

MWA Financial Services, Inc. (“MWAFS”) is a broker-dealer and investment adviser registered with the Securities and Exchange Commission (“SEC”). Member: FINRA, SIPC. We are licensed to conduct business within the United States.

This document describes types of services and how you pay. Brokerage and investment advisory services and fees vary, so it is important for you, the retail investor, to understand these differences. You should carefully consider which types of accounts and services are right for your situation.

The financial professionals associated with MWAFS may not be able to offer both types of available services. It is important to discuss what is available through your individual financial professional.

For details and important information about our business practices, including products, services, fees and expenses, refer to *MWAFS Business Practices & Disclosures* at [www.modernwoodmen.org/bestinterest](http://www.modernwoodmen.org/bestinterest).

Simple, free tools and educational materials about broker-dealers, investment advisers, and general investing are available at [www.Investor.gov/CRS](http://www.Investor.gov/CRS) and [www.FINRA.org/investors](http://www.FINRA.org/investors).

### WHAT INVESTMENT SERVICES AND ADVICE CAN YOU PROVIDE ME?

MWAFS offers both brokerage and investment advisory services.

#### **BROKERAGE SERVICES**

As a broker-dealer, we offer either a *directly held account* with an insurance or investment company, or a *brokerage account*. Products available to retail investors include: mutual funds, variable insurance products, 529 plans, general securities (stocks, bonds, brokered CDs, exchange-traded funds, unit investment trusts, traded real estate investment trusts, options), and employer-sponsored plans.

- You can select investments on your own, or we can recommend investments for your account, but ultimately, the decision for your investment strategy and the purchase or sale of investments is yours. *Discretionary authority*, which allows a firm to buy and sell investments in your account without asking you in advance, is not permitted under a brokerage arrangement with MWAFS.
- We are not under an obligation to monitor your account on an ongoing basis after the initial recommendation and purchase of securities is made. If your situation changes for any investment goal or objective, you should contact your financial professional to review your holdings and make any adjustments needed to align with your current or anticipated situation. You will receive paper or electronic account statements each quarter directly from the financial institution where your assets are held (“custodian”).
- While MWAFS offers a wide variety of investments for retail purchase, we do limit the companies, products and services available through our firm. Other firms could offer a wider range of choices, some of which might have different costs. Some of the investments we offer have account minimums.

#### **INVESTMENT ADVISORY SERVICES**

As an investment adviser, we offer three programs: *Investment Adviser Services*, *Adviser Managed Accounts*, and *Third-Party Managed Accounts*. For information on each type of service and the applicable fee arrangement, refer to our *Investment Adviser Services* and *Managed Account* brochures located at [www.modernwoodmen.org/bestinterest](http://www.modernwoodmen.org/bestinterest).

- *Investment Adviser Services* include research and a written recommendation presented to you by the financial professional. These services are limited to advice only and do not include securities transactions.
- In *Adviser Managed Accounts*, you can choose an account that allows us to give you advice and you decide which investments to buy and sell (“non-discretionary”); or a *Third Party Managed Account* that allows a selected third-party manager to buy and sell investments in your account without asking you in advance (“discretionary”).
- For *Adviser* and *Third Party Managed Accounts*, we offer advice on a regular basis. We will discuss your investment goals, design with you a strategy to achieve your investment goals, and regularly monitor your account. We will contact you (by phone or email) at least annually to discuss your portfolio.

- We have a fiduciary duty to the advice we provide you and with respect to the assets in your advisory accounts. We are responsible for monitoring your account and determining if assets should be reallocated. If your situation changes for any investment goal or objective, you should contact your financial professional to review your holdings and make any adjustments needed to align with your current or anticipated situation. You will receive paper or electronic account statements each quarter directly from the custodian.
- Our investment advice will cover a limited selection of investments. Other firms could provide advice on a wider range of choices, some of which might have different costs. Some of the investments we offer have minimum asset requirements for opening advisory accounts and charge annual fees that are based on the size of the assets in your account.

#### **QUESTIONS TO ASK OUR FINANCIAL PROFESSIONALS**

*Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?*

*How will you choose investments to recommend to me?*

*What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?*

#### **WHAT FEES WILL I PAY?**

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. Ask your financial professional to give you information on the fees and costs that you will pay based on the type of account chosen. Visit [www.modernwoodmen.org/bestinterest](http://www.modernwoodmen.org/bestinterest) to review our *Products, Fees and Expenses* and *MWAFS Client Advisory Agreement (Item 7 Adviser Compensation & Fees and Appendix B)*.

