internal compliance program, Ameriprise Financial Services has adopted policies and procedures imposing certain conditions and restrictions on transactions for the account of Ameriprise Financial Services and the accounts of our employees. Such policies and procedures are designed to prevent, among other things, any improper or abusive conduct when potential conflicts of interest may exist with respect to a customer or client. In addition, from time to time, restrictions are imposed to address the potential for self-dealing and conflict of interest which may arise in connection with the business of Ameriprise Financial Services as a broker-dealer. Ameriprise Financial Services has adopted various procedures to guard against insider trading.

## Participation or interest in client transactions

From time to time Ameriprise Financial Services and/or its affiliates and related persons may invest in the same or related securities that Ameriprise Financial Services and/or its affiliates recommend to clients. Such transactions may occur at or about the same time that such securities are bought or sold for client accounts. Ameriprise Financial Services has adopted policies and procedures imposing certain conditions and restrictions on transactions in these securities, such as trading blackout periods and preclearance requirements.

See the **“Financial interest in products”** subsection in the **“Revenue Sources for Ameriprise Financial Services, Inc.”** section in this Disclosure Brochure for more information about our financial interest in the sale of certain products and services.

## Personal trading rules and procedures

Ameriprise Financial Services has adopted personal trading rules and procedures within the Ameriprise Financial Code of Ethics and Personal Trading Policy. These rules are designed to list standards of business conduct and to mitigate potential conflicts of interest for all persons of Ameriprise Financial Services when they engage in personal securities transactions. You may request a copy of the Ameriprise Financial Code of Ethics and Personal Trading Policy from your financial advisor or by contacting us at 800.290.6663.

The standards of business conduct include compliance with applicable laws and regulations and with policies and procedures such as those contained in the Ameriprise Global Code of Conduct. Under the personal trading rules, persons are required to report their personal securities holdings and transactions, including transactions in certain mutual funds; must pre-clear certain investments; are restricted with respect to the timing of certain investments; and are prohibited from making certain investments. In addition, the Personal Trading Policy requires (i) Ameriprise employee financial advisors and their employees, (ii) its independent contractor franchisee financial advisors and their employees, and (iii) its affiliated investment advisers to conduct most personal trades through one of three designated broker-dealers unless an exception has been granted, and report any changes in their selected broker-dealer.

## Insider trading policy

Ameriprise Financial Services and its related persons may, from time to time, come into possession of material nonpublic information that, if disclosed, might affect an investor’s decision to buy, sell or hold a security.

Under applicable law, Ameriprise Financial Services and its related persons are prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, regardless of whether such other person is a client. Accordingly, should Ameriprise Financial Services or its related persons come into possession of material nonpublic information with respect to any company, they may be prohibited from communicating such information to, or using such information for the benefit of, their respective clients, and have no obligation or responsibility to disclose such information to, nor responsibility to use such information for the benefit of, their clients when following policies and procedures designed to comply with law. Ameriprise Financial Services and its affiliates have adopted an “Insider Trading Policy” in accordance with Section 204A of the Advisers Act that establishes procedures to prevent the misuse of material nonpublic information by Ameriprise Financial Services and its associated persons.

## Brokerage Practices

Ameriprise Financial Services does not receive research or other products or services other than execution from any unaffiliated broker-dealer or other third party for client securities transactions. Ameriprise Financial Services receives and distributes research authored by its affiliate AEIS; however, this research is not provided for client securities transactions or for any other compensation. Nor do we or our affiliates receive client referrals from broker-dealers or third parties that are considered in selecting or recommending broker-dealers.

Retail brokerage services are made available through Ameriprise Financial Services. Ameriprise Financial Services and AEIS have an agreement in which Ameriprise Financial Services introduces customer accounts to AEIS on a fully disclosed basis. AEIS serves as Ameriprise Financial Services’ clearing agent in providing, clearing, custody and settlement services for transactions that are executed for customers of Ameriprise Financial Services. Ameriprise Financial Services approves and opens accounts and accepts securities order instructions with respect to the accounts. In exchange for a fee paid by Ameriprise Financial Services, AEIS provides, record keeping, custody, and all clearing functions for accounts introduced by Ameriprise Financial Services.

Under certain circumstances, when AEIS deems a transaction to be in the best interests of you and other clients, and to the extent permitted by applicable law and regulation, AEIS is permitted to aggregate multiple client orders to obtain what AEIS believes will be the most favorable price and/or lower execution costs at the time of execution.

See the “**Broker-dealer**” subsection in the “**Other Financial Industry Activities and Affiliations**” section of this Disclosure Brochure for more information about the brokerage business of Ameriprise Financial Services and its affiliates.

## Review of Accounts

Certain supervisory functions are performed by Ameriprise Financial Services corporate office personnel. Corporate registered principals review a sampling of each financial advisor’s financial planning relationships, including written financial planning recommendations periodically based on certain key factors. Our Compliance department also conducts routine surveillance of financial advisor activities. Clients receive written reports relating to their financial planning relationships from their financial advisor on at least an annual basis.

# Client Referrals and Other Compensation

## **Referral arrangements and other economic benefits**

Ameriprise Financial Services maintains formal and informal arrangements, the terms of which are disclosed to the client, with individual professionals, professional firms, and select corporate, institutional or membership organizations (“Solicitors”), wherein compensation is paid to those Solicitors for referral of clients or members to Ameriprise Financial Services for its financial advisory services. The compensation to be paid in connection with these agreements is subject to negotiation between Ameriprise Financial Services and the applicable Solicitor. The compensation is (i) disclosed to the client at the time of the solicitation or referral; and (ii) will be paid out of the total Wrap Fees collected from you. You will not be charged an additional fee as a result of any referral arrangements. Compensation may include a one-time payment or ongoing payments based on a negotiated percentage of the quarterly investment Wrap Fees paid by you for the duration of the investment advisory relationship.

Ameriprise Financial Services may also make informal arrangements with individual clients wherein compensation is paid to those clients for referral of other individuals to Ameriprise Financial Services for financial advisory services.

Ameriprise Financial Services may form alliances and networking arrangements with financial institutions such as community banks, credit unions, credit union service organizations and Farm Credit Services (“Third Party Financial Institutions”) to allow its financial advisors to offer financial planning services and certain other non-deposit investment and insurance products and services, described elsewhere in this Brochure, to retail customers/ members of the Third Party Financial Institutions. As a result of these alliances or networking arrangements, financial advisors may not be able to offer to retail customers/members of the Third Party Financial Institutions certain products available through Ameriprise Financial Services or its affiliates. Also as a result of these alliances or networking arrangements, Third-Party Financial Institutions may receive, in the form of a networking payment, a portion of Wrap Fees and securities and insurance commissions paid to financial advisors for sales to retail customers/members of the Third Party Financial Institutions.

## **Review of issuers of financial products**

Ameriprise Financial Services and its affiliates have policies and procedures in place to review the issuers of financial products such as non-traded REITs, non-traded BDCs, non-traded closed-end funds, structured notes, and annuity and life insurance products 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 parties and may in some cases include certain nonpublic information provided by the issuer. Ameriprise Financial Services 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 our clients’ exposure to credit and default risks resulting from an inability of the issuer to repay the principal on a note 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 Services, 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 Services.

