What You Should Know about Investing with Mutual of Omaha Investor Services, Inc.

As a customer or potential customer, there are a few things we want you to know about us:

- We are Mutual of Omaha Investor Services, Inc. (MOIS)
- We are a registered broker dealer – member FINRA (www.finra.org)/SIPC (www.sipc.org) and investment advisory firm with the SEC (https://www.sec.gov/)
- Our home office is located at 3300 Mutual of Omaha Plaza, Omaha, NE 68175-1020
- You may call us at 800-228-9596

Our registered Representatives and investment advisor Representatives ("Reps") can offer you many financial products and services to help you pursue your financial goals and objectives. Some of these products include:

- Mutual funds
- Variable annuities
- Life insurance
- 529 college savings plans
- Retirement plans
- Fee-based investments
- Financial planning

As a customer, it is important that you understand these products, the fees and costs associated with investing in these products, and how MOIS and your Rep are compensated for the sale of these products.

<u>Our Responsibilities to Each Other</u>

- **Read the prospectus, sales literature and other documents before making an investment; pay particular attention to the costs, fees and risk factors of the investment.** You're not alone if you find these documents overwhelming and the terminology foreign. If you promise to let your Rep or our home office know if you don't understand something, we promise to provide you the information you need to feel comfortable and confident in the decisions you are making.

- **Provide your Rep with complete and accurate information regarding your financial situation, including, but not limited to: income, net worth, investment objectives, time horizon, and risk tolerance.** Your Rep may ask you a lot of questions; but it isn't because we're nosy. We're simply getting to know you and gathering information so we can provide you the most suitable options for your situation. Answer as honestly and openly as you can, and if you don't know the answer, your Rep will work with you to figure it out.

- **Update your Rep promptly when there are changes in your financial situation including,**

but not limited to; income, net worth, investment objectives or liquidity needs. We get it: life happens and things change. It's important to keep your Rep posted, as some changes may affect the products or strategy you and your Rep have put in place.

- **Review and retain all investment information you receive, such as prospectuses, new account agreements, disclosure forms, account statements, and contracts.** You may receive documents from time to time from the company (or companies) that hold your money. Some of the documents may require action on your part, so it's important that you read them. If you aren't sure what you are reading or if you need to do anything, reach out to your Rep or our Home Office so we can help.

- **Bring any discrepancies, concerns or questions to the attention of your Rep or MOIS immediately.** It's our goal to provide you the information you need to feel comfortable and confident in the decisions you are making. Let's work together to make sure your questions and concerns are answered as they arise.

- **Consult an attorney or tax advisor for any legal or tax advice.** Our Reps are not accountants or attorneys, so they do not offer tax or legal advice. But they are happy to work with you and your tax and legal advisors to help you execute your strategy as you intended.

Investment and Insurance Products:

- NOT FDIC INSURED
- NOT BANK GUARANTEED
- MAY LOSE VALUE
- NOT A DEPOSIT
- NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

MUTUAL FUNDS

A mutual fund pools money from many investors and invests the money in stocks, bonds, short-term money-market instruments or other securities. In return, investors receive shares of the mutual fund, which are valued based on the value of the underlying investments. Mutual funds have a portfolio manager or a team that selects the investments for the fund in based on the fund's objectives and risk tolerance. There are many types of mutual funds, including, but not limited to index funds, stock funds, bond funds, international funds, and money market funds. Each mutual fund type may have a different investment objective, strategy and/or investment portfolio. Different mutual funds may also be subject to different levels of risk, volatility, and fees and expenses depending on the investments held inside the mutual fund. Mutual funds are subject to market fluctuation and can lose money.

A mutual fund's prospectus is a document that provides you important information including, but not limited to, objectives, expenses, and risks associated with the mutual fund. Accordingly, you should carefully consider the disclosures within each mutual fund's prospectus before investing.

While it is common for investors to diversify their mutual fund holdings among several mutual fund companies, you should carefully evaluate the benefits and the costs of doing so. Oftentimes, mutual fund companies offer a breakpoint, or discount on sales charges or fees, based on the amount of money you invest with them (i.e. the more you invest with them, the lower your sales charges or fees may be). Spreading your money across multiple mutual funds companies may prevent you from being able to take advantage of breakpoints. As with any investment, you should always carefully review the sales charges and potential breakpoints to evaluate how they may be affected by your previous mutual fund investments and/or those you investments you plan to make in the future.

