



***Update to Ameriprise® Financial Planning Service Client Disclosure Brochure  
(Form ADV Part 2A) (Form 94003T (4/12))***

**Dated March 31, 2012 – March 31, 2013**

**Update dated September 2012**

This is an update to information contained in the Brochure and replaces any previous updates. All information contained in the Brochure remains the same with exception of the language noted below. To help you better understand this information, headings and subheadings in this update generally coincide with those in the Brochure. If there is any conflict between this update and the Brochure, the update supersedes the Brochure.

**Under the heading “Initial recommendations”**

(On pages 3 and 4, replace the first sentence with the following language.)

In the first year following the effective date (described below) of your AFPS Agreement, your financial advisor will make best efforts to perform an analysis and deliver initial written recommendation(s) by the last calendar day of the sixth month from the effective date. This timeframe does not apply to estate settlement planning or divorce financial planning.

**Under the heading “Ongoing relationship”**

(On page 4, replace the last paragraph with the following language.)

Your Agreement is effective the day Ameriprise Financial Services processes the Agreement (“effective date”), which may be different than the date(s) signed by you and your financial advisor. Your first engagement period begins on the effective date and ends on the last calendar day of the twelfth month from the effective date. Each 12-month period thereafter will be a new engagement period (“engagement period”). Your Agreement will automatically renew each year. If you do not receive your written financial planning recommendation(s) within the engagement period, you are entitled to a refund of your AFPS fee.

**Under the heading “How to make the most of your financial planning relationship,”  
*Understand that your financial planning service will continue until you terminate it*”**

(On pages 5 and 6, replace the first sentence with the following language.)

During each engagement period you will receive written recommendation(s) and pay a financial planning fee.

**Under the heading “Other financial industry activities and affiliations”; Banking institution**

(On page 14, replace the first paragraph with the following language.)

By the end of 2012, Ameriprise Bank, FSB expects to receive regulatory approval to convert its bank charter from a federal savings bank to a non-depository national trust bank, which will continue to offer trust products and services to clients (e.g. irrevocable life insurance trusts). Ameriprise Bank, FSB will provide clients access to cash solutions (e.g. checking, FDIC-insured Brokered CDs and FDIC-insured Ameriprise Insured Money Market Account (“AIMMA”) (brokerage sweep) and lending products (e.g. mortgages, home equity loans, home equity lines of credit) through third-party providers.

(Replace the second paragraph, first sentence with the following language.)

Personal trust services are offered by Ameriprise Financial Services and made available through Ameriprise National Trust Bank, N.A. (Note: The name of the new bank is subject to change.)

Under the heading “Revenue sources for Ameriprise Financial Services, Inc.”;  
*Payments from clients*

(On page 15, section “Interest”, delete the second sentence.)

Under the heading “Financial interest in products,” *Economic benefits of affiliates’ products and services*

(On page 21, left column, delete fourth bullet from the bottom.)

Under the heading “Revenue sources for Columbia Management Investment Advisers”;  
*Ameriprise Bank, FSB*

(On page 25, replace the section with the following language.)

Ameriprise National Trust Bank, N.A., through its personal trust services earns compensation, depending on the terms of trust documentation and applicable state laws governing trust administration, through a traditional trust model or an open architecture model. In the traditional trust model, pursuant to which personal trust services provide investment management and also assumes all administrative responsibility, personal trust services earns fee income and pay a portion of the fee it collects goes to Ameriprise Financial, Inc. In the open architecture model, personal trust services fees for administrative services are separate from the wrap fee earned by financial advisors and are not shared with Ameriprise Financial, Inc.

Under the heading “How our financial advisors get paid”; *Commissions and referral fees*

(On page 26, fourth paragraph; delete the first sentence.)

Under the heading “How our financial advisors get paid”; *Loan programs*

(On pages 27 and 28, replace this section with the following language.)

By the end of 2012, Ameriprise Bank, FSB expects to receive regulatory approval to convert its bank charter from a federal savings bank to a non-depository national trust bank, which will continue to offer trust products and services to clients. Ameriprise Bank, FSB will no longer originate mortgage loans. However, clients will have access to information about lending products and services (e.g. mortgages, home equity loans, home equity lines of credit) through a marketing relationship with CMG Financial, Inc. With limited exceptions, neither your Ameriprise financial advisor nor Ameriprise Financial Services may arrange, promote, suggest or knowingly permit you to use loan proceeds to purchase securities or other investment products (the “Loan Prohibition”).

Under the heading “How our financial advisors get paid”; *Compensation for Bank Products*

(On page 28, replace this section with the following language.)

By the end of 2012, Ameriprise Bank, FSB expects to receive regulatory approval to convert its bank charter from a federal savings bank to a non-depository national trust bank, which will continue to offer trust products and services to clients. Financial advisors may earn compensation for offering personal trust services to clients. Financial advisors may earn compensation for certain cash solutions (e.g., FDIC-insured Brokered CDs and FDIC-insured AIMMA (brokerage sweep)) offered through third-party providers. Financial advisors will not earn compensation related to lending products (e.g., mortgages, home equity loans, home equity lines of credit) marketed by Ameriprise Financial, Inc. pursuant to its relationship with CMG Financial, Inc.

Please keep this update with your copy of the Brochure and AFPS Service Agreement.

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94003-28 (09/12)



# *Ameriprise*<sup>®</sup> Financial Planning Service

Client Disclosure Brochure  
(Form ADV Part 2A)  
March 31, 2012 – March 31, 2013

Ameriprise Financial Services, Inc.  
2773 Ameriprise Financial Center  
Minneapolis, MN 55474  
[ameriprise.com](http://ameriprise.com)

This Brochure provides information about the qualifications and business practices of Ameriprise Financial Services, Inc. If you have any questions about the contents of this Brochure, please consult with your financial advisor or contact us at 800.862.7919 between 7 a.m. and 6 p.m. Central time. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Ameriprise Financial Services, Inc. also is available on the SEC's website at [adviserinfo.sec.gov](http://adviserinfo.sec.gov).

**Dear Valued Client:**

Thank you for choosing Ameriprise Financial Services, Inc. for your financial planning needs. We're committed to financial planning because over the years, we've learned it's the best way to help our clients achieve their dreams.

We take a flexible approach, one that's based on your unique situation and financial goals. You and your advisor will talk about all aspects of your financial life and how they fit together. Once you both have a clear picture of where you are and where you want to be, your financial advisor will build a plan for you — one that includes solutions to help you reach your goals and track your progress along the way.

This disclosure Brochure explains our financial planning services in detail, so you'll know what to expect from your financial advisor and how to make the most of your financial planning relationship. The Brochure also contains essential disclosures about our affiliates, how we do business, and the terms and conditions of your financial planning service agreement. Please take time to read this important information and keep it handy for future reference. If you consider additional products or services, be sure to review the related prospectuses and disclosures.

We're dedicated to helping you reach your financial goals and look forward to working with you over the long term.

If you have questions about financial planning or other services, please talk with your financial advisor or call us directly at 800.862.7919 between 7 a.m. and 6 p.m. Central time. Again, thank you for choosing Ameriprise Financial Services.

A handwritten signature in black ink, appearing to read "Mike Greene". The signature is fluid and cursive, with a large initial "M" and a long, sweeping underline.

**Mike Greene**  
Senior Vice President  
Ameriprise Financial Services, Inc.

# Material Changes since last *Ameriprise* Financial Planning Service Brochure (April 1, 2011 – March 31, 2012)

Below are material changes since the Brochure's last publication.

- There have been no material changes since the last Brochure publication date.

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# Advisory Business

Ameriprise Financial Services, Inc. (“Ameriprise Financial Services”) is an investment advisory firm offering financial planning services since 1986. Ameriprise Financial, Inc. is the parent company of Ameriprise Financial Services and American Enterprise Investment Services, Inc.

## Ameriprise Financial Planning Service

Ameriprise Financial Planning Service (“AFPS”) is designed as a long-term, collaborative, ongoing financial planning relationship based on our unique *Dream > Plan > Track >®* approach to financial planning. You and your financial advisor will work together to define your dreams, develop a plan to help you get there and then track your progress along the way, making changes when needed. Ameriprise Financial Services uses the six-step financial planning process defined by the Certified Financial Planner Board of Standards, Inc. As participants in this process, you and your financial advisor will:

- **Identify/prioritize objectives.** Discuss your dreams, goals and needs to develop a clear vision of your financial future.
- **Gather information.** Review important documents such as your bank and brokerage statements, tax returns, insurance policies and retirement plans.
- **Analyze information.** Understand the big picture of your financial situation, based on information you provide, and analyze how the different elements of financial planning may impact each other.
- **Propose recommendations.** Develop written financial planning recommendations that align with your goals.
- **Take action.** Take action on your recommendations after developing proposed financial solutions to help reach your goals.
- **Track your progress.** Your needs and goals evolve over time. Tracking your progress will enable you to make adjustments in light of personal, legislative and economic changes.

References in this Brochure to “you” and “your” apply to each AFPS client who signs the AFPS Agreement. References to “us,” “we,” and “our” refer to Ameriprise Financial Services. References to your “financial advisor” are to your Ameriprise financial advisor.

The advice you receive from your financial advisor is intended for your use only. If you choose to share your analysis and recommendations with a third party, neither your financial advisor nor Ameriprise Financial Services (nor any of its affiliates) is responsible for the outcome.

## AFPS planning topics

Your financial advisor will review your data and other information to make recommendations that can help you meet your goals.

### Financial Fundamentals

**Basic financial position.** At a minimum, this will include a high-level compilation of your net worth, income (inflows) and expenses (outflows). It may also include action statement(s) and/or an acknowledgement by your financial advisor that figures are based on estimates if you are not able to provide accurate data.

**Protection needs.** At a minimum, this will include an inventory of your insurance policies, including life, disability (if you are not retired) and long-term care (if you have reached a certain age). You may also receive an analysis of your needs and your family’s needs in the event of death, disability and long-term care, as applicable. This may include an overview of other protection needs (e.g., property and casualty). Your financial advisor may also provide action steps in the form of recommendations; observations about the adequacy of your coverage; and/or other statements acknowledging your insurance situation, protection planning preferences, and/or whether any of the data or analysis is based on estimates if you are not able to provide accurate data.

**Basic estate needs.** This may include an inventory of basic estate documents that are essential for the proper disposition of your assets upon your death and to provide for appropriate care in the event of your incapacitation. It may also include a review of asset and policy ownership and beneficiary designations, as well as action steps or comments on how to work with legal advisors to improve your basic estate situation.

NOTE: Your financial advisor will review the financial fundamentals at least in the first year of your financial planning relationship. Fundamentals do not apply to advisory relationships with entity clients, such as trusts or businesses. Financial fundamentals are not provided as part of estate settlement or divorce planning.



## Goals to track over time

Your analysis and written recommendations may address one or more of the following goals:

**Fund retirement** — applying strategies to help you fund retirement, transition to retirement or ensure adequate retirement income.

**Fund education** — applying strategies to help you fund the education of children, grandchildren or others. This may also include financial aid analysis.

**Fund future goal** — applying strategies to help you plan to fund a future purchase or accumulate funds for a particular goal.

## Additional financial planning areas

Your analysis and recommendations may address one or more of the following:

**Financial position planning** — applying cash flow management strategies to help you optimize resources available to help you reach your goals. This may include debt management techniques, major purchase financing decisions, cash reserve strategies and family budgeting.

**Investment planning** — applying strategies to help optimize portfolio performance to reach future financial goals. AFPS does not include market timing or other product transfer timing advice.

**Income tax planning** — addressing the general tax considerations for financial services products, transactions and registrations (ownerships). Ameriprise Financial Services and your financial advisor do not provide legal or tax advice.

**Employee benefits planning** — helping you make decisions related to your employer-sponsored benefit plans.

**Estate, legacy or multigenerational planning** — helping you prepare for passing wealth to your beneficiaries in an efficient manner.

**Estate settlement** — applying strategies to help an estate or testamentary trust meet its obligations, such as distribution of assets and payment of estate taxes. Ameriprise Financial Services and your financial advisor do not provide legal or tax advice.

