October 15, 2021

Anita Ramirez

1234 J Street, NW

Washington, DC 20008

Dear Anita*:*

I enjoyed our conversation and I am pleased to be working with you. This letter gives you important information about the work that we (my firm and I) will do for you, how you will pay for services and products, and how we will be paid for the work that we will do for you.

***Drafting Notes:*** If your previous communication with the client was not a conversation (it might have been an email, for example), then change the language here and in the **We Will Provide You the Following Services and Products** section (below).

You will find other important information and a description of my obligation to act in your best interests in my firm’s Customer Relationship Summary (Form CRS), Regulation Best Interest disclosure document, and Brokerage Agreement. These documents provide additional information not in this letter, including about how you will pay and how we are paid. We gave you these documents. You should review them carefully and let us know if you have any questions.

***Drafting Notes:*** Confirm that the document titles in the paragraph above and in the first sentence in the **How You Will Pay for Services and Products** section (below) match the titles on the documents you gave your client. If they differ, then change the titles in this letter to match those on your documents. If you have provided other documents that describe the information addressed in this letter, then you should add those titles to the list above.

If you have enclosed or attached the documents to this letter or provided the documents in separate correspondence, then change the language above and in the **How You Will Pay for Services and Products** section (below).

If you want to provide information about the fiduciary duty set forth in CFP Board’s *Code and Standards*, then after you consider your firm’s policies and procedures and consult with your manager, compliance officer, or other appropriate person, you could provide that information here. Consider adding this language: “As we discussed, I am a CFP® professional and have agreed to comply with CFP Board’s *Code of Ethics and Standards of Conduct.* The *Code and Standards* includes a fiduciary duty, which provides that ‘At all times when providing financial advice to a client, a CFP® professional must act as a fiduciary, and therefore, act in the best interests of the client.’”

**WE WILL PROVIDE YOU THE FOLLOWING SERVICES AND PRODUCTS**

You have engaged us to provide brokerage services, which includes buying and selling investments for you and helping you set up an investment account. We also will give you financial advice about investments that we might buy or sell for you.

Based on our recent conversation, we expect to advise you in the following ways:

1. Answer questions you may have and make recommendations about specific investments;
2. Identify tax-advantaged investments to help reduce your tax obligations; and
3. Suggest cash management strategies.

From time to time, we may look at your account to make other recommendations. However, our work for you will not include monitoring your investments or tracking your progress unless we change our agreement to include those services.

***Drafting Notes:*** The above services and their descriptions are examples. The information that you provide in your client letters will be specific to your clients. In your client letters, you may list more or less information than shown here.

If you will be providing monitoring services, then you will need to modify the language above.

As we learn more about your needs, we may discover other services you may need. If you need services that we do not provide, such as accounting and legal services, then we also may be able to recommend professionals to provide those services.

***Drafting Notes:*** If the examples in the second sentence above (accounting and legal services) are not relevant to your practice, please provide examples that are.

This also presents an opportunity to inform the client that you offer financial planning. If you want to let the client know that you provide financial planning, then consider adding this language: “We also offer financial planning. If you would like to know more about financial planning, then please let us know.”

If you intend to provide financial planning, then you should incorporate content from the sample engagement letter for financial planning and/or sample engagement letter for dual registrants into this letter.

**HOW YOU WILL PAY FOR SERVICES AND PRODUCTS**

My firm’s Form CRS, Regulation Best Interest disclosure document, and Brokerage Agreement include more information about how you will pay for products and services. We gave you these documents. You also can access them online. We will help you understand the fees you will pay and costs of the services and products that we recommend. Let us know if you have any questions.

***Drafting Notes:*** Confirm that the document titles in the first sentence above match the titles on the documents you gave your clients. If they differ, then change the titles in this letter to match those on your documents. You also must note (if true) if your firm’s Form CRS is available on the firm’s website and provide a link to that website. If you gave your client other documents that describe the information addressed in this letter, then you should add those titles to the list above.

If your firm does not provide clients with online access to the documents, then modify the language above.

If you are able to provide more specific information about how much or what types of fees or expenses the client will pay, then you should add that information.

* **You will pay fees and costs for each transaction.** You will pay sales charges on the investments you buy and sell through my firm. These could include commissions (which are usually a percentage of the dollar amount of the transaction) or markups (the difference between the price my firm pays and the price you pay). For some investments, you will find information about the amount you have paid in the trade confirmations you receive from my firm.

***Drafting Notes:***If the language above does not accurately describe how your firm is compensated, then modify the language to provide an accurate description.

For investments with trade confirmations that do not include information about the amount the client has paid, identify the documents that provide that information.

If an entity other than your firm sends trade confirmations to clients, then change the language in the last sentence.

* **If you invest in mutual funds, exchange-traded funds (ETFs), or annuities, then you will pay fees and expenses to third parties.** In addition to the initial commissions and other sales charges, these products have operating expenses and ongoing fees that are not included in the fees you pay us. Mutual fund and ETF fees and expenses can include investment management fees and shareholder service fees; mutual fund fees and expenses also can include marketing and distribution fees. Annuity fees depend on the type of annuity. Annuity fees include surrender charges, mortality expenses, transfer charges, and investment expense ratios.

***Drafting Notes:*** If there are other ways that the client may pay fees and expenses to third parties, then add bullets to describe those fees and expenses.

* **My firm charges a $200 annual account service fee.** The fee is described in the Form CRS and Brokerage Agreement that we gave to you.

***Drafting Notes:*** If your firm does not charge an annual fee, calls it something else, or the amount is different, then modify the bullet.

If your firm charges other fees, then **add bullets to** describe those other fees. Include in that description the timing and amount of those fees.

