INSURED CASH ACCOUNT

Disclosure Booklet

Updated March 2021

If you have any questions about LPL's Automatic Cash Sweep Programs, including the Insured Cash Account Program, please ask your financial professional.

LPL Financial

CONTENTS

Basics of the Program

Welcome to the LPL Financial Insured Cash Account (ICA) program. Under the ICA program, available cash balances (from securities transactions, dividend and interest payments, cash deposits, and other activities) in your eligible accounts will automatically transfer (or "sweep") into interest-bearing Federal Deposit Insurance Corporation (FDIC) insured deposit accounts (Deposit Accounts) at one or more of the banks or other depository institutions (Banks) set forth on the LPL Priority Bank List (PBL), subject to Bank deposit capacity as discussed below.

The key elements detailed in the remainder of this document are:

- What accounts are eligible
- What is deposit insurance
- What are anticipated interest rates and fees
- What is the Priority Bank List (PBL)
- What are available alternatives
- What happens when there is insufficient Bank deposit capacity
- Where does my cash go
- Where to find further information on the ICA program today and in the future

What Accounts Are Eligible

The ICA program is available for accounts of individuals, trusts, sole proprietorships, and entities organized or operated to make a profit, such as corporations, partnerships, associations, business trusts, and other organizations. In the future, LPL may at its discretion, deem additional account types eligible for the ICA program. Custodial accounts are eligible for the ICA program if each beneficiary is an eligible person. LPL Financial may at its discretion deem an eligible person to be an ineligible person if LPL Financial becomes aware that the person is prohibited as a matter of law from holding cash at any Bank. Advisory retirement accounts are not eligible for the ICA program.[1] LPL acts as your agent when sweeping cash to accounts at each Bank under the ICA program

Eligible accounts are those in:

- Strategic Asset Management (except retirement accounts)
- Strategic Wealth Management
- Manager Select (except retirement accounts)
- Manager Access Select (except retirement accounts)
- Manager Access Network
- Optimum Market Portfolios—Advisory (except retirement accounts)
- Optimum Market Portfolios—Brokerage
- Model Wealth Portfolios (except retirement accounts)
- Personal Wealth Portfolios (except retirement accounts)
- Brokerage (please note: Custodial accounts offered through certain clearing and custody firms are eligible)

For explicit details on this process, please reference the "Account Opening and Management: Operational Details" section, located in the Appendix on page [12].

Each Deposit Account constitutes a direct obligation of the Bank and is not directly or indirectly an obligation of LPL Financial. You can obtain publicly available financial information concerning each Bank at www.ffiec.gov/nicpubweb/nicweb/nichome.aspx or by contacting the FDIC Public Information Center by mail at 3501 North Fairfax Drive, Room E-1005, Arlington, VA 22226, by email at publicinfo@fdic.gov, or by phone at (877) 275-3342. LPL Financial does not guarantee in any way the financial condition of the Banks or the accuracy of any publicly available financial information concerning such Banks. LPL Financial is not responsible for any insured or uninsured portion of a Deposit Account at a Bank.

[1] Such accounts may be eligible for LPL's Deposit Cash Account Program. Please ask your financial professional for more information.

What Is Deposit Insurance

The cash swept to Banks through the ICA program are eligible for insurance by the FDIC, an independent agency of the U.S. government, up to $250,000 in principal and accrued interest per depositor for each FDIC-defined ownership category in an individual bank. This insurance amount increases to $500,000 in principal and accrued interest for joint accounts for each FDIC-defined ownership category in an individual bank. Different FDIC-defined ownership categories include: brokerage accounts, trust accounts, individual retirement accounts (IRAs), Roth IRAs, and certain other retirement accounts. Any deposits, including certificates of deposit that you maintain directly with a Bank, or through an intermediary (such as LPL Financial or another broker-dealer) in the FDIC-defined ownership category, will be aggregated with your cash from the ICA program held at the Bank for purposes of the $250,000 limit. This is why it is important that you monitor the assets and cash deposits you have at all Banks and notify your financial consultant of assets/deposits you hold with any Bank on the Priority Bank List (PBL) so they may ensure LPL Financial does not sweep ICA program cash into that Bank on your behalf. (Please see the "What is the Priority Bank List (PBL)" on page [8] for more details.) You can determine how much ICA program cash is in a Deposit Account with a Bank by reviewing your account statement or by contacting your financial professional.