**Small business owner planning** — addressing your financial planning needs as a small business owner, which may include an analysis of business cash flow, business valuation, business tax planning, business benefits planning and business transition.

**Divorce financial planning** — proposing strategies to arrange personal finances during a divorce. Divorce financial analysis does not recommend a preferred divorce settlement option or include recommendations regarding ownership or division of assets and liabilities. Any documents, analyses and other work products, and any other statements made by a financial advisor in providing the divorce financial analysis service may be discoverable by another party to the proceeding. You should consult with your attorney regarding such issues. Your attorney, not your financial advisor, is your advocate during divorce proceedings.

This service may also include expert witness service in which your financial advisor may testify regarding the process used to prepare a divorce financial analysis and its contents. Fees for preparation for, attendance at and participation in a divorce proceeding are in addition to any divorce analysis fee.

Financial advisors are required to complete specialized training to provide divorce financial planning and planning for some types of trusts. If your financial advisor has not met the requirements (a nonauthorized financial advisor), another qualified financial advisor may provide these services.

Our financial advisors can provide you with advice or education to help you meet a wide variety of your financial needs, including asset allocation services. However, neither Ameriprise Financial Services nor your financial advisor is acting as a “fiduciary” for purposes of any law regulating any governmental plan (“Plan”), including with respect to asset allocation services provided to you. Also, to the extent an asset allocation service identifies any specific investment alternative, please note that other investment alternatives with similar risk and return characteristics may be available to you. Your Plan sponsor (for government plans or those that fall under the Employee Retirement Income Security Act of 1974, “ERISA”) or your financial advisor can assist you in obtaining information about other potential investment alternatives.

## Initial recommendations

In the first year following the effective date of the Agreement, described below, your financial advisor will make best efforts to perform an analysis and deliver within 180 days initial written recommendation(s), in cases other than financial planning for estates or regarding divorce proceedings, noted above. The analysis and written recommendations will address the fundamentals of your financial situation as well as the



priority goal(s) you have discussed with your financial advisor. The remainder of the first year may focus on tracking progress to goals, addressing other financial planning topics and/or beginning to take action on written recommendations as appropriate.

Shortly after you sign the Agreement, we will send you a confirmation of services that will summarize certain information contained in the Agreement, including the total quoted AFPS fee, and the date that your planning relationship began. The summary will include the latest date within the engagement period, defined below, on which you can expect to receive your initial written recommendations. You will also receive a confirmation of services annually, in the form of a notice on your consolidated statement or other written notice to you, each time your Agreement renews. Please contact Ameriprise Financial Services at 800.862.7919 if you do not receive a confirmation of services within 120 days of your renewal date. If your personal financial circumstances or need for financial planning services changes, you and your financial advisor should discuss whether your fee needs to change.

## Ongoing relationship

As your financial planning relationship continues, you will work with your financial advisor following the financial planning process described above. For example, you and your financial advisor will:

- Confirm your working relationship and the associated fee, annually
- Track progress over time toward identified goals
- Identify key changes to your situation and revisit your financial goals
- Propose new recommendations as appropriate

Your Agreement is effective the day you and your financial advisor sign it. If you do not receive your written financial planning recommendations within the engagement period, defined below, you are entitled to a refund of your AFPS fee.

## Changing your planning topics

You may change your financial planning topics by discussing any desired changes with your financial advisor. In addition, after looking at all of your financial data, your financial advisor may decide to recommend further assessment in a specific area that has not already been identified.

Changes are confirmed to you by the delivery of recommendations consistent with your new topics.

Read and understand those recommendations to determine if the topic changes are consistent with your understanding of them. If the changes differ from your understanding, please contact your financial advisor.

You and your financial advisor should also discuss whether your fee needs to change in light of the changes to your planning topics.

## Implementation of your financial planning recommendations

The recommendations provided may be implemented through Ameriprise Financial Services, its affiliates or other financial services providers. We cannot guarantee future financial results or the achievement of your financial goals through implementation of recommendations provided to you. Ameriprise Financial Services does not monitor the day-to-day performance of your specific investments. Before implementing any recommendations you should consider carefully the ramifications of purchasing products or services, and you may want to seek further advice from your lawyer and/or accountant, particularly in connection with estate planning, taxes, or small business owner planning issues.

When you choose to purchase products and services through us, you have the option of investing through a transaction-based brokerage account, a fee-based investment advisory account, or both.

**Transaction-based brokerage account.** You pay commissions and other charges (such as sales loads on mutual funds) at the time of each individual securities transaction. As a result, this type of account may be more suitable than a fee-based investment advisory account if you do not expect to trade on a regular basis.

**Fee-based investment advisory account.** You pay a fee on a monthly or quarterly basis based on the assets held within, and investment advisory services provided for, your account rather than a commission on each individual transaction. As a result, this investment advisory account, which is also known as a managed account, may be more suitable than a brokerage account if you expect to trade more frequently. Ameriprise Financial Services acts as sponsor and introducing broker in connection with a managed account and offers several different types of managed accounts. See the *Ameriprise® Managed Accounts Client Disclosure Brochure* for additional important information, including applicable fees and other charges.

Your financial advisor may not offer all investment advisory services or accounts.

Depending on how long you choose to be a financial planning client and the number and types of products that you purchase from Ameriprise Financial Services, you may pay more or less to purchase products and services through Ameriprise Financial Services and its affiliates than if you were to purchase products and services from other financial services providers. If you have Ameriprise Financial Services accounts, your financial advisor will review or answer questions about your monthly and/or quarterly consolidated statement of accounts.

## How to make the most of your financial planning relationship

At Ameriprise Financial Services, we believe that financial planning is the best way to help you achieve your dreams. The financial planning relationship begins with you. As an AFPS client, you will need to:

### **Establish clear and measurable financial goals.**

Have an idea of what you want to achieve and by when. Talk with your financial advisor about these goals so he or she may be part of the planning process. For example, if you dream of a “comfortable” retirement, think about what that means to you. The more specific you are about where you want to be, the better equipped your financial advisor will be to make recommendations to help you get there.

### **Provide complete and timely information to**

**your financial advisor.** Your financial advisor will base your financial planning analysis and written recommendations on the information that you provide.

You must provide the requested information in a timely manner to receive your recommendations in a timely manner. When you become an AFPS client, you represent that all financial and other data that you and/or your representatives or agents furnish to your financial advisor relating to your assets, liabilities, policies, present and future income, and obligations are true and correct and may be relied upon by your financial advisor and Ameriprise Financial Services for the purposes of providing AFPS. If you provide complete and thoughtful information to your financial advisor about your current financial and economic situation, the financial goals on which you want advice, your investment objectives, and any investment restrictions you may have, your financial advisor will be better able to make recommendations to help you achieve your goals and dreams. If you

experience significant life events or material changes in your financial situation, inform your financial advisor promptly.

### **Review the written recommendations you receive.**

Your financial advisor will perform planning analysis on certain topical areas necessary to give you written recommendations, based on the information you have provided. Your financial advisor is obligated to provide recommendation(s) within a particular timeframe, which is discussed in detail in the “Ameriprise Financial Planning Service” section of this Brochure. If your financial advisor’s assumptions, methods, conclusions or recommendations do not meet your expectations, contact your financial advisor right away to resolve your concerns.

**Form reasonable expectations.** Understand the benefits of and limits to the financial planning process and be reasonable in your expectations of the results to be obtained from your financial plan and investments, given your risk tolerance and objectives. Financial planning is an ongoing process; it will not change your situation overnight. Furthermore, events beyond your financial advisor’s control, such as changes in economic conditions, will affect your financial planning results. Share with your financial advisor your expectations about the financial planning process and what you want to achieve. If your expectations are not met, let your financial advisor know so that he or she can make adjustments to meet your needs.

**Take action.** After reviewing your financial planning recommendations with your financial advisor, the next step is to take action on the advice you have received. You decide whether or not to implement any of the recommendations. You are not obligated to purchase products or services through Ameriprise Financial Services.

If you would like to work with a different financial advisor, please call us at 800.862.7919 and we will help you find another financial advisor. If for some reason your financial advisor is unable to fulfill the terms of the service agreement, another Ameriprise financial advisor may be assigned to you to provide the written financial planning recommendations and complete the terms of your Agreement.

### **Understand that your financial planning service**

**will continue until you terminate it.** Each year of your AFPS Agreement (“engagement period”) you will receive written recommendations and pay a financial planning service fee. The service will automatically renew on an annual basis until you decide to terminate

the Agreement or stop paying the fee. In addition, Ameriprise Financial Services will notify you when there are material changes to the AFPS Brochure and offer you the opportunity to receive a copy of that revised Brochure. You should carefully consider accepting this offer, as that revised Brochure replaces any previous version you have received. You may request and receive copies of a current Brochure at any time by writing to Ameriprise Financial Services at the following address or by contacting us at 800.862.7919 between 7 a.m. and 6 p.m. Central time.

Ameriprise Financial Services, Inc.  
476 Ameriprise Financial Center  
Minneapolis, MN 55474

**Take an active role in the process.** Understand the process, your role and your financial advisor's role. Provide information. Ask questions about the recommendations you receive. If at any time there are additional topics you would like to cover, let your financial advisor know. Take an active role in making decisions about your financial future, and you will position yourself to get the most out of your financial planning relationship.

## Other advisory services

Ameriprise Financial Services offers several types of managed accounts, including Strategic Portfolio Service ("SPS") *Advantage*, SPS Advisor, *Active Portfolios*® investments, Select Separate Account, *Ameriprise Vista* Separate Account, *Ameriprise Investor* Unified Account, and *Ameriprise Access* Account. At this time not all managed accounts are available to all clients; contact your financial advisor for more information. Please review the *Ameriprise Managed Accounts Client Disclosure Brochure*, or if you have elected to pay a consolidated advisory fee, the *Ameriprise Managed Accounts and Financial Planning Service Combined Disclosure Brochure* for a full description of these services. As of December 31, 2011, Ameriprise Financial Services managed \$81,204,366,559 in nondiscretionary assets and \$22,180,972,795 in discretionary assets.

## Fees and Compensation

The amount of the AFPS fees you pay will be determined by you and your financial advisor and will be indicated in the Agreement. Your financial advisor will explain the AFPS fee and the factors considered

in calculating the AFPS fee before asking you to sign the Agreement. Ask questions about the AFPS fee so that you understand the factors considered in arriving at your financial planning fee and what you can expect for this fee. Some states may impose a sales tax on your AFPS fee, which we will collect and remit to the applicable state. AFPS fees vary based on (1) your financial advisor's fee schedule, which is based on your financial advisor's years of financial planning experience and professional credentials and other factors, such as local market considerations; and (2) the overall complexity of your case. Your financial advisor will assign an overall complexity factor of "low," "medium" or "high" to your case based on your particular personal financial circumstances and financial planning needs. Financial planning fees are negotiable and there is no assurance that similarly situated clients will be assessed comparable fees. Your financial advisor may also consider any current estate and tax documents, the timeframe to address the planning area, and the number of meetings with you and/or other professionals or family members.

There is a minimum annual fee of \$300 for each Agreement engagement period. Your financial advisor's minimum fee may be higher. The AFPS minimum fee will not apply if the expert witness service component of divorce financial planning is the only service provided.

The fee that you pay in the first year of service may differ from the fee you pay for services in ongoing years, as described in the "Ongoing relationship" subsection of the "Ameriprise Financial Planning Service" section of this Brochure. A portion of the financial planning service and managed accounts fees is paid to your financial advisor for introducing you to the service, gathering the information necessary to prepare your service, helping you establish needs and goals, preparing and presenting your service, and/or providing financial advice on behalf of Ameriprise Financial Services. The remaining portion of the fee goes to Ameriprise Financial Services for the supervisory, technical, administrative and other support provided to all financial advisors. If you establish an *Ameriprise SPS Advantage* or other managed account, the investment advisory fee you pay for the managed account is separate from your AFPS fee. Please refer to the *Ameriprise Managed Accounts Client Disclosure Brochure*, or if you have elected to pay a consolidated advisory fee, the *Ameriprise Managed Accounts and Financial Planning Service Combined Disclosure Brochure*.

