

NATIONAL ASSOCIATION OF PERSONAL FINANCIAL ADVISORS

COMPENSATION AND FEE DECLARATION

The purpose of this document is to provide full and specific disclosure as to how the financial planner and the planning firm will be compensated if the client decides to accept and implement the planner's recommendations.

The form is divided into three sections. In the Investment/Insurance Products section, the planner indicates the recommended product, the recommended amount to invest or purchase, and the estimated commission rate and amount that will be received by the planning firm and all affiliates. In the Services section, the planner indicates the estimated income to be received by the firm and all affiliates from the services suggested. The third section, Other Compensation and Fees, requires an explanation of other forms of compensation and fees the planner, planning firm and/or their affiliates may receive as a result of the planner's recommendations. Definitions of the terms used in this section are provided below.

Generally, the planner will provide an estimate of expected income to the firm and all affiliates because exact amounts may be unknown at this time. However, the planner should specify amounts to as great a degree of accuracy as possible. Both the planner and the client should be able to rely on this document if there is a question about whether the planner made a good-faith effort to fully disclose compensation. Both the client and the planner should sign this form. The client should receive a signed copy.

The National Association of Personal Financial Advisors (NAPFA) is the primary professional organization for financial planners who have agreed to work only on a fee-for-service basis. Members must adhere to strict professional standards. They may not receive any commissions or other economic benefit, other than fees paid by the client, from their clients' implementation of their recommendations.

NAPFA members believe that full disclosure encourages greater professionalism among advisors, discourages them from self-dealing, and gives consumers greater power throughout the planning engagement. Disclosure gives consumers the information they require to make informed decisions before they implement product recommendations. NAPFA has received the support of the AARP, Consumer Federation of America, and several state regulators for its efforts on the disclosure issue.

For more information go to napfa.org.



DEFINITIONS

12b(1) Fees: These are charges deducted from your investment mutual fund.

Surrender Charges: This is a charge deducted from the balance in your annuity policy or insurance contract if the policy is cashed-in or surrendered early. These charges apply primarily to insurance and annuity products and may vary from product to product. A portion of the surrender charge is used to reimburse the insurer for the commissions paid to the planner at sale.

Back-End Fees: Similar to a surrender charge. An amount deducted from the balance in your investment if the investments is sold early.

Contingency Fees: A payment that is contingent on certain events. For instance, the planner or planning firm earns a payment only if they can find a buyer for the non-performing investment property.

Wrap Fees: A comprehensive charge levied by an investment manager or investment advisor to a client for providing a bundle of services, such as investment advice, investment research and brokerage services. Wrap fees allow an investment advisor to charge one straightforward fee to their clients, simplifying the process for both the advisor and the customer.

Eligibility for Sale Prizes: The planner qualifies for additional compensation if a certain level of sales of a specific product is reached.

Trailing Commissions: These are the amounts paid by the insurer to the planner and/or the planning firm for each year that you own an insurance policy. Referral fees are another form of trailing commission. Typically, referral fees are paid by an outside vendor for the planner's referral of your business. The planner may earn a fee, similar to a trailing commission, for each year in which you are invested with the outside vendor.

Soft-Dollar Benefits: The planner, or planning firm, receives compensation, not in the form of cash, but in the form of other benefits. Among other things, "soft-dollar" benefits might include a subscription to the Wall Street Journal, a new computer, or payment for training programs for staff.

Performance Compensation: Compensation is contingent on reaching certain performance objectives. For example, if the investment earns 10 percent, the planner or planning firm may earn .5 percent, but if the investment earns 20 percent, the planner or planning firm may earn 3 percent.

DISCLOSURE OF FINANCIAL PLANNER COMPENSATION FOR THE PERIOD _____ TO _____

INVESTMENT AND INSURANCE PRODUCTS	AMOUNT TO INVEST	ESTIMATED COMMISSION RATE	ESTIMATED INCOME TO PLANNING FIRM AND AFFILIATES*
_____	\$ _____	_____ %	\$ _____
_____	\$ _____	_____ %	\$ _____
_____	\$ _____	_____ %	\$ _____
_____	\$ _____	_____ %	\$ _____
_____	\$ _____	_____ %	\$ _____

**Total amount of commission, rebate or fee typically earned by the planner, firm, employee and affiliate in the first year.*

SERVICES:

Including Money Management, Investment Supervision, Retainer Arrangements or Implementation Fees

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
TOTAL	\$ _____

OTHER COMPENSATION AND FEES PAID TO PLANNING FIRM AND/OR THEIR AFFILIATES

(Check all that apply and explain to client)

Fees

- | | | |
|--|---|------------------------------------|
| <input type="checkbox"/> 12b(1) Fees | <input type="checkbox"/> Back-End Fees | <input type="checkbox"/> Wrap Fees |
| <input type="checkbox"/> Surrender Charges | <input type="checkbox"/> Contingency Fees | |

Other Compensation

- | | | | |
|--|---|--|---|
| <input type="checkbox"/> Eligible for Sales Prizes | <input type="checkbox"/> Soft-Dollar Benefits | <input type="checkbox"/> Performance Comp. | <input type="checkbox"/> Trailing Commissions |
|--|---|--|---|

Note to client: Estimated commissions and fees do not include commissions and fees that might be payable to non-affiliated third parties as a result of the purchase of financial products or services. These commissions and fees may be substantial. The client is strongly advised to seek full disclosure of fees and commissions when purchasing financial products or services.

I acknowledge receiving this document:

Client (signature)	Date	Client (signature)	Date
Planner (signature)	Date	Principal (signature)	Date