## **Revenue sources for RiverSource Life Insurance Company and, in New York only, RiverSource Life Insurance Co. of New York (collectively “RiverSource”)**

**Sales charges.** You pay sales and other charges under RiverSource fixed and variable annuity contracts and life insurance policies. For RiverSource fixed and variable annuity contracts, you may pay a contingent deferred sales charge, or surrender charge, if you withdraw funds during the applicable period.

**Periodic fees and expenses.** You pay certain fees and expenses under RiverSource annuity contracts and life insurance policies, including (depending on the type of contract or policy) mortality and expense, administrative, policy, contract, and cost of insurance fees or charges, in addition to costs associated with certain riders that may be available for both fixed and variable products.

Periodic expenses are also paid from product assets, such as 12b-1 fees paid from mutual fund assets (including 12b-1 fees paid on certain funds that serve as underlying investment options for variable annuities, variable life insurance). 12b-1 fees may be used to pay for marketing, distribution and shareholder service expenses.

**Investment and interest income.** Investment and interest income from insurance company general account assets derived, in part, from the amounts you pay for insurance and annuity benefits.

**Variable annuity and variable life insurance financial arrangements.** RiverSource selects the funds available within your variable annuity contract or variable life insurance policy. In doing so, RiverSource may consider various objective and subjective factors. These factors include compensation RiverSource may receive from fund assets (for those funds with 12b-1 plans); assets of the fund's adviser, subadviser or an affiliate of either; and assets of the fund's distributor or an affiliate. This compensation benefits RiverSource.

The amount of this revenue varies by fund, may be significant and may create potential conflicts of interest for RiverSource and persons selling the contracts. The greatest amount and percentage of revenue that RiverSource receives comes from assets allocated to subaccounts investing in funds managed by its affiliates, CMIA, and Columbia Wanger Asset Management. In general, the revenue directly related to assets under management that RiverSource receives currently ranges up to 0.64% of the average daily net assets invested in the underlying funds through the variable annuity or variable life insurance contracts RiverSource issues. This revenue is in addition to revenues RiverSource receives from the charges you pay when buying, owning or surrendering your variable annuity contract or life insurance policy. In accordance with applicable laws, regulations and the terms of the agreements under which such revenue is paid, RiverSource may receive this compensation for various purposes including financial advisor training and compensation, marketing and distribution, customer servicing, transaction processing, record keeping, and other administrative services.

## **Revenue sources for Columbia Management and Threadneedle**

**Periodic fees and expenses.** Columbia Management and Threadneedle International Limited may receive mutual fund management fees and certificate advisory and services fees for services, including investment management services for *Active Portfolios*<sup>®</sup> investments. These revenues may be received by Columbia Management from the Columbia Funds, *Ameriprise* certificates and from other affiliated and nonaffiliated advisory clients of Columbia Management and Threadneedle International Limited.

## **Revenue sources for other Ameriprise Financial, Inc. companies**

There are a number of other Ameriprise Financial, Inc. companies that will receive revenue from the charges and fees you pay, including the following:

- Ameriprise Certificate Company receives investment spread income earned on, and any early withdrawal penalty related to, *Ameriprise* certificates.
- Columbia Management Investment Services Corp. receives certain fees and expenses paid from the Columbia Funds and *Ameriprise* certificates in exchange for the transfer agent services it provides.
- American Enterprise Investment Services Inc. is compensated for its services through the brokerage commission and other fees charged for each brokerage transaction, which may include transactions



made in a Bank trust account, or through the brokerage commission which is included in the overall asset-based fee, depending on the account option you select. Additionally, AEIS receives compensation in the form of fees paid to it by the participating banks in the AIMMA bank sweep program, interest charged on your margin account balance, and order handling fees. In transaction-based brokerage accounts, AEIS may also engage in principal trading of certain types of fixed income securities for brokerage accounts— that is, it may buy and sell these securities for its own account with the objective of making a profit in certain circumstances, AEIS may buy these securities from you or sell these securities to you on a principal basis, in which case you will pay a markup or markdown on the transaction.

- AEIS performs, for the benefit of Ameriprise Financial Services, its financial advisors and clients, cost reimbursement and marketing support services as described in the **“Cost Reimbursement and Marketing Support”** section. In recognition of the above, product sponsors will compensate AEIS for such services that are performed by AEIS.
- The capacity in which AEIS acts in any particular transaction is disclosed on each transaction confirmation you receive. AEIS is also compensated for the shareholder services it provides for certain mutual fund companies. These services include but are not limited to delivering shareholder communications such as updated prospectuses and statements of additional information, transaction confirmations and annual tax reporting, and monitoring compliance with share class, discounted sales charge, market timing and other mutual fund company policies.
- Ameriprise Financial, Inc. receives fees paid from Columbia and the Columbia Funds and *Ameriprise* certificates in exchange for the administrative services it provides.
- Columbia Management Investment Distributors receives fees paid from the Columbia Funds in exchange for the distribution services it provides. Ameriprise Financial Services has a financial interest in the sale of the Columbia Funds, *Ameriprise* certificates and RiverSource products and certain other mutual funds.
- Ameriprise Financial Services sells annuity and insurance products manufactured by its RiverSource affiliates, as well as products from nonproprietary providers. RiverSource is permitted to reimburse Ameriprise Financial Services for client/prospect education events and advisor sales meetings, seminars, and training events pertaining to annuity and insurance products, consistent with Ameriprise Financial Services policies and industry regulation; Ameriprise Financial Services may also receive nominal noncash benefits from time to time. Nonproprietary annuity and life insurance providers may not provide some services, or the same level of services, to Ameriprise financial advisors. As a result, Ameriprise financial advisors may have a greater familiarity with RiverSource annuity and insurance products.
- Ameriprise National Trust Bank earns compensation, depending on the terms of trust documentation and applicable state laws governing trust administration, through either a traditional trust model or an open architecture model. In the traditional trust model, pursuant to which personal trust services provide investment management and also assumes all administrative responsibility, personal trust services earns fee income and pays a portion of the fee it collects to Ameriprise Financial Services, Inc. In the open architecture model, personal trust services fees for administrative services are separate from investment management fees charged earned by financial advisors and are not shared with Ameriprise Financial Services, Inc.

## Custody

We do not maintain custody of client funds or securities; however, AEIS, one of our broker-dealer affiliates, acts as custodian of assets for clients to whom we may provide investment advice or other investment advisory services. Because our affiliate maintains custody of our clients' assets, we are required by SEC rules and regulations to obtain from AEIS at least annually a written internal control report (the “ICR”) prepared by a qualified independent public accountant, and AEIS is required to

undergo an independent verification of the assets under its control. The ICR that we receive from AEIS is intended to show that our affiliate has established appropriate custodial controls with respect to client assets under custody. For Retirement Accounts where Ameriprise Trust Company acts as custodian or trustee, AEIS shall act as an agent or sub custodian of Ameriprise Trust Company with respect to custody of assets.

## Investment Discretion

Your Ameriprise financial advisor does not manage your securities or other investments on your behalf as part of AFPS. However, your financial advisor may offer a discretionary investment advisory service separately as part of our SPS Advisor service.