You and your financial advisor will determine the payment method for the financial planning fee. You can pay by check or credit card, or you can choose to have the fee deducted from your accounts. You can send the payment after your financial advisor sends you a bill for AFPS.

Some financial advisors require clients to pay financial planning fees either at the beginning of an engagement period or before providing AFPS. See the “Termination of AFPS” and “Termination procedure” sections below for information regarding refunds if you or Ameriprise Financial Services terminates the AFPS Agreement before the end of an engagement period.

Ameriprise Financial Services is dedicated to providing quality client service. We work hard to ensure your satisfaction with the AFPS services that you receive, and seek to meet or exceed your expectations. We will work with you to address any of your concerns, including helping you work with a different financial advisor or terminating the Agreement.

Ameriprise Financial Services and its affiliates receive revenue from several different sources on the products and services you purchase. These sources include the fees and charges you pay, other arrangements we have in place with product companies, and investment and interest income.

The revenue generated or received supports the development of new products, maintenance of our infrastructure, and retention of employees and financial advisors.

**See the “How we get paid” section later in this Disclosure Brochure for more information on conflicts of interest regarding revenue sources for Ameriprise Financial Services and its affiliates.**

Your financial advisor may recommend mutual funds as described in the “Payments from product companies” subsection later in this Disclosure Brochure. The recommendation(s) may include no-load mutual funds.

Within its investment advisory business, Ameriprise Financial Services receives less than 50% of its revenue from its advisory clients for the sale of investment products recommended by its financial advisors, including asset-based distribution fees from the sale of mutual funds.

Your AFPS fee does not include commissions or mark-ups by Ameriprise Financial Services or your financial advisor. If you implement your financial plan in whole or in part through Ameriprise Financial Services or its

affiliates, typical investment advisory fees, product fees, and brokerage commissions will apply.

**See the “How we get paid” section and the “Revenue sources for RiverSource Life Insurance Company and, in New York only, RiverSource Life Insurance Co. of New York (collectively “RiverSource Life”)” subsection later in this Disclosure Brochure for more information about the fees and commissions you pay when you implement your financial advisor’s recommendations through Ameriprise Financial Services and its affiliates.**

## **Client programs and promotions**

Ameriprise Financial Services may provide a fee reduction to corporate, institutional or membership organizations and their employees, partners, independent contractors or members. Ameriprise Financial Services may, from time to time, offer reduced fees on AFPS to individuals in a particular market segment or geographic area. Your financial advisor can tell you whether there is a promotion available to you. Ameriprise Financial Services, in its sole discretion, determines when to offer, modify and/or discontinue these promotions and programs.

## **Charitable organizations and pro bono financial planning**

Ameriprise Financial Services has an established program that allows financial advisors and our managers and employees to donate financial planning services to charitable organizations through the purchase of a charitable gift certificate for the organization. Financial advisors also may seek approval from Ameriprise Financial Services to offer, on a limited basis, pro bono financial planning to persons who otherwise cannot afford to pay for financial planning services.

## **Institutional services**

Ameriprise Financial Services may enter into written agreements with corporate, institutional or membership organizations to provide AFPS to their employees, partners, independent contractors or members. The fees for institutional services may vary by agreement, and these agreements may include other services and fees lower than the fees paid by other AFPS clients. The financial planning process described in the “Ameriprise Financial Planning Service” section of this Brochure is identical for workplace tiered pricing.



## Termination of AFPS

AFPS will remain in effect until one of the following occurs: termination by you; termination of an existing AFPS Agreement by replacing it with a new one, as described in the **“Terms and Conditions of Your AFPS Agreement”** section of this Brochure; termination by Ameriprise Financial Services, which would require sending you written notice reasonably in advance of the termination date, except as noted in this paragraph, to your address as shown on our records; termination by Ameriprise Financial Services, with no advance notice for nondelivery of services to you by your financial advisor; or termination by you through nonpayment of the AFPS fee.

If you choose to terminate the Agreement during the first year before receiving your initial recommendations, you will receive a full refund of fees paid. However, if you terminate at any time after Ameriprise Financial Services has performed under this Agreement, or if you terminate the services and have not provided your financial advisor with complete and accurate information concerning your financial situation, Ameriprise Financial Services reserves the right in its sole discretion to limit the amount of the refund you receive, if any.

### Termination procedure

To terminate or cancel the Agreement and request a refund, if eligible, complete an Account Cancellation and Refund form available from [ameriprise.com](http://ameriprise.com). You may also request the form from your financial advisor or by calling Ameriprise Financial Services directly at 800.862.7919 between the hours of 7 a.m. and 6 p.m. Central time, Monday through Friday.

## Performance-Based Fees and Side-by-Side Management

Neither Ameriprise Financial Services nor any of its supervised persons accepts performance-based fees for its investment advisory services, nor do we, through AFPS, manage accounts with different fee structures that may present a conflict of interest.

## Types of Clients

AFPS is generally appropriate for individuals who seek an ongoing fee-based financial planning relationship and who have financial goals and sufficient assets and income to begin addressing those goals. AFPS is intended for individuals; married couples; domestic partners; and entities with financial planning needs, such as trusts, estates, nonprofit organizations and businesses.

## Methods of Analysis, Investment Strategies and Risk of Loss

### Methods of financial analysis

When developing recommendations for you, your financial advisor compares your financial goals with your investment risk tolerance and the risk and potential of a specific product. Your financial advisor may use asset value, current and projected return, and other assumptions you provide, as well as historical return analysis prepared by Ameriprise Financial Services or an affiliate. Your financial plan may be prepared through the use of one or more computer software packages that take a needs-based approach to analyze your goals using one or more methods of analysis, including deterministic and probability modeling. The analysis and projections generated by the tools or other analysis described in this section of the Brochure include information regarding the likelihood of various potential investment outcomes. They are hypothetical in nature, vary depending on which tool of analysis is used and with each use and over time, do not reflect actual investment results, and are not guarantees of future results. The probability of success also varies based on differing assumptions, on different tools and from one financial planning contract year to the next based on changing circumstances and market information. Results may reflect one point in time only and are only one factor you should consider as you determine how best to plan for your future.

Your financial plan also may include an asset allocation analysis designed to assist you in positioning your investment assets. If your financial plan includes such

analysis, the recommended portfolio allocation will be determined based on a variety of factors, including your personal financial information and the historical and anticipated performance of different asset classes. The analysis is meant only to illustrate the relative experience among asset classes and portfolios. Periodic rebalancing of your portfolio and reallocation among the asset classes is recommended in most circumstances, and rebalancing and reallocation may not be part of AFPS. Ameriprise Financial Services does not rebalance your portfolio or reallocate your target asset allocations on a continuous basis. If you have a substantial percentage of your net worth concentrated in a given asset or asset class, the illustrations may prompt your financial advisor to recommend that you sell a significant portion of such position to reduce risk by reducing the concentrated positions within your portfolio. This is particularly true if the asset in question is stock of your employer, given that both your income and investment could be tied to the profitability of your employer. **Before you actually sell any such assets, consult with your legal and tax professionals regarding the tax and other implications of any such sale.**

The asset allocation analysis does not provide a comprehensive financial analysis of your ability to reach your other financial planning goals, and it does not identify the impact of your investment strategy on your tax and estate planning situations.

## Sources of information

The principal source of information used by your financial advisor is the data provided by you, such as your personal data, assets and liabilities, income expectations, assumed overall rates of interest and inflation, short-term and long-term financial goals, risk tolerance associated with goals, and other relevant information. When developing product recommendations, your financial advisor may also use training and marketing materials; prospectuses and annual reports for the investment; financial and insurance products distributed or, in certain instances, created by Ameriprise Financial Services or its affiliates; and market commentary provided by Ameriprise Financial Services or our affiliate, Columbia Management Investment Advisers, LLC ("Columbia Management Investment Advisers"), or other unaffiliated entities. Your financial advisor is supported by Ameriprise Financial Services corporate office staff that reviews publications and other research materials featuring current financial planning techniques, methodologies, laws, regulations and rulings.

## Investment strategies

Your financial advisor may recommend long-term strategies for your financial plan, such as dollar-cost averaging, reinvestment of dividends or other proceeds on investments, and asset allocation.

Recommendations may also be made to help you realize capital gains or losses on securities or investment products that you own. Depending on the investment strategy you select, your financial advisor may advise you on, among others: equity securities (e.g., exchange-listed, over-the-counter and foreign); fixed income securities (e.g., corporate debt securities, U.S. government securities, municipal securities, certificates of deposit and commercial paper); warrants; variable life insurance; variable annuities; mutual funds; futures contracts; options contracts; and interests in, among other things, real estate investment trusts ("REITs") and limited partnerships ("LPs"). See the "Implementation of your financial planning recommendations" section for further information on investment products and services offered by Ameriprise Financial Services.

We cannot guarantee future financial results or the achievement of your financial goals through implementation of your financial plan and any advice or recommendations provided to you. Ameriprise Financial Services does not monitor the day-to-day performance of your specific investments. Before implementing your financial plan, you should consider carefully the ramifications of purchasing products or services, and you may want to seek further advice from your lawyer and/or accountant, particularly in connection with estate planning, taxes or small business owner planning issues.

The benefits and advantages of cash value life insurance generally increase as the policy matures and are most fully realized with the death of the insured. A client with immediate liquidity needs may consider whether to sell the policy to a third party at a discounted value (commonly referred to as a life settlement).

## Disciplinary Information

Below is notice of certain regulatory and legal settlements entered into by Ameriprise Financial Services or its predecessor, American Express Financial Advisors, Inc. ("AEFA"):

## Regulatory proceedings

Ameriprise Financial Services entered into each of the regulatory settlements listed below without admitting or denying the allegations.

### SEC and FINRA (fka NASD) Actions

In March 2011, Ameriprise Financial Services reached a settlement with FINRA regarding allegations related to the timeliness of the firm's investigation of a financial advisor who forged signatures on a number of client documents from January 2003 through October 2007. FINRA alleged that Ameriprise first became aware of the potential forgeries in December 2005 but did not complete its investigation until April 2008. Ameriprise agreed to a fine of \$50,000.

In July 2009, Ameriprise Financial Services, Inc. reached a settlement with the Securities and Exchange Commission relating to allegations concerning undisclosed real estate investment trusts ("REITs") revenue-sharing arrangements and selling a REIT prior to the effectiveness of its registration. Ameriprise Financial Services agreed to pay a disgorgement amount of \$8.65 million and a penalty amount of \$8.65 million.

In December 2007, Ameriprise Financial Services settled with FINRA concerning allegations of inappropriate non-cash compensation arrangements and failure to meet its record-retention obligations. The firm paid a fine of \$145,000.

In December 2005, the SEC, NASD and the State of Minnesota announced settlements with Ameriprise Financial Services regarding allegations related to revenue-sharing and directed brokerage and its parent company, Ameriprise Financial, Inc., regarding market timing. Pursuant to these settlements, the Ameriprise Financial entities agreed to pay a total of \$59.3 million in fines and restitution. Regulators found that between Jan. 1, 2002, and Aug. 31, 2002, American Express Financial Corporation ("AEFC") allowed certain identified market timers to continue to market time contrary to the prospectus language of the American Express Funds. From May 2002 to October 2003, AEFC also allowed one identified market timer to market time insurance and variable annuity products contrary to the products' prospectus disclosures. From Jan. 1, 2002, to Sept. 30, 2003, AEFC failed to prevent a number of AEFC and related company employees from market timing various portfolios of American Express Funds through their 401(k) retirement plan contrary to prospectus disclosures.

Regulators concluded that between Jan. 2001 and Aug. 2004, AEFA's client disclosures with respect to revenue sharing were insufficient, and that our directed brokerage procedures violated an NASD rule.

In November 2005, AEFA settled with the NASD concerning allegations of inappropriate revenue sharing between certain mutual fund complexes and the firm, allegedly resulting in preferential treatment of those fund complexes. The firm consented to a censure by the NASD and paid a fine of \$12.3 million.

