

## Client Relationship Summary (Form CRS): A Client's Q&A 1/27/22

### Item 1: Introduction: Who are you?

**Answer:** Educators Financial Services, DBA: EFS Advisors, an SEC-Registered Investment Adviser

It is important for you to understand the differences between brokerage and investment advisory services. Visit [Investor.gov/CRS](https://investor.gov/CRS) for free and simple tools to research firms, financial professionals, and for educational materials about broker-dealers, investment advisers, and investing.

### Item 2: Services: What investment services and advice can you provide me?

**Answer:** We provide investment advisory services to retail investors through financial planning, portfolio management, and educational seminars, all covered under our fee schedule, discussed later in this document.

We offer account monitoring and monitor accounts no less frequently than annually. Per our Form ADV 2A and Investment Advisory Agreement, we will claim authority to buy and sell investments in your account without asking you in advance. We offer a proprietary EFS Advisor Choice program, but do not offer proprietary products. We impose no minimums for our EFS Advisor Choice 403(b) program or the SBG 403(b) program. Custodian or fund-driven minimums exist for certain investments held within our other product programs through TD Ameritrade and Fidelity; minimums vary and we do not determine them. **Further information about our services may be found in Items 4 and 7 of our Form ADV Part 2A.**

#### Other questions for the client to keep in mind:

*Given my financial situation, should I choose an investment advisory service? Why or why not?*

*How will you choose investments to recommend to me?*

*What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?*

### Item 3: What fees will I pay?

**Answer:** For ongoing asset allocation/investment management services, we charge a quarterly fee based on a percentage of the account value. We also offer an hourly financial consulting fee option for clients with shorter-term and one-time needs. These fees are described in further detail in Item 5 of our Form ADV 2A and Item 4 of our Investment Advisory Agreement. **These fee structures create conflicts of interest described in items 1 & 2 of the attached Conflicts of Interest Inventory. You also may pay fees associated with the underlying investments selected for your account or short-term redemption fees, some of which we receive, which creates a conflict of interest described in item 5 of the attached Conflicts of Interest Inventory.**

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. Make sure you understand what fees and costs you are paying.

**Question for the client to keep in mind:**

*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 acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?*

**Answer:** When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means. **We receive additional financial and non-financial payments from third parties beyond advisory or hourly fees we receive from you. These payments create conflicts of interest described in further detail in items 5, 6, and 7 of the attached Conflicts of Interest Inventory.**

**Question for the client to keep in mind:**

*How might your conflicts of interest affect me and how will you address them?*

*How do your financial professionals make money?*

**Answer:** Our financial professionals receive a portion of the total advisory fee you pay us as disclosed in Item 5 of our Form ADV 2A and Item 4 of our Investment Advisory Agreement. A financial professional's portion of the advisory fee increases based on the amount of assets s/he manages. **This creates conflicts of interest described in item 1 & 10 of the attached Conflicts of Interest Inventory.** Additionally, each of our financial professionals is registered as broker/dealer agents with our affiliated Broker/Dealer, Advanced Advisor Group, and insurance sales agents, for which commissions are earned for product sales. **This creates a conflict of interest described in item 3 of the attached Conflicts of Interest Inventory.** Other various financial and non-financial compensation also is available to our financial professionals. **This creates conflicts of interest described in items 4, 5, and 8 of the attached Conflicts of Interest Inventory.**

**Item 4:** *Do you or your financial professionals have legal or disciplinary history?*

**Answer:** Yes. However, disciplinary histories can vary. For exact, up to date information, visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research us and our financial professionals.

**Question for the client to keep in mind:**

*As a financial professional, do you have any disciplinary history? If so, for what kind of conduct?*

**Item 5:** *Where do I find additional information about you or request a copy of Form CRS?*

**Answer:** Additional information about us may be found at [www.efsadvisors.com](http://www.efsadvisors.com) or by visiting the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). A Form CRS may be requested by contacting EFS Advisors at (877) 403-2374.