## Voting Client Securities

Ameriprise Financial Services and your financial advisor are not required to take any action or give any advice regarding the voting of proxies solicited by or with respect to the issuers of securities in which assets of your managed account(s) may be invested. For the discretionary managed account services, you have the right to vote proxies on the securities in which your account assets may be invested from time to time, or you may delegate the authority to vote these proxies to the applicable investment manager or another person.



**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Shareholder of  
Ameriprise Financial Services, Inc.:

***Opinion on the Financial Statement – Statement of Financial Condition***

We have audited the accompanying Statement of Financial Condition of Ameriprise Financial Services, Inc. as of December 31, 2017, including the related notes (collectively referred to as the “financial statement”). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company as of December 31, 2017 in conformity with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

The financial statement is the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of this financial statement in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provide a reasonable basis for our opinion.

*PricewaterhouseCoopers LLP*

February 23, 2018

We have served as the Company’s auditor since 2010.

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: PricewaterhouseCoopers LLP, One North Wacker,  
Chicago, IL 60606 T: (312) 298 2000, F: (312) 298 2001,  
www.pwc.com/us

Ameriprise Financial Services, Inc.  
Statement of Financial Condition  
December 31, 2017  
(In thousands)

Assets	
Cash and cash equivalents	\$ 337,896
Cash segregated under federal and other regulations	11,344
Receivables:	
Fees due from affiliates	129,517
Financial advisors and employees (net of allowance for doubtful accounts of \$3,480)	6,051
Distribution fees and other (net of allowance for doubtful accounts of \$2,352)	312,599
Secured demand note receivable from Parent	200,000
Goodwill	147,370
Intangibles (net of accumulated amortization of \$53,481)	25,497
Prepaid commissions	108,943
Deferred income taxes, net	19,640
Other assets	<u>39,180</u>
Total assets	<u>\$ 1,338,037</u>
Liabilities and Stockholder's Equity	
Liabilities:	
Accounts payable and accrued expenses:	
Due to affiliates	\$ 146,215
Field force compensation	361,823
Salaries and employee benefits	106,136
Unearned revenue	134,413
Other liabilities	<u>92,149</u>
Total accounts payable and accrued expenses	<u>840,736</u>
Liabilities subordinated to the claims of general creditors	200,000
Commitments and contingencies (see note 8)	
Total stockholder's equity	297,301
Total liabilities and stockholder's equity	<u>\$ 1,338,037</u>

Ameriprise Financial Services, Inc.  
Notes to Statement of Financial Condition  
(In thousands)

**December 31, 2017**

**1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies Organization**

Ameriprise Financial Services, Inc. (the Company) is incorporated under the laws of the State of Delaware. The Company is a wholly owned subsidiary of AMPF Holding Corp. AMPF Holding Corp. is a wholly owned subsidiary of Ameriprise Financial, Inc. (the Parent). The Company is registered with the Securities and Exchange Commission (SEC) and the various states in which the Company conducts business as an introducing broker-dealer, is a member of the Financial Industry Regulatory Authority, Inc. (FINRA) and the Securities Investor Protection Corporation (SIPC). In addition, the Company is a registered investment adviser with the U.S. Securities and Exchange Commission pursuant to the Investment Advisers Act of 1940. The Company is registered as a Commodity Trading Advisor (CTA) with the U.S. Commodity Futures Trading Commission (CFTC) and is a member of, and the corresponding services function is regulated by, the National Futures Association (NFA). The Company is required to comply with all applicable rules and regulations of the SEC, FINRA, CFTC, NFA and SIPC.

The Company clears the majority of transactions with an affiliate, American Enterprise Investment Services, Inc. (AEIS), which under a clearing agreement charges the Company clearing fees on a per trade basis or based on assets under management. In 2017, the Company and AEIS reviewed their respective business operations, revenues and delivery of products and services to their respective customers. As a result of this review, the Company and AEIS made changes to the product development and business support functions, including among other things, the transfer from the Company to AEIS certain personnel, system, vendor and other business expenses which support product development, due diligence, research, availability, support and servicing. Additionally, certain revenues associated with marketing support, custodial fees and ticket charges are now earned by AEIS, and the Company no longer earns referral fees from AEIS. While AEIS will undertake the development and support of products, it lacks the distribution capabilities of AFSI, and is primarily dependent on AFSI for the introduction of clients and gathering of client assets which generate AEIS' revenues. In January 2017, the Company and AEIS entered into a Distribution Access Fee Agreement. Pursuant to this agreement, AEIS pays the Company an annual fee based on a fixed contractual amount for ongoing access to the Company's financial advisors, client servicing and product distribution efforts.

The Company offers financial planning and investment advisory services to retail clients for which it charges a fee through an advisor-based distribution channel. These services are designed to provide comprehensive advice, when appropriate, to address clients' cash and liquidity, asset accumulation, income, protection, and estate and wealth transfer needs. To complete their advice services, the Company's financial advisors provide clients with recommendations from more than one hundred products distributed by subsidiaries and affiliates of the Parent, as well as products of approved third parties.

The financial advisors are either non-employee independent contractors operating through a nationwide franchise system or they may choose to be employees of the Company. Due to differing levels of support provided to advisors operating in these various platforms, advisors are compensated at different percentages of the gross dealer concessions allowed for the various product offerings.

To complement its advisor-based channel, the Company also offers an integrated direct retail distribution channel. Direct distribution services are provided through the Company's online brokerage offering, which operates under the name Ameriprise Brokerage. Ameriprise Brokerage allows clients to purchase and sell securities online, obtain research and information about a wide variety of securities, use asset allocation and financial planning tools, contact advisors, as well as access a wide range of proprietary and non-proprietary mutual funds.

**Basis of Presentation**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. These accounting estimates reflect the best judgment of management and actual amounts could differ significantly from those estimates.

Ameriprise Financial Services, Inc.  
Notes to Statement of Financial Condition  
(In thousands)

**Significant Accounting Policies**

*Income taxes:* The Company's provision for income taxes represents the net amount of income taxes that the Company expects to pay or to receive from various taxing jurisdictions in connection with its operations. The Company provides for income taxes based on amounts that the Company believes it will ultimately owe taking into account the recognition and measurement for uncertain tax positions. Inherent in the provision for income taxes are estimates and judgments regarding the tax treatment of certain items. The Company's taxable income is included in the consolidated federal and state income tax returns of the Parent. The Company provides for income taxes on a separate return basis, except that, under an agreement between the Parent and the Company, tax benefits are recognized for losses to the extent they can be used in the consolidated return. It is the policy of the Parent to reimburse its subsidiaries for any tax benefits recorded.

In connection with the provision for income taxes, the financial statements reflect certain amounts related to deferred tax assets and liabilities, which result from temporary differences between the assets and liabilities measured for financial statement purposes versus the assets and liabilities measured for tax return purposes. The Company has deferred tax settlement agreements with the Parent. Under the agreements, the Company transfers its net deferred federal income tax each month to the Parent and the Company and the Parent cash settle the net deferred federal income taxes on a quarterly basis. The Company settled \$50,713 of federal deferred tax assets with the Parent for 2017.

Changes in tax rates and tax laws are accounted for in the period of enactment. Deferred tax assets and liabilities are adjusted for the effect of a change in tax laws or rates and the effect is included in income from continuing operations. See Note 9 for further discussion on the enactment of the Tax Cuts and Jobs Act ("Tax Act") and the impact to the Company's provision for income taxes for the year ended December 31, 2017.