Available Multi Class Pricing Options for Mutual Funds

A single mutual fund, with one portfolio, may offer more than one “class” of shares to investors. The share class doesn’t change how much of the fund portfolio you own, but each share class may have different fees and expenses. When considering which share class will work best for your situation, you and your Rep must consider factors like how long you plan to hold the shares, if there are any fees involved with redeeming your shares early and the total expenses involved with holding your shares long term.

Your mutual fund’s prospectus will specifically detail the different share classes that are available for your mutual fund, including each share class’s fees and expenses. While the specific disclosures within your mutual fund’s prospectus must be considered, the following is a general summary of the types of class shares typically available:

Class A Shares

Class A shares typically include a front-end sales charge. When you buy Class A shares with a front-end sales charge, a portion of the dollars you pay is not invested. The portion that’s not invested is used to pay your sales charges. Class A shares may also impose an asset-based operating expense (the expense is based on how much you have in your account), but the A shares’ fee is generally lower than the asset-based operating expense imposed by Class B or Class C shares (discussed later).

A mutual fund may offer you a discount on the Class A share front-end sales charge if you:

- Make a purchase in an amount qualifying for a “breakpoint” as defined in your mutual fund’s prospectus;
- Already own other mutual funds with the same mutual fund family, either with our firm or another firm, if the total triggers a “breakpoint” (this is known as “Rights of Accumulation”); or
- Commit to regularly purchasing the mutual fund’s shares to reach a “breakpoint” within a certain period of time (this is known as “Letter of Intent”)

Class B Shares

Class B shares typically do not include a front-end sales charge at the time of purchase.

Therefore, unlike Class A share purchases, all of your dollars are immediately invested. However, Class B shares charge ongoing asset-based operating expenses based on how much money you have invested. The Class B share operating expense charges are typically higher than the ongoing operating expenses associated with Class A shares.

Class B shares also normally charge a “contingent deferred sales charge” (CDSC), which you pay when you sell your shares. The CDSC normally declines the longer you hold your Class B shares, and it is eventually eliminated after a specified time period. Once the CDSC is eliminated, Class B shares often then “convert” into Class A shares. When Class B shares convert, they generally will begin to charge the same asset-based operating expense as the Class A shares.

Class C Shares

Class C shares usually do not impose a front-end sales charge on their purchase, so the full dollar amount that you pay is immediately invested. Often Class C shares impose a small contingent deferred sales charge (CDSC), like the Class B shares, if you sell your shares within a short time of purchase, usually within one year. Class C shares typically impose higher ongoing asset-based operating expenses than the asset-based operating expenses associated with Class A shares. Since Class C shares generally do not convert into Class A shares, their ongoing asset-based operating expense will not be reduced as with Class B shares. In most cases, Class C share operating expenses are higher than Class A shares or Class B shares if you hold the funds for a long period of time.

Other Share Classes

While the A, B, and C share classes are the most commonly sold, there are more variations of share classes. The additional share classes may utilize a front-end load, back-end load or level-load sales charge structure. For particular share class information, please refer to your mutual fund’s prospectus.

Operating Expenses

Operating expenses are deducted from the mutual fund’s total assets, so they reduce investment returns. Annual fund operating expenses may include management fees, 12b- 1 fees, and the cost of shareholder mailings and other expenses. 12b-1 fees are payments made by a mutual fund in connection with marketing and distribution expenses, which may include compensating Reps. Depending on share class, 12b-1fees typically range between 25 basis points (0.25%) to 100 basis points (1.00%) annually. The fund’s prospectus includes its expense ratio, or what total percent of fund assets are used for all expenses; this helps you compare annual expenses of different funds you are considering.

INSURANCE PRODUCTS

Variable Annuities

A variable annuity is a contract between you and an insurance company. You may purchase a variable annuity by either making a single purchase payment or a series of purchase payments.

In return, the insurer agrees to make periodic payments to you in an amount that will be linked to the performance of the variable annuity's underlying investments. Your periodic payments from the insurer may either begin immediately or at some future date.

Your purchase payments are invested in underlying investments, or "sub-accounts," you select at the time of deposit. A variable annuity offers a range of sub-account investment options, including stocks, bonds, and money market-based investments. The value of your investment will vary depending on the performance of the sub-accounts you choose. Variable annuities are subject to market fluctuation and can lose money.

Many variable annuities offer, at an additional cost, a variety of add-on options, or "riders," and guarantees, which may include enhanced income or a death benefit.

