IFG Compensation Policy

Independence, Clarity, and Common Sense

The compensation and expense conversation is one often addressed in the media, virtually always to the exclusion of risk mitigation, tax optimization, or wealth management benefits not addressed in either their 'in-a-box' solutions or via the DVD products they sell. The result is an absence of the value equation (benefit – cost = value) any valid decision would use as a basis. Nevertheless, what things cost is a valid concern for both IFG clients, as well as the advisor.

The concept behind the IFG fee structure is simple: Ongoing services use an ongoing compensation model. Single transactions (not requiring ongoing services) use a single compensation model.

Compensation Breakdown:

- **Initial planning/on-boarding fee:** This is a flat-fee quoted at our second meeting after the initial data collection and analysis stage has been completed. This fee can be paid by check or credit card.

- **Investment advisory and plan updates:** These are paid from an asset-based fee which encompasses all ongoing planning update meetings and services for assets placed through IFG, as well as investment advisory services, including ongoing due-diligence, monitoring, and client education. Planning services for 'held-away' assets are charged and paid for separately and discounted equal to the percentage of the client's total assets being held at IFG. This structure ties IFG's compensation not only to portfolio performance, but also to cost-efficiency. The asset-based fee is automatically deducted on a quarterly schedule by the custodial firm and fully disclosed.

- **IFG's current investment advisory fee schedule*:**

On the first $500,000	1.00% annually	(0.25% quarterly)
On the next $500,000	.80% annually	(0.20% quarterly)
On assets over $1,000,000	.30% annually	(0.075% quarterly)

Examples:	Client's Assets	=	Annualized Fee
	$ 500,000	=	1.00%
	$ 750,000	=	0.93%
	$1,000,000	=	0.90%
	$3,000,000	=	0.50%
	$5,000.000	=	0.42%

continued,

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- **Insurance services**: There are some instances where ongoing advisory fees would seem inadvisable. For example: "fixed" insurance products generally do not require continuous or ongoing manager due-diligence, oversight, and portfolio review – therefore it would seem inconsistent to charge ongoing advisory fees. Examples would include the placement of life insurance or fixed annuities, generally used when estate protection, charitable giving, or other needs must be met and insurance products are either the only logical tool or an appropriate supplement available in the "financial toolbox". Insurance is provided under California license #0C00742. In California, licensed agents are not allowed to charge fees for insurance placement and non-licensed professionals are not allowed to provide guidance on specific policies.

  Note: IFG does not accept commissions on insurance products that contain securities, funds, or other investments requiring ongoing due-diligence and monitoring, such as variable annuities. In the rare instance a client would choose this alternative, only no-load products will be utilized and IFG would be compensated under the asset-based advisory fees category.

James Lorenzen, CFP®, AIF®
Founding Principal

**Applies to IFG planning and advisory services only. Fees do not include advice on assets not covered under an advisory agreement, or third party fees or expenses which may be charged for custodial, management, or reporting by other third party providers. This schedule does not include or apply to compensation for assets placed in insurance products required to fulfill a plan. Annual fees are deducted on a quarterly basis by the asset custodian according to the schedule(s) outlined in the proposal and platform provider's fee agreement(s). Clients engaged prior to March 31, 2016 may be paying fees that differ from this schedule for the same services. THE INDEPENDENT FINANCIAL GROUP does not provide tax or legal advice. IFG's ADV filing is available upon request. All fees are subject to change without prior notice. James Lorenzen, CFP®, AIF® holds California insurance license #0C00742.*

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