Confirm that the document titles in the bullet above match the titles on the documents you gave your clients. If they differ, then change the titles in this letter to match those on your documents. If you have provided other documents that describe the information addressed in this letter, then you should add those titles to the list above.

***You will pay commissions, expenses, and fees whether you make or lose money on your investments. Commissions, expenses, and fees will reduce the amount you earn on your investments.***

**HOW WE (THE FIRM AND I) WILL BE PAID**

The main way we are paid is from the commissions, sales charges, and markups you pay when you buy and sell investments and insurance through my firm. I am paid part of these commissions and fees. We are paid more on some products than others. My firm’s Regulation Best Interest disclosure document explains the ways we are paid for our work with you.

***Drafting Notes:*** If needed, then change the title of the Regulation Best Interest disclosure document to match the precise title of your firm’s document.

If you are paid in different or additional ways, then replace the language in the second sentence with language that describes how you are paid.

If your firm does not sell insurance, then remove “and insurance” from the first sentence.

There are other ways we are paid by firms that are not related to my firm. For these types of payments, the other firms pay us. There is no extra charge to you.

* **We are paid by mutual fund, ETF, and fixed and variable annuity providers to make their products available for you to buy or sell and to provide services related to those products**. The amount we are paid to make the products available (known as revenue sharing) is based on how much of those products our clients buy or sell. Mutual funds and variable annuity providers also pay us to provide related services, including for distribution, marketing, networking, and shareholder accounting.
* **We may be paid when you hire a firm we recommend to you.** For example, my firm sometimes refers clients to an accounting firm that pays us a “referral fee” if our clients hire them. When that happens, we will tell you when we recommend them.
* **We get incentives to sell products for unrelated firms.** These include travel and admission to industry conferences or educational events, promotional items, meals, access to entertainment and other events, and payments for client meetings.

***Drafting Notes:*** If the examples provided above (mutual funds, ETFs, and annuities in the first bullet, referral fees in the second bullet, or incentives in the third bullet) do not apply to your practice, then do not include them in your letter.

If there are other ways that you are paid by firms that are not related to your firm, then describe them here.

If the sample language does not accurately describe how you are paid by other firms, then modify the language.

**MY MATERIAL CONFLICTS OF INTEREST**

We have a conflict of interest whenever we have interests that are different from yours. Conflicts can affect the recommendations we give you. When we have a conflict, we will tell you. You can find more information about conflicts of interest in my firm’s Form CRS, Regulation Best Interest disclosure document, and Brokerage Agreement. We have policies and procedures designed to help manage conflicts. We will always work in your best interests.

***Drafting Notes:*** Confirm that the document titles in the sentence above match the titles on the documents you gave your clients. If they differ, then change the titles in this letter to match those on your documents. If you gave the client other documents that describe the information addressed in this letter, then you should add those titles to the list above.

* **We have a conflict because the amount we earn from working with you depends, in part, on the fees, commissions, sales charges, and markups we receive when you buy and sell investments and insurance through my firm**.We earn more on some products than others. We have a financial incentive to recommend that you buy the products that pay us more. We also have a financial incentive to recommend that you buy and sell more products.
* **We also have a conflict when we receive other payments and incentives from firms that are not related to us.** They were described in the **How We (the Firm and I) Will Be Paid** section. These include payments to mutual funds, ETFs, and annuities available to you, product-related service fees, referral fees, and incentives. We have a financial incentive to recommend the services and products that pay us more money.
* **If we provide other services to you in the future, there may be** **different conflicts***.* When we have a conflict of interest, we will tell you about it.

If you are concerned about a conflict of interest and how it might affect your account, please talk to me about it.

***Drafting Notes:*** These material conflicts of interest are examples. If they do not apply to your practice, then do not include them in your letter. If you have other material conflicts of interest, then you need to describe them here.

**YOUR RESPONSIBILITIES**

It is **your** responsibility to update the information you have given me about your personal and financial circumstances. You will be sent account reports and statements at least quarterly. You also can access the reports and statements online. You should review these documents carefully. Let me know if you want to talk about the information in these documents.

***Drafting Notes:*** You will need to modify the **Your Responsibilities** section if your firm sends reports and statements on a schedule other than quarterly, if another firm sends the reports and statements, if your firm does not send reports or statements but makes them available to the client online, if your firm does not make reports and/or statements available to clients online, or if your client has other responsibilities not described here.

**TIMING OF THE ENGAGEMENT**

Our engagement will continue until one of us decides to change or end it. If you decide to change or end the engagement, you just need to tell us. We can do the same, but we will tell you in writing.

***Drafting Notes:*** If your firm has a specific policy about when and how notice must be given to end the engagement, then it should be stated here.

**YOUR PERSONAL INFORMATION**

My firm has adopted and implemented policies about protecting and sharing your non-public personal information. We have given you our privacy policy.

***Drafting Notes:*** If you enclosed or attached the privacy policy with this communication or will provide it at another time, then change the language in the last sentence.

**PUBLIC DISCIPLINARY AND BANKRUPTCY HISTORY**

In 2017, the Securities and Exchange Commission (“SEC”) and the Certified Financial Planner Board of Standards, Inc. sanctioned me for failing to maintain required records. You will find more information at <https://adviserinfo.sec.gov/> and [cfp.net/verify](https://www.cfp.net/verify-a-cfp-professional).

***Drafting Notes:*** If you do not have public disciplinary or bankruptcy history, then you may choose whether to include this section.

**THANK YOU FOR WORKING WITH US**

Thank you for choosing us to work with you. We look forward to getting to know you better. You may reach me at BiancaThompson[@financialfirm.com](mailto:@financialfirm.com) or 202-379-2200.

Sincerely,

Bianca Thompson, CFP©