*Cash and cash equivalents:* The Company has defined cash and cash equivalents to include money market funds, commercial paper, time deposits and other highly liquid investments with original or remaining maturities at the time of purchase of 90 days or less.

*Cash segregated under federal and other regulations:* Pursuant to Rule 15c3-3 Section (k)(2)(i), all cash received from customers is held in segregated accounts established solely for the benefit of customers until it is forwarded to affiliates.

*Allowance for doubtful accounts:* Financial advisors are required to pay for certain support services provided by the Company. The Company reserves for any outstanding receivables from the financial advisors that it does not believe are recoverable. The Company reserves for fees receivable related to marketing support arrangements for sales of mutual funds of other companies based upon management's judgment as to ultimate collectibility. The Company also reserves for its unsecured client activity funded by its affiliate, AEIS. The Company has agreed to indemnify AEIS for any losses that it may sustain from the customer accounts introduced by the Company. The Company reserves for these potential losses.

*Advertising Costs:* The Company's policy is to expense advertising costs at the time the first advertising takes place. The deferral of advertising costs until the first time the advertising takes place is allowed as long as there is the assumption that the advertising will take place. If the advertising is no longer expected to occur, the advertising costs should be expensed immediately. There was \$0 of expense deferred as of December 31, 2017.

*Goodwill and intangible assets:* Goodwill represents the amount of an acquired company's acquisition cost in excess of the fair value of assets acquired and liabilities assumed. The Company's goodwill arose from the integration of the introducing operations of Ameriprise Advisor Services, Inc., an affiliated company, on October 5, 2009. The Company evaluates goodwill for impairment annually on the measurement date of July 1 and whenever events and circumstances indicate that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell. In determining whether impairment has occurred, the Company uses a combination of the market approach and the discounted cash flow method, a variation of the income approach. Intangible assets generally represent customer and independent contractor relationships and a tax referral agreement. Intangible assets are amortized over their estimated useful lives, unless they are deemed to have indefinite useful lives, using 15 years for customer relationships and tax referral agreements and 5 years for other intangibles. The Company evaluates the finite lived intangible assets' remaining useful lives annually on the measurement date of July 1 and tests for impairment whenever events and circumstances indicate that an impairment may have occurred, such as a significant adverse change in the business climate. For finite lived intangible assets subject to amortization, impairment to fair value is recognized if the carrying amount is not recoverable.

Ameriprise Financial Services, Inc.  
Notes to Statement of Financial Condition  
(In thousands)

*Prepaid commissions:* Commissions paid by the Company to advisors in connection with the sales of financial plans are deferred until when the plan is delivered and the corresponding revenue is recognized.

## **2. Recent Accounting Pronouncements**

### **Adoption of New Accounting Standards**

#### *Statement of Cash Flows – Restricted Cash*

In November 2016, the Financial Accounting Standards Board (“FASB”) updated the accounting standards related to the classification of restricted cash on the statement of cash flows. The update requires entities to include restricted cash and restricted cash equivalents in cash and cash equivalent balances on the statement of cash flows and disclose a reconciliation between the balances on the statement of cash flows and the balance sheet. The standard is effective for interim and annual periods beginning after December 15, 2017, with early adoption permitted. The Company early adopted the standard for the interim period ended March 31, 2017 on a retrospective basis. As a result of the adoption of the standard, restricted cash balances of \$11,344, \$12,406 and \$12,194 at December 31, 2017, 2016 and 2015, respectively, are included in the cash and cash equivalents balances on the Company’s statement of cash flows. The adoption of the standard did not have a material impact on the Company’s cash flows.

#### *Statement of Cash Flows – Classification of Certain Cash Receipts and Cash Payments*

In August 2016, the FASB updated the accounting standards related to classification of certain cash receipts and cash payments on the statement of cash flows because current standards lacked sufficient guidance to consistently classify cash payments and receipts. The update includes amendments addressing the classification of eight specific cash flow issues. The standard is effective for interim and annual periods beginning after December 15, 2017. Early adoption is permitted and all amendments must be adopted during the same period. The Company early adopted the standard for the interim period ended March 31, 2017 on a retrospective basis. The adoption of the standard did not have a material impact on the Company’s operating, investing, or financing cash flows.

#### *Compensation – Stock Compensation*

In March 2016, the FASB updated the accounting standards related to employee share-based payments. The update requires all excess tax benefits and tax deficiencies to be recognized as income tax expense or benefit in the income statement. This change is required to be applied prospectively to excess tax benefits and tax deficiencies resulting from settlements after the date of adoption. No adjustment is recorded for any excess tax benefits or tax deficiencies previously recorded in additional paid in capital. The update also requires excess tax benefits to be classified along with other income tax cash flows as an operating activity in the statement of cash flows. This provision can be applied on either a prospective or retrospective basis. The update permits entities to make an accounting policy election to recognize forfeitures as they occur rather than estimating forfeitures to determine the recognition of expense for share-based payment awards. The standard was effective for interim and annual periods beginning after December 15, 2016 with early adoption permitted. The Company adopted the standard on January 1, 2017 on a prospective basis, except for the cash flow statement provision, which the Company applied on a retrospective basis. During periods in which the settlement date differs materially from the grant date fair value of certain share-based payment awards, the Company may experience volatility in income tax recognized in its results of operations. The Company maintained its accounting policy of estimating forfeitures.

## **3. Goodwill and Other Intangibles**

Goodwill is not amortized but is instead subject to impairment tests. During the year ended December 31, 2017, the tests did not indicate impairment.

Finite-lived intangible assets acquired for the year ended December 31, 2017 representing the acquisition of independent contractors in the franchise system were \$7,026, with a weighted average amortization period of five years. For the year ended December 31, 2017, the impairment test on finite-lived intangible assets did not indicate impairment.

Ameriprise Financial Services, Inc.  
Notes to Statement of Financial Condition  
(In thousands)

Finite-lived intangible assets consisted of the following:

	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>
Customer relationships	\$ 35,200	\$ 25,655	\$ 9,545
Tax referral agreement	10,200	7,101	3,099
Independent contractor relationships	<u>33,578</u>	<u>20,725</u>	<u>12,853</u>
December 31, 2017 balance	<u>\$ 78,978</u>	<u>\$ 53,481</u>	<u>\$ 25,497</u>

#### 4. Business Owned Life Insurance

The Company holds cash value life insurance policies as a means of offsetting market fluctuations in certain deferred compensation liabilities. As of December 31, 2017, the cash surrender value, which approximates fair value, of this life insurance was \$20,964 and is included in the other assets line in the statement of financial condition.

#### 5. Secured Demand Note Receivable and Subordinated Liabilities

In December 2014, a subordinated loan agreement in the form of a secured demand note was entered into with the Parent. The interest expense for the subordinated loan agreement for the years ended December 31, 2017, 2016 and 2015 was \$200, \$200 and \$209, respectively, and is reflected in the interest expense line in the statements of operations.