Your Rep will provide you with a prospectus prior to investing in a variable annuity. As the structure of each variable annuity may be different, it is important that you thoroughly review the prospectus, as it will contain a full explanation of the variable annuity you may invest in. Further, the prospectus will detail the risks, fees and expenses associated with your sub-account investments and the variable annuity as a whole.

The Two Distinct Phases of Variable Annuities

Variable annuities have two distinct phases referred to as the accumulation phase and payout phase.

During the variable annuity accumulation phase, you allocate your purchase payments to one or more of the sub-account investment options. For example, you could allocate 20% to an equity fund, 40% to an international stock fund, and 40% to a bond fund. As noted above, your investment is subject to market fluctuation, and the money you invest will increase or decrease depending on the fund's market performance. During this phase, you can generally transfer your money from one sub-account investment option to another without paying tax on your investment income and gains. If you withdraw money from your annuity during the early years of the accumulation phase you may pay "surrender charges". Additionally, you may have to pay a 10% federal tax penalty if you withdraw money before you turn 59 ½ years old.

In the variable annuity payout phase, you are generally offered several payment options for money accumulated in the contract. You may choose to receive your purchase payments plus investment income and gains, if any, in either a lump sum or periodic payments as desired. You may annuitize the contract and receive a stream of payments at regular intervals (such as monthly or quarterly). If annuitization is chosen, you generally will be provided choices regarding how long you would like the payments to extend.[1]

Variable Annuity Features

There are several unique features of a tax-deferred variable annuity which distinguish it from other investments. You should thoroughly evaluate your need to add any additional features to your

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[1]Some variable annuities are established as immediate annuities. This means there is no accumulation phase and you begin receiving annuity payments on a regular basis shortly after your purchase.

variable annuity, as many of these features may carry certain costs and fees. A few of the most common features of a variable annuity include:

- Variable annuities are tax-deferred. This means that you pay no taxes on the income and investment gains from your annuity until you withdraw your money. When you eventually withdraw money from your variable annuity, you will be taxed at your ordinary income tax rate, rather than at potentially lower capital gains rates (as you may in other investments like mutual funds). There are no additional tax benefits from purchasing a variable annuity within a qualified account, such as an IRA. However, other features of a variable annuity may still make it an attractive investment in a qualified account.
- Variable annuities can allow you to receive periodic payments for the rest of your life (or the life of your spouse or other person that you designate).
- Variable annuities may offer a death benefit feature. If the owner (or in some contracts, the annuitant) dies, your beneficiary (such as your spouse or child) will typically receive the greater of: (i) all the money in your account, or (ii) some guaranteed minimum (such as all purchase payments less any of your withdrawals).[2]
- Certain variable annuities may offer, for an additional fee, optional riders. These riders may provide for an enhanced death or income benefit. You should carefully review the features of the optional riders, how they work, the associated expenses or fees and whether they are appropriate prior to selecting a rider.

Sales and Surrender Charges

Variable annuities may charge a front-end sales charge or a back end sales/surrender charge. The surrender charge is generally a percentage of the amount withdrawn or of the account value within a certain period of time after a purchase payment is made to the contract.

Some annuities, however, do not have surrender charges. It is important to understand the surrender charges associated with your variable annuity investment. Surrender charges are set forth in the prospectus. Variable annuities may also impose asset-based sales charges.

Fees and Expenses

You will pay various fees and expenses when you invest in a variable annuity. These charges will reduce the value of your contract. They may include the following:

- Mortality and expense risk charge (M&E): This charge compensates the insurance company for various risks it assumes under the annuity contract.
- Administrative fees: These fees cover administrative costs associated with servicing your annuity, including recordkeeping and other administrative expenses.
- Underlying fund expenses on sub-accounts: This ongoing fee covers two aspects of the sub-accounts in the annuity — management fees and fund expenses. Management fees cover the costs of managing the portfolio of securities within the sub-account. Fund expenses include the cost of buying and selling the funds or securities as well as administering trades.

[2] The death benefit amount may be impacted by any optional death benefit riders associated with a particular variable annuity contract.

- Optional rider fees: Variable annuities may offer optional riders for enhanced death benefit or living benefit features. These features are generally available for an additional fee.

Variable Life Insurance

A life insurance contract can serve many purposes. It can provide a source of income for your family in the event of your death, facilitate an efficient transfer of wealth from one generation to the next, or make funds available to ensure the continuation of your business. In addition to assessing your individual needs, it is important to determine which type of policy is best suited to meet those needs.