As your agent, LPL will sweep your cash out of your LPL account and into the participating Banks, subject to certain capacity limits, but not to exceed the maximum levels of insurance as defined by the FDIC per category. LPL will limit your total ICA program cash deposit at any participating Bank to allow for the monthly interest being applied to your account in an effort to maintain deposit levels that do not exceed the maximum levels of insurance (as defined by the FDIC per category). Should your assets reach the maximum amount of insurance as defined by the FDIC per category, LPL will continue to sweep your cash to other participating Banks to provide the maximum deposit insurance limits established for the ICA program, subject to the capacity limits of such Banks. To view the current ICA program maximum potential deposit insurance limit, which assumes that you hold no FDIC-insured deposits at the participating Bank other than through the ICA program and that all Banks have capacity to accept additional deposits, see the ICA Current Interest Rate page by visiting www.LPL.com and entering "ICA" in the search engine. Note that cash held uninvested or invested in a money market mutual fund, as discussed more fully below, is not eligible for FDIC deposit insurance, but are eligible for protection by the Securities Investor Protection Corporation (SIPC) (see below). Deposit Accounts are not protected by the SIPC.

After you reach the ICA program's maximum insurance coverage for you, which is subject to Bank capacity limits and your decision to opt out of one or more Banks, any additional cash will be deposited into one or more of the Excess Banks as detailed in the "What Is the Priority Bank List (PBL)" on page [8], and if the Excess Banks do not have capacity for such cash, then to another bank with capacity on the PBL that will then be considered an Excess Bank. Additional cash held through the ICA program that is above the ICA program's maximum insurance coverage for you will not be eligible for FDIC deposit insurance.

In addition to limitations on FDIC deposit insurance coverage for you based on the type of account and your cash holdings outside of the ICA program (including your decision to opt out of Banks on the PBL), the Banks have contractually agreed with LPL to provide certain amounts of deposit capacity for the ICA program, which can change from time to time. For more information regarding the effects of the ICA program exceeding total Bank capacity see the "What Happens When There Is Insufficient ICA Capacity" on page [9].

On any business day when your account's cash is transferred, all of your account's cash will be held temporarily at the clearing bank (Intermediary Receiving Bank) used by LPL to settle deposits to the underlying beneficiary bank. As a result, your account's cash, when held at the Intermediary Receiving Bank will be temporarily uninsured. Once distributed to Banks on the PBL, your account's cash will be eligible for insurance up to the current ICA program maximum deposit insurance, subject to your other holdings at such Banks, as applicable. The ICA program has adopted procedures to ensure the movement of assets in a timely manner and expects that your assets will be transferred by the close of business each day. In the unlikely event of a failure of wire transfer systems or communication facilities, your assets could remain at the Intermediary Receiving Bank until the next business day.

When accounts transfer ownership

If you become the owner of deposits at a Bank because another depositor dies, beginning six months after the death of the original depositor, the FDIC will aggregate those deposits for purposes of the $250,000 limit, with any other assets/deposits that you own in the same FDIC-defined ownership category at the Bank. The FDIC provides the six-month grace period to permit you time to restructure your deposits to obtain the maximum amount of deposit insurance for which you are eligible.

If Deposit Accounts or other deposits at the Bank are assumed by another depository institution pursuant to a merger or consolidation, such deposits will continue to be separately insured from the deposits that you might have established with the acquirer until:

(i) the maturity date of the certificates of deposit or other time deposits which were assumed, or
(ii) with respect to deposits which are not time deposits, the expiration of a six-month period from the date of the acquisition.

Thereafter, any assumed deposits will be aggregated with your existing deposits with the acquirer held in the same FDIC-defined ownership category.

If insurance becomes necessary

In the event that federal deposit insurance payments become necessary, payments of principal, plus unpaid and accrued interest, will be made to you. There is no specific time period during which the FDIC must make insurance payments available. Furthermore, you may be required to provide certain documentation to the FDIC and LPL Financial before insurance payments are made.

