

# Important disclosure: Information about recommendations to retail customers

This disclosure provides you with additional information to consider in connection with recommendations received from a representative of Empower Financial Services, Inc. (EFSI).

EFSI is a broker-dealer registered with the U.S. Securities and Exchange Commission (SEC). EFSI primarily provides broker-dealer services to employer-sponsored retirement plans, to individual retirement accounts (IRAs), and to taxable brokerage accounts available through Empower. Empower refers to the products and services offered by Empower Annuity Insurance Company of America and its subsidiaries, including Empower Retirement, LLC.

Regulation Best Interest, an SEC regulation, requires broker-dealers like EFSI to provide disclosures to "retail customers" like yourself when the broker-dealer makes a recommendation involving securities or investment strategies involving securities. EFSI intends this disclosure to satisfy the requirements of Regulation Best Interest. For ease of reading, the remainder of this disclosure will refer to EFSI using the terms "we," "our" or "us," and representatives of EFSI will be called "Representatives."

This disclosure describes material facts regarding the scope of your relationship with us and material facts regarding the conflicts of interest we have in making recommendations.

## 1. Type and scope of services

The primary brokerage service we offer is buying and selling securities at your direction. Our brokerage services also include providing you with recommendations, research, financial tools and planning services, and investor education from time to time or at your request.

We provide our brokerage services to retail customers through several products or services offered by Empower:

- Employer-sponsored retirement plans – Defined contribution retirement plans (such as 401(k), 403(b), 457(b) and similar plans) recordkept through Empower pursuant to authorization by the plan's sponsor.
- Empower Premier IRA – An IRA offered by Empower Trust Company, LLC (ETC) that utilizes our services.
- Empower Personal Strategy Account – A brokerage account, managed on a discretionary basis by our affiliate, Empower Advisory Group, LLC (EAG), through which securities trading and custodial services are provided by Pershing, LLC (Pershing) pursuant to an agreement between Empower and Pershing Advisor Solutions LLC. The Empower Personal Strategy Account is generally only available to retail customers with at least \$250,000 in eligible assets.
- Empower Private Client Account – A brokerage account, managed on a discretionary basis by our affiliate, EAG, through which securities trading and custodial services are provided by Pershing pursuant to an agreement between Empower and Pershing Advisor Solutions LLC. The Empower Private Client Account is only available to retail customers with at least \$1,000,000 in eligible assets.
- Empower Investment Account – A taxable brokerage account through which securities trading is executed and cleared on a fully disclosed basis by Pershing, an unaffiliated broker-dealer firm, and for which we act as the introducing broker-dealer.
- Empower Brokerage – A taxable or IRA brokerage account through which securities trading is executed and cleared on a fully disclosed basis by Pershing and for which we act as the introducing broker-dealer.

To facilitate brokerage services in several of the products described above, we entered into fund administration and trading agreements with various non-proprietary mutual fund companies as well as collective trust and separately managed funds. We also distribute collective investment trusts issued by ETC, our affiliated trust company, and act as the principal underwriter and distributor of annuity contracts issued by Empower Annuity Insurance Company of America and Empower Life & Annuity Insurance Company of New York (ELANY) and for mutual funds issued by Empower Funds, Inc. (the Funds).

Our Representatives may make securities recommendations to you or make recommendations about strategies involving securities. Our recommendations may include a rollover, stay-in-plan, or any of the following:

- Keep your retirement plan account in your current plan.
- Keep your IRA in your current IRA.
- Move your current IRA to the Empower Premier IRA.
- Move your current IRA to an Empower Personal Strategy Account.
- Move your current IRA to an Empower Private Client Account.
- Move your current IRA to your current plan.
- Move your current plan to the Empower Premier IRA.
- Move your current plan to an Empower Personal Strategy Account.
- Move your current plan account to an Empower Private Client Account.
- Move your current plan account to a different plan account.

In addition, if you have an investment account or an IRA, or if your employer-sponsored retirement plan offers our services, our Representatives may provide fund-specific investment recommendations, recommendations to use target date funds or a managed account service, and other

savings recommendations involving plan or IRA features.

When our Representatives make recommendations to you about whether to move your retirement plan accounts to an IRA or brokerage account or retain your account within a retirement plan, they consider various factors, including whether your account is appropriate for one of the Empower offerings. Empower's product offerings include many available investment options as well as different managed account features through which you can retain an investment manager to help with investment selection, a service center and other services. Empower's products and services are available through various distribution channels. For example, the Empower Brokerage IRA is available to you outside the service center that advises individuals on rollover decisions. For more information on Empower's offerings, please visit [empower.com](http://empower.com).