There are two basic types of life insurance: term insurance, which provides a specific amount of death benefit coverage if you die within the period of the contract; and permanent insurance, which provides death benefit protection, but also gives you the ability to accumulate cash value.

Variable life insurance is a flexible type of permanent insurance. It provides a traditional death benefit, but at the same time allows you to participate in the variety of investment options ("sub-accounts") such as stock, bond or money market funds to attempt to grow your cash value. It is important to note that the cash value of a variable life insurance policy is not guaranteed. The cash value varies with the investment experience of the underlying sub- accounts. Variable life insurance policies are subject to market fluctuation and you can lose money.

Premium Payments and Forfeiture of Benefits

Generally, premium payments for variable universal life (VUL) insurance are flexible, while premium payments for variable life (VL) insurance are fixed. The amount and timing of the payments are generally determined by the policyholder.

With many policies, the insurance costs, including the policy fees and expenses are deducted directly from the cash value rather than through premium payments. Purchasers of variable life insurance must carefully consider the insurance costs over the projected life of the contract. For insurance coverage to remain intact, all costs must be paid as they become due. If the cash value under a variable life insurance policy is depleted and the purchaser cannot otherwise satisfy the ongoing premium expenses, the policy may lapse and the purchaser or his/her beneficiaries will forfeit any right to receive a death benefit.

Variable Life Insurance Features

- The death benefit and/or cash value of the policy will fluctuate according to the investment performance of the sub-account options you elect.
- Premiums may be either fixed or flexible, depending on the policy you choose. Scheduled premium variable life insurance requires fixed periodic premium payments. Flexible premium variable life insurance allows changes in the duration and amount paid.
- Variable life insurance can be purchased with a single payment or with multiple payments.
- An additional benefit of variable life insurance is tax-deferral. There is no tax on earnings until money is withdrawn. When you make withdrawals from your variable life insurance policy, you may incur a tax on the earnings at ordinary income tax rates rather than lower capital gains tax rates.

- o You will pay various fees and charges when you purchase a variable life insurance policy, which may include front-end sales charges, surrender charges, administrative charges, mortality and expense (M&E) fees and sub-account fees. Further, there are costs associated with optional policy features that you may elect.
- o Charges for the cost of insurance may vary depending on individual circumstances (i.e., age, sex, health, smoker/non-smoker, face amount of policy, etc.).
- o If a policy is terminated before the end of the surrender period, surrender charges may be assessed. These surrender charges are generally higher in the early years of a policy and decline over a period of time.

A prospectus is provided when the variable life insurance product is recommended. It is important that you thoroughly review the prospectus as it will contain a full explanation of your specific policy. Further, the prospectus will detail the risks to which your policy may be subject. You should also receive an insurance contract from the insurance company which sets forth the terms of your variable life insurance contract.

529 COLLEGE SAVINGS PLANS

A 529 college savings plan ("529 plan") is a tax-advantaged investment program designed to help parents and others pay for qualified higher education costs. The 529 plan offers families the opportunity to grow and withdraw earnings that are free from federal taxes.

State Tax Considerations/State Plan Considerations

- o Depending on your state of residence, an investment in a particular 529 plan may or may not afford you state tax benefits. State tax treatment can be an important consideration in deciding which plan to select.
- o Some states offer favorable tax treatment to their residents only if they invest in a 529 plan offered by that state. Please note that if you invest in an "out-of-state" plan you may not receive these potential tax benefits.
- o You should consult with your tax adviser about any state or local tax implications before selecting a specific 529 plan.
- o Before investing in an out-of-state plan, you should carefully consider and consult your tax adviser concerning:
  - The plan's expenses compared to the plan(s) sponsored by your home state;
  - The investment options available compared to those available within the plan(s) sponsored by your home state;
  - How any tax benefits and/or penalties compare to any tax benefits and/or penalties under the plan(s) sponsored by your home state; or
  - Any contribution limits that may exist compared to those that may exist under the plan(s) sponsored by your home state

Available Multi Class Pricing Options for 529 Plans

A single 529 plan may offer more than one "class" of shares to investors. Each class Represents a similar interest in the 529 plan's portfolio, but has different fees and expenses. Accordingly, you must consider a variety of factors when considering what class of shares to purchase, including the projected holding period of your investment and the possibilities of early redemption. Your 529 plan's prospectus/program disclosure will specifically detail the different classes of shares that are available for your 529 plan, including costs and fees.