In October 2005, AEFA settled with the NASD concerning alleged failures to establish and maintain supervisory systems and procedures reasonably designed to comply with suitability obligations relating to sales of 529 plans. The firm paid a civil penalty of \$500,000 and approximately \$750,000 in remediation to affected customers. The firm also developed systems and procedures designed to comply with the laws, regulations and rules governing sales of 529 plans.

In September 2005, Ameriprise Financial Services reached a settlement with the NASD regarding allegations relating to the sale of 529 education saving plans. Under the terms of the settlement, Ameriprise Financial Services paid a fine of \$500,000 and offered restitution of \$749,790 to specified clients. FINRA found that AEFA did not have satisfactory policies and procedures in place to monitor the suitability obligations of 529 Plan sales made from May 2001 through December 2004.

In May 2005, AEFA settled with the NASD concerning alleged failures to monitor the performance of certain supervisory procedures and to monitor certain transactions. The firm paid a \$25,000 fine and implemented corrective procedures.

In March 2005, Ameriprise Financial Services reached a settlement with the NASD regarding allegations related to a number of instances during the period Jan. 1, 2002 to Jul. 31, 2003, where mutual fund Class B shares may have been sold by AEFA to some clients when Class A shares might have been less costly. AEFA agreed to a fine of \$13 million. AEFA also agreed to generally offer eligible clients who purchased \$50,000 or more of Class B shares in any fund family between Jan. 1, 2002, and Mar. 22, 2005, the opportunity to convert these mutual fund positions to Class A shares.

In December 2004, AEFA settled with the NASD concerning alleged failures to adequately supervise one of its financial advisors with respect to mutual fund transactions. The firm paid a \$20,000 fine. The



firm also submitted a Corrective Action Statement and a Statement of Mitigation to the NASD detailing improvements made to the firm's supervisory systems.

In December 2004, AEFA settled with the NASD concerning alleged failures to file in a timely manner changes to disclosure documents on certain financial advisors and to reasonably supervise compliance with the firm's reporting obligations. The firm paid a \$700,000 penalty to the NASD. The firm also certified to the NASD that it had improved its reporting systems and procedures to meet its reporting requirements.

In October 2004, AEFA settled with the NASD concerning alleged failures to file in a timely manner certain pieces of sales literature; to obtain NASD approval of certain pieces of sales literature before public use of those pieces; and to establish, maintain and enforce supervisory systems and procedures to protect against misuse of sales literature. The firm paid a \$400,000 penalty to the NASD.

In February 2004, AEFA reached a settlement with the NASD for allegedly failing to provide available breakpoint discounts to its customers who purchased Class A mutual fund shares. AEFA agreed to a fine of \$1,853,347. In addition, AEFA agreed to, among other things, provide written notification to each customer who purchased front-end load mutual funds through AEFA from Jan. 1, 1999, through Nov. 3, 2003, that AEFA experienced a problem delivering breakpoint discounts and that, as a result, the customer was entitled to a refund. AEFA also agreed to settle a parallel administrative proceeding instituted by the SEC, in which the SEC found that AEFA violated Section 17(a) (2) of the Securities Act of 1933 and Rule 10b-10 of the Securities Exchange Act of 1934. AEFA agreed to a censure, cease-and-desist order, a civil money penalty of \$1,853,347, and pay disgorgement and prejudgment interest through the refund program set forth in the NASD order.

In November 2002, AEFA reached a settlement with the NASD in connection with the offer and sale of variable annuities and variable life insurance. NASD alleged that through selling variable annuities into tax-qualified retirement accounts, AEFA, through certain of its financial advisors, (1) provided inadequate disclosures to clients, (2) made recommendations involving sales of annuities in qualified plans without having a reasonable basis for believing that the recommendations were suitable based on customer needs, (3) had inadequate supervisory policies and procedures regarding the sale of variable annuities

and variable life insurance, and (4) failed to take corrective action in a timely manner. AEFA agreed to a fine of \$350,000.

## **State securities actions**

In October 2009, Ameriprise Financial Services settled with the State of Kentucky concerning alleged failures to adequately supervise two agents with respect to margin account abuses, document forgery, discretionary trading and other sales practice abuses. The firm agreed to offer restitution to impacted clients and pay an administrative assessment and the State's investigative costs, as well as a contribution to the State's investor protection fund.

In April, 2009, Ameriprise Financial Services, Inc. reached a settlement with the States of Alabama and Georgia regarding the alleged failure of Ameriprise Financial Services to close financial plans according to its policy requirement. As a result of the settlement, Ameriprise Financial Services was ordered to pay the states' administrative assessments, investigative costs and into their respective investor protection funds. Ameriprise Financial Services also voluntarily paid refunds to impacted clients.

In January 2009, Ameriprise Financial Services reached a settlement with the Commonwealth of Pennsylvania, without admitting or denying the allegations, regarding alleged failures to reasonably supervise certain of its agents and alleged dishonest or unethical practices relating to internal policies requiring the verification of financial plan delivery. As a result of the settlement, Ameriprise Financial Services was ordered to pay investigative and legal costs, as well as pay an administrative assessment of \$1.6 million.

In July 2008, Ameriprise Financial Services reached a settlement with the Commonwealth of Virginia on matters relating to allegations that AEFA, through certain of its financial advisors, provided inadequate disclosures to clients relating to the conflicts associated with proprietary mutual funds and made recommendations regarding proprietary mutual funds without having a reasonable basis for believing that the recommendations were suitable based on client needs. AEFA agreed to settle the matter by paying a fine and offering certain financial planning clients who are Virginia residents the opportunity to file a claim for a partial refund of the financial planning fee.

In June 2008, Ameriprise Financial Services reached a settlement with the State of Illinois on matters

relating to allegations that AEFA failed to disclose certain conflicts of interest related to the (i) sale of its proprietary mutual funds and (ii) limited transferability of its proprietary mutual funds. AEFA agreed to settle both matters by paying \$1.5 million and developing and implementing a process so that certain Illinois customers of AEFA would not be responsible for charges associated with the transference of proprietary mutual fund shares to another broker-dealer if it did not have a shareholder services agreement in place with AEFA.

In April 2008, Ameriprise Financial Services, Inc. and the State of New Hampshire reached a settlement relating to allegations that Ameriprise Financial Services, among other things: (i) failed to report in a timely manner to the State of New Hampshire occurrences of advisor forgeries, and failed to deliver previously purchased financial plans, as required by the terms of a 2005 settlement agreement with the State of New Hampshire (see below); and (ii) failed to supervise the advisors who allegedly committed such improprieties. Pursuant to the settlement, Ameriprise Financial Services agreed to pay a total of \$3.5 million in fines and costs and submit a written report to the State of New Hampshire by Dec. 31, 2008.

In January 2008, Ameriprise Financial Services settled with the State of Illinois concerning alleged failures to reasonably supervise one of its agents who misappropriated customer funds. The firm agreed to offer restitution of \$1.4 million to impacted clients and reimburse the State's investigative costs. Ameriprise also agreed to a series of remedial actions regarding its supervision.

In October 2007, Ameriprise Financial Services settled with the State of Georgia concerning alleged failures to adequately supervise certain of its financial advisors, allegedly resulting in fraudulent sales practices in customers' accounts. The firm paid a civil assessment of \$40,000, investigative and administrative costs incurred by the State of Georgia, and a \$10,000 contribution to Georgia's Investor Protection Trust. The firm also agreed to monitor its compliance with its enhanced supervisory systems and the Georgia Securities Act for 24 months.

In January 2007, Ameriprise Financial Services settled with the State of Mississippi concerning alleged failures to adequately supervise one of its financial advisors with respect to that financial advisor's outside business activities. The firm paid an administrative assessment of \$150,000.

In September 2006, Ameriprise Financial Services settled with the State of Arizona concerning alleged failures to adequately supervise one of its financial advisors, allegedly resulting in forgery and misappropriation of client funds. The firm paid an administrative assessment of \$1.25 million and implemented an enhanced surveillance process and improved supervisory and compliance procedures.

In December 2005, Ameriprise Financial Services settled with the State of Arizona concerning alleged failures to reasonably supervise one of its agents who misappropriated customer funds. The firm paid an administrative penalty of \$1 million and agreed to a series of remedial actions regarding its supervision.

In July 2005, AEFA and the State of New Hampshire reached a settlement relating to AEFA's alleged failure to disclose potential conflicts of interest in the client-advisor relationship regarding proprietary sales of mutual funds and model portfolios. AEFA paid a fine of \$5 million and \$375,000 for investigative costs. AEFA also agreed to an independent consultant to improve practices and determine a plan of restitution for clients in New Hampshire up to \$2 million.

In June 2005, AEFA and the State of New Jersey reached a settlement concerning failures to reasonably supervise an advisor who misappropriated customer funds. AEFA agreed to settle the matters by paying a fine of \$5 million to the State of New Jersey and employing an independent consultant to review its advice supervisory practices.

In October 2004, AEFA settled with the State of Florida concerning alleged failures to adequately disclose to clients its policy of penalizing financial advisors for moving proprietary mutual funds to fee-based accounts, which may have caused a conflict of interest for those financial advisors. The firm paid a \$32,000 administrative fine to the State of Florida and reimbursed affected financial advisors.

In March 2004, AEFA settled with the State of Connecticut concerning alleged failures to adequately disclose to clients its policy of penalizing financial advisors for moving proprietary mutual funds to fee-based accounts, which may have caused a conflict of interest for those financial advisors. The firm paid a \$100,000 administrative fine and \$10,000 to reimburse the State of Connecticut for the cost of the investigation. The firm also reimbursed the affected financial advisors and sent each financial advisor a letter explaining the reimbursement.

In May of 2002, AEFA settled with the State of Missouri concerning alleged failures to adequately supervise one of its financial advisors, who misappropriated \$794,600 from seven Missouri investors. The firm agreed to pay \$20,000 to reimburse Missouri for the cost of the investigation and \$65,000 to the Missouri Secretary of State's Investor Fund. In a related order from the NASD, the firm agreed to a series of remedial actions regarding its supervision.

## Legal proceedings

### Settlement of class action lawsuit

In October 2005, Ameriprise Financial Services announced a comprehensive settlement regarding the consolidated securities class action lawsuit filed against the company, its former parent and affiliates. This suit relates to the sale of mutual funds that were part of a revenue-sharing program, the sale of proprietary mutual funds, and the sale of financial plans and product recommendations contained in financial plans from March 10, 1999, to the settlement date. The settlement included a one-time payment of \$100 million to the class members and was subject to court approval.

## Other Financial Industry Activities and Affiliations

Ameriprise Financial Services is a subsidiary of **Ameriprise Financial, Inc.** and conducts activities through its affiliates. These activities may be material to its investment advisory business or its investment advisory clients. These affiliates include companies under common control with Ameriprise Financial Services by virtue of their status as direct or indirect subsidiaries of Ameriprise Financial, Inc. The information below provides you an overview of the Ameriprise Financial, Inc. companies. These companies work together to offer you financial products and services designed to help you reach your financial goals.

### Broker-dealer

**Ameriprise Financial Services, Inc.** is a registered investment adviser and broker-dealer with the Securities and Exchange Commission ("SEC"), and in all 50 states as well as the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, and is a member of

the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). Review the **"Advisory Business"** section in this Disclosure Brochure for detailed information about investment advisory services offered by Ameriprise Financial Services, Inc.

In its capacity as a broker-dealer, Ameriprise Financial Services distributes or receives compensation from selling mutual fund shares, 529 Plans, face-amount certificates, unit investment trusts, real estate investment trusts ("REITs"), funds of hedge funds, fixed and variable annuities, and fixed and variable life insurance. Ameriprise Financial Services also sells managed futures limited partnerships that engage in trading commodity interests, including futures. These products are regulated by the Commodity Futures Trading Commission and the National Futures Association. Through a limited group of registered representatives, Ameriprise Financial Services introduces nonproprietary hedge funds to certain qualified investors. Many of the investment products that Ameriprise Financial Services distributes are products of affiliates, but some mutual funds, unit investment trusts, REITs and limited partnership interests are issued or underwritten by unaffiliated companies.

