

**INDEPENDENT [ FINANCIAL ] PARTNERS®**

## **REVENUE SHARING DISCLOSURE**

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September 2021

# REVENUE SHARING DISCLOSURE

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## INTRODUCTION

Independent Financial Partners, (hereinafter, collectively referred to as “IFP”) offers a wide variety of products and programs including discretionary and non-discretionary investment advisory/management services, utilizing various securities products, including, but not limited to, mutual funds, exchange traded funds, annuities, stocks, bonds, options, private placements/alternative products, structured products. Collectively, we refer to the Issuers that develop or issue such securities and investment products as Available Product Issuers (“Issuers”). IFP has entered into various arrangements with some Issuers, which may be construed as revenue sharing arrangements. Except as elaborated upon further below, the crux of such revenue, beyond investment advisory fees and commissions, is essentially fees paid by the issuers related to product due diligence, ongoing servicing and some event sponsorship that is designed to educate our Investment Adviser Representatives (also known as Financial Professionals or "FP.').

Although IFP endeavors at all times to put the interest of its clients ahead of its own or those of its officers, directors, or representatives (“affiliated persons”), these arrangements could affect the judgment of IFP or its financial professionals when recommending investment products. Because these situations present a conflict of interest that may affect the judgment of our FPs, IFP believes it is important that you are aware of our revenue sharing arrangements when you and your FPs evaluate your investment options.

IFP has established revenue sharing arrangements with a select group of Issuers and other companies. These Issuers participate in activities that are designed to help facilitate the distribution of their products. Issuers participating will have greater access to our financial professionals through marketing activities, training, and other educational presentations so that our FPs can better serve their clients.

These payments can originate from the Company’s distributing broker/dealer, its Registered Investment Adviser, and/or other related entities. Certain Issuers will make this payment from investment assets (e.g., event sponsorship for mutual fund companies or due diligence fees for private equity Issuers), while others will not. While the revenue sharing arrangements with each Issuer will vary, IFP typically receives a flat fee, payment based on sales (e.g., an issuer entering into a contract to pay IFP a servicing fee such as with a 12b-1 servicing plan), or payment based on assets under management (“AUM”).

## INVESTMENT ISSUERS

Revenue sharing agreements with each investment company will vary. Generally, Issuers will make payments to IFP or its affiliates to support and participate in marketing and educational efforts, such as conferences and seminars. They will also make additional payments to IFP for attendance at various educational meetings hosted by IFP throughout the year.

Mutual Fund Issuers that participate in the revenue sharing programs are available upon request.

## ALTERNATIVE INVESTMENTS

IFP offers, through its financial professionals, alternative investment products, including direct participation programs (DPPs), real estate investment trusts (REITs), managed futures, limited partnerships (LPs), 1031 exchanges, precious metals, BDCs, and private equity. While the revenue sharing agreements with each alternative investment company will vary, we can receive up to 150 bps (1.5%) of the gross amount of sale for these products. Additionally, IFP can receive a portion of the carried interest at select Issuers. Providers of alternative investment products also make payments to IFP or its affiliates to

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support and participate in marketing and educational efforts, such as conferences and seminars.

Alternative Investment Issuers that participate in revenue sharing are available upon request.

## **THIRD-PARTY ASSET MANAGERS**

IFP and/or its FPs will receive reimbursements, marketing and distribution allowances, due diligence fees, or other compensation based on deposits and/or assets under management directly from third party asset manager program sponsors (collectively "Third-Party Asset Managers" or "TPAMs") for the costs of marketing, distribution, business and client development, educational enhancement, and/or due diligence reviews incurred by IFP and/or the FPs relating to the promotion or sale of the TPAMs' products or services. IFP FPs will receive asset-based fees in their capacity as an Investment Adviser Representative or solicitor, as well as reimbursements or marketing allowances for marketing expenses and due diligence trip costs incurred by the Investment Adviser Representative to the extent they comply with the non-cash compensation rules codified by FINRA, which, among other things, stipulates that participation in such events may not be contingent upon production in any particular product, the event must serve a legitimate educational purpose, etc.

TPAMs that participate in revenue sharing are available upon request.