#### **DIRECTLY HELD OR BROKERAGE ACCOUNT**

- **Transaction-based fees.** You pay MWAFS and our financial professionals a fee when you buy or sell an investment. This is referred to as a “commission.” Mutual funds normally call this fee a “load,” which affects the value of your investment. This is paid at either the time of purchase or liquidation and is charged directly against the investment based on the amount invested. With stocks or exchange-traded funds (ETFs), this fee is usually a separate commission. With investments such as bonds, this fee is a part of the price you pay for the investment. This is called a “mark-up” or “mark-down.”
- You pay fees to the custodian of your assets. Some transactions incur custodian charges at the time of transaction (ticket charges), mutual fund surcharges and holding fees to hold the security. Other fees include account maintenance, account inactivity and administrative fees. MWAFS marks up and shares in some of these fees.
- Certain products (such as mutual funds and variable contracts) charge management fees, administrative fees, operating costs, and other expenses. These are referred to as the expense ratio.
- Mutual funds offer multiple share classes that have different fees and expenses. Applicable sales loads and other charges of the investment are described in the prospectus or other offering documents.
- For certain investments, you pay a penalty if you prematurely liquidate the investment. An example of this is a “surrender charge” imposed on an early withdrawal from a variable annuity.
- MWAFS and its financial professionals also receive other fees and compensation, such as “trail payments” called 12b-1 fees. These fees are charged to you by the investment company.
- Fees vary. For example, the amount you pay depends on how much you buy or sell, what type of investment you buy or sell, and what kind of account you have with us.
- The more transactions in your account, the more fees we charge you. We therefore have an incentive to encourage you to engage in transactions. From a cost perspective, you might prefer an account with a transaction-based fee if you do not trade often or if you plan to buy and hold investments for longer periods of time.

## **ADVISORY ACCOUNT**

- **Flat rate and hourly fees.** In our *Investment Adviser Services* program, fees are charged at a flat or hourly rate. This rate is an agreement between you and the financial professional, reflected in a written contract.
- **Asset-based fees.** In our *Adviser Managed Accounts* and *Third-Party Managed Accounts*, you pay an ongoing fee instead of paying per transaction. This fee is charged quarterly, either in advance or arrears. This fee is a percentage of your *assets under management* (total value of cash and investments in your account). This fee reduces the value of your account and is deducted from the account with your consent through a written contract.
- The asset-based fees through our *Adviser* and *Third Party Managed Account* programs are also referred to as “wrap fees.” A wrap fee is a comprehensive fee charged to you by the investment adviser to cover the cost of multiple services. These services include investment advice, account management, investment research, transaction execution costs and custody services. As a result, wrap fees are typically higher than nonwrap advisory fees. The only nonwrap program offered through MWAFS is our *Investment Adviser Services program*.
- In addition to an asset-based fee, certain products (such as mutual funds, variable contracts and direct participation programs) charge management fees, administrative fees, operating costs and other expenses. These are referred to as the expense ratio.
- Custodial fees charged to you are also in addition to an asset-based fee. These include maintenance, transfer, special product, administrative and termination fees. MWAFS marks up and shares in some of these fees.
- 12b-1 service fees charged by the investment company are refunded to you by MWAFS (*Adviser Managed* only).
- For certain investments, you pay a penalty if you prematurely liquidate the investment. An example of this is a “surrender charge” imposed on an early withdrawal from a variable annuity.
- The amount paid to MWAFS, the financial professional and the selected third-party manager generally does not vary based on the type of investments selected in your *Adviser* or *Third Party Managed Account*.
- The more assets you have in the advisory account, including cash, the more you will pay us. We therefore have an incentive to increase the assets in your account in order to increase our fees. You pay our fee on a quarterly basis even if you do not buy or sell.
- Paying an asset-based fee could cost more than paying separately for advice and for transactions if there are infrequent trades in your account. An asset-based fee may cost more than a transaction-based fee, but you may prefer an asset-based fee if you want continuing advice or want someone to make investment decisions for you.

### ***QUESTIONS TO ASK OUR FINANCIAL PROFESSIONALS***

*Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?*

**WHAT ARE YOUR LEGAL OBLIGATIONS TO ME WHEN PROVIDING RECOMMENDATIONS AS MY BROKER-DEALER OR WHEN ACTING AS MY INVESTMENT ADVISER? HOW ELSE DOES YOUR FIRM MAKE MONEY AND WHAT CONFLICTS OF INTEREST DO YOU HAVE?** MWAFS must abide by certain regulations and laws in our interactions with you. *When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice we provide you. Here are examples to help you understand what this means:*

Proprietary products: MWAFS is a subsidiary of *Modern Woodmen of America*, a fraternal benefit society. Modern Woodmen issues insurance products, including variable contract securities. MWAFS is the sole distributor of all securities-based products issued by Modern Woodmen. Most of MWAFS’s financial professionals are affiliated with Modern Woodmen and receive benefits, incentives and recognition when selling Modern Woodmen products that they would not receive from other products offered through MWAFS. Financial professionals not associated with Modern Woodmen do not have the ability to sell Modern Woodmen’s products.