The borrowing available under the subordination agreement at December 31, 2017, is as follows:

Secured demand note collateral agreement, 0.10 percent, due December 15, 2019 \$200,000

The subordinated borrowing with the Parent is available in computing net capital under the SEC's uniform net capital rule. Under the terms of the subordinated loan agreement, to the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, the Company is prohibited from making payments on the subordinated note agreement. The Company has the option to renew the current agreement in one-year increments in perpetuity. Pursuant to the agreement, the Parent must notify the Company on or before the day thirteen months preceding the maturity date if they do not intend to extend the maturity date of the agreement.

At December 31, 2017, the secured demand note was collateralized by securities with an aggregate fair value of \$213,305. Based on the character and fair value of the securities collateralizing the secured demand note receivable, the entire \$200,000 is available in computing net capital in accordance with the SEC's uniform net capital rule. The securities collateral has been deposited by the Parent in a separate custodial account for the exclusive benefit of the Company. In the event the Company draws on the secured demand note receivable, the maximum payment to the Company in accordance with the terms of the collateral agreement is \$200,000 and the stated interest rate adjusts from a standing ten basis points to LIBOR plus 90 basis points. The subordinated loan agreement and the associated secured demand note agreement entered into with the Parent was approved by FINRA prior to the respective effective dates.

#### 6. Fair Values of Assets and Liabilities

U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; that is, an exit price. The exit price assumes the asset or liability is not exchanged subject to a forced liquidation or distressed sale.

##### Valuation Hierarchy

The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input that is significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:



Ameriprise Financial Services, Inc.  
Notes to Statement of Financial Condition  
(In thousands)

- Level 1 Unadjusted quoted prices for identical assets or liabilities in active markets that are accessible at the measurement date.
- Level 2 Prices or valuations based on observable inputs other than quoted prices in active markets for identical assets and liabilities.
- Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

**Determination of Fair Value**

The Company uses valuation techniques consistent with the market and income approaches to measure the fair value of its assets and liabilities. The Company's market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The Company's income approach uses valuation techniques to convert future projected cash flows to a single discounted present value amount. When applying either approach, the Company maximizes the use of observable inputs and minimizes the use of unobservable inputs. The following is a description of the valuation techniques used to measure fair value and the general classification of these instruments pursuant to the fair value hierarchy.

*Cash Equivalents, Other Assets and Liabilities*

The Company's cash equivalents, consisting of commercial paper, are classified as Level 2 and are measured at amortized cost, which approximates fair value because of the short time between the purchase of the instrument and its expected realization. Level 1 other assets consist of common stock and mutual funds. Level 2 other assets consist of exchange traded funds. Level 3 other assets consist of non-traded TICs (tenancy in common) interest in real estate. Level 1 liabilities consist of common stock. Level 2 liabilities consist of unitary investment trusts and exchange traded funds. When available, the fair value of securities is based on quoted prices in active markets. If quoted prices are not available, fair values are obtained from third party pricing services, non-binding broker quotes, or other model-based valuation techniques.

	December 31, 2017			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash equivalents				
Commercial paper	\$ —	\$ 337,061	\$ —	\$ 337,061
Other assets	<u>8</u>	<u>1</u>	<u>225</u>	<u>234</u>
Total assets at fair value	<u>\$ 8</u>	<u>\$ 337,062</u>	<u>\$ 225</u>	<u>\$ 337,295</u>
<b>Liabilities</b>				
Other liabilities	<u>\$ 11</u>	<u>\$ 149</u>	<u>\$ —</u>	<u>\$ 160</u>
Total liabilities at fair value	<u>\$ 11</u>	<u>\$ 149</u>	<u>\$ —</u>	<u>\$ 160</u>

The during the reporting period, there were no material assets or liabilities measured at fair value on a nonrecurring basis. There were no transfers between levels during 2017.

**Fair Value of Financial Instruments**

In general, the Company's financial assets and liabilities are carried at fair value or at amounts which, because of their short-term nature and based on market interest rates available to the Company at December 31, 2017 approximate fair value.

Included in receivables from financial advisors and employees on the statements of financial condition are loans receivable from financial advisors. As of December 31, 2017, the carrying value of the loans is \$4,554, which approximates fair value. These receivables, not included in the table above, are considered a level 3 fair value.

Ameriprise Financial Services, Inc.  
Notes to Statement of Financial Condition  
(In thousands)

As of December 31, 2017, the fair value of the secured demand note receivable and the subordinated liability approximate book value of \$200,000. This receivable and liability, not included in the table above, are both considered level 2 fair value. As of December 31, 2017, the secured demand note collateral consisted of commercial paper, corporate bonds and agency mortgage-backed securities and is considered level two fair value.

#### **7. Net Capital Provision and Regulatory Requirements**

As a registered broker dealer, the Company is subject to the SEC's uniform net capital rule (SEA Rule 15c3-1).

The Company computes its net capital requirements under the alternative method provided for in SEA Rule 15c3-1, which requires the Company to maintain net capital equal to 2% of combined aggregate customer-related debit items, as defined (or \$250, if greater).

At December 31, 2017, the Company had net capital of \$63,179, which was \$62,929 in excess of the amount required to be maintained at that date. Advances to affiliates, dividend payments and other equity withdrawals are subject to certain notification and other provisions of the net capital rule of the SEC and other regulatory bodies.

The Company has claimed exemption from SEA Rule 15c3-3 of the SEC under paragraphs (k)(2)(i) and (k)(2)(ii) of that rule.

#### **8. Commitments, Contingencies and other Legal and Regulatory Matters**

The Company has an agreement with an affiliate, Ameriprise Holdings, Inc. (AHI), whereby AHI leases office space under non-cancelable escalating operating leases on the Company's behalf.

In the normal course of business, the Company may indemnify and guarantee certain service providers against potential losses in connection with their acting as service providers to the Company. The maximum potential amount of future payments the Company could be required to make under these indemnifications cannot be estimated, however, the Company believes that it is unlikely it will have to make material payments under these arrangements and has not recorded a contingent liability in the financial statements for any indemnifications.

The Company has agreed to indemnify an affiliate, AEIS, for any losses that it may sustain from the customer accounts introduced by the Company. The Company reserves for these potential losses. At December 31, 2017, the reserve was \$2,563, and is reflected in the other liabilities line in the statement of financial condition. At December 31, 2017, there were no amounts indemnified to AEIS for these customer accounts.

The Company is involved in the normal course of business in legal, regulatory and arbitration proceedings, including class actions, concerning matters arising in connection with the conduct of its activities as a diversified financial services firm. These include proceedings specific to the Company as well as proceedings generally applicable to business practices in the industries in which it operates. The Company can also be subject to litigation arising out of its general business activities, such as its investments, contracts, leases and employment relationships. Uncertain economic conditions, heightened and sustained volatility in the financial markets and significant financial reform legislation may increase the likelihood that clients and other persons or regulators may present or threaten legal claims or that regulators increase the scope or frequency of examinations of the Company or the financial services industry generally.