## **INSURANCE AND ANNUITY PRODUCTS**

IFP'S Broker/Dealer, IFP Securities, LLC, as well as its affiliated insurance agency, have selling agreements with multiple Insurance Carriers (IC), Brokerage General Agencies (BGA) and Insurance Marketing Organizations (IMO) to provide our FPs with an array of insurance and annuity products to make available to their clients. These selling agreements detail the commission schedules payable to IFP or, in the case of non-securities insurance products, to the FP, upon the successful placement of a specific product offered by a specific insurance company that addresses a particular need of the client. Commissions payable to both the FP and IFP can vary significantly by product type (e.g., life insurance vs. disability insurance vs. fixed index annuity vs. variable annuity, etc. Some products are made available via direct relationships with the ICs while some are accessed indirectly via relationships with BGAs and IMOs.

From time-to-time, Issuers and marketers of insurance and/or annuity products will also make payments to IFP or its FPs to support and participate in marketing and educational efforts, such as conferences, workshops and seminars.

## **CUSTODIANS/CLEARING**

Revenue sharing agreement with each custodian and/or clearing firm will vary. Typically, custodian/clearing will make payments to IFP or its financial professionals to support and participate in marketing and educational efforts, such as conference and seminars. Custodian/Clearing Issuers will also assist in the transition of assets to their platform by paying fees associated with the transition (e.g., account termination fees).

The custodians and clearing firms that participate in the revenue sharing programs are available upon request.

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## OTHER COMPENSATION AND REIMBURSEMENTS

### Solicitation Arrangements

IFP has individuals who are not affiliated with IFP introduce prospective clients to IFP. The individuals (called Solicitors) are paid a fee that is based on the advisory fee that you pay. If you were introduced to IFP through a Solicitor, IFP, through its IARs, will provide you with a separate written disclosure statement indicating that a referral fee is being paid to an individual who is unaffiliated with IFP. You will also receive a copy of IFP's Solicitor Disclosure Brochure. The Solicitor fee is paid from the total advisory fee, whereby a portion of the fee is shared with the Solicitor and IFP retains a portion of the fee. Such an approach does not result in additional charges to you.

In limited circumstances, typically related to a former IAR of IFP who leaves IFP, IFP may enter into a revenue sharing arrangement with the former IFP IAR and/or their employer that is a registered investment adviser. Such arrangements in relation to accounts that the IAR solicited to IFP. This creates a conflict of interest as IFP is sharing compensation with a non-affiliated IAR of IFP. In such circumstances, the total fee that you pay for your account should not be increased, but may be split among various companies/individuals.

### Training and Education Meetings

Issuers will invite IFP's FPs and/or clients to training and educational meetings, conferences, and seminars. Issuers typically reimburse IFP or FP for the expenses incurred, within the industry rules, as a result of attending these events. Please ask your FP and/or review the Issuer's prospectus a description of such sponsorships. If you attend training or educational meetings with your FP and a representative of the Issuer is in attendance, you should assume that the Issuer paid or reimbursed IFP or your FP for some or all of the cost of the meeting.

For events sponsored by IFP's Home Office, issuers provide conference sponsorship to defray the expenses of such events, and such compensation supports attendance and participation in 1 to 2 IFP conferences per year among IFP, its FP and Issuers, video calls among the same. Participation by the Issues is not based upon sales/production by IFP or its FPs in any particular product/security, and such events are designed to comply with the non-cash compensation rules referenced elsewhere herein.

### Due Diligence Fees

The method of calculation and the amount of revenue sharing paid by each Issuer will vary and is subject to change or renegotiation at any time. These revenue sharing payments are in addition to commissions, 12b-1 fees, and any other fees and expenses (including due diligence fees) usually disclosed in an Issuer's prospectus (e.g., fee table or in the Statement of Additional Information/SAI), Private Placement Memorandum or other Offering Document. Consistent with prudent product approval practices, IFP conducts or causes to be conducted a due diligence analysis of these Issuers in making them available to the public through its FPs. For conducting this due diligence analysis, IFP receives either a flat fee such as \$10,000 from some of the Product Issuers, or, e.g., 1% of the total sales/production in that particular investment product.

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## **Account Transfer Assistance**

Pershing is our broker/dealer's sole clearing firm, which serves as our custodian for broker/dealer-only accounts, but also serves as the Qualified Custodian for investment advisory accounts of IFP. Pershing pays IFP, without regard to whether the accounts are brokerage or investment advisory accounts, 7.5 basis point for assets transferred to Pershing.

