Fixed and Equity Indexed Annuity Disclosure

This Fixed and Equity Indexed Annuity Disclosure describes the services/products and conflicts of interest Copper Financial Network, LLC (“Copper Financial” or “we”) has in connection with transaction recommendations we make to you in regard to your fixed or equity indexed annuity.

Fixed Annuities

Fixed annuities are offered by different insurance companies that will issue you a contract or policy. There are differences in the features, benefits, fees, and costs from one fixed annuity to the next and in minimum and maximum premium amounts. Below is some general information about most fixed annuities. Information about the specific features, benefits, fees, and costs for a particular fixed annuity are described in the insurance company’s product brochure and/or the insurance contract that you will receive upon purchase.

A fixed annuity is an insurance contract that provides the buyer a fixed interest rate on their contributions (often referred to as “premiums”) for a specific period of time. Although the word "fixed" might suggest otherwise, the interest rate on a fixed annuity *can* change over time. The contract will explain whether, how and when this can happen. Often the interest rate is fixed for a number of years and then changes periodically based on current rates.

Fixed annuities are best suited for investors looking to preserve their principal but want their money to grow at a higher rate than a savings account or a bank CD can provide. Unlike bank CD or savings accounts, though, fixed annuities are not FDIC insured. While a fixed annuity avoids market losses, the tradeoff is it does not share in market gains..

A fixed annuity can be immediate or deferred. That is, depending on your contract, you may start receiving annuity payments within a year of purchasing your fixed annuity or you may have the payments start at a later time. Deferred annuities are typically used by investors looking to start income at retirement. Income payments from a fixed annuity can be provided for life of the contract owner, commonly referred to as a life annuity or single-life annuity, or for a set number of years, depending on the terms of the contract specifying the annuity payout options. Annuity contracts that pay income benefits for a set number of years are called period certain annuities or term certain annuities. While extremely unlikely, it is important to understand that the payments stream of an annuity will only be made if the insurance company remains solvent.

A fixed annuity does not offer any inflation protection, which may be considered a disadvantage. Payments in a fixed annuity typically do not have cost-of-living adjustments to keep pace with inflation, so the value of the money you receive in your payments may decline over time. Annuities with inflation protection can be purchased but the cost, in general, is significantly higher.

Fixed annuities are typically subject to surrender periods that could range from 3 to 7 years. If you withdraw your money during the surrender period, you will incur surrender charges that reduce your returns. In addition to surrender charges a Market Value Adjustment (MVA) will be applied to surrenders and withdrawals made during the surrender period that are in excess of applicable penalty-free provisions. A MVA is an adjustment that may increase or decrease the amount withdrawn/surrendered based on the difference between your contract’s credited rate and rates being offered on new/renewed contracts but will not reduce it below the contract’s stated minimum guarantee. In addition, other administrative fees will be assessed to you when you purchase a fixed annuity. For more information about surrender charges, premium payments, MVA, and fees please consult your product brochure and/or insurance contract.

Equity Indexed Annuities

Equity-indexed annuities (“EIAs”) are also known as “fixed-indexed annuities” and “indexed annuities”. EIAs are offered by insurance companies that will issue you a contract or policy. EIAs offer a minimum guaranteed interest rate combined with an interest rate linked to a market index. There are differences in the features, benefits, fees, costs, and minimum and maximum premiums from one EIA to the next. Below is some general information about most EIAs. Information about the specific features, benefits, fees, and costs for a particular EIA are described in the insurance company’s product brochure and/or insurance contract you will receive upon purchase.

EIAs are a type of fixed annuity where the rate of interest credited to the contract is linked to the returns of one or more indices, such as the S&P 500. When you buy an EIA, you own an insurance contract. You are not buying shares of any stock or index. The rate of growth in the contract is based on multiple features set by the insurance company issuing and guaranteeing the contract. Because of these EIA features, you take on more risk than with a fixed annuity but less risk than a variable annuity.

One key feature used to determine your EIA's growth is the participation rate, which limits the extent to which the annuity owner participates in market gains. For example, if the annuity has an 80% participation rate, and the index to which it is linked shows a 15% profit, the annuity owner participates in 80% of that profit, realizing a 12% profit.

Two more key features in determining growth are rate caps and floors. An EIA sets a limit on how much you could gain or lose each year through a cap on gains and a floor on losses. For example, your EIA contract might cap your earnings at 8% when the market is up and create a floor of 0%, meaning you will not lose money during market downturns, when the index dips into negative territory. In exchange for the downside protection, your EIA also will not increase in value as much as the market during years when the market does exceedingly well due to the upside cap. Cap and floor rates can change throughout the life of the EIA contract but will have a guaranteed minimum stated in the contract.

How and when interest earned in an EIA is credited to the account is also key in determining its growth. This is determined by the contract's crediting method(s). Crediting methods may vary from insurance company to insurance company and product to product. A common crediting method used is "point-to-point" which compares the index value at two points in time, such as contract issue and the first contract anniversary, and credits the difference after applicable participation rates, caps, floors, etc. have been applied.