What Are Anticipated Interest Rates, Fees, and Related Conflicts of Interest

The amount of anticipated annual interest you will receive on Deposit Accounts is calculated by taking the amount of cash being swept to the Banks through the ICA program multiplied by the annual interest rate that corresponds to your household balance tier.

Interest rates

You will receive the same interest rates on all Deposit Account assets regardless of the Bank in which it is held. Interest will accrue daily on Deposit Account balances from the day cash is deposited into a Bank through the business day preceding the date of withdrawal from that Bank. Interest will be compounded daily and credited monthly. The interest rates paid are determined based on the amount the Banks are willing to pay minus the fees paid to LPL Financial and other parties (detailed below). The interest rates accruing on your cash may change as frequently as daily without prior notice. The most up-to-date interest rates are found by visiting www.LPL.com and entering "ICA" in the search engine.

The interest rates paid by a Bank may be higher or lower than the interest rates available to depositors making deposits directly with the Bank or other depository institutions in comparable accounts and for investments in money market mutual funds and other cash equivalent investments available through LPL Financial. You should compare the terms, interest rates, required minimum amounts, and other features of the ICA program with other accounts and alternative investments.

The ICA program should not be viewed as a long-term investment option. If you desire to maintain cash balances for other than a short-term period and/or are seeking higher yields currently available in the market, please contact your financial professional to discuss investment options that may be available outside of the ICA program to maximize your return potential.

Household balance calculations

The interest rates you receive will vary based upon the value of the eligible assets you and other eligible parties in your household maintain in your eligible accounts (Household Balance). The aggregate balance of all linked eligible accounts is what we refer to as your Household Balance. In determining your Household Balance, the eligible accounts of all persons at the same address may be linked. LPL Financial may consider requests to link other accounts at our discretion. Certain accounts may not be eligible for linking in determining your Household Balance. The eligible assets of linked accounts are not commingled and all clients linking accounts retain control over, and responsibility for, their individual accounts. LPL Financial may change or terminate Household Balance eligibility without notice. It is your obligation to notify your financial professional or LPL Financial of accounts that you would like to be linked.

In general, clients with greater Household Balances will receive a higher interest rate than clients with lower Household Balances. LPL Financial will determine your Household Balance each day. Once you instruct your financial professional to link your eligible accounts, the previous day's Household Balance will determine your interest rate tier for the next day. The most up-to-date different Household Balance tiers and their corresponding interest rates are found on by visiting www.LPL.com and entering "ICA" in the search engine.

Fees and related conflicts of interest

Each Bank will pay LPL a fee equal to a percentage of the average daily deposit balance, and the fee differs among Banks depending on the interest rate environment and/or any fee waivers made by LPL. The fee paid to LPL will be at an annual rate of up to an average of 400 basis points as applied across all Deposit Accounts taken in the aggregate. The fee paid to LPL reduces the interest rate paid on your cash, and depending on the interest rate and other market factors, LPL receives the majority of the amount paid by the Banks as fees. You should understand that, depending on interest rates and other market factors, the yields on the ICA program have been, and may continue in the future to be, lower than the aggregate fees and expenses received by LPL for your participation in the ICA program. This can result in you experiencing a negative overall investment return with respect to cash reserves in the ICA program. If you are investing through an advisory account, the fees that LPL receives from the Banks is in addition to the advisory fee that you pay LPL and your financial professional. This means that LPL earns two layers of fees on the same cash balances in your LPL account. Therefore, we have an incentive to place your assets in the sweep to earn more income. We set our advisory program fees with the expectation that we will receive fees and benefits from the ICA program. Our advisory program fees would be higher if we did not receive fees and benefits from the ICA program.

The fees that LPL receives from the Banks is an important revenue stream and presents a conflict of interest to LPL because LPL has a financial benefit if cash is swept into the ICA program. However, this compensation is retained by LPL and is not shared with your financial professional. Therefore, this compensation does not cause your financial professional to have a financial incentive to recommend that cash be held in a Deposit Account instead of holding securities; however, because your financial professional does not receive compensation on cash swept into the ICA program, he or she has a financial incentive to recommend that your cash not be invested in the ICA program.

In addition to LPL, other service providers of the ICA program will receive fees. Other than these stated fees, there will be no charges, fees, or commissions imposed on your account with respect to the ICA program.