IFP's custodians generally pay IFP client account fees for closing accounts at other custodian in order to open accounts at IFP's custodians.

IFP understand such transition benefits are not unusual in the industry, and exist among with top clearing/custodian platforms in the US, but IFP is, nevertheless, disclosing such payments as a conflict-of-interest that incentivizes account transfer. That being said, the customer and the IAR are not obligated to transfer accounts as an IAR leaves one firm and joins IFP, and neither is the customer obligated to rollover assets from one firm to IFP simply because an IAR joins IFP.

## **Loan Advance – Non-Purpose Loans by Pershing**

You can choose to participate in Pershing's Loan Advance program. In this program, Pershing will qualify a client who would benefit from having an alternative for accessing credit for financial needs in the form of a non-purpose loan. IFP receives revenue for your participation in this program. Even though these payments are not shared with your IAR, the receipt of these additional payments create a conflict of interest because of the increased compensation to IFP.

## **Fully Paid Lending Program - Pershing**

You can choose to loan securities to Pershing by participating in the Fully Paid Lending Program. You will maintain full ownership of the securities on loan and can recall the loan at any time. You will relinquish your right to exercise voting rights while securities are on loan. Loaned securities will not have SIPC coverage however, SIPC coverage applies to the cash collateral received for the loaned securities. You receive a lending fee based on the relative value of the securities loaned and are subject to change. IFP receives revenue from these fees and even though these payments are not shared with your IAR, the receipt of these additional payments create a conflict of interest because of the increased compensation to IFP.

## **Bank & Money Market Sweep Programs - Pershing**

When you establish an account through Pershing, LLC you are required to select a bank sweep option or money market mutual fund in which the cash in your account will be held. The FDIC bank deposit sweep program is the default option for cash contributed to non-entity (individual) accounts and IFP receives more from Pershing for assets held in that sweep program than IFP does for assets placed into a money market fund. Entities are not eligible to participate in the bank deposit sweep program. The bank sweep account will have a yield that will vary based on prevailing interest rates. IFP has the ability to dictate what portion of the yield (interest rate paid) on the bank sweep accounts it will retain. IFP's ability to adjust the yield creates a conflict of interest since the lower the portion of the yield paid to you, the more IFP earns. IARs do not receive any portion of the bank sweep compensation paid to IFP.

In addition to a bank sweep deposit option, IFP makes available a limited number of money market funds that you have the choice to elect to have serve as the cash sweep vehicle for your brokerage account.

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Pursuant to IFP's clearing agreement with Pershing, Pershing remits to IFP the amount of 12b-1 fees and shareholding servicing fees for money market mutual funds affiliated with or specified by Pershing in amounts set forth in the prospectus or other offering document for such funds. The higher the 12b-1 fees paid by the money market mutual fund, the lower the yield on cash in your account. This revenue sharing creates a conflict of interest as the increased revenue generated from the default money market funds is paid to IFP's affiliated broker dealer – IFP Securities. Because IFP Securities receives and retains these amounts, IFP has an incentive to recommend a brokerage account offering sweep money market funds paying 12b-1 fees, which in turn will negatively impact the amount you will earn on cash in your account. IARs do not receive a portion of the money market compensation paid to IFP. IFP does not make available other share classes of the sweep money market funds, including those that do not pay 12b-1 fees; however, you can choose to purchase other money market funds, including those that do not pay 12b-1 fees, and move assets from the money market fund or bank deposit account that serves as your cash sweep vehicle into such other funds. You are not obligated to maintain assets in the core sweep money market fund or bank deposit sweep account. Cash in your brokerage account will be placed in the sweep option you select by default and remain in that sweep option until the funds are invested elsewhere or you withdraw the cash from your account.

IFP provides access to various sweep vehicles for Pershing that are used to automatically invest cash balances. IFP receives revenue sharing payments based on these balances.

### **Referral for Bank Account Services**

IFP, thru Its IARs, refer clients to Sofi for bank account services (<https://www.sofi.com/>). Both IFP and the IAR receive compensation for this referral. This creates a conflict as your IAR has an incentive to recommend the use of the Sofi rather than another bank account that might better fit your needs. You are under no obligation to use Sofi and can choose another bank account for your use.