In addition, Ameriprise Financial Services is the principal underwriter and distributor of the publicly offered face-amount certificates issued by **Ameriprise Certificate Company**. Ameriprise Financial Services also may serve as an underwriter or member of a selling group for securities offerings, including those issued by affiliates.

Retail brokerage services are made available through Ameriprise Financial Services. Brokerage transactions for accounts introduced by Ameriprise Financial Services are executed and cleared through **American Enterprise Investment Services, Inc.** ("AEIS"), a registered broker-dealer. Ameriprise Financial Services and AEIS have an agreement in which Ameriprise Financial Services introduces customer accounts to AEIS on a fully disclosed basis. AEIS serves as Ameriprise Financial Services' clearing agent in providing execution and clearing services for transactions that are executed for customers of Ameriprise Financial Services. Ameriprise Financial Services approves and opens accounts and accepts securities order instructions with respect to the accounts. In exchange for a fee paid by Ameriprise Financial Services, AEIS provides execution, record keeping and all clearing functions for accounts.

In addition, AEIS may act as an agent in effecting securities transactions for Ameriprise Personal Trust Services accounts.

**AMPF Holding Corporation** is a holding company for Ameriprise Financial Services and AEIS.

**Columbia Management Investment Distributors, Inc.** (“Columbia Management Investment Distributors”), an indirect wholly owned subsidiary of Ameriprise Financial, Inc., is a registered broker-dealer, serving as principal underwriter and distributor of Columbia Funds and Columbia Acorn Funds. Ameriprise Financial Services has selling arrangements with Columbia Management Investment Distributors to distribute these mutual funds.

**RiverSource Distributors, Inc.** (“RiverSource Distributors”), a wholly owned subsidiary of Ameriprise Financial, Inc., is a registered broker-dealer, serving as principal underwriter and distributor of RiverSource variable life insurance and annuities on behalf of RiverSource Life Insurance Company (“RiverSource Life”), and RiverSource Life’s wholly owned subsidiary, RiverSource Life Insurance Co. of New York (“RiverSource Life of NY”). Ameriprise Financial Services has selling arrangements with RiverSource Distributors to distribute these products.

## Investment company

Ameriprise Financial Services has arrangements with Ameriprise Certificate Company to distribute and sell face-amount certificates and selling arrangements with Columbia Management Investment Distributors to distribute Columbia-branded products, as well as those bearing the Seligman or Threadneedle name.

## Investment advisory firm

**Columbia Management Investment Advisers, LLC** is registered as an investment adviser with the SEC. Columbia Management Investment Advisers, LLC provides investment advice to:

- Columbia Funds
- Ameriprise Certificate Company
- RiverSource Life, as well as the open-end management investment companies underlying certain variable contracts issued by RiverSource Life and, in New York only, by RiverSource Life of NY
- Various Wrap Program Sponsors, including Ameriprise Financial Services
- Other affiliated and unaffiliated clients

Ameriprise Financial, Inc. has other subsidiaries that are registered as investment advisers with the SEC, including **Threadneedle International Limited** and **Columbia Wanger Asset Management LLC**. These subsidiaries are registered as investment advisers and may provide advice to domestic and foreign institutional clients and other fiduciary clients. The Threadneedle group of companies constitutes the international investment platform for Ameriprise Financial, Inc. The group consists of wholly owned subsidiaries of Ameriprise Financial, Inc., and provides services independent from Ameriprise Financial Services.

## Banking institution

Some Ameriprise Financial Services programs and accounts provide access to bank deposit products and services (e.g., checking, savings, CDs, money markets), lending products and services (e.g., mortgages, home equity loans, lines of credit) and personal trust services (e.g., irrevocable life insurance trusts). These banking products and services are provided by **Ameriprise Bank, FSB**, Equal Housing Lender, Member FDIC, and subsidiary of Ameriprise Financial, Inc. Ameriprise Bank, FSB deposit products are FDIC-insured up to \$250,000 per depositor, per ownership category.

Personal trust services are offered by Ameriprise Financial Services and through **Ameriprise Personal Trust Services** (“APTS”), a division of Ameriprise Bank, FSB. APTS receives investment advice and research support from Ameriprise Financial Services. AEIS may act as an agent in clearing securities transactions for APTS accounts.

Investment products are not federally or FDIC insured, are not deposits of or guaranteed by any financial institution, and involve investment risks including possible loss of principal and fluctuation in value.

## Trust company

**Ameriprise Trust Company** (“ATC”), a Minnesota chartered company, provides trustee, custodial, investment management and collective trust fund services for employer sponsored retirement plans, including pension, profit sharing, 401(k) and other qualified and nonqualified employee retirement plans. ATC also serves as custodian for IRAs, 403(b)s and some retirement plans qualified under section 401(a) of the Internal Revenue Code of 1986. ATC is not a deposit bank or a member of Federal Deposit Insurance Corporation (“FDIC”).



## Insurance company

Insurance products sold by Ameriprise Financial Services and its financial advisors are issued generally by **RiverSource Life Insurance Company**, a stock life insurance company that is qualified to do business as an insurance company in the District of Columbia, American Samoa and all states except New York; and in New York only, through **RiverSource Life Insurance Co. of New York**, qualified to do business as an insurance company in New York. The products of RiverSource Life and RiverSource Life of NY include fixed and variable annuities, life insurance and disability insurance.

**Ameriprise Auto & Home Insurance** issues auto, home and umbrella insurance in various states. The insurance is underwritten by IDS Property Casualty Insurance Company and/or Ameriprise Insurance Company, both in DePere, WI. These products are offered primarily by direct marketing and referrals from financial advisors.

**Ameriprise Auto & Home Insurance Agency, Inc.**, an affiliated insurance agency, may place business for third-party carriers.

## How we get paid

This section should be read in connection with the **“Fees and Compensation”** and/or the **“Client Referrals and Other Compensation”** sections in this Disclosure Brochure.

Ameriprise Financial Services and its affiliates receive revenue from several different sources on the products and services you purchase. These sources include the fees and charges you pay, other arrangements we have in place with product companies, and investment and interest income. The revenue generated or received supports, in part, the development of new products, maintenance of our infrastructure, and retention of employees and financial advisors. Further on in this section you will find information on how our financial advisors are paid.

## Revenue sources for Ameriprise Financial Services, Inc.

### Payments from clients

- **Financial planning and advisory service fees**

These are fees you pay for financial planning and fee-based investment advisory account services, respectively.

- **Sales charges**

Sales charges, commissions and/or selling concessions are paid when you buy or sell mutual funds, 529 Plans, stocks and bonds, closed-end funds, REITs and structured products. These charges vary by product and product type. For example, the sales charge for a stock mutual fund is typically greater than that for a bond mutual fund. When you buy REITs, the charge you pay may also include a portion of the distribution, organization, and offering fees and expenses.

- **Periodic fees**

Periodic fees include IRA administrative fees, brokerage fees (i.e., account maintenance fees), and a portion of the fees associated with certain banking products and services (i.e., deposit products and personal trust services).

Ameriprise Financial Services offers programs that may result in reimbursement to client accounts for certain periodic fees. In our client loyalty program, Ameriprise *Achiever Circle*, participants are eligible for reimbursement of certain fees. In another program, Ameriprise financial advisors may receive funding from Ameriprise Financial Services that is based on a financial advisor's prior-year compensation and use the funds to reimburse client accounts for periodic fees. Not all financial advisors participate in the latter program, and it is possible that not all fees may be reimbursed. Sales charges, trading commissions, and financial planning and advisory services fees are not eligible for reimbursement.

Ameriprise Financial Services may provide a fee reduction to its employees and affiliates for certain products and services.

- **Periodic expenses**

Periodic expenses are paid from product assets, such as 12b-1 fees paid from mutual fund assets (including 12b-1 fees paid on certain funds that serve as underlying investment options for variable annuities, variable life insurance and 529 Plan assets) and distribution fees paid from Ameriprise Certificate assets. 12b-1 fees may be used to pay for marketing, distribution and shareholder services.

- **Interest**

If you request a margin account, interest is charged on your margin balance. A portion of the revenue from margin interest you pay may be shared with your Ameriprise financial advisor. You may also pay interest through the use of the Overdraft Protection feature of your brokerage account.

### **Payments from product companies**

Ameriprise Financial Services receives a variety of payments for selling the products of proprietary (e.g., Columbia Management) and nonproprietary product companies. These payments include payments for marketing support, record keeping and other client account services, startup costs, technology and related expenses, conferences and client events. The most significant payments are marketing support payments.

### **Mutual fund and 529 Plan marketing and sales support payments**

Mutual fund and 529 Plan marketing support payments are received from certain mutual fund firms (described below as “Full Participation Firms” and “Limited Participation Firms”). These payments form a structure referred to here as “the Program” within the more than 250 mutual fund families (“firms”) Ameriprise Financial Services offers.

The goal at Ameriprise Financial Services is to offer a wide range of mutual funds using the following criteria:

- Marketing payments to support the cost of distribution
- Financial strength of the firm
- Product breadth and strong-performing funds
- Ability to provide wholesaling and training to our financial advisors
- Tax benefits offered by individual states (specific to 529 Plans)
- Overall quality of the 529 Plan (specific to 529 Plans)

Ameriprise financial advisors may offer, and clients are free to choose, mutual funds from the more than 250 firms offered. However, certain aspects of the Program may create a conflict of interest or incentive if Ameriprise Financial Services promotes, or Ameriprise financial advisors recommend, the mutual funds offered by a firm participating in the Program vs. mutual funds offered by nonparticipating firms. In addition, among firms participating in the Program, financial advisors generally have a greater incentive to offer mutual funds from Full Participation Firms than mutual funds from Limited Participation Firms. As further described below, these conflicts and incentives may arise from the marketing and sales support provided to our financial advisors by, as well as the payments Ameriprise Financial Services receives from, firms participating in the Program and with other relationships with firms, including our affiliation with Columbia Management Investment Advisers and the

Columbia-branded mutual funds, in addition to other fund brands (the “Affiliated Columbia Funds”) – see the section titled “Columbia and other affiliated mutual funds” below.

### **Marketing and sales support**

The firms in the Program that are Full Participation Firms provide education, training, marketing and sales support to Ameriprise financial advisors. These firms may reimburse Ameriprise Financial Services or Ameriprise financial advisors for client/prospect education events and financial advisor sales meetings, seminars and training events consistent with Ameriprise Financial Services policies. Ameriprise Financial Services may also receive nominal noncash benefits from time to time. Limited Participation Firms pay marketing support at a lower level than do Full Participation Firms; therefore, Limited Participation Firms may not provide some services, or the same level of services, to Ameriprise financial advisors. As a result, Ameriprise financial advisors may have a greater familiarity with and incentive to sell Full Participation Firms’ funds and 529 Plans.

### **Marketing and sales support payments**

To be included in the Program, firms have agreed to pay Ameriprise Financial Services a portion of the revenue generated from the sale and/or management of mutual fund shares. Full Participation Firms pay marketing support at a higher level than do Limited Participation Firms. Each year a client holds shares of a particular mutual fund, the mutual fund’s advisor or distributor may pay to Ameriprise Financial Services an amount based on the value of the mutual fund shares held in clients’ accounts (asset-based payment). In addition, a mutual fund’s advisor or distributor may pay a fee to Ameriprise Financial Services for the mutual fund shares purchased during a given period (sales-based payment). As of December 2011, Ameriprise Financial Services received an asset-based payment (up to 0.22% per year for mutual funds and 0.16% per year for 529 Plans) on some or all of Ameriprise Financial Services clients’ assets managed by the participating firms and a sales-based payment (up to 0.22% for mutual funds and up to 0.20% for 529 Plans) on some or all of the participating firms’ gross sales made through Ameriprise Financial Services.

Limited Participation Firms generally limit by prospectus the amount of marketing support their affiliates may pay on mutual funds.

