

# HOW OUR FIRM IS PAID

**Our clients pay us for the products and services that we provide in three potential ways:**

1. A percentage of the investment brokerage and/or advisory fees collected

2. Commissions paid in the sale of insurance products

3. A single fee for developing a personalized financial plan

**Potential conflicts of interest may exist:**

A. Fees paid may naturally reduce the return of your financial performance

B. One financial product may seem to charge a bigger fee than an alternative product

**Beyond Financial Advisors works to charge appropriate fees and manage conflicts of interest through the following practices:**

- A commitment to work with our clients in their best interest for their lifetime while providing a multi-generation firm that will be there for their family whenever needed.
- Association with Northwestern Mutual, a 166-year old mutual company operated for the benefit of its policyholders, not Wall Street stockholders, and whose 1888 mission statement was, “to rank first in benefits to policyowners rather than first in size”.
- Knowledge that Northwestern Mutual policyowners continue to see this value, with over 96% staying with the company year over year. <sup>1</sup>
- Researched belief that our clients gain financial strength by owning a combination of insurance and investment solutions that fit intentionally into a customized financial plan.
- Witnessed understanding over 20 years in the business that the increased success of our clients translates to the increased success of Beyond Financial Advisors.
- While primarily affiliated with and compensated by Northwestern Mutual for the sale of its insurance products, we will recommend the products of other insurers when appropriate.
- Investment assets will be held through Northwestern Mutual Investment Services, an independent broker dealer.



It is extremely important to us that we openly disclose the fees you pay and the potential conflicts of interest that may exist in our relationship. Beyond Financial Advisors and Northwestern Mutual actively support and follow the latest industry guidelines to provide you with detailed information in these areas. Please see the following documents to learn more:

- Client Relationship Summary – Northwestern Mutual Wealth Management Company (Summary of Advisory vs. Brokerage Investment Accounts)
- Guide to Brokerage Services at Northwestern Mutual Investment Services (SEC Regulation Best Interest disclosure)
- My Commitment to You as a CFP® Professional (CFP Board Code of Ethics and Standards disclosure)

Beyond Financial Advisor is a marketing name for doing business as representatives of Northwestern Mutual. Northwestern Mutual is the marketing name for The Northwestern Mutual Life Insurance Company, Milwaukee, WI (NM) and its subsidiaries. Life and disability insurance, annuities, and life insurance with long-term care benefits are issued by The Northwestern Mutual Life Insurance Company, Milwaukee WI (NM). Long-term care insurance is issued by Northwestern Long Term Care Insurance Company, Milwaukee, WI, a subsidiary of NM. Investment Brokerage Services provided as a Registered Representative of

Northwestern Mutual Investment Services, LLC, (NMIS) 1-866-664-7737, a dually registered broker-dealer and investment adviser and a wholly-owned company of NM, member FINRA and SIPC. NM Variable annuities and variable insurance are underwritten by NMIS. Investment Advisory Services provided as an Advisor of Northwestern Mutual Wealth Management Company (NMWMC), a limited purpose federal savings bank and a wholly owned company of NM. The products and services referenced are offered and sold only by appropriately appointed and licensed entities and financial advisors and representatives. Financial advisors and representatives and their staff might not represent all entities shown or provide all the products or services discussed. **Not all Northwestern Mutual representatives are advisors. Only those representatives with "Advisor" in their title or who otherwise disclose their status as an advisor of NMWMC are credentialed as NMWMC representatives to provide investment advisory services.**

Certified Financial Planner Board of Standards Inc. owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™ and CFP® (with flame design) in the U.S., which it awards to individuals who successfully complete CFP Board's initial and ongoing certification requirements.

Members of Beyond Financial Advisors use Beyond Financial Advisors as a marketing name for doing business as representatives of Northwestern Mutual. Northwestern Mutual Private Client Group is a select group of NM advisors and representatives. Beyond Financial Advisors and Northwestern Mutual Private Client Group are not a registered investment adviser, broker-dealer, insurance agency, federal savings bank or other legal entity. To view detailed disclosures regarding individual representatives, view their information at <https://beyond-nm.com/>.

<sup>1</sup> Loyalty is based on Northwestern Mutual client data.