If you are acting on behalf of a retirement account, the responsible plan fiduciary agrees that it has independently determined that holding cash balances as a free credit balance, which may not earn income for the account, is both (i) reasonable and in the best interests of the account and (ii) that the account receives no less, nor pays no more, than adequate consideration with respect to this arrangement. LPL does not share this compensation with your financial professional. Please see below for circumstances in which cash balances in the ICA program may be held as free credit balances.

What is the Priority Bank List (PBL)

The Priority Bank List (PBL) is a list of available Banks into which your cash may be deposited and is available by visiting www.LPL.com and entering "ICA" in the search engine or by contacting your financial professional directly. The Banks appear in columns by state or region. In the column under your applicable state or region are multiple Banks in the order in which your cash will be allocated. The last Banks on the list are "Excess Banks" and are noted as such. For all other Banks on the PBL except these Excess Banks, LPL Financial as your agent, will maintain your Deposit Accounts in accordance with the FDIC-defined ownership category limits ($250,000 per individual and $500,000 for joint accounts). For the Excess Banks, your cash may be deposited without consideration of the $250,000 and $500,000 limits.

If you hold assets or deposits at a Bank on the PBL outside of the ICA program, your total deposits at such bank may exceed the $250,000 FDIC limit. As described below, you should contact your financial professional to designate any of the Banks on the PBL as ineligible to receive your cash to prevent this from occurring. Opting out of one or more Banks on the PBL can reduce the maximum insurance available to you under the ICA program.

You may not designate or direct to which Banks on the PBL receive your account's cash. However, you may, at any time, designate a Bank as ineligible to receive your cash; i.e., "opt-out" of such Bank. This will result in your cash not being deposited into this Bank or if already there, LPL will remove your cash from that Bank and designate the Bank as ineligible to receive future deposits of cash. Your cash previously deposited in eliminated Banks (including Banks that cease participating in the ICA program or reduce their capacity resulting in a return of deposits) or "opted-out" Banks will be reallocated and deposited in other Banks on the PBL. To designate Banks you do not wish to receive your cash (i.e., to "opt-out" of specific Banks), you need to inform your financial professional.

You should review the PBL carefully. If you already have assets/deposits at any Bank on the list, please notify your financial professional to designate that Bank as ineligible as detailed above so that no additional cash is allocated through the ICA program to that Bank, which should help to avoid deposits in that Bank exceeding your FDIC-defined ownership category insurance limits. You are responsible for monitoring whether you have other accounts, assets and deposits at any of the Banks on the PBL that may limit the amount of FDIC insurance available to you under the ICA program, and notifying your financial professional if you do, or wish to remove an opt-out previously made.

On the PBL, Banks may be added or removed. In addition, the Banks identified as Excess Banks may change. When changes are made, we will update the PBL, which can be found by visiting www.LPL.com and entering "ICA" in the search engine. Please consult your financial professional or LPL.com periodically throughout the month for recent updates and information regarding how these changes may impact your account.

If a Bank at which you have cash is no longer available through the ICA program, you may choose to establish a direct depository relationship with the Bank, subject to its rules with respect to establishing and maintaining deposit accounts.

What Happens When There Is Insufficient ICA Deposit Capacity

The ability of the ICA program to sweep your uninvested cash into Bank deposit accounts depends on the Banks' capacity to accept additional deposits. If the Banks have insufficient capacity to accept additional deposits, or otherwise reduce their current capacity levels, and LPL believes that sweeping additional deposits to the Banks is unfeasible, uninsured cash balances in your account will automatically be invested in shares of a money market mutual fund that LPL makes available (MMF).). Uninsured cash balances are comprised of cash in the ICA that exceeds the FDIC insurance limits (described above) and cash for which there is not sufficient deposit capacity in the Banks. Share purchases will be made within one business day after uninsured cash balances move into your account, or existing cash balances in your account become uninsured, at the then current net asset value of the MMF. Such cash balances will be held in the MMF, as opposed to Bank deposits, until such time as LPL determines that there exists sufficient aggregate Bank capacity under the ICA program to both (i) accept all of the then current MMF investments swept under the ICA program and free credit balances as discussed below, and (ii) anticipated future cash balances so that the ICA program can be expected to resume normal operations. At such time, new cash deposits into the ICA program will be allocated to the Banks on the PBL as detailed above, and with advance notice to you, amounts invested in the MMF will be converted to cash, at the then current market price, and then allocated to the Banks on the PBL as detailed above.

