

# CUSTOMER RELATIONSHIP SUMMARY

Combined Valmark Securities, Inc. Form CRS and Valmark Advisers, Inc. ADV Part 3 and Form CRS



## ITEM 1: INTRODUCTION

We are Valmark Financial Group, LLC, comprised of several companies (collectively, Valmark) that we are pleased to introduce you to in this relationship summary.

### Valmark Securities, Inc

- Registered with the Securities and Exchange Commission (SEC) as a broker-dealer and a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC)

### Valmark Advisers, Inc.

- Registered with the SEC as an investment advisor

### Executive Insurance Agency

- A general insurance agency

Your financial professional works with Valmark to provide you with access to certain financial products and solutions to help achieve your unique investment goals and fulfill your insurance needs.

Each financial professional is an independent contractor. This means he or she is not an employee of Valmark. Similarly, their firms are not owned or controlled by Valmark. As independent contractors, they pay all their business overhead expenses including rent, employee salaries, and benefits.

We are providing you with this relationship summary to help you better understand the ways in which Valmark and our financial professionals may serve you and to summarize the products and services available through our companies. Because brokerage and investment advisory services and fees differ, it is important for investors to understand the differences. In addition to this relationship summary, there are free and simple tools available for investors to research firms and financial professionals at [www.investor.gov/CRS](http://www.investor.gov/CRS). This site also provides educational materials about broker-dealers, investment advisors, and investing.



## ITEM 2: RELATIONSHIPS AND SERVICES

### *“What investment services and advice can you provide me?”*

Through our family of companies, we can provide you with many products and services:

### Valmark Securities, Inc. (VSI):

Through its registered representatives, your financial professional, we offer access to commission-based brokerage accounts through our clearing firm, Pershing, LLC; certain direct mutual fund accounts; variable annuities; and variable life insurance policies. In a brokerage account, we may recommend various securities such as mutual funds, exchange traded funds (ETF), stocks, and bonds. The type of products that your financial professional can recommend in your brokerage account is limited by the securities examination they have passed. For more information about exams see [www.valmarkfg.com/FormCRS](http://www.valmarkfg.com/FormCRS).

We may also introduce you to certain mutual fund companies where we may recommend that you purchase and hold shares directly with the mutual fund company. We also may introduce you to certain insurance companies and recommend that you purchase either a variable annuity contract and/or a variable life insurance policy. Mutual funds, variable annuities and variable insurance products offered through these direct channels are sold with a prospectus which contains important information on fees and risks associated with the particular investment.

Variable annuities and life insurance policies are considered to be securities because they offer investment choices in their sub-accounts. The product sponsor or the insurance company pay us no more than what is described by the prospectus and the majority of the commission is passed on by VSI to your financial professional. There is no separate fee charged for the advice provided to you in connection with products purchased through VSI. VSI and your financial professional must have a reasonable basis for believing any investment (or investment strategy) recommendation made to you is suitable, is in your best interest and appropriate for you, given your individual financial circumstances, needs and goals.

- **Monitoring:** We do not monitor VSI accounts for continued suitability after our initial recommendation. However, we remain available to service and answer questions about your account. Separately, you or your financial professional may contract with our affiliate company, Valmark Policy Management Company, LLC, where a separate fee is paid for ongoing life insurance policy monitoring services.
- **Investment Authority:** VSI does not accept discretion for these accounts. This means you make the ultimate decision regarding the purchase of investments in your accounts.
- **Account Minimums:** VSI has no minimum account requirements, but mutual fund or insurance companies (Product Sponsors) may have minimums which can vary by product.

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## Valmark Advisers, Inc. (VAI):

Many VSI registered representatives are also investment advisor representatives (IAR) of VAI. You are encouraged to talk with your financial professional to understand their individual registrations and the degree to which they can offer VAI advisory services. Through its IARs, VAI offers fee-based consulting, comprehensive financial planning, discretionary investment advisory programs, and advice on the selection of third-party investment managers. Each discretionary investment advisory program is built on the principles of diversification and asset allocation and does not include the opportunity for you, or your IAR, to actively or frequently trade securities within your advisory account. VAI and our IARs have a fiduciary duty to act in the best interests of our clients through a duty of care and a duty of loyalty.

• **Monitoring:** As fiduciaries with a responsibility for ongoing duty of care, we continually monitor advisory accounts to help ensure they remain aligned with your goals. VAI offers a full menu of investments, including: equity securities; corporate, municipal and United States debt securities; certificates of deposit; and, mutual funds. These investments may be available through a variety of programs, including those offered by VAI or certain third-party money managers. All securities in your VAI account are held by one of our outside custodians — Charles Schwab, TD Ameritrade, or Pershing, LLC. Custody of assets managed by third-party managers will vary by program and manager. All custodians will periodically provide you with account statements that you are encouraged to review frequently.