As with other financial services firms, the level of regulatory activity and inquiry concerning the Company's businesses remains elevated. From time to time, the Company receives requests for information from, and/or has been subject to examination or claims by, the SEC, FINRA, state insurance and securities regulators, state attorneys general and various other governmental and quasi-governmental authorities on behalf of themselves or clients concerning the Company's business activities and practices, and the practices of the Company's financial advisors. The Company has numerous pending matters which include information requests, exams or inquiries that the Company has received during recent periods regarding

Ameriprise Financial Services, Inc.  
Notes to Statement of Financial Condition  
(In thousands)

certain matters, including: sales and distribution of mutual funds, exchange traded funds, annuities, equity and fixed income securities, real estate investment trusts, insurance products, and financial advice offerings, including managed accounts; supervision of the Company's financial advisors; security of client information; performance advertising and product disclosures, including third party performance claims; and transaction monitoring systems and controls. The Company has cooperated and will continue to cooperate with the applicable regulators regarding their inquiries.

These legal and regulatory proceedings and disputes are subject to uncertainties and, as such, it is inherently difficult to determine whether any loss is probable or even reasonably possible, or to reasonably estimate the amount of any loss. The Company cannot predict with certainty if, how or when any such proceedings will be initiated or resolved or what the eventual settlement, fine, penalty or other relief, if any, may be, particularly for proceedings that are in their early stages of development or where plaintiffs seek indeterminate damages. Numerous issues may need to be resolved, including through potentially lengthy discovery and determination of important factual matters, and by addressing unsettled legal questions relevant to the proceedings in question, before a loss or range of loss can be reasonably estimated for any proceeding. An adverse outcome in one or more proceeding could eventually result in adverse judgments, settlements, fines, penalties or other sanctions, in addition to further claims, examinations or adverse publicity that could have a material adverse effect on the Company's financial condition or results of operations.

In accordance with applicable accounting standards, the Company establishes an accrued liability for contingent litigation and regulatory matters when those matters present loss contingencies that are both probable and can be reasonably estimated. In such cases, there still may be an exposure to loss in excess of any amounts reasonably estimated and accrued. When a loss contingency is not both probable and estimable, the Company does not establish an accrued liability, but continues to monitor, in conjunction with any outside counsel handling a matter, further developments that would make such loss contingency both probable and reasonably estimable. Once the Company establishes an accrued liability with respect to a loss contingency, the Company continues to monitor the matter for further developments that could affect the amount of the accrued liability that has been previously established, and any appropriate adjustments are made each month.

## **9. Income Taxes**

On December 22, 2017 the Tax Cuts and Jobs Act (Tax Act) was signed into law. The provision for income taxes for the year ended December 31, 2017 includes an expense of \$3 million due to the enactment of the Tax Act. The \$3 million expense includes: 1) a \$1 million expense for the re-measurement of deferred tax assets and liabilities to the Tax Act's statutory rate of 21%; 2) a \$2 million expense for the re-measurement of certain tax contingencies, including specifically state tax contingencies and interest accrued for tax contingencies.

The Company considers the expenses related to the re-measurement of deferred tax assets and liabilities of the Tax Act to be provisional amounts based on reasonable estimates. The Company considers the accounting for the Tax Act's expense related to re-measurement of tax contingencies to be final and complete.

As of December 31, 2017, the Company had not fully completed its accounting for the tax effects of the enactment of the Tax Act; however, the Company is able to provide reasonable estimates of the Tax Act's impact. The Company's provision for income taxes for the year ended December 31, 2017 is based in part on a reasonable estimate of the re-measurement of deferred tax assets and liabilities under the Tax Act. The Company recognized a provisional tax amount of \$1 million, which is included as a component of the provision for income taxes from continuing operations. The Company is still analyzing certain aspects of the Tax Act and is refining the estimate of the expected reversal of its deferred tax balances. This can potentially affect the measurement of these balances or give rise to new deferred tax amounts.

Ameriprise Financial Services, Inc.  
Notes to Statement of Financial Condition  
(In thousands)

Significant components of the Company's state deferred income tax assets and liabilities as of December 31, 2017 are as follows:

	<u>State</u>
Deferred income tax assets:	
Deferred compensation	\$ 17,832
Accrued expenses	1,044
Other	<u>2,016</u>
Total deferred income tax assets	<u><u>20,892</u></u>
Deferred income tax liabilities:	
Deferred commission and intercompany gains	1,054
Other	<u>198</u>
Total deferred income tax liabilities	<u><u>1,252</u></u>
Net deferred income tax asset	<u>\$ 19,640</u>

The Company is required to establish a valuation allowance for any portion of the deferred income tax assets that management believes will not be realized. In the opinion of management, it is more likely than not that the Company will realize the benefit of the deferred income tax assets, and therefore, no such valuation allowance has been established.

The Company had a payable to the Parent for current federal income taxes of \$11,303 at December 31, 2017. The Company had a receivable of \$3,182 with the Parent for the current settlement of deferred federal income taxes at December 31, 2017. The Company had a receivable of \$697 with the Parent for the current settlement of deferred state income taxes at December 31, 2017. Also, the Company had a payable of \$8,184 to the Parent for state income taxes at December 31, 2017. In the statement of financial condition, all of the receivables are included in the fees due from affiliates line and all of the payables are included in the due to affiliates line.

The Company files income tax returns, as part of its inclusion in the consolidated federal income tax return of Ameriprise Financial (the Parent), in the U.S. federal jurisdiction and various state jurisdictions. In the third quarter, the Parent received final cash settlements for resolution of the 2006 and 2011 audits. The IRS (Internal Revenue Service) has completed its examination of the 2008 through 2010 tax returns and these years are effectively settled; however, the statutes of limitation, remain open for certain carryover adjustments. The IRS is currently auditing the Parent's U.S. income tax returns for 2012 through 2015. The Parent's or certain of its subsidiaries' state income tax returns are currently under examination by various jurisdictions for years ranging from 2005 through 2015.

#### **10. Related Party Transactions**

Receivables due from affiliates on the statement of financial condition primarily consist of distribution fees of \$60,032, trading concessions of \$7,390, 12b-1 fees of \$7,437, marketing support fees of \$10,334, deferred income taxes of \$3,879, and an insurance recoverable of \$18,043 at December 31, 2017.

Payables due to affiliates on the statement of financial condition primarily consist of administrative expenses of \$92,403, current income taxes of \$19,487, use of property and equipment maintenance for \$5,958, cash for affiliated product purchases of \$10,559 due to various affiliates for investments in products and clearing charges for \$5,161 at December 31, 2017.

The Company clears the majority of transactions with an affiliated broker, AEIS.

The Company participates in the Parent's Retirement Plan (the Plan), which covers all permanent employees age 21 and over who have met certain employment requirements. The Plan includes a cash

Ameriprise Financial Services, Inc.  
Notes to Statement of Financial Condition  
(In thousands)

balance formula and a lump sum distribution option. Pension benefit contributions to the Plan are based on participants' age, years of service and total compensation for the year. Funding of retirement costs for the Plan complies with the applicable minimum funding requirements specified by the Employee Retirement Income Security Act (ERISA).

The Company also participates in defined contribution pension plans of the Parent that cover all employees who have met certain employment requirements. The Company's contributions to the plans are a percentage of either each employee's eligible compensation or basic contributions.

The Company participates in defined benefit health care plans of the Parent that provide health care and life insurance benefits to retired employees, including retired field employees. The plans include participant contributions and service related eligibility requirements.

The Company participates in the Parent's Ameriprise Financial Incentive Compensation Plan (incentive plan) and the Parent's Franchise Advisor Deferral Plan. Under these plans, employees, directors, and independent contractors are eligible to receive incentive awards including stock options, restricted stock awards, restricted stock units, performance shares and similar awards designed to comply with the applicable federal regulations and laws of jurisdiction.