If neither the Banks nor the MMF provide sufficient capacity to accept additional cash deposits or investments, your cash will be held in your account uninvested as a free credit balance (see further discussion about free credit balances below). When Bank capacity is sufficiently restored for the ICA program to resume normal operations, your cash balances will be reallocated to Banks on the PBL as detailed above.

During times that you maintain (a) investments in the MMF made through the ICA Program or (b) free credit balances, and you use cash in your account, such cash will first be deducted from any free credit balances, then redeemed from your MMF investments, and finally withdrawn from your Bank Deposit Account balances, as applicable.

Account statements and AccountView will reflect the location and type of all of your ICA program balances.

Money Market Mutual Fund Features and Disclosures

The MMF is currently the JPMorgan US Government Money Market Fund (MMF). The MMF's prospectus is available at https://am.jpmorgan.com/us/en/asset-management/adv/products/jpmorgan-u-s-government-money-market-fund-investor-4812c2338. Cash swept into the MMF is not FDIC insured, but is protected by SIPC coverage up to applicable limits.

The dividends earned on your shares of the MMF will not be payable in cash but will be reinvested each month in additional shares of the MMF at the then-current net asset value. The rates of return you receive on the MMF investment will differ from the rate of interest being paid on the Deposit Accounts and vary because such rates are based on the investments made by the MMF net of the MMF's operating expenses. There is no guarantee that the rate of return or the yields you earn on the MMF investment will equal or exceed rates of return or yields available at other financial institutions or invested in other similar products. Yields fluctuate, and past performance is no guarantee of future results. For more information about the current rates of interest or yields on the MMF, as well as current interest rates offered on the Deposit Accounts, please visit www.LPL.com and enter "ICA" in the search engine or contact your financial professional directly. Although money market mutual funds typically seek to preserve the value of an investment at $1.00 per share, there can be no assurance that will occur, and it is possible to lose money should the value per share of the MMF fall. Most money market mutual funds are required to maintain a stable $1.00 net asset value per share, but some are not. An investment in a money market mutual fund is not insured or guaranteed by the FDIC or any other government agency, but is protected by SIPC coverage.

LPL receives compensation from the MMF or its advisors/distributors, which may be up to 0.50%, annualized, of the value of client assets invested in the MMF. LPL does not share this compensation with your financial professional.

Free Credit Balance Features and Disclosures

Uninvested cash held in your account, referred to as free credit balances, may be used by LPL in the ordinary course of its business subject to the restrictions of Rule 15c3-3 under the Securities Exchange Act of 1934. The use of client free credit balances generally generates revenue for LPL in the forms of interest and income (less amounts paid to the client on such balances), which LPL retains as additional compensation for its services to its clients. Under these arrangements, LPL will generally earn interest or a return based on short-term market interest rates prevailing at the time. LPL does not share this compensation with your financial professional. Uninvested cash held in your account is not insured or guaranteed by the FDIC or any other government agency, but is protected by the SIPC.

During such time that you hold free credit balances in your account under the ICA program, you will receive interest in the same manner as Deposit Accounts. Interest paid on free credit balances may be lower than that paid on Bank deposits, but please speak with your financial professional to obtain more information about current yields on free credit balances under the ICA program.

What Are Available Alternatives

If your account is ICA program eligible and you do not wish to have your available cash swept into the ICA program, you may contact your financial professional for assistance to turn off the automatic cash sweep, whereby your cash balances will be held as a Free Credit Balance as described in your account agreement.
Shares in the money market mutual funds that LPL offers as a non-sweep investment alternative may be purchased. Cash balances in your account, however, will not be automatically swept into those money market mutual funds.