**Question for the client to keep in mind:**

*Who is my primary contact person? Is s/he a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?*

# Conflicts of Interest Inventory

- 1) **Advisory fee and representative payout calculated on the basis of assets under management:** For fee-based accounts, there exists an incentive to take action to increase AUM by generating a higher rate of return for the client, but also by encouraging the client to invest more assets or assume more risk. As a result of increased assets under management, the representative may earn a higher payout.
- 2) **Hourly fee financial consulting:** Infrequently advisors may charge an hourly consulting fee which would create an incentive to lengthen billable hours in order to increase the consulting fee.
- 3) **Registrations as broker/dealer, broker/dealer agents, insurance agency, and insurance agents:** Advanced Advisor Group, LLC (AAG) is a broker/dealer that is affiliated with Educators Financial Services, Inc. (EFS). Its advisors are required to be licensed as broker/dealer agents. This allows advisors to offer a wide range of products and services, but it also creates an incentive to offer those products which pay higher fees, commissions and/or revenue shares. Please discuss specifics of the various products and incentives with your advisor.
- 4) **Arrangement between ELS and Lifesprk:** Arrangement between ELS and Lifesprk: Affiliated insurance agency, Educators Lifetime Solutions (ELS), receives from Lifesprk, a provider of in-home elder care services, a revenue share of premiums paid by clients subscribed to Lifesprk. If referred to Lifesprk by an EFS representative, he/she receives a portion of this revenue share. This encourages the EFS representative to refer clients to Lifesprk.
- 5) **EFS Advisors Choice:** If you are not investing with the EFS Advisors Choice program, the following paragraph and items A, B and C, do not apply. The EFS Advisors Choice program is comprised of investments selected by an EFS investment committee, actively managed no less frequently than quarterly. There are incentives for EFS or its representatives to recommend the EFS Advisors Choice program. EFS charges certain fees and expenses for using this proprietary program, including the following:
  - A. An administrative fee is charged to accounts with balances below a certain threshold. This fee is not shared with the representatives.
  - B. EFS charges a loan initiation fee and a quarterly administration fee to EFS Advisors Choice clients who take a loan against their account. This fee is not shared with the representatives.
  - C. EFS receives, directly or through its affiliated broker/dealer, AAG, 12b-1 fees, service fees, and/or recordkeeping fees from mutual funds held under the EFS Advisors Choice 403(b) product program and 12b-1 fees, sub-transfer agent fees, and/or commission payments from fixed interest funds. These fees are not shared with the representatives. These fees are separate from, and in addition to, our advisory fees.

- 6) **Education Minnesota-ESI (EdMN-ESI):** EFS and EdMN-ESI have partnered together to accomplish their joint mission of bringing retirement education to members of EdMN. As part of this partnership EFS compensates EdMN-ESI fees and expenses for workshops, seminars, events, office space and marketing materials. This relationship creates a potential for mutually beneficial influence.
- 7) **Sponsorship fees:** EFS' firmwide meetings are sponsored by various fund companies, product carriers, and custodians who represent educational materials on their products. Investment recommendations may be made as a result of these sponsorships.
- 8) **Incentives:** Product and program recommendations are client specific. EFS offers various financial and non-financial compensation to representatives who reach predetermined production goals. Attainment of production goals is calculated based on the dollar amount of production brought to the Firm. All dollar amounts are calculated equally; no business line or product type is afforded greater or lesser weighting than another.
- 9) **Transaction-based sales charges:** When a completed transaction (sale or purchase) generates a fee, there is an incentive to increase the number of transactions to generate greater commissions. This does not include accounts which are charged a fee based upon assets under management.
- 10) **Rollovers:** When we recommend that you rollover assets from your retirement plan or your IRA (that we are not advisors on) to an IRA with us, we have a conflict of interest. That is because when you transfer your money into an IRA with us, we will either (a) earn an advisory fee on the assets in the IRA which is shared with the adviser on your account or (b) earn commissions or other compensation on transactions involving the assets in the IRA, which is shared with the financial professional on your account.