## **2. Material limitations on recommendations we provide**

The material limitations on the securities or investment strategies involving securities or account types that Representatives may recommended include the following:

- IRA limitations: We only consider Empower Premier IRA, the Empower Personal Strategy IRA Account, and the Empower Private Client IRA Account offerings when determining if a rollover recommendation is in your best interest. Note, comparable funds to some of those available within the Empower Premier IRA are available within the Empower Brokerage IRA at the same or lower costs; however, certain Empower advisory services are unavailable in the Empower Brokerage IRA.
- Minimum asset limitations: Empower Personal Strategy IRA is generally only available for rollovers of at least \$250,000 in eligible assets. Empower Private Client IRA is generally only available for rollovers of at least \$1,000,000 in eligible assets.
- Employer-sponsored retirement plan limitations: Our Representatives do not act as a fiduciary to retirement plan sponsors or their third-party financial intermediaries on the selection of a plan's investment options, advisory services or financial planning services. Our recommendations only consider the investment options and services available under your employer-sponsored retirement plan.

In making a recommendation to you, we consider only the investment options and distribution options available under your current employer-sponsored retirement plan or IRA, or those offered through our affiliated products and services. Specifically, when evaluating whether to recommend a distribution or transfer of assets, we limit our analysis to the following account types and products: your current retirement plan or IRA, the Empower Premier IRA, the Empower Personal Strategy Account, the Empower Private Client Account, and the Empower Brokerage IRA. Further, our asset allocation and investment selection recommendations only consider the pre-established investment options available within the relevant individual account(s) or under your employer-sponsored retirement plan which we do not establish or control.

It is important for you to understand that other alternatives may exist beyond the investment options or distribution strategies we recommend. These alternatives may include, for example, IRAs or brokerage accounts offered by unaffiliated financial institutions, other employer-sponsored plans, or different combinations of investment products and services that may provide different fees, services, or underlying investment options. We do not evaluate these other options unless they are available as part of Empower's offerings. As a result, our recommendations should not be viewed as a comprehensive evaluation of all options available to you or as a substitute for a broader financial plan. We encourage you to consider whether a broader assessment is appropriate based on your individual circumstances and financial goals.

Unless we separately agree in writing, we will not monitor your account for investment performance or to initiate future recommendations. Any future recommendation you seek from us will be based on information at that point and time.

## **3. Material fees and costs that apply to retail customers' transactions, holdings and accounts**

Our brokerage services are typically included as part of a bundle of broader services included in a product of service offered by Empower. We do not typically charge separate or transaction fees for our brokerage services except as noted below.

- Employer-sponsored retirement plans: Retirement plans receive our brokerage services as part of the bundle of recordkeeping services provided by Empower. Each retirement plan's recordkeeping contract with Empower determines the amount and form of recordkeeping fees, and these fees may be paid by the plan sponsor or from the plan itself. Typically, fees may include a per capita or asset-based recordkeeping fee, ad hoc fees based on specific recordkeeping activities, and/or revenue-sharing payments paid to us from investment funds offered in the plan.
- Empower Premier IRA: Account holders receive our services as part of the IRA custodial arrangement. We receive compensation for our services from revenue-sharing payments paid to us from investment funds offered in the Empower Premier IRA.
- Empower Personal Strategy Account: EFSI does not provide brokerage services related to these accounts; all brokerage services are provided by Pershing pursuant to an agreement between Empower and Pershing Advisor Solutions LLC.
- Empower Private Client Account: EFSI does not provide brokerage services related to these accounts; all brokerage services are provided by Pershing pursuant to an agreement between Empower and Pershing Advisor Solutions LLC.
- Empower Investment Account: Account holders receive our brokerage services as part of the custodial arrangement with Pershing. Pershing pays us part of the direct fees it charges and part of the revenue-sharing payments it receives from investment funds offered within the Empower Investment Account.
- Empower Brokerage Accounts: Account holders receive our brokerage services as part of the custodial arrangement with Pershing. Pershing pays us part of the direct fees it charges and part of the revenue-sharing payments it receives from investment funds offered within the Empower Brokerage account.
- Other third-party payments: Empower may receive payments from third parties if customers in the products outlined above use a product or service offered by the third-party, and these payments are often paid to us in our capacity as a broker-dealer. For example, if a

retirement plan offers the Empower health savings account (Empower HSA) as an available service to plan participants, the HSA vendor makes a payment to us regarding funds used in the HSA as plan participants invest in the HSA.

#### **4. Risks associated with a recommendation**

While we will take reasonable care in developing and making recommendations to you, securities involve risk, and you may lose money. There is no guarantee that you will meet your investment goals or that our recommended investment strategy will perform as anticipated. Please consult any available offering documents for any security we recommend for a discussion of risks associated with the product. We can provide those documents to you or help you to find them.

#### **5. General basis for a recommendation**

Our asset allocation and investment selection recommendations employ both proprietary and independent third-party, computer-based programs that utilize algorithms to analyze and ultimately advise upon your assets. Specifically, these computer-based programs analyze quantitative data to evaluate the available investment options in your retirement plan or IRA and then develop an individualized investment strategy, based on your particular circumstances and characteristics, tailored to your investment goals.

Our distribution recommendations to plan participants, including recommendations to stay-in-plan or "hold," are generated utilizing a proprietary best-interest profile (BIP) tool. The BIP tool collects your individual investment objectives, risk tolerance, investment time horizon, age and other supplemental information to develop a customer profile. The BIP tool then analyzes your customer profile and compares the features of your retirement plan to other available alternative retirement plans, brokerage accounts, and/or IRAs to help you determine which distribution option, if any, is in your best interest.