Ameriprise Financial Services receives up to 0.62% of money fund deposits for its money market fund sweep program. The amount that Ameriprise Financial Services receives may be reduced based on fee waivers that are imposed by the money market fund firm.

These arrangements vary between firms and may be subject to change or renegotiation at any time. If a firm ceases to pay marketing support or other fees, Ameriprise Financial Services may remove the firm from the Program and may cease to offer mutual fund shares and/or the 529 Plan(s).

### **Full participation**

Twenty-four firms fully participate in the Program. These firms include Columbia mutual funds (and the Affiliated Columbia Funds), American Century, BlackRock, Calvert, Credit Suisse, Dreyfus, DWS Investments, Eaton Vance, Federated, Fidelity, Goldman Sachs, Invesco, Ivy, Janus, John Hancock, JP Morgan, Legg Mason, MFS, Nuveen, Prudential, Putnam, Oppenheimer, Virtus and Wells Fargo. These firms are referred to as “Full Participation Firms.”

We offer 529 Plans from 21 firms. Of those firms, 13 are Full Participation Firms. These fund firms include American Century, Black Rock, Calvert, Columbia, DWS Investments, Fidelity, Ivy, John Hancock, Legg Mason, MFS, Oppenheimer, Putnam and Wells Fargo. Each of these firms is referred to as a “Full Participation Firm.”

### **Limited participation**

Four firms participate in the Program at a limited level. These firms include AllianceBernstein, Allianz Global Investors, PIMCO and Franklin Templeton. These firms are referred to as “Limited Participation Firms.” 529 Plan “Limited Participation Firms” include AllianceBernstein, Allianz Global Investors, Franklin Templeton, Hartford and Upromise.

### **Distribution support relationships**

Ameriprise Financial Services also has arrangements with firms for distribution support services. These firms make payments of up to 0.18% on sales and 0.10% on assets to Ameriprise Financial Services for these services, which support the distribution of the fund’s shares and 529 Plans by making them available on one or more of Ameriprise Financial Services platforms, commonly known as “shelf space.” These mutual fund firms do not provide marketing and sales support to Ameriprise financial advisors and do not participate in the mutual fund list (as described in the next section).

Ameriprise Financial Services sells 529 Plans from three firms that neither have wholesaling access to Ameriprise financial advisors nor pay marketing or distribution support. Moreover, the plans are available for sale to in-state residents only. Those firms are American Funds, First National Bank of Omaha, and Union Bank & Trust.

The most current Program information, as well as the previous calendar year’s totals of marketing support received from Full and Limited Participation firms, in addition to distribution support amounts, may be viewed online by visiting [ameriprise.com/funds](http://ameriprise.com/funds) and clicking on “Purchasing mutual funds through Ameriprise.”

### **Mutual fund list**

Ameriprise financial advisors may make mutual fund recommendations based on a group of funds that appear on an Ameriprise Financial Services mutual fund list (the “List”). The List is developed by the Ameriprise Financial Investment Research Group. Approximately 1,400 mutual funds are eligible for inclusion on the List, which includes only mutual funds deemed “Full Participation Firms” in the Ameriprise Financial Services Mutual Fund Program described above.

In developing the List, the Ameriprise Financial Investment Research Group applies a quantitative and qualitative evaluation process that includes an analysis of a fund’s returns, risk and expenses; the tenure of its portfolio managers; and the consistency of its performance and style. Certain mutual funds that would have otherwise been included on the List were excluded because of their high investment minimums. Client suitability must be considered when trading mutual funds, including breakpoint discount eligibility and NAV transfer availability. The funds on the List are subject to change periodically; however, changes to the List should not be the sole reason to prompt trading.

This List is developed by evaluating the characteristics of each fund’s A share class. As a result, clients for whom another share class may be more advantageous may be unable to purchase a fund on the List if that fund does not offer that particular share class. In addition, the List was developed using those funds currently available through SPS *Advantage*, SPS Advisor or Ameriprise brokerage. As a result, clients may not be able to purchase a fund on the List if that fund is not available through the service in which the client invests.

Ameriprise Financial Services receives payments for the services we provide to the Full Participation



Firms (including our affiliate Columbia Management Investment Advisers) and to other funds available for sale at Ameriprise Financial Services. The amount of fees Ameriprise Financial Services receives from funds eligible for inclusion on the List is not considered in the selection process for inclusion on the List, and no fund pays Ameriprise Financial Services to be on the List. Clients may choose to follow the recommendations provided by the Ameriprise financial advisor or may select from any of the other funds offered through Ameriprise Financial Services, regardless of whether that fund appears on the List.

### **Other financial relationships**

In addition to sales charges, 12b-1 fees and marketing support payments Ameriprise Financial Services receives, the mutual fund's adviser, distributor or affiliate may also make other payments to Ameriprise Financial Services for client services and other account maintenance activities provided. Information about these charges and fees may be viewed at [ameriprise.com/funds](http://ameriprise.com/funds) in the document titled "An Investor's Guide to Purchasing Mutual Funds Through Ameriprise Financial" or by clicking on the link "Purchasing mutual funds through Ameriprise" or in the mutual fund prospectus. Ameriprise Financial Services receives up to 0.40% per year on some or all of its Ameriprise Financial Services clients' assets managed by participating mutual fund firms.

Ameriprise Financial Services provides clients with access to other firms through its relationship with Charles Schwab & Co., Inc. ("Schwab"), and Schwab's mutual fund program. Schwab passes to Ameriprise Financial Services certain payments it receives from firms accessed through its program. AEIS receives payments from some firms for client and other account services. AEIS shares a portion of that fee with Ameriprise Financial Services for providing distribution support services, which is sometimes referred to as shareholder support services.

Ameriprise Financial Services and its affiliates may have other relationships with firms whose mutual funds Ameriprise Financial Services offers. These relationships may include affiliates of firms acting as a subadviser to Columbia Management Investment Advisers, Columbia Management Investment Advisers acting as a subadviser to a firm, or affiliates of a firm managing an investment portfolio within another Ameriprise Financial Services or affiliated product, such as a *RiverSource*® variable annuity. Firms may use Columbia Management Investment Advisers as

an underlying investment option in products offered through the Program.

Ameriprise Financial Services has a marketing support agreement with BlackRock Advisors, LLC, with respect to BlackRock Funds positions held by Ameriprise Financial Services customers. BlackRock, Inc. owns more than 5% of the outstanding shares of Ameriprise Financial, Inc. stock.

### **Columbia and other affiliated mutual funds**

The following funds are now affiliated with Ameriprise Financial, Inc.: Columbia, Wanger, Columbia Acorn, *RiverSource*, Seligman and Threadneedle. The affiliates of Ameriprise Financial Services provide certain administrative and transfer agent services to these mutual funds. Ameriprise Financial Services and its affiliates generally receive more revenue from sales of affiliated mutual funds than from sales of other mutual funds. Employee compensation and operating goals at all levels of the company are tied to the company's success. Certain employees may receive higher compensation and other benefits based, in part, on assets invested in affiliated mutual funds.

### **Payments from other nonproprietary product providers**

#### **Payments from hedge fund offering sponsors**

Ameriprise Financial Services, in consideration for its marketing and other services, may receive ongoing investor service fee payments up to 1% of assets from hedge fund offering sponsors.

#### **Payments from nonproprietary annuity and insurance companies**

Nonproprietary annuity and insurance marketing, sales support and commission payments are received from unaffiliated insurance companies directly or through intermediaries.

Ameriprise Financial Services sells annuity and life insurance products manufactured by its *RiverSource* Life affiliate, as well as products from three nonproprietary variable annuity companies to its clients. Compensation payable to the selling financial advisor is equal among *RiverSource* Life and the three nonproprietary variable annuity companies for comparable products; however, compensation payable to Ameriprise Financial Services may vary among the four companies.

RiverSource Life is permitted to reimburse Ameriprise Financial Services or Ameriprise financial advisors for client/prospect education events and financial advisor sales meetings, seminars and training events. The nonproprietary variable annuity companies pay distribution support payments to Ameriprise Financial Services up to 0.69% on sales and up to 0.15% on assets under management for “shelf space” and to help cover the costs of product training, business reporting, advertising and other activities. These companies also provide support to an Ameriprise Financial Services internal sales desk, which in turn provides support to financial advisors. These nonproprietary variable annuity companies do not provide direct client or financial advisor education or sales support, other than addressing client service issues. As a result, Ameriprise financial advisors may have a greater familiarity with *RiverSource* annuity products and may be more likely to sell those products.

Ameriprise Financial Services receives from the nonproprietary long-term care insurers payments up to 30% of the first-year commissionable premium, and varying payments from nonproprietary life, disability and other insurance carriers.

#### **Payments from direct investment sponsors**

Ameriprise Financial Services has agreements with the sponsors of direct investments including nontraded REITs. In exchange for certain services, such as distribution, marketing, and customer support and related services, these sponsors pay Ameriprise Financial Services a portion of the proceeds generated from the sale of direct investment shares. For selling direct investments, Ameriprise Financial Services may receive a fee of up to 8.50% of the price of each share sold. A portion of this fee is paid to the financial advisor. This fee is composed of varying levels of selling commissions, marketing support payments and selected dealer fees.

#### **Payments from structured products sponsors**

Ameriprise Financial Services receives a fee comprising selling commissions, selected dealer fees and/or marketing support fees for the sale of structured products. The marketing support fees are up to 60 basis points multiplied by the term of the product multiplied by the notational sales amount of the product.

Ameriprise Financial Services has a marketing support agreement with Barclays Bank, PLC, and Barclays

Capital, Inc., with respect to the firms’ structured products sold at Ameriprise Financial Services. Barclays Bank, PLC, retains ownership of a portion of Barclays Global Investors, which owns more than 5% of the outstanding shares of Ameriprise Financial, Inc. stock.

#### **Payments for referrals to structured settlement agents**

Ameriprise Financial Services receives a fee, shared with financial advisors, for referrals to structured settlement professionals for both clients and nonclient referrals. The amount and basis for the referral fee varies by relationship.

#### **Underwriters’ compensation**

Ameriprise Financial Services receives a fee comprised of a selling concession, management fee, underwriting fee, and, in some cases, a structuring fee for the sale of initial public offerings (“IPOs”) such as closed-end funds and preferred securities. The specific amounts vary by individual offering, and are disclosed in the prospectus.

#### **Transaction charges**

Ameriprise financial advisors pay charges on certain mutual fund and general securities transactions, including structured products and IPOs of closed-end funds and preferred securities. Transaction charges are determined using a variety of factors, such as the type of transaction; processing methodology (e.g., online, telephone, systematic arrangements); account type (fee-based SPS *Advantage* account/ transaction-based brokerage account); and, in one case, the firm. Ameriprise financial advisors pay the same mutual fund transaction rate for all mutual fund firms except American Funds. Ameriprise financial advisors pay significantly higher transaction charges (up to \$85 per transaction) on mutual fund purchases of American Funds. This higher transaction charge may be a disincentive for Ameriprise financial advisors to recommend American Funds. Additionally, American Funds does not pay Ameriprise Financial Services for either marketing support or distribution support. Not all mutual fund families, including American Funds, are available for purchase in a managed account. For more information about payments and potential conflicts of interest, please see the applicable prospectus, term sheet, application or other client disclosure forms.

#### **Financial interest in products**

Ameriprise Financial Services has a financial interest in the sales of proprietary products that are manufactured

by its affiliates. Ameriprise Financial Services and its affiliates receive more revenue from the sale of some financial products and services, particularly those products and services sold under the Ameriprise, Columbia and RiverSource brands, than for the sale of other products and services.

Ameriprise Financial Services generally also receives more revenue for securities or products sold in a fee-based account than for those sold with only a sales charge or commission. Higher revenue generally results in greater profitability for Ameriprise Financial Services. Employee compensation (including management and field leader compensation) and operating goals at all levels of the company are tied to the company's success. Management, sales leaders and other employees generally spend more of their time and resources promoting Ameriprise, Columbia and RiverSource products and services.