EIAs are typically subject to surrender periods that could range from 3 to 7 years. If you withdraw your money during the surrender period, you will incur surrender charges that reduce your returns. In addition to surrender charges a Market Value Adjustment (MVA) could be applied to surrenders and withdrawals made during the surrender period that are more than the applicable penalty-free provisions. In addition, other administrative fees will be assessed to you when you purchase an EIA. For more information about surrender charges, premium payments, MVA, and fees please consult your product brochure and/or insurance contract.

Conflicts of Interest

We have identified certain conflicts of interest ("conflicts") that relate to the recommendations we and our financial professionals make related to fixed and equity indexed annuities ("annuity" or "annuities"). A conflict arises when either we or your financial professional are incentivized to put our interests ahead of the interests of a retail customer. Below we describe material facts relating to these conflicts so that you can make an informed decision regarding any recommendation your financial professional provides you. Copper Financial has reasonable policies and procedures in place to mitigate risk associated with these conflicts.

Compensation

Conflicts between retail customers and both Copper Financial and its financial professionals may be caused by a variety of arrangements, including the role we play in a transaction and compensation arrangements. The material facts relating to these conflicts are as follows:

We and our financial professionals get paid when you purchase an annuity. We also pay our financial professionals a portion of the transaction-based payments that we receive. When you make additional premium payments into your policy, we will receive additional compensation. While you do not pay this commission directly, the insurer factors this commission into the product's fees and costs charged to you.

Compensation (i.e., commissions, fees) paid to Copper Financial and our financial professionals varies by the type of specific investment you select. Different investments will pay us and our financial professionals higher or lower compensation depending on the type of investment we recommend. For example, investing in an annuity will usually pay a higher commission than purchasing an individual equity or bond. The investments that result in higher compensation to us could also have higher ongoing operating expenses incurred by you while you own the product. Our recommendation must be based upon what is in your best interest depending on your current stated investment profile and objectives. Differential compensation among the types of available investments may lead financial professionals to recommend those that pay a higher amount.

Certain investments with similar features are offered by multiple product sponsors and compensation can vary by product sponsor. Financial professionals may recommend an investment issued by a higher paying product sponsor. In addition, other investment product compensation structures may vary as well. For example, annuity products also pay us and our financial professionals different levels of commissions depending on the specific annuity being recommended.

We have an incentive to recommend the account type that pays us the most compensation. We can recommend that you invest through different account type arrangements, such as through an insurance contract, brokerage account, or an advisory account. Depending on factors such as the type and level of services you require as well as the frequency of trading in your account, one of these account types may be more cost-effective for you than the others. The availability of different account types incentivizes us and our financial professional to recommend the account type that results in the most compensation for us and your financial professional.

Financial professionals are either employees of Copper Financial or associated with us as independent contractors and employed by a credit union we have an agreement with. Financial professionals employed by a credit union may be subject to a different compensation plan approved by us. These compensation plans outline what portion the financial professional receives of the fees they generate. There may be different incentives for independent contractor financial professionals based on the credit union that employs them, which can create different conflicts for financial professionals. Financial professionals may also receive a salary from us or the credit union employing them.

Your financial professional's compensation is tied to meeting sales goals. a Cash and non-cash compensation, incentives, contests, quotas, and bonuses for financial professionals are tied to factors including asset accumulation or growth, total sales, and performance reviews. These arrangements can be tied to broker-dealer activity, insurance activity and/or investment advisory activity. These arrangements incentivize your financial professional to encourage more trading in your account, or the purchase of new products that results in your financial professional meeting his or her sales goals. s.

Third-Party Payments

Issuers of the fixed and indexed equity annuities our financial professionals recommend periodically pay us based on the total amount of sales we make of their investments or the total amount of customer assets we direct to them. These payments are sometimes called "revenue sharing" payments. Revenue sharing payments incentivize us to recommend you purchase annuities that result in us receiving revenue sharing payments rather than products that do not result in these payments or entail comparatively lower payments. Your financial professional does not receive any portion of these payments.

Many issuers or their affiliates also make payments to us to cover the costs associated with certain educational conferences or training seminars we host for our financial professionals. These payments are flat fee payments and are not tied to total sales or customer assets. These flat fee payments incentivize us to recommend you purchase products offered by issuers that make these flat fee payments rather than products of issuers that do not make these payments or make comparatively lower payments. Your financial professional does not receive any portion of these payments either. Please refer to the additional disclosure on our website at https://cu.financial/disclosures regarding the specific issuers with whom we have arrangements for revenue sharing payments.

Certain issuers and their affiliates provide our financial professionals with more training and administrative support services than others. If your financial professional receives this additional training and support, his or her use of these issuers' higher level of training and support incentivizes your financial professional to recommend investments offered by these issuers over issuers that do not.

Marketing/Gifts/Entertainment

Issuers of certain products and third-party managers may provide our financial professionals other forms of compensation including, but not limited to, business entertainment, small gifts, covering expenses related to training and educational meetings, and financial assistance in covering the cost of marketing and sales events. The receipt of these payments presents a conflict by creating an incentive for the financial professional to recommend those products whose issuers or third-party manager offer these forms of compensation.

Other financial professional conflicts.

If one of our financial professionals has a conflict associated to a recommendation they make to you that is not described above, the financial professional will disclose that to you either orally or in writing prior to or at the time of the recommendation.