• **Investment Authority:** VAI's programs include several discretionary wrap programs, including TOPS, TOPS Core, TOPS Flex, TOPS Custom, and ACCESS Plus (Wrap Programs). In these programs, VAI selects the securities to be purchased after the client selects a risk-based asset allocation model. All trade costs are included in the asset management fee associated with these Wrap Programs.

VAI also offers discretionary non-wrap programs including ACCESS and ACCESS Direct which allows IARs to select the securities or unaffiliated third-party managers, among those approved by VAI, after the client selects a risk-based asset allocation model or strategy. ACCESS account trade costs, to the extent there are any, are paid by the client and they are not included in the asset management fee. Responsibility for ACCESS Direct account trade costs will vary by third-party manager.

Certain third-party managers are also available. Each third-party manager's account opening agreements will describe the investment authority, trade costs, and services provided.

• **Account Minimums:** are required for all advisory services and vary by program and third-party manager.

## Executive Insurance Agency (EIA):

EIA is a general insurance agency licensed with certain state departments of insurance and is appointed with several insurance companies to offer a wide variety of insurance products such as life insurance, disability insurance, long-term care insurance, annuity products and group insurance. These products are regulated by state insurance departments and are offered through EIA's agents, most of whom are also registered with VSI and VAI. When your financial professional serves as an insurance agent of EIA he/she is under no obligation to use our agency or any specific company or product, but he/she has agreed to a minimum production requirement to maintain their relationship with VSI and EIA. As your financial professional's production increases, VSI or EIA passes on an increased percentage of the commissions to your financial professional. Further, Valmark may receive higher compensation from certain insurance companies with whom we have direct contracts and produce a large volume of business as compared to insurance companies that pay internal wholesalers and/or an insurance company general agency, or where we submit little volume. While compensation is generally the same among similar products of various insurance companies, it does differ between various types of products which may result in higher commissions on some products than others. When placing your insurance, your VSI financial professional's obligation is to act in your best interest. This standard of care is higher than that of an individual acting solely as an insurance agent where the standard of care obligation is generally to act with reasonable care, skill and diligence.

• **Additional Information:** You can find more details about our services at [www.valmarkfg.com/FormCRS](http://www.valmarkfg.com/FormCRS); including:

- Valmark Adviser's ADV Part 2A Brochure and
- Valmark Advisers, Inc ADV Part 2A–Appendix 1 Wrap Program Brochure.

## Relationships and Services Conversation Starters:

We encourage you to start a conversation with your financial professional and ask the following questions:

- 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 recommended to me?
- What is your relevant experience, including your licenses, education and other qualifications and what do those qualifications mean?

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## ITEM 3: FEES, COSTS, CONFLICTS, AND STANDARD OF CONDUCT

### *“What fees will I pay?”*

#### **Description of Principal Fees and Costs:**

When you buy or sell a security in your VSI brokerage account, whether as a result of our recommendation or at your request, we generally charge per transaction. In most cases, you would be charged more when there are more trades in your account, and we may therefore have a potential financial incentive and conflict of interest if we encourage you to trade your brokerage account often. Generally, there are no trade costs when you buy or sell mutual fund shares directly held with the mutual fund company or units held within variable annuity or variable life insurance subaccounts.

VAI charges you an agreed upon ongoing asset management fee (Asset Management Fee) generally based upon the size of your account balance when we provide investment advice and advisory account services. This Asset Management Fee is comprised of two components; an IAR fee and a Program Fee. As the assets in your fee-based account grow, the more you will pay in fees, therefore we may have a financial incentive to encourage you to increase assets in your account. The fee for Wrap Program accounts includes most transaction costs and fees paid to the custodian of these accounts. As such, a Wrap Program account fee is generally higher than a typical non-wrap, asset-based advisory fee. When VAI serves as a co-advisor or a solicitor where we refer you to a third-party manager, VAI receives a portion of the third-party manager's ongoing advisory fee. VAI passes the majority of these advisory fees onto your financial professional.

#### **Description of Other Fees and Costs:**

When VSI serves as your broker-dealer, some of the most common other fees and costs may include; 12b-1 marketing payments from mutual fund sponsors, revenue sharing arrangements with the clearing firm or insurance company, markups on transaction trade costs or ticket charges, account maintenance fees, as well as fees related to the cost of insurance and investments set out in a variable annuity or variable life insurance policy prospectus. For example, some securities, such as no-transaction fee mutual funds, do not have transaction costs, while stocks and bonds almost always do.