# MY COMMITMENT TO YOU AS A CFP® PROFESSIONAL

As a **CERTIFIED FINANCIAL PLANNER™**, my extensive training and financial planning experience will help to assess your current needs and develop a plan to achieve your financial goals. As a CFP® professional, I am held to strict ethical standards to ensure that any financial advice and financial planning recommendations I make are in your best interest. As part of my commitment to you as a CFP® professional, I will be transparent with you regarding material conflicts of interest as defined by the CFP Board, which simply put are business relationships or compensation structures that could influence my relationship with you if not properly managed and that a typical client would want to know about in making a decision (hereafter, “conflicts of interest” or “conflicts”). While most, if not all, financial services business structures contain conflicts of interest of one kind or another, all CFP® professionals must disclose these conflicts so that prospective clients can make an informed decision as to whom they turn to for financial planning and advice.

I provide below a description of my relationship with The Northwestern Mutual Life Insurance Company (“NM”) and its relevant affiliates with respect to insurance products (collectively, “Northwestern Mutual”), a summary of my and Northwestern Mutual’s approach to managing conflicts of interest, an explanation of how I and Northwestern Mutual are compensated for sales of insurance products, and the conflicts of interest that arise because of the manner in which we are each compensated. The compensation arrangements and conflicts that I describe below are not necessarily unique to Northwestern Mutual—many of them are common in the marketplace for insurance products.

For information regarding compensation and conflicts of interest relating to sales of investment products and advisory services, please see Northwestern Mutual Investment Services, LLC’s (“NMIS”) Client Relationship Summary and Guide to Brokerage Services and Northwestern Mutual Wealth Management Company’s Client Relationship Summary and its Investment Advisory Program Disclosure Brochures available at <https://www.northwesternmutual.com/investing-disclosure/>. For more information regarding what it means to be a CFP® professional and the standards that I am required to adhere to by the CFP Board, please visit [www.cfp.net](http://www.cfp.net).

## **My Relationship with Northwestern Mutual with respect to Insurance Products**

I am proud of the work I do to serve my clients’ best interests as I help them achieve financial security. As part of that process I recommend, sell and service a variety of Northwestern Mutual insurance products (e.g., life, annuities, disability income and/or long-term care, the latter through NM’s wholly-owned subsidiary Northwestern Long Term Care Insurance Company (“NLTC”)) that can help protect you, your family, and your business from the adverse financial impact of dying prematurely, outliving your income during retirement, incurring a significant disability during your working years or suffering a long-term care event. Northwestern Mutual makes its products available only through Northwestern Mutual licensed representatives, such as me. Pursuant to my Northwestern Mutual contract, my primary insurance product affiliation is with Northwestern Mutual and I primarily recommend, sell and service Northwestern Mutual insurance products.

However, my contract does not otherwise limit my ability to recommend, sell and service other companies’ insurance products to any particular client so long as I meet my obligation to primarily recommend, sell and service Northwestern Mutual insurance products in appropriate circumstances. In acting in your best interest, I would recommend, sell and service other companies’ insurance products (when such products are available from among those I am authorized to sell by other companies) in the following situations:

- When my offer of a Northwestern Mutual insurance product is not acceptable to you;
- When Northwestern Mutual is unable to offer coverage;
- When Northwestern Mutual’s underwriting criteria are materially unfavorable;
- When Northwestern Mutual does not offer an insurance product or type of insurance product that meets your (or your business’s) needs or objectives; or
- When a Northwestern Mutual insurance product that otherwise meets your (or your business’s) needs or objectives does not offer a unique product feature appropriate for your specific situation.



I am required to meet annual minimum insurance production requirements established by Northwestern Mutual from time to time. These annual minimum insurance production requirements are intended to be modest and generally commensurate with the amount of production that would be expected of any financial representative in the business on a full-time basis.

Whenever I help a client acquire an insurance product, I receive compensation. The compensation and benefits that I receive from Northwestern Mutual (including NLTC), which are further discussed below, are conflicts of interest because they create an incentive for me to recommend insurance products and services (“products and services”) issued or offered by Northwestern Mutual (which receives an economic benefit when you purchase and retain its products and services) instead of products and services issued or offered by other companies.