Other insurance products: MWAFS offers fixed and variable insurance products issued by other insurance companies (“nonproprietary products”). Depending on your need, a financial professional may recommend to you a nonproprietary product if it is in your best interest. These products are offered through MWAFS or MWAFS’s insurance

agency subsidiary *MWAGIA, Inc.*, and are offered in states where MWAFS, MWAGIA and the financial professional are properly licensed. MWAFS receives a commission from the sale of these products. Financial professionals can also offer fixed insurance products through insurance brokers outside of MWAFS, for which MWAFS is not compensated.

Revenue sharing and distribution support: When you invest in a *brokerage account* or *Adviser Managed Account*, the custodian receives revenue on certain investment products and shares a portion of that revenue with MWAFS. See *MWAFS Business Practices and Disclosures* (Conflicts of Interest, Compensation) for more information.

#### **QUESTIONS TO ASK OUR FINANCIAL PROFESSIONALS**

*How might your conflicts of interest affect me, and how will you address them?*

#### **HOW DO YOUR FINANCIAL PROFESSIONALS MAKE MONEY?**

- **Cash compensation**: MWAFS and our financial professionals earn money by collecting a percentage of the commission or fee paid by you through transaction-based fees, and flat and hourly fees or asset-based fees. Financial professionals at MWAFS include *registered representatives* and *investment adviser representatives*. Registered representatives offer recommendations to retail clients to purchase securities products and earn a commission on the sale of that product. Because different products have varying charges, there is different compensation between products. Investment adviser representatives offer advice and earn either a flat or hourly fee through the *Investment Adviser Services* program; or an ongoing fee under the *Adviser* or *Third Party Managed Account* program. Fees charged under an advisory program are negotiable based on level of assets invested and the time and complexity of your situation.
- **Noncash compensation**: Our financial professionals receive incentives and/or recognition based on annual performance of all securities sales. This is paid at the discretion of MWAFS, funded through MWAFS revenue. MWAFS and our financial professionals can accept sponsorship for certain educational events provided by third parties we conduct business with, such as an insurance or investment company. Financial professionals can receive reimbursements for business development, such as software or other technology, through a third party or MWAFS.

#### **DO YOU OR YOUR FINANCIAL PROFESSIONALS HAVE LEGAL OR DISCIPLINARY HISTORY?**

Yes, we have legal and disciplinary events. Visit [www.Investor.gov/CRS](http://www.Investor.gov/CRS) and [www.BrokerCheck.FINRA.org](http://www.BrokerCheck.FINRA.org) for access to free and simple tools to research MWAFS and our financial professionals.

If you have a concern about your investments, account or financial professional, contact our Compliance Department at 309-558-3100, ext. 7 or by mail at 1701 1st Avenue, Rock Island, IL 61201.

To report a problem to FINRA, contact the FINRA Investor Complaint Center by phone at 240-386-HELP (4357); by fax at 866-397-3290; or by mail at 9509 Key West Avenue, Rockville, MD 20850-3329.

To report a problem to the SEC, please visit [www.Investor.gov](http://www.Investor.gov) or call the SEC's toll-free investor assistance line at 800-732-0330. You can reach the SEC Complaint Center by mail at 100 F Street NE, Washington, DC 20549-5990.

#### **QUESTIONS TO ASK OUR FINANCIAL PROFESSIONALS**

*As a financial professional, do you have any disciplinary history? For what type of conduct?*

#### **ADDITIONAL INFORMATION**

Please visit [www.brokercheck.finra.org/firm/summary/112630](http://www.brokercheck.finra.org/firm/summary/112630) for information on MWAFS as a broker-dealer; and [www.adviserinfo.sec.gov/firm/summary/112630](http://www.adviserinfo.sec.gov/firm/summary/112630) for information on MWAFS as an investment adviser.

For important, detailed information about the products and services offered through MWAFS, visit our website at [www.modernwoodmen.org/bestinterest](http://www.modernwoodmen.org/bestinterest) or call MWA Financial Services at 309-558-3100. We are happy to provide the most up-to-date information on your securities accounts.

You can find a copy of this document via the following methods: visit [www.modernwoodmen.org/CRS](http://www.modernwoodmen.org/CRS); request a paper or electronic copy from your financial professional; call MWA Financial Services at 309-558-3100 ext. 7; or email [MWA.Financial.Services@modern-woodmen.org](mailto:MWA.Financial.Services@modern-woodmen.org).

#### **QUESTIONS TO ASK OUR FINANCIAL PROFESSIONALS**

*Who is my primary contact person? Is this person a representative of an investment adviser or a broker-dealer?*

*Who can I talk to if I have concerns about how this person is treating me?*