Our asset allocation and investment selection recommendations only consider the pre-established investment options available under your retirement plan and your IRA that are not controlled or established by EFSI. Additionally, our recommendations should not be treated as comparable or as a replacement for a comprehensive evaluation of your entire financial plan.

Ultimately, our recommendations are based on an analysis of the investment options and distribution strategies available through your current retirement plan or IRA, as well as Empower-affiliated accounts and investment options. These recommendations reflect only a subset of potential options that are available to you. You may wish to consider additional alternatives, including those offered by other financial institutions, when making decisions about your retirement assets. For more information about the scope of products and accounts we consider and related limitations, please refer above to *Part 2 – Material limitations on recommendations we provide*.

#### **6. Material facts relating to conflicts of interest associated with our recommendations**

We have several material conflicts of interest associated with our recommendations:

- Investment advice and management services: Our affiliates offer proprietary investment advice and management services for your use, and our Representatives may recommend you use these advisory services as available. Our affiliates make additional money by charging advice or management fees in connection with your use of these advisory services. Specifically, the management services available through our Empower Premier IRA are limited to proprietary investment options offered by Empower Funds, Inc., Empower Annuity Insurance Company of America, and, where applicable, Empower Life & Annuity Insurance Company of New York which result in increased income to our family of companies related to the administration, management and supervision of such investment options. Additionally, the Empower Personal Strategy Account and the Empower Private Client Account include discretionary investment advisory services from our affiliate, EAG, which results in EAG making additional money from an advisory services fee assessed in connection with your investment in either account.
- Increased fee income: Our affiliates provide a bundle of recordkeeping, trust, custody, brokerage and other related services to your plan or IRA along with access to a platform of investment funds and products. If you pay for these services through an arrangement through which our affiliates charge a direct fee, our affiliates may receive additional fees for these services as a result of our recommendations, because you may contribute, invest or transact in more assets with our family of companies.
- Proprietary investment funds: Our affiliates offer proprietary investment funds, and we may recommend that you invest in our affiliates' proprietary investment funds, such as proprietary mutual funds and collective investment trusts. These investment funds generate additional income to our family of companies. For our proprietary investment funds, fees compensate our affiliates for administering, managing and supervising these funds.
- Proprietary insurance products: Our affiliates offer proprietary insurance products for investment, and we may recommend different types of insurance products and funding agreements for your investment. The majority of our insurance products are annuity contracts that are structured either as a general account product or as a separate account product. If you invest in a general account product, which is an insurance product backed by the general account of an insurance company, our affiliates generate revenue by retaining spread, which is the difference between actual earnings on contracts offered by the insurer and the crediting rate declared and guaranteed by the insurer through the contract. Our affiliates may also receive different types of fee income if you invest in the general account or separate account products as well as other third-party payments associated with investments held in the separate account.
- Third-party payments: We or our affiliates may receive payments from other firms, non-proprietary investment funds or products, or providers, such as revenue-sharing payments, in connection with the investments made pursuant to our recommendation or for other reasons.
- Other Affiliations: Empower is affiliated with Great-West Lifeco Inc. ("Lifeco") who entered into a transaction to sell Putnam Investments,

LLC to Franklin Resources, Inc. (“Franklin”). As a result of the transaction, Empower’s affiliate owns approximately 6% of Franklin as of January 1st, 2024. As a part of the transaction, Lifeco entered into arrangements with Franklin under which Lifeco has committed to allocate assets over a period of time to be managed by Franklin’s investment managers and has agreed to support the availability of Franklin and its affiliates’ products and services on enterprise platforms. If certain Franklin revenue thresholds are achieved under those arrangements, Lifeco will receive contingent transaction consideration and Lifeco and other Empower affiliates will derive an economic benefit if you chose to allocate assets to a Franklin investment option.

- Individual representative/Associate compensation: Our Representatives are generally paid a salary and a variable bonus. The bonus is based on factors which include the performance of Empower and its affiliates (collectively, the Company) and/or the Representative’s individual performance. In assessing individual performance, the Company may consider quantitative metrics such as the total number of engagements with, and/or recommendations to, retail customers, and the Representative’s success in gathering, retaining and consolidating client assets. Asset goals are generally set on a monthly, quarterly, or annual basis and may differ by product or account type. Representatives will receive bonus compensation that varies based on a retail customer’s use of Empower products or services. Additional factors include certain qualitative factors, such as leadership, teamwork, customer experience, call quality, call efficiency, and adherence to Empower policies and regulatory standards. The relative time and complexity of a recommended transaction may also be considered, which will result in a higher rate of compensation for use of certain Empower products or services including rollovers to Empower IRA products.

The contents of this disclosure may change from time to time without notice, and the internal policies and regulatory standards described may be changed at any time before updates are made to the disclosure. If you have any questions or want additional information, please visit Empower’s website at [empower.com](http://empower.com).