Both Ameriprise Financial Services and your individual financial advisor are compensated when you buy mutual funds through Ameriprise Financial Services. Generally, your financial advisor receives a substantial portion of the sales charge and 12b-1 fees paid to the firm in connection with your purchase for as long as you own your fund shares. Sales charges and 12b-1 fees vary from mutual fund to mutual fund and from class to class. Ameriprise Financial Services and the financial advisor receive more compensation on fund or share classes that pay higher fees.

Ameriprise Financial Services and the financial advisor generally receive less compensation when the sales charge and/or 12b-1 fee is reduced or waived completely, or where there is no sales charge. Therefore, there is an incentive for our advisors to sell a fund from a load fund family or a fund that pays a 12b-1 fee over one that does not.

Ameriprise Financial Services and Ameriprise financial advisors are paid in different ways for helping you choose mutual funds, depending on the type of fund, amount invested, and share class purchased. Ameriprise Financial Services and Ameriprise financial advisors generally receive reduced compensation when a sales charge or 12b-1 fee is reduced or eliminated or where there is no sales charge or 12b-1 fee, which may influence your advisor to recommend certain funds or classes over others. (Employee financial advisors receive compensation on 12b-1 fees for brokerage transactions only.

Ameriprise Financial Services and financial advisors receive more compensation for sales of certain types of products, such as insurance, rather than others.

## **Economic benefits of affiliates' products and services**

As with all financial services firms, a portion of our revenue and compensation can generate a profit for the firm. The revenue and compensation we receive helps us cover our expenses in providing and servicing these products and services. Employee and financial advisor compensation and operating goals at all levels of Ameriprise Financial, Inc. are tied to the success of its businesses. As a result, certain incentives and conflicts of interest may exist for Ameriprise Financial Services, our affiliates and our financial advisors if you purchase certain products or services recommended by your financial advisor.

Generally, Ameriprise Financial Services and our affiliates will receive:

- More revenue, in aggregate, from the purchase of *Ameriprise*, *Columbia* and *RiverSource* products ("proprietary products") than from the purchase of products from firms that aren't affiliated with Ameriprise Financial, Inc. ("nonproprietary products"). Ameriprise Financial Services actively promotes the products of our affiliates through advertising, direct mail, and training and wholesaling events. In addition, Ameriprise Financial Services may collect data regarding mutual funds recommended by individual advisors. RiverSource Life and Columbia Management wholesalers and others may use this information to encourage sales of *RiverSource* and *Columbia* products. This information is not generally available to nonproprietary mutual fund families.
- More revenue from the purchase of products and services than from financial advisory fees.
- More revenue when you purchase certain types of products, such as insurance and annuity products and direct investments.
- More revenue from products and services that generate ongoing revenue streams, such as mutual funds that pay ongoing 12b-1 fees, an investment advisory account service, and life insurance and annuity products with mortality and expense charges.
- More revenue when you purchase shares of mutual funds or 529 Plans from Full Participation Firms or Limited Participation Firms, or other products for which we have similar financial arrangements,

as described in the “Payments from product companies” subsection of this Brochure.

- Less revenue when a sales charge or commission is reduced or waived completely, or where there is no sales charge.
- More revenue when you move assets (including retirement plan accounts) from another institution to Ameriprise Financial Services or RiverSource Life or into a product managed by Columbia Management Investment Advisers or another affiliate.

Generally, your financial advisor may earn:

- More depending on how your financial advisor is affiliated with Ameriprise Financial Services, as described in the “How our financial advisors get paid” section of this Brochure
- More on the sale of certain RiverSource insurance products because RiverSource Life pays increasing levels of compensation the more a financial advisor sells
- More on the purchase of annuity and insurance products and direct investments, because they are more complex than are other products and take more time to service
- More from certain incentive programs
- Less on individual purchases within a transaction-based brokerage account because of the higher transaction charges your financial advisor pays on these accounts compared to a fee-based investment advisory account
- Less when a sales charge or commission is reduced or waived completely, or where there is no sales charge
- Typically less when you exchange an existing annuity contract, mutual fund or insurance policy for certain like or similar products from the same company, unless you have held the existing product for a certain period of time
- More as the size of any outstanding margin account balance increases
- Nominal additional compensation on the value of the assets rolled into an IRA brokerage account from a retirement account with Columbia mutual funds
- A higher payout rate based on the level of product sales, on the number of financial plans sold and on higher face/death benefit amount for certain insurance products
- More as increasing amounts of *RiverSource* life and disability insurance are sold

- More when you move accounts (including retirement plan accounts) from another institution to Ameriprise Financial Services, Columbia Management Investment Advisers or RiverSource Life
- Compensation for selling bank CDs and for certain savings and trust products
- No compensation for the renewal of *Ameriprise* certificates

Financial advisors who are employees of Ameriprise Financial Services receive concentrated training on Ameriprise, Columbia Management and *RiverSource* products, including *RiverSource* insurance and *RiverSource* annuity products, Columbia funds, and a targeted subset of nonproprietary products. As a result, if your financial advisor is an employee of Ameriprise Financial Services, the product recommendations you will receive will likely be drawn from this universe of products.

Ameriprise Financial Services may enter into strategic alliances with companies that offer products or services that Ameriprise Financial Services and its financial advisors do not sell. In some of those alliances, Ameriprise financial advisors may receive gifts and offers from the other companies.

Some, but not all, of the financial planning software tools available for use by your financial advisor were developed by Ameriprise Financial Services or unaffiliated third parties and may make it more convenient for your financial advisor to select proprietary products.

Most Ameriprise financial advisors are also the appointed agents of RiverSource Life Insurance Company and, in New York only, RiverSource Life Insurance Co. of New York, affiliates of Ameriprise Financial Services. When acting as an agent for these affiliates, your financial advisor's interest may not be the same as your interest.

Additionally, it is possible that APTS would send an order on behalf of an APTS account to AEIS and at the same time AEIS would execute the opposite order for one of its brokerage clients. Investments may be made for APTS accounts in which Ameriprise Financial Services or its related persons have a position or interest. Although Ameriprise Financial Services and its related persons may own securities suitable for or held by clients, in no case will holdings of Ameriprise Financial, Inc., its subsidiaries or their employees or directors be directly sold to or purchased from APTS accounts. Ameriprise Financial Services or an affiliate may buy or sell for its own account securities that



Ameriprise Financial Services will buy for the APTS accounts. Ameriprise Financial Services does not anticipate that conflicts of interest will arise because the policy of Ameriprise Financial Services is to effect transactions for APTS and other third-party clients before orders for Ameriprise Financial Services or other proprietary accounts.

## Code of Ethics, Participation or Interest in Transactions and Personal Trading

### Code of ethics

As part of an overall internal compliance program, Ameriprise Financial Services has adopted policies and procedures imposing certain conditions and restrictions on transactions for the account of Ameriprise Financial Services and the accounts of our employees. Such policies and procedures are designed to prevent, among other things, any improper or abusive conduct when potential conflicts of interest may exist with respect to a customer or client. In addition, from time to time, restrictions are imposed to address the potential for self-dealing and conflicts of interest which may arise in connection with Ameriprise Financial Services' business as a broker-dealer. Ameriprise Financial Services has adopted various procedures to guard against insider trading.

### Participation or interest in client transactions

See the "Financial interest in products" subsection in the "Revenue Sources for Ameriprise Financial Services, Inc." section in this Disclosure Brochure for more information about our financial interest in the sale of certain products and services.

### Personal trading rules and procedures

Ameriprise Financial Services has adopted personal trading rules and procedures within the Ameriprise Financial Code of Conduct ("Code of Conduct"). These rules are designed to state standards of business conduct and to mitigate potential conflicts of interest for

all persons of Ameriprise Financial Services when they engage in personal securities transactions.

The standards of business conduct include compliance with applicable laws and regulations and with policies and procedures such as those contained in the Code of Conduct. Under the personal trading rules within the Code of Conduct, persons are required to report their personal securities holdings and transactions, including transactions in certain mutual funds; must pre-clear certain investments; are restricted with respect to the timing of certain investments; and are prohibited from making certain investments. In addition, the Code of Conduct requires (i) Ameriprise employee financial advisors and their employees, (ii) its independent contractor franchisee financial advisors and their employees, and (iii) its affiliated investment advisers to conduct all personal trades through one of three designated broker-dealers unless an exception has been granted, and report any changes in their selected broker-dealer. Ameriprise Financial Services will provide a copy of the Code of Conduct upon request. You may obtain a copy by writing to Ameriprise Financial Services, Inc., 1098 Ameriprise Financial Center, Minneapolis, MN 55474.

### Insider trading policy

Ameriprise Financial Services and its related persons may, from time to time, come into possession of material nonpublic information that, if disclosed, might affect an investor's decision to buy, sell or hold a security.

Under applicable law, Ameriprise Financial Services and its related persons are prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, regardless of whether such other person is a client. Accordingly, should Ameriprise Financial Services or its related persons come into possession of material nonpublic information with respect to any company, they may be prohibited from communicating such information to, or using such information for the benefit of, their respective clients, and have no obligation or responsibility to disclose such information to, nor responsibility to use such information for the benefit of, their clients when following policies and procedures designed to comply with law. Ameriprise Financial Services and its affiliates have adopted an "Insider Trading Policy" in accordance with Section 204A of the Advisers Act that establishes procedures to prevent the misuse of material nonpublic information by Ameriprise Financial Services and its associated persons.

## Brokerage Practices

Ameriprise Financial Services does not receive research or other products or services other than execution from a broker-dealer or a third party for client securities transactions. Nor do we or our affiliates receive client referrals from broker-dealers or third parties.

Retail brokerage services are made available through Ameriprise Financial Services. Brokerage transactions for accounts introduced by Ameriprise Financial Services are executed and cleared through its affiliate, AEIS, a registered broker-dealer. Ameriprise Financial Services and AEIS have an agreement in which Ameriprise Financial Services introduces customer accounts to AEIS on a fully disclosed basis. AEIS serves as Ameriprise Financial Services' clearing agent in providing execution and clearing services for transactions that are executed for customers of Ameriprise Financial Services. Ameriprise Financial Services approves and opens accounts and accepts securities order instructions with respect to the accounts. In exchange for a fee paid by Ameriprise Financial Services, AEIS provides execution, record keeping and all clearing functions for accounts.

**See the "Broker-dealer" subsection in the "Other Financial Industry Activities and Affiliations" section of this Disclosure Brochure for more information about the brokerage business of Ameriprise Financial Services and its affiliates.**

## Review of Accounts

Certain supervisory functions are performed by Ameriprise Financial Services corporate office personnel. Corporate registered principals review a sampling of each financial advisor's financial planning relationships, including written financial planning recommendations. Our Compliance department also conducts routine surveillance of financial advisor activities.

## Client Referrals and Other Compensation

### **Referral arrangements and other economic benefits**

Ameriprise Financial Services makes formal and informal arrangements with individual professionals, professional firms and select corporate, institutional or membership organizations, wherein compensation is paid to those professionals and entities for referral of clients or members to Ameriprise Financial Services for financial advisory services. The compensation to be paid in connection with these agreements is subject to negotiation between Ameriprise Financial Services and the applicable individual professional firm or corporate, institutional or membership organization. Compensation may include one-time or ongoing payments based on sales of products and/or services offered by or through Ameriprise Financial Services and its affiliates to those referral clients or members.

Ameriprise Financial Services may also make informal arrangements with individual clients wherein compensation is paid to those clients for referral of other individuals to Ameriprise Financial Services for financial advisory services.

Ameriprise Financial Services may form alliances and networking and referral arrangements with financial institutions such as community banks, credit unions, credit union service organizations and Farm Credit Services ("Third Party Financial Institutions") to allow its financial advisors to offer financial planning services and certain other nondeposit investment and insurance products and services, described elsewhere in this Brochure, to retail customers/members of the Third Party Financial Institutions. As a result of these alliances or networking arrangements, financial advisors may not be able to offer to retail customers/members of the Third Party Financial Institutions certain products available through Ameriprise Financial Services or its affiliates. Also as a result of these alliances or networking arrangements, Third-Party Financial Institutions may receive, in the form of a networking payment, a portion of advisory fees and securities and insurance commissions paid to financial advisors for sales to retail customers/members of the Third Party Financial Institutions.