Debits in your account will be paid automatically from available cash balances in the account, and then from cash in the sweep programs. In the event there is no cash available in these accounts to cover debits, you would need to liquidate separately purchased money market fund holdings or other securities to cover the required debits, or move cash from another investment or bank account.
Investment in a money market mutual fund is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although the fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in the fund.
LPL is a member of SIPC. For accounts held at LPL, SIPC provides account protection up to a maximum of $500,000 per client, of which $250,000 may be claims for cash. This account protection applies when a SIPC member firm fails financially and is unable to meet obligations to securities customers, but it does not protect against losses from the rise and fall in the market value of investments. More information on SIPC, including obtaining a SIPC Brochure, may be obtained by calling SIPC directly at (202) 371-8300 or by visiting www.sipc.org.

Where to Find Further Information

Transactions and activity with respect to your cash will appear on your periodic account statement. For each statement period, your account statement will reflect:

- Deposits to and withdrawals on your behalf into the Deposit Accounts
- The closing balance of your cash in the Deposit Accounts at each Bank
- Interest earned on your ICA cash sweep balances

Please note that the Banks where your cash is swept may change at any time during a month—your statement will reflect which Banks hold your cash as of the date of the statement. Your financial professional can assist you if you have any questions about how your account statement reflects your balances at each Bank. You may obtain additional information about your cash by calling your financial professional or, if applicable, by accessing your account through LPL AccountView. If you have not subscribed to LPL AccountView and wish to do so, please contact your financial professional to subscribe.

All notices from LPL Financial detailed in this document may be made by means of a letter, an entry on or insert with your account statement, or an entry on a trade confirmation or by other means. Many pieces of information are also found on lpl.com.

Investment in a money market mutual fund is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although the fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in the fund.

Appendix

Included in this Appendix are additional details on several concepts discussed within the booklet.

Account opening and management: Operational details

When sweeping cash to Banks under the ICA program, two types of accounts are established at each bank on the PBL on the behalf of you and other LPL clients: a money market deposit account (MMDA), which is a type of savings deposit, and a linked transaction account (TA). The Bank in its discretion may determine a minimum amount to be maintained in the TA. The MMDAs and TAs are non-transferable.

Deposit Account ownership will be evidenced by a book entry on the account records of each Bank showing the Deposit Account as an agency account held by LPL Financial for the benefit of you and other LPL Financial customers and by records maintained by LPL Financial as your agent. No evidence of ownership, such as a passbook or certificate, will be issued to you. Your account statements will reflect your balances at the Banks. You should retain the account statements for your records. You may at any time obtain information about your cash by contacting your financial professional. The Banks will not provide you with information or accept instructions from you with respect to your cash in the Deposit Account that has been established by LPL on your behalf through the ICA program.

We will attempt to place your cash at the highest priority bank on the PBL. If a bank no longer has capacity to take new cash or your cash allocated to a Bank reach $246,500 or $493,000 for joint accounts, LPL Financial, as your agent, will leverage a MMDA and TA at the next Bank on the PBL. If that Bank is unable to accept your cash, due to overall capacity being unavailable or your maximum being reached, we will continue down the list of Banks on the PBL. The process will be repeated when additional cash is to be deposited with your cash going to the highest available Bank in the priority sequence on the PBL. As noted previously, cash may be allocated to the Excess Banks above the FDIC insurance amount on a temporary basis.

At the end of each month, LPL Financial will determine the amount of your cash, if any, that have been deposited in Banks in an order different than the priority sequence on the PBL. If it is possible to rebalance your cash so they are in the Banks in the appropriate priority sequence, LPL Financial will, as your agent, withdraw your cash and re-deposit the cash in that sequence. If it is not possible to rebalance all of your cash in the appropriate priority sequence, your cash will not be rebalanced.

As your agent, LPL Financial will deposit available cash balances in the MMDA at each Bank as set forth above. All withdrawals will be made from the TA at a Bank by LPL as your agent. As necessary to satisfy debits in your account (securities purchases, checking, debit card, etc.), cash will be transferred from the MMDA to the related TA at each Bank. The cash will be withdrawn from your TAs at the Banks in the reverse order in which Banks appear on the PBL. Cash will be withdrawn first from the lowest Bank on the list and last from the first Bank on the list. If cash in the TA are insufficient to satisfy a debit, cash in the related MMDA at the Bank will be transferred to the TA to satisfy the debit, plus cash to maintain any TA threshold amount.