However, when I help a client acquire an insurance product from another insurance company I am compensated as well (by commissions paid by that insurance company). At times, insurance brokered with other insurance companies generates larger up-front commissions as well as ongoing commissions over the life of the product. Insurance products sold through Northwestern Mutual result in up-front commissions, ongoing commissions over the life of the product, and other benefits to me. NM prohibits its licensed representatives from recommending, selling or servicing any fixed index annuity/equity index annuity product. In general, the total compensation I receive for insurance policies sold to solve a long-term insurance need is comparable regardless of the issuing company.

### **How I and Northwestern Mutual Manage Conflicts of Interest**

For more than 160 years, Northwestern Mutual has been helping individuals, families and businesses achieve financial security. Northwestern Mutual has achieved that long-term success by having representatives such as me focus on developing life-long relationships with our clients using a holistic planning approach that combines both insurance and investment recommendations to help achieve financial security. In the long run, I will benefit most by serving you well—not only as our relationship grows, but also as your satisfaction supports your endorsement of my services to others. This only occurs when I am acting in your best interest.

In order to develop life-long relationships with my clients and help ensure I provide financial advice or planning recommendations in their best interests, I engage in a discovery process using various tools to ensure I have a clear understanding of my clients’ needs and aspirations. In making recommendations to you to meet your needs and achieve your goals, I gather various relevant information about you, which can include your age, other investment or insurance holdings, financial situation and needs, tax status, financial objectives, financial experience, time horizon, liquidity needs, risk tolerance, and any other information that you may disclose to me. I use this information to match your needs, aspirations and attributes with the right product or service irrespective of the compensation that I will receive if you purchase those products or services. Lastly, I strive to maintain life-long relationships with my clients to help ensure they stay on track. The rigor of these processes supports my ability to make recommendations that are in your best interest notwithstanding my conflicts of interest.

In addition, although Northwestern Mutual and its affiliates are not responsible for supervising me to ensure that I meet the standards set by the CFP Board, I am subject to written policies and procedures and supervisory systems established by NM and its affiliates that have been designed to ensure that insurance and investment products are appropriately sold by its financial representatives, irrespective of whether the representative is a CFP® professional.

NM and its affiliates’ supervisory systems include assigned supervisors, human review of transactions, electronic reviews that spot potential issues with a transaction, trend monitoring systems that analyze representative activity over periods of time, training of representatives and supervisory staff with respect to their obligations and the periodic testing and auditing of the effectiveness of the written policies and procedures and the supervisory structure and systems. These processes can help identify if a representative’s compensation is inappropriately influencing his or her recommendations.



The nature of Northwestern Mutual and its insurance products also helps to manage these conflicts of interest. NM is organized as a mutual company, which means that it is formed for the benefit of its policyowners and not corporate owners or shareholders. NM's mutual structure aligns client and company interests—succeeding for our policyowners is its mission, purpose and reason to exist. Northwestern Mutual's insurance products are backed by unsurpassed financial strength—Northwestern Mutual continues to earn the highest financial strength ratings awarded to any U.S. life insurer by all of the four major rating agencies.<sup>1</sup> Northwestern Mutual is also recognized as a leader in insurance product value through careful underwriting, low expenses, high policyowner loyalty and prudent investing. In short, in recommending Northwestern Mutual insurance products, I am ensuring my clients are purchasing high quality products, with low relative expenses over the long-term, that are backed by a company with unmatched financial strength and product performance. With all of that said, in acting in your best interest, I can offer you other insurance carriers' products in the circumstances described above.

My conflicts are further mitigated by Northwestern Mutual's compensation practices. Where it is practically feasible to eliminate or mitigate conflicts of interest that arise from compensation practices, Northwestern Mutual has sought to do so. A core principle of Northwestern Mutual's product compensation design for insurance product sales is to ensure the for the expected life of the product) is equivalent across like products. Northwestern Mutual has criteria in place to ensure that any bonus programs focus on long-term production (as opposed to any one recommendation or sale) and are proportional to the total compensation of the representative. Specific programs within Northwestern Mutual's compensation for insurance products were designed intentionally to minimize compensation that could lead to sales behavior that would potentially create a conflict with a client's best interest. I am compensated the most when my clients own their insurance policies for many years, which incentivizes me to recommend policies that are in my clients' long-term best interest and that deliver exceptional value to clients over the long run. In this way, my compensation is aligned with the value I deliver to clients.