## Review of Issuers of Financial Products

Ameriprise Financial, Inc. and its affiliates have policies and procedures in place to review the issuers of financial products such as REITs, structured notes, and annuity and life insurance products that Ameriprise Financial Services permits its financial advisors to offer to some or all of its clients. This review includes publicly available information and reports issued by third-party rating agencies and may in some cases include certain nonpublic information provided by the issuer. Ameriprise Financial Services periodically reassesses, but does not continuously monitor, the creditworthiness or financial solvency of third-party issuers. These policies and procedures are reasonably designed to mitigate our clients' exposure to credit and default risks resulting from an inability of the issuer to repay the principal on a note or fulfill an insurance obligation. However, you should be advised that credit markets can be volatile and the creditworthiness of an issuer may change rapidly. Ameriprise Financial Services, as a seller of these products, is prohibited by regulation from guaranteeing or providing any assurance that an issuer of financial products will be able to fulfill the issuer's obligation to any purchaser of such a product through Ameriprise Financial Services.

## Revenue sources for RiverSource Life Insurance Company and, in New York only, RiverSource Life Insurance Co. of New York (collectively "RiverSource Life")

**Sales charges.** You pay sales charges under *RiverSource* fixed and variable annuity contracts and life insurance policies.

**Periodic fees and expenses.** You pay certain fees and expenses under *RiverSource* variable annuity contracts and life insurance policies, including (depending on the type of contract or policy) mortality and expense, administrative, policy, contract, and cost of insurance fees or charges, in addition to costs associated with certain riders that may be available for both fixed and variable contracts and policies.

**Investment and interest income.** Investment and interest income from insurance company general account assets derived, in part, from the amounts you pay for insurance and annuity benefits.

**Variable annuity and variable life insurance financial arrangements.** RiverSource Life selects the funds available within your variable annuity contract or variable life insurance policy. In doing so, RiverSource Life may consider various objective and subjective factors. These factors include compensation RiverSource Life may receive from fund assets (for those funds with 12b-1 plans); assets of the fund's adviser, subadviser or an affiliate of either; and assets of the fund's distributor or an affiliate. This compensation benefits RiverSource Life.

The amount of this revenue varies by fund, may be significant and may create potential conflicts of interest for RiverSource Life and persons selling the contracts. The greatest amount and percentage of revenue that RiverSource Life receives come from assets allocated to subaccounts investing in funds managed by its affiliates, Columbia Management Investment Advisers, LLC, and Columbia Wanger Asset Management, LLC. In general, the revenue directly related to assets under management that RiverSource Life receives currently ranges up to 0.64% of the average daily net assets invested in the underlying funds through the variable annuity or variable life insurance contracts RiverSource Life issues. This revenue is in addition to revenues RiverSource Life receives from the charges you pay when buying, owning and surrendering your variable annuity contract or variable life insurance policy. In accordance with applicable laws, regulations and the terms of the agreements under which such revenue is paid, RiverSource Life may receive this compensation for various purposes including financial advisor training and compensation, marketing and distribution, customer servicing, transaction processing, record keeping, and other administrative services.

## Revenue Sources for Columbia Management Investment Advisers

**Periodic fees and expenses.** Columbia Management Investment Advisers receives mutual fund management fees and certificate advisory and services fees for services, including investment management services for *Active Portfolios*®. These revenues are received by Columbia Management Advisers from Columbia and from other Affiliated Columbia Funds, Ameriprise certificates, and from other affiliated and nonaffiliated advisory clients of Columbia Management Advisers.



## Revenue Sources for Other Ameriprise Financial, Inc. Companies

There are a number of other Ameriprise Financial, Inc. companies that will receive revenue from the charges and fees you pay, including the following:

- **Ameriprise Certificate Company** receives investment spread income earned on, and any early withdrawal penalty related to, *Ameriprise* certificates.
- **Columbia Management Investment Services Corporation** receives reimbursement of certain fees and expenses paid from Columbia and other Affiliated Columbia Funds and Ameriprise certificates in exchange for the transfer agent services it provides.
- **American Enterprise Investment Services, Inc.** AEIS is compensated for its services through the brokerage commission charged for each brokerage transaction, including transactions made in an APTS account, or the brokerage commission is included in the overall asset-based fee, depending on the account option you select. Additionally, AEIS receives compensation in the form of fees paid to it by the participating banks in the bank sweep program, interest charged on your margin account balance, and order handling fees. AEIS may also engage in principal trading of certain types of fixed income securities — that is, it may buy and sell these securities for its own account with the objective of making a profit. In certain circumstances, AEIS may buy these securities from you or sell these securities to you on a principal basis, in which case you will pay a mark-up or mark-down on the transaction. The capacity in which AEIS acts in any particular transaction is disclosed on each transaction confirmation you receive.
- **Ameriprise Financial, Inc.** receives fees paid from Columbia and other Affiliated Columbia Funds and *Ameriprise* certificates in exchange for the administrative services it provides.
- **Columbia Management Investment Distributors, Inc.** receives fees paid from Columbia and other Affiliated Columbia Funds in exchange for the distribution services it provides. Ameriprise Financial Services has a financial interest in the sale of Columbia and other Affiliated Columbia Funds, Ameriprise certificate and RiverSource Life products and certain other mutual funds.
- **Ameriprise Financial Services** sells annuity and life insurance products manufactured by its RiverSource

Life affiliate, as well as products from nonproprietary providers. RiverSource is permitted to reimburse Ameriprise Financial Services, or Ameriprise financial advisors, for client/prospect education events and advisor sales meetings, seminars, and training events pertaining to annuity and life insurance products, consistent with Ameriprise Financial Services policies; Ameriprise Financial Services may also receive nominal noncash benefits from time to time. Nonproprietary annuity and life insurance providers may not provide some services, or the same level of services, to Ameriprise financial advisors. As a result, Ameriprise financial advisors may have a greater familiarity with *RiverSource* annuity and life insurance products.

- **Ameriprise Bank, FSB** receives investment income earned on its investment portfolio backing deposit accounts, product fees (such as monthly fees), interest charges on lending and credit products, and any early withdrawal penalties on certificates of deposit. To the extent that Ameriprise Bank receives deposits through its participation in the Ameriprise Insured Money Market Account (“AIMMA”) offered by its affiliate Ameriprise Financial Services, Ameriprise Bank uses such deposits to fund current and new loans and investments. Ameriprise Bank generates investment income based on the difference between the interest it receives on loans and the amount it pays for the deposits. Favorable pricing between affiliates may contribute to higher revenue, which may result in greater profitability to Ameriprise Financial, Inc.

## How Our Financial Advisors Get Paid

Ameriprise financial advisors have a wide range of business and educational backgrounds. They are required to have appropriate licenses and registrations to transact business, including Financial Industry Regulatory Authority (“FINRA”) registration, required state securities and insurance licenses, and where required, a state investment adviser registration.

Many financial advisors hold advanced academic degrees and/or professional designations, including Certified Financial Planner™ (CFP®) designation. In addition, a comprehensive training program and ongoing training are available to financial advisors.

**For additional important information about an advisor check FINRA BrokerCheck at [www.finra.org/brokercheck](http://www.finra.org/brokercheck) or call 800.289.9999.**

Your financial advisor earns a living by providing you with financial advice and product recommendations to suit your goals. To understand how your financial advisor gets paid, you should first know that there are three ways Ameriprise financial advisors can be affiliated with us.

- **Independent contractor franchisees.** These financial advisors are not employed by Ameriprise Financial Services and they do not receive a salary from us.
- **Employee financial advisors.** These financial advisors are employed by Ameriprise Financial Services.
- **Associate financial advisors.** These financial advisors are employed by or contract with the independent contractor franchisees.

All Ameriprise financial advisors are licensed registered representatives. Depending on the affiliation, our financial advisors are compensated differently. Financial advisors may choose to change how they are affiliated over time.

## Salary

Employee financial advisors and associate financial advisors receive a salary or flat fee, in addition to the fees described below, from Ameriprise Financial Services or the independent contractor franchisee advisor, respectively. The independent contractor associate financial advisor does not receive a salary from the independent contractor franchisee, but may receive a flat fee. Employee financial advisors also have the potential to receive bonus compensation.

## Commissions and referral fees

A portion of the financial planning service and advisory service fees is paid to your financial advisor for introducing you to the service, gathering the information necessary to prepare your service, helping you establish needs and goals, preparing and presenting your service, and/or providing financial advice on behalf of Ameriprise Financial Services. The remaining portion of the fees goes to Ameriprise Financial Services for the supervisory, technical, administrative and other support that is provided to all financial advisors. Additionally, sales charges you pay on the products and services you purchase, as well as a portion of the fees you pay for personal trust services, are paid to your financial advisor in the form of commissions. The amount paid to your financial

advisor depends on the payout rate your financial advisor qualifies for and the amount of fees you pay.

- Independent contractor franchisees generally receive 72% to 95% and employee financial advisors generally receive 0% to 55% of the advisory service fees and product commissions we receive (the “advisor payout rate”).
- In general, commission and referral fees generated by an associate financial advisor are paid to the employing or contracting financial advisor. At the discretion of the employing or contracting financial advisor, the associate advisor may receive a bonus.

The compensation programs for our financial advisors may vary based on, among other factors, the financial advisor’s industry experience, tenure with Ameriprise Financial Services, and whether the financial advisor was formerly associated with a firm acquired by Ameriprise Financial, Inc.

Some products and services, including certain variable annuities and life insurance products issued by third parties, may be offered only by certain Ameriprise financial advisors. Discuss with your financial advisor the differences in the products and compensation to your financial advisor as some issuers, including RiverSource Life, may pay higher compensation than others.

Your financial advisor may receive compensation, both monetary and/or in the form of Ameriprise Reward points, a rewards program that enables recipients to redeem points for goods, services, travel or cash through affiliates of Ameriprise Financial Services, for the solicitation of certain banking products and services. Your financial advisor may also receive referral fees or client management fees and Ameriprise Reward points when you purchase and maintain Ameriprise Auto & Home Insurance products.

Our financial advisors primarily offer life insurance and fixed-annuity products from RiverSource Life. However, in some situations where the client’s needs may be met more effectively by another company’s product, where RiverSource Life does not offer a product (such as long-term care coverage), or in the offering of variable annuity products where a wider variety of investment choices may be available. In these situations, Ameriprise financial advisors may offer insurance and annuity products issued by unaffiliated insurance companies.

If a nonproprietary insurance product is offered, the financial advisor is an appointed agent of the insurer

and receives compensation from the insurer for the sale and service of that product. The compensation for these nonproprietary products and *RiverSource* life insurance and annuity products is separate from, and in addition to, any fee you pay for financial advisory or planning services and may vary depending on the type and size of the life insurance or annuity product that you purchase, the insurer that issues the product, the total number of life insurance and annuity products sold by the financial advisor for that insurer, and other factors. This compensation typically will increase as the amount of the payments that you make on the life insurance or annuity product increases. Generally speaking, the compensation that the financial advisor will receive is calculated by a formula. This compensation may also increase as the financial advisor sells increasing amounts of life insurance or annuity products issued by that insurer.

In instances where a customer already owns a financial product sold by Ameriprise Financial Services, the amount of a financial advisor's compensation may vary in connection with the sale of an additional or replacement product, due to formulas relating to the cancellation of a product that is already owned. As a result, the financial advisor in such a transaction may have an incentive to recommend the purchase of additional or replacement insurance or annuity products or, conversely, an incentive to recommend that you not purchase additional or replacement insurance or annuity products, depending on the relevant compensation formula. Financial advisors may receive additional compensation based on nontraded REIT sales.

## Incentives, training and education

Product companies with which we have agreements work with Ameriprise Financial Services and our financial advisors to promote their products. They may pay for training and education events; prospecting events such as seminars for employees, financial advisors, clients and prospective clients; or due diligence meetings. For employees and financial advisors, these events may be held at off-