If you decide to terminate your participation in the ICA program sweep option, you may establish a direct relationship with each Bank by making a request to the Bank to establish a Deposit Account in your name, subject to each Bank's rules with respect to establishing and maintaining deposit accounts. Once that is done, you would contact LPL and request a transfer of the cash in the Deposit Account into your individual Deposit Account. Establishment of the Deposit Account directly in your name at a Bank will separate the Deposit Accounts from the LPL Financial account. If you establish a direct depository relationship with a Bank, the Deposit Accounts will no longer be reflected in your account statement and LPL Financial will have no further responsibility concerning the Deposit Accounts.

Taxes

For most clients, interest earned on deposits in the Deposit Accounts will be taxed as ordinary income in the year it is received. A Form 1099 will be sent to you each year showing the amount of interest income you have earned on your ICA program cash sweep deposits. You should consult with your tax advisor about how the ICA program affects you.

Federal regulations

Federal banking regulations limit the transfers from an MMDA to a total of six (6) during a monthly statement cycle. At any point during a month in which transfers from an MMDA at a Bank have reached the applicable limit, all cash will be transferred from that MMDA to the linked TA at the Bank until the end of the month. Deposits for the remainder of the month into this Bank will be made to the TA. At the beginning of the next month, cash on deposit in the TA will be transferred to the MMDA, minus any threshold amount to be maintained in the TA. The limits on MMDA transfers will not limit the number of withdrawals you can make from cash on deposit at a Bank or the amount of FDIC insurance coverage for which you are eligible.

Due to federal banking regulations, each Bank reserves the right to require seven business days' prior notice before you withdraw cash balances from your Deposit Accounts. The Banks have informed us that they do not currently intend to exercise this right. So long as this right is not exercised, your ability to access cash, including the ability to write checks against your account, should not be impacted.

FDIC insurance: Details and examples

The application of the $250,000 federal deposit insurance limitation is illustrated by several common factual situations discussed below.

Non-retirement accounts

Individual Customer Accounts: Cash owned by an individual and held in an account in the name of an agent or nominee of such individual (such as the Deposit Accounts held through LPL) are not treated as owned by the agent or nominee, but are added to other deposits of such individual held in the same capacity (including cash held in a sole proprietorship) and are insured up to $250,000 in the aggregate.

Custodial Accounts: Cash in accounts held by a custodian are not treated as owned by the custodian, but are added to other deposits of the minor or other beneficiary held in the same insurable capacity and are insured up to $250,000 in the aggregate.

Joint Accounts: An individual's interest in cash in all accounts held under any form of joint ownership valid under applicable state law (what we refer to as a joint account) may be insured up to $250,000 in the aggregate, separately and in addition to the $250,000 allowed on other deposits individually owned by any of the co-owners of such accounts. For example, a joint account owned by two persons would be eligible for insurance coverage of up to $500,000 ($250,000 for each person), subject to aggregation with each owner's interests in other joint accounts at the same depository institution. Joint accounts will be insured separately from individually owned accounts only if each of the co-owners is an individual person and has a right of withdrawal on the same basis as the other co-owners.

Revocable Trust Accounts: Deposits at any one Bank held in a revocable trust are generally insured up to $250,000 per beneficiary if the beneficiary is a natural person, charity, or other non-profit organization. There are two types of revocable trusts recognized by the FDIC: informal and formal. Informal revocable trusts include accounts in which the owner evidences intent that at his or her death the cash shall belong to one or more specified beneficiaries. These trusts may be referred to as a Totten trust account, payable upon death account or transfer on death account. Each beneficiary must be included in the account records of LPL Financial. Formal revocable trusts are written trust arrangements in which the owner retains ownership and control of the assets and designation of beneficiaries during his or her lifetime. The trusts may be referred to as living or family trusts. The beneficiaries of a formal revocable trust do not need to be included in the account records of LPL Financial.

Under the FDIC rules, FDIC coverage will be $250,000 per beneficiary, multiplied by the number of beneficiaries, regardless of the proportional interest of each beneficiary in the revocable trust, if the trust has $1,250,000 or less in deposits at any one Bank. If the trust has more than $1,250,000 in deposits at any one Bank and more than five beneficiaries, the cash will be insured for the greater of $1,250,000 or the aggregate amount of all beneficiaries' proportional interest, limited to $250,000 per beneficiary. Deposits in all revocable trusts of the same owner—informal and formal—at the same Bank will be aggregated for insurance purposes. A revocable trust established by two owners where the owners are the sole beneficiaries will be treated as a Joint Account under applicable rules and will be aggregated with other Joint Accounts.