In addition, to disincentivize short-term sales that aren't in my clients' best interest, Northwestern Mutual reverses a portion of first-year commissions on life insurance policies that are cancelled in the first year, and after the first year it reverses renewal commissions paid in the year of cancellation (each of which commission type is described in more detail below). For certain products, Northwestern Mutual reverses a percentage of all commissions paid for up to three years. All of these steps help to manage my conflicts of interest in connection with sales of Northwestern Mutual insurance products.

With respect to non-cash compensation, I receive (which is detailed below), there are a number of factors that help manage those conflicts. There are regulations at both the state and federal level that impose certain limits on non-cash compensation with respect to insurance and investment products. Northwestern Mutual does not allow local offices to run sales contests based on investment production (which includes variable insurance products). It also has adopted policies and procedures for other local office non-cash compensation, including trips, that impose per advisor limits, education components, non-production criteria and supervision elements, depending upon the nature of the non-cash compensation. Northwestern Mutual's primary recognition event each year for representatives who qualify occurs in the United States, has a significant education component, and its cash equivalent value is not intended to be disproportional to a representative's total compensation. Further, noncompliance with state or federal rules and regulations, or company policies, can result in a representative's ineligibility to attend.

<sup>1</sup> Third-party ratings are subject to change. Ratings are for The Northwestern Mutual Life Insurance Company and Northwestern Long Term Care Insurance Company. Third-party ratings are a measure of the company's relative financial strength and security but are not a reflection of the performance or stability of funds invested in a company's separate accounts. Ratings as of: AM Best Company, A++ (highest), June 2022; Fitch Ratings, AAA (highest), August 2022; Moody's Investors Service, Aaa (highest), May 2022; S&P Global Ratings, AA+ (second highest), July 2022.



## Compensation, Revenue and Related Conflicts

I am compensated through various forms of commissions, fees, bonuses and benefits only when you “take action” by purchasing products and services. This is a conflict of interest because unless you purchase a product or service, I will not be compensated for the time I spend with you and the expertise that I provide to you. I have described for you above the significant efforts I and Northwestern Mutual undertake to mitigate this conflict. Below I describe the types of compensation I receive and Northwestern Mutual’s related revenue.

### ***My Compensation for Northwestern Mutual Insurance Product Sales***

I am compensated by Northwestern Mutual for sales of its insurance products (including life insurance policies, annuity contracts, disability income policies and long-term care policies) through commissions, which are typically calculated as a percentage of the insurance premium/annuity considerations you pay. These commissions are typically paid to me in the form of first-year commissions (a percentage of the first-year premium/considerations paid by you), renewal commissions (a percentage of annual premiums paid in the second to tenth policy years by you), persistency fees (a percentage of annual premiums paid in the eleventh policy year onward by you) and for variable annuities (in lieu of renewal commissions and persistency fees) service fees (a percentage of considerations paid by you in the second contract year onward). For example, I would expect to receive approximately between 4% and 9% of the total premium paid on an NM whole life policy if the policy is kept in place for the average expected duration of that type of policy. Most of the commissions I receive upon the sale of a Northwestern Mutual policy or contract are paid in the first year. The rate of commissions I receive can vary by insurance product and other factors.

This transaction-based commission structure, which is a typical compensation structure in the insurance industry, is a conflict of interest because it rewards me for selling products to clients often and for selling insurance products that pay the highest rates of commission and that have relatively higher initial and ongoing premium payments associated with them. For example, if you have a life insurance need, I may recommend that you purchase a permanent life insurance policy, which provides unique advantages, guarantees and living benefits for clients not found in term insurance, which provides only temporary coverage.

Because of those unique advantages, the initial premium payments for permanent life insurance are higher than the initial premium payments for a term policy with an equivalent death benefit, which means I will receive a larger commission if you purchase permanent life insurance instead of term life insurance. As described above, I take steps to manage this conflict (and similar conflicts) to ensure that my recommendations to you are aligned to your needs and in your best interest. It should also be noted that NM and its representatives are one of the largest sellers of term insurance in the country, demonstrating that we recognize that term insurance is in the best interest of many clients and that we appropriately manage this conflict.