The Company participates in the Parent's Advisor Group Deferral Plan, which was created in April 2009, which allows for employee advisors to receive share-based bonus awards which are subject to future service requirements and forfeitures. The Advisor Group Deferral Plan is an unfunded non-qualified deferred compensation plan under section 409A of the Internal Revenue Code. The Advisor Group Deferral Plan also gives qualifying employee advisors the choice to defer a portion of their base salary or commissions beginning in 2010. This deferral can be in the form of share-based awards or other investment options. Deferrals are not subject to future service requirements or forfeitures. Awards granted under the Advisor Group Deferral Plan may be settled in cash and/or shares of the Parent's common stock according to the award's terms.

Pursuant to an assignment agreement executed with the Parent in March 2016, the Company expensed and transferred liabilities associated with the Franchise Advisor Deferred Compensation Plan to the Parent of \$76,686 in 2017.

Effective October 2011, the Company entered into two separate revolving credit agreements with the Parent, each with an interest rate of LIBOR plus 90 basis points, whereby in one the Company can borrow up to \$100,000 from the Parent and in the second the Parent can borrow up to \$100,000 from the Company. As of December 31, 2017, and for the year ended, there were no draws on these lines of credit.

Effective December 2014, the Company and the Parent entered into a secured demand note collateral and subordinated loan agreement for \$200,000 at a stated interest rate of 0.10% due to mature at December 15, 2019 with the option to renew in one-year increments in perpetuity.

Pursuant to a deferred tax settlement agreement with the Parent, the Company transferred \$41,946 of net deferred federal income tax assets to the Parent in 2017, of which \$50,713 settled in 2017. Pursuant to an Assignment Agreement with the Parent, the Company transferred \$3,796 of net deferred state income tax assets to the Parent in 2017, of which \$3,229 settled in 2017.

## **12. Subsequent Events**

As of February 23, 2018, which is the date the financial statements were available to be issued, the Company has evaluated events or transactions that may have occurred after the statement of financial condition date for potential recognition or disclosure. No events or transactions require disclosure.

# Terms and Conditions of Your AFPS Agreement

By signing your AFPS Agreement, you agree that the following terms and conditions are incorporated by reference into the Agreement. The Agreement will help ensure that you and your financial advisor are provided with the information required to begin your financial planning relationship.

## 1. Financial planning process

At Ameriprise Financial Services our process is guided by the six-step financial planning process defined by the Certified Financial Planner Board of Standards, Inc. Financial planning is designed to help address your goals and needs through an ongoing relationship. The six-step process is described in the “*Ameriprise*® Financial Planning Service” section of this Brochure.

## 2. Entire agreement

The Agreement, together with (1) any future fee amendment form(s) signed by you and/or your financial advisor as required, and (2) any changes to the goals on which you have requested advice as discussed between you and your financial advisor, represents the entire Agreement between you and Ameriprise Financial Services. Ameriprise Financial Services may amend the Agreement by providing written notice to you of the amendment. Unless you object to the amendment after receiving written notice of the changes, the amendment will become a part of the Agreement. Notwithstanding the foregoing, any increase to the fee you pay for AFPS must be in writing and signed by you and Ameriprise Financial Services.

The Agreement does not need to be re-signed to reflect changes except as noted below. A new Agreement is required in these instances:

- You and your financial advisor determine to restart the initial year of service.
- There is a change in owners or parties to the Agreement, except when there is a death of one of the joint owners.
- There is a lapse of a prior Agreement (for example, if fees have not been paid for more than one year).

### Termination of AFPS

AFPS will remain in effect until one of the following occurs: termination by you; termination of an existing AFPS Agreement by replacing it with a new one, as described in the “Terms and Conditions of Your AFPS Agreement” section of this Brochure; termination by Ameriprise Financial Services, which would require sending you written notice reasonably in advance of the termination date (except as noted in this paragraph) to your address as shown on our records; termination by Ameriprise Financial Services, with no advance notice, for non-delivery of services to you by your financial advisor; or termination by you through nonpayment of the AFPS fee.

If you choose to terminate the Agreement during the first year before receiving your initial recommendations, you will receive a full refund of fees paid. However, if you terminate at any time after Ameriprise Financial Services has performed under this Agreement, or if you terminate the services and have not provided your financial advisor with complete and accurate information concerning your financial situation, Ameriprise Financial Services reserves the right in its sole discretion to limit the amount of the refund you receive, if any.

### Termination procedure

To terminate or cancel the Agreement and request a refund, if eligible, complete an AFPS Cancellation and Refund Request form available from [ameriprise.com](http://ameriprise.com). You may also request the form from your financial advisor or by calling Ameriprise Financial Services directly at 800.862.7919 between the hours of 7 a.m. and 6 p.m. Central time, Monday through Friday.

**About the married person as AFPS individual client** — If you are married and participating in a financial planning relationship as an individual, you understand, acknowledge and agree that: (1) as of the signing of the AFPS Agreement, your spouse is not a party to the Agreement; (2) pursuant to the Agreement’s Privacy Policy, neither Ameriprise Financial Services nor its representatives will collect personally identifiable data about your spouse in connection with the financial plan due to existing privacy and

contract laws; and (3) your analysis and recommendations will be based on information that you provide regarding your financial goals, needs, and priorities since your spouse's data and information are not collected.

**About estate or trust beneficiaries as AFPS clients** — If you are an AFPS client and also a beneficiary of an estate or trust that is also an AFPS client serviced by your financial advisor, you understand, acknowledge and agree that (1) there may be a conflict when your financial advisor is servicing the beneficiary of an estate or trust, as the beneficiary of an estate's or trust's interest may not be the same as your interest; and (2) when servicing the beneficiary of an estate or trust, your financial advisor cannot put your interest ahead of his or her obligation to act in the best interests of the beneficiary of an estate or trust.

**About power of attorney appointments** — If you are an Attorney-in-Fact pursuant to a Power of Attorney for the client, you understand, acknowledge and agree that: (1) the financial planning services will be based on the information provided to us by the client and/or attorney-in-fact regarding the client's financial situation; (2) you will provide us with complete and accurate information, to the best of your knowledge; and (3) with the service the client or the attorney-in-fact purchases the financial advisor is not obligated to make any recommendations or give any financial advice that, in the sole judgment of the financial advisor, would be impracticable, unsuitable, unattainable or undesirable for the client. We strongly recommend you seek advice from legal counsel before implementing suggested planning strategies that involve disposition of assets. We reserve the right to decline business. When servicing the client's account the financial advisor cannot put the interest of the attorney-in-fact ahead of his or her obligations to act in the best interest of the client.

### **3. Disclosure of interest and capacity**

**About advisor compensation** — Your financial advisor may recommend that you purchase or sell investments, recommend that you enter into other financial transactions or provide financial advice regarding financial decisions. You have no obligation to follow any such recommendations or advice. If you implement any such recommendations through Ameriprise Financial Services, then in addition to the financial planning fee described above, your financial advisor will receive a commission or other financial benefit as a consequence of the transaction, as described in the "How our financial advisors get paid" section elsewhere in this Brochure.