Irrevocable Trust Accounts: Deposits of any one Bank held pursuant to one or more irrevocable trust agreements created by the same grantor (as determined under applicable state law) will be insured for up to $250,000 for the interest of each beneficiary provided that the beneficiary's interest in the account is non-contingent (i.e., capable of determination without evaluation of contingencies).

Business Accounts: Cash owned by a business and held in an account in the name of an agent or nominee of such individual (such as the Deposit Accounts held through LPL Financial) are not treated as owned by the agent or nominee, but are added to other deposits of such business held in the same capacity (including cash held in a sole proprietorship) and are insured up to $250,000 in the aggregate.

Retirement accounts

You may have interests in various retirement plans and accounts that have placed deposits in accounts at the Banks. The amount of deposit insurance you will be entitled to, including whether the deposits held by the retirement plan or account will be considered separately or aggregated with the deposits of the same Bank held by other retirement plans or accounts, will vary depending on the type of retirement plan or account. It is therefore important to understand the type of retirement plan or account holding the deposits.

IRAs and Other Self-Directed Retirement Accounts: IRAs (including Roth IRAs), self-directed Keogh accounts, and certain other self-directed retirement accounts (such as government-sponsored 457 plans and private employer-sponsored 401(k) plans) are insured up to $250,000 per depositor. Each person's deposits in self-directed retirement accounts at the same Bank are added together and insured up to $250,000, separately from any retirement accounts that are not self-directed and any non-retirement accounts.

Pass-Through Deposit Insurance for Employee Benefit Plan Deposits: Employee benefit plan accounts are deposits of a pension plan, profit-sharing plan or other employee benefit plan that is not self-directed. Employee benefit plan deposits are insured up to $250,000 for each participant's non-contingent interest in the plan if certain requirements are met. This coverage is known as pass-through insurance because the insurance coverage passes through the plan administrator to each participant's interest or share. This means that instead of an employee benefit plan's deposits at one Bank being entitled to only $250,000 of insurance in total per Bank, each participant in the employee benefit plan is entitled to insurance of his or her interest in the employee benefit plan's deposits of up to $250,000 per Bank (subject to the aggregation of the participant's interests in different plans, as discussed below).

The pass-through insurance provided to an individual as an employee benefit plan participant is in addition to the $250,000 deposit insurance allowed on other deposits held in an individual or other recognized insurance capacity by an individual with the Bank.

A deposit held by an employee benefit plan eligible for pass-through insurance is insured for an amount equal to the number of plan participants multiplied by $250,000. For example, an employee benefit plan owns $550,000 in deposits at one Bank. The employee benefit plan has two participants, one with a vested non-contingent interest of $300,000 and one with a vested non-contingent interest of $250,000. In this case, the employee benefit plan's deposits would be insured up to only $500,000; the individual with the $300,000 interest would be insured up to the $250,000 limit and the individual with the $250,000 interest would be insured up to the full value of such interest.

The contingent interests of employees in an employee benefit plan and overfunded amounts attributed to any employee benefit plan are not insured on a pass-through basis. Contingent interests of an employee in an employee benefit plan deposit are interests that are not capable of evaluation in accordance with FDIC rules, and are aggregated and insured up to $250,000. Similarly, overfunded amounts are insured, in the aggregate for all participants, up to $250,000 separately from the insurance provided for any other cash owned by or attributable to the employer or an employee benefit plan participant.

Aggregation of Plan and Account Deposits: Under FDIC regulations, an individual's interests in Plans maintained by the same employer or employee organization (e.g., a union) which are holding deposits of the same institution will be insured up to $250,000 in the aggregate. In addition, under FDIC regulations an individual's interest in the deposits of one Bank held, for example, in:

(iii) an IRA,
(iv) government-sponsored 457 plan,
(v) an IRA,
(vi) self-directed defined contribution plan

will be insured up to $250,000 in the aggregate, separately, whether or not maintained by the same employer or employee organization.