When we serve as your investment advisor, and you pay us an ongoing asset-based fee, there are no additional trading fees or costs for Wrap Program accounts. However, there is an additional per-transaction fee for stocks, bonds and certain mutual funds in non-wrap accounts as well as certain third-party accounts.

**Additional Information:** 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. More detailed information about account fees and costs can be found at [www.valmarkfg.com/FormCRS](http://www.valmarkfg.com/FormCRS), including:

- VAI Wrap accounts: Valmark Advisers, Inc. ADV Part 2A–Appendix 1 Wrap Program Brochure (Item 4).
- VAI Non-Wrap accounts: Valmark Advisers, Inc. ADV Part 2A Brochure (Item 5) and custodial trade costs for ACCESS accounts.
- VSI Brokerage accounts: Pershing brokerage account costs.
- Mutual Fund, Variable Annuity and Variable Life Insurance accounts and products: Costs and fees associated with these accounts and products.

#### **Impact of Fees and Costs Conversation Starter:**

We encourage you to start a conversation with your financial professional and ask the following questions:

- 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?”***

#### **Standard of Conduct:**

When we provide you with a recommendation as your broker-dealer or act as your investment advisor, we have to act in your best interest and not put our interests ahead of yours. As the same time, the way we make money creates conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice we provide to you.

***“How else do you make money and what conflicts of interest do you have?”***

#### **Examples of Other Ways We Make Money and Conflicts of Interest:**

Our clearing firm and certain product sponsors pay VSI additional fees (called revenue sharing) when asset levels of certain mutual funds, money market or bank sweep products are reached. VSI mitigates this conflict by not sharing these fees with our registered representatives.

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Asset Management Fees are comprised of two components; an IAR fee and a Program Fee. When VAI acts as your sole investment advisor, you pay VAI the Program Fee instead of a third-party manager. Therefore, we make more money when we act as your sole investment advisor. We mitigate this conflict of interest by not sharing the Program Fee with our IARs.

Product sponsors or custodians pay VSI and VAI cash and non-cash compensation which may consist of: sales and marketing allowances; investment research services; product education; bundling of client statements; compliance guidance; occasional business travel and entertainment; and monetary contributions to Valmark's educational conference. We mitigate this conflict by not tying this cash and non-cash compensation to the sale of any specific product or to the sales made by any individual financial professional.

**Additional Information:** Available at [www.valmarkfg.com/FormCRS](http://www.valmarkfg.com/FormCRS), including:

- ADV Part 2A and ADV Part 2A–Appendix 1 Wrap Program Brochure.
- Conflict and Compensation Disclosure for Investors.

**Conflicts Conversation Starter:** We also encourage you to ask your financial professional about how our conflicts of interest affect you and how we address them.

**“How do your financial professionals make money?”**

VSI receives commissions from product sponsors, such as mutual fund companies and insurance companies, or our clearing firm in connection with many of the transactions we process. In turn VSI pays a high percentage of those commissions to your financial professional. This percentage of compensation does not vary by type of product. Many of our financial professionals engage in pre-approved, non-Valmark related business activities and they may earn additional salaries or fees from these activities.

You pay your ongoing Asset Management Fee from the assets held within your advisory account. Your account custodian remits those fees to VAI. Additionally, clients pay VAI for financial planning and consulting services. VAI pays your IAR a high percentage of these fees.

## ITEM 4: DISCIPLINARY HISTORY



**“Do you or your financial professionals have legal or disciplinary history?”**

Yes. Disciplinary information related to VSI and any of its financial professionals is available for review through FINRA BrokerCheck <https://brokercheck.finra.org/>, except to the extent such information is not released to BrokerCheck, pursuant to FINRA Rule 8312. Disciplinary information related to VAI is available for review in our ADV Part 2A–Item 9 [www.valmarkfg.com/FormCRS](http://www.valmarkfg.com/FormCRS).

**Search Tool:** You can also visit <https://www.investor.gov/CRS> for a free and simple search tool to research us and our financial professionals.

**Disciplinary History Conversation Starters:** We encourage you to start a conversation with your financial professional and to ask the following questions:

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

## ITEM 5: ADDITIONAL INFORMATION



You can find additional information about the Valmark family of companies and its brokerage and advisory services at [www.valmarkfg.com](http://www.valmarkfg.com). You can obtain a copy of the current relationship summary at the same website, or you may a copy by calling 800-765-5201 or by writing to us at 130 Springside Dr. #300, Akron, Ohio 44333.

**Conversation Starters:** We encourage you to ask your financial professional and start a conversation about who you can contact for questions or complaints.

- Who is my primary contact person?
- Is he or she representative of an investment advisor, broker-dealer or both?
- Who can I talk to if I have a concern about how this person is treating me?