**About your agreement** — No assignment of the Agreement by Ameriprise Financial Services will be effective without your consent.

**About your initial proposal and ongoing service** — Your financial advisor's initial recommendations may address only the areas that you have identified as your most immediate needs and priorities.

Your financial advisor is not obligated to make any recommendations or give any financial advice to you that, in the sole judgment of the financial advisor, would be impracticable, unsuitable, unattainable or undesirable. It is understood that your financial advisor provides financial services of the type contemplated in the Agreement, as well as other financial services for a number of clients. Your financial advisor will review the fundamentals of your financial situation; this may include an analysis of your insurance protection coverages. Ameriprise Financial Services does not provide insurance consulting, tax advice, legal advice or document preparation as part of AFPS. Ameriprise Financial Services does not monitor the day-to-day performance of your specific investments. Neither your financial advisor nor Ameriprise Financial Services shall have any liability for your failure to promptly inform your financial advisor of material changes in your financial and economic situation, your investment objectives or results, and any restrictions you wish to propose that may affect the development of your financial plan.

**About life insurance and annuity products** — You understand and acknowledge that with the sale of life, disability income and long-term care insurance and annuity products, Ameriprise Financial Services and the financial advisor from whom you purchase the product are the appointed agents of the insurer and receive compensation from the insurer for the sale and service of that product. This compensation is separate from and in addition to any fee you pay for AFPS, and may vary depending on the type or size of the life insurance or annuity product that you purchase, the insurer that issues the product, the total number of life,

disability income and long-term care insurance and annuity products sold by Ameriprise Financial Services and/or your financial advisor for that insurer, and other factors. This compensation typically will increase based on the size of the product that you purchase, or as the total payments that you make on that product increase. Generally speaking, the compensation that Ameriprise Financial Services and your financial advisor will receive depends on a relative compensation formula. That is, compensation received from the sale of life, disability income and long-term care insurance and annuity products is often greater than from the sale of other financial products such as mutual funds. As a result, Ameriprise Financial Services and your financial advisor typically will have a financial incentive to recommend that you purchase a life, disability income or long-term care insurance product or annuity product instead of another financial product such as a mutual fund. You are not obligated to purchase an insurance product from Ameriprise Financial Services or your financial advisor.

**About retirement accounts** — You agree that your financial advisor may discuss, present or offer ideas for you to consider related to the allocation of your retirement assets and that such communications are offered solely as education, marketing and examples for the purposes of discussion and for your independent consideration, and should not be viewed, construed or relied upon, as investment or fiduciary recommendations or advice under ERISA or Section 4975 of the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”). You understand that such communications should not be (and are not intended to be) relied upon as a primary basis for your investment decisions with respect to your retirement assets. Also, if we provide you with a sample or proposed asset allocation, including one that identifies specific securities or other investments, such asset allocation is merely an example of, or a proposal for, the fiduciary advice and recommendations that may potentially be available and should not be relied upon as investment or fiduciary advice or a recommendation under ERISA or the Internal Revenue Code. Also, to the extent an asset allocation service identifies any specific investment alternative for your retirement assets, please note that other investment alternatives with similar risk and return characteristics may be available to you.

#### **4. Arbitration/Class Action Waiver**

Any controversy or claim arising out of the financial planning services offered or delivered pursuant to this Agreement shall be resolved solely by arbitration on an individual basis in accordance with the Rules of the American Arbitration Association (“AAA”), and the arbitrator(s) will decide all issues related to any such controversy or claim, including whether any controversy or claim is subject to this arbitration agreement. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The parties agree that venue and personal jurisdiction for such an action upon the arbitration award is proper in Minneapolis, Minnesota. Unless otherwise agreed to by all of the parties to the arbitration (including without limitation Ameriprise Financial Services and you), AAA shall be the sole venue for resolving claims arising out of or relating to the investment advisory services, and all of the parties to the arbitration (including without limitation Ameriprise Financial Services and you) irrevocably waive trial by jury or by judge in any action, proceeding or counterclaim, whether at law or in equity.

Federal and state statutes of limitation, repose, and/or other rules, laws, or regulations impose time limits for bringing claims in federal and state court actions and proceedings. The parties agree that the time limits applicable to the arbitration will be the time limits that would be applied by the courts in the state in which the arbitration hearing will be held. However, if you do not reside in the United States, the statutes of limitation, repose, and/or other rules, laws or regulations imposing time limits applicable to the arbitration will be those that would be applied in the state where the Ameriprise Financial Services office servicing your account(s) is located. Any disputes related to these time limits will be determined by the arbitrator(s). This paragraph does not constitute a waiver of any right of private claim or cause of action provided by the Investment Advisers Act of 1940, as amended.

All parties to this Agreement are giving up the right to sue each other in court, including any right to trial by jury. Arbitration of a claim under this Paragraph 4 shall be only on an individual basis. **There shall be no right or authority for any claims to be arbitrated or litigated on a class action basis or bases involving claims brought in a purported representative capacity on behalf of the general public, clients or other persons similarly situated.** The arbitrator’s authority to resolve claims is limited to claims between the parties to the arbitration (including you and Ameriprise Financial Services) alone, and the arbitrator’s



authority to make awards is limited to the parties to the arbitration (including to you and Ameriprise Financial Services) alone. Furthermore, claims brought by you against Ameriprise Financial Services, its employees or independent contractors, or by Ameriprise Financial Services against you, may not be joined or consolidated in arbitration or in a court action with claims brought by or against someone other than you, unless agreed to in writing by both you and Ameriprise Financial Services. The parties agree that this predispute arbitration provision is governed by the Federal Arbitration Act.

## **5. Customer privacy**

Our privacy policy is set forth in “What Does Ameriprise Financial Do With Your Personal Information?” (the “Privacy Notice”), which is provided to you along with the Agreement. You may also find it online at [ameriprise.com/content/files/AMP\\_privacy-notice.pdf](http://ameriprise.com/content/files/AMP_privacy-notice.pdf).

## The Ameriprise Financial Story

Ameriprise Financial is, and has been for over a century, a company on a mission. As Ameriprise advisors, we help clients feel confident about their financial goals through personal financial planning. Over the years, we've helped millions of people invest and save billions of dollars for what's important to them.

The strength of our commitment is matched only by our strength as a company. Through downturns, booms and even depressions, we have always honored our financial obligations to clients.

In today's complex financial world, we help clients by providing a steady voice, a listening ear and a clear vision of financial opportunities and pitfalls. Through our ongoing relationship with you, we identify and tailor solutions for your specific needs. That's how, together, we help put more within reach for you and your loved ones.

**This Brochure provides information about the qualifications and business practices of Ameriprise Financial Services, Inc. If you have any questions about the contents of this Brochure, please consult with your financial advisor or contact us at 800.862.7919 between 7 a.m. and 6 p.m. Central time. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Ameriprise Financial Services, Inc.'s California insurance license number is 0684538.**

**Additional information about Ameriprise Financial Services, Inc. also is available on the SEC's website at [adviserinfo.sec.gov](http://adviserinfo.sec.gov).**



**Financial Planning | Retirement | Investments | Insurance**

Ameriprise Financial  
2773 Ameriprise Financial Center, Minneapolis, MN 55474 [joinameriprise.com](http://joinameriprise.com)

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