There are other types of compensation and benefits that I am generally eligible to receive beyond the commissions described above for sales of Northwestern Mutual insurance products:

- **Cash Bonuses**—Qualification for cash bonuses may be based on a Northwestern Mutual representative’s annual insurance production, generation of new clients, local costs of doing business, or other factors. Cash Bonus targets and amounts vary. Payments may at times take into account investment production, quality and variety of business, policy loan activity, and other factors. Representatives must meet certain minimum production requirements in order to be eligible for certain cash bonuses. Not all representatives will be eligible to receive a particular bonus.
- **Retirement and Healthcare Benefits**—Eligible representatives will earn credit toward Northwestern Mutual’s retirement plans based upon their annual insurance sales production. Eligible representatives may also participate in Northwestern Mutual’s health, group life insurance, and group disability insurance plans. Annual insurance sales production impacts the amount of coverage that an eligible representatives will receive under the group life insurance and group disability insurance plans.
- **Awards & Recognition**—Eligible representatives receive non-cash compensation in the form of honors and awards for annual insurance sales production (which at times may also include annual investment production). Northwestern Mutual provides incentives including, but not limited to, travel, gifts, awards, entertainment, achievement recognition, specialized training, preferential servicing, matching charitable contributions and attendance at company-sponsored business meetings.





- Expense Support—Eligible representatives may qualify for expense allowances paid by their local office based on annual insurance sales production and local office requirements. Eligible representatives early in their career also receive extra commissions and incentives through training allowances and early productivity incentives paid by NM and local field management, which assists new representatives in becoming established in their career.
- Local Incentive Programs—Eligible representatives participate in local office incentive programs which (subject to limitations imposed by Northwestern Mutual that were described above) are based on insurance sales production and other factors. Incentives provided by the local offices can include, but are not limited to, trips with a business/education component and other non-cash incentives such as gifts, recognition events, and education and development services.
- Marketing, Planning, Technology and Continuing Education Support—Certain eligible financial representatives, based on investment and/or insurance production, receive non-cash compensation including in the form of marketing support and services, technology services and support, expert planning services, business succession planning services, continuing education events and resources, client appreciation event support and services, and distinguished branding as Northwestern Mutual’s “Private Client Group.”

These additional incentives create a conflict of interest in that they further incent me to recommend and sell Northwestern Mutual insurance products, and to sell Northwestern Mutual insurance products instead of products issued by other insurance carriers.

Finally, as my level of Northwestern Mutual insurance sales increases my compensation for sales of investment products and advisory services also increases. This structure incentivizes me to recommend and sell Northwestern Mutual insurance products to increase my investment compensation and is a conflict of interest. Northwestern Mutual has developed such a structure because it believes that most clients are best served in meeting their goals and aspirations and achieving financial security with a mix of insurance and investment products and therefore rewards those representatives who deliver both. Furthermore, as discussed above, structures, policies and procedures have also been put in place by Northwestern Mutual to mitigate compensation conflicts.

### ***Revenue to Northwestern Mutual and its Affiliates***

As a manufacturer of insurance products, NM, and in some cases, its affiliates (e.g., Northwestern Mutual Series Fund, Inc., NM’s proprietary mutual fund) receive revenue on every NM insurance product I sell. Northwestern Mutual is therefore incented to ensure I sell primarily NM insurance products. Northwestern Mutual and its affiliates also receive revenue from certain third-party funds offered under its variable insurance products. For additional details on payments made to NM and its affiliates, you should review the prospectus for any NM variable product that you are purchasing, if applicable.

I am happy to discuss further with you at your request any questions you may have about any information in this document.



Life and disability insurance, annuities, and life insurance with long-term care benefits are issued by **The Northwestern Mutual Life Insurance Company**, Milwaukee WI (NM). Long-term care insurance is issued by **Northwestern Long Term Care Insurance Company**, Milwaukee, WI, a subsidiary of NM. Investment products are offered through **Northwestern Mutual Investment Services, LLC**, 1-866-664-7737, a dually registered broker-dealer and investment adviser and a wholly-owned company of NM, member FINRA and SIPC. NM Variable annuities and variable insurance are underwritten by NMIS. Fiduciary and fee-based planning services are offered through **Northwestern Mutual Wealth Management Company**, a limited purpose federal savings bank and a wholly owned company of NM. Investment products and trust services are not insured by the FDIC, and are not deposits or other obligations of, or guaranteed by NMWMC, NMIS or NM. All investments are subject to risk including the possible loss of principal invested.

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