UNIT INVESTMENT TRUSTS

A unit investment trust ("UIT") consists of investment company securities that invest in a fixed portfolio. The portfolio may include corporate, municipal, or government bonds; mortgage-backed securities; common or preferred stock; or other investment company shares (i.e., mutual funds). The securities are purchased and held in a trust, usually until a "dissolution date" (or set date when the trust will terminate) that is established when the trust is created. Investors in the UIT own a fractional, divided interest in the securities held by the trust and the distribution coming from the trust.

A UIT typically will make a one-time "public offering" of only a specific, fixed number of units. A UIT usually issues redeemable securities (or "units"), like a mutual fund, which means that the UIT will buy back an investor's units at the investor's request for their approximate net asset value (or how much the units are worth at the time of redemption).

A UIT will typically have a termination date that is established when the UIT is created. When a UIT terminates, any remaining investment portfolio securities are sold and the proceeds are divided and paid to the investors based on how many units they owned.

A UIT does not actively trade its investment portfolio. The UIT generally buys and holds a relatively fixed portfolio of securities. The portfolio holdings for a particular UIT are described in the product prospectus. If the securities in a UIT portfolio are called, mature, or are otherwise redeemed, the proceeds are distributed among investors. Any distribution can impact the overall yield the customer will receive.

Fees and Expenses

UITs charge an annual fee that is deducted from either the value of the portfolio or the distributions from the portfolio. In addition, UITs generally assess an initial sales charge. The sales charges, annual expenses and fees are detailed in the product prospectus

Volume Discounts

As in the case of certain mutual fund share classes, UIT investors may be eligible for sales charge discounts based on the amount of a single transaction. You should be aware that some limited rights of accumulation, depending on the terms and conditions set forth in the prospectus, may exist with UITs.

RETIREMENT PLANS

Reps may provide services to retirement plans through Mutual of Omaha Retirement Services or approved outside custodians. Reps may assist retirement plan sponsors in determining a plan provider to offer services for the participants of the plan. Reps may not offer recommendations on the investment options for retirement plans. Reps may provide general investment education and support services to the participants of retirement plans.

Fees and Expenses

Retirement plan services typically include ongoing expenses such as administrative fees, management fees, commissions, advisory fees, solicitor fees, or 12b-1 service fees. Details regarding the fees and expenses may be found in the plan documents.

INVESTMENT ADVISORY PROGRAMS

MOIS offers various advisory programs and investment tools, including financial planning services, referral of third-party money managers, managed account services, and retirement plan services. Following is a summary of MOIS advisory offerings.

Mutually Focused Program

MOIS offers financial planning services, including comprehensive financial plans, financial plan reviews, and financial consultations. Financial planning services are provided based on your current financial situation and goals. Financial plans, reviews, and consultations may be one-time services or ongoing relationships involving a fee charged to you.

Mutually Managed Program

The following managed account services are offered through the Mutually Managed Program.

- Referral of Third-Party Money Managers: MOIS works with unaffiliated third-party money managers who offer asset management and other investment advisory services to our clients. The third-party money managers are responsible for continuously monitoring client accounts and placing trades when necessary. MOIS third-party-money-manager offerings include mutual fund and ETF asset allocation programs, separately managed accounts, and unified managed accounts.

- A third-party money manager is engaged only with your prior consent
- You will have a separate agreement between you and the money manager
- Please note that prior to investing, you will be provided, and should carefully review, the Form ADV disclosure brochure for MOIS, the Form ADV disclosure brochure for the money manager and the Form ADV Part 2B disclosure specific to your Rep. These documents provide current and background information on MOIS, your money manager and your Rep

- MOIS Managed Account Services: MOIS has an agreement with a third-party platform provider, Envestnet Asset Management, Inc. (Envestnet), an SEC registered investment advisor. Envestnet provides investment advisory and administrative services for client accounts and allows clients to hold assets managed by multiple third-party money managers

- You may engage MOIS to provide managed account services to a specific account or group of accounts with investment holdings picked by you and your Rep
- The account will consist of a separate account(s) through MOIS as introducing broker-dealer and held by a qualified custodian under your name
- The qualified custodian will maintain custody of all funds and securities of the account

- MOIS Retirement Plan Services: MOIS offers retirement plan services to employers sponsoring qualified retirement plans through arrangements with unaffiliated third-party money managers or through the Mutual of Omaha Retirement Services program.

For additional details regarding investment advisory programs offered by MOIS, please reference the Form ADV 2A.

You should carefully consider the risks and expenses associated with any product before you invest with MOIS. Please contact your Rep or our home office with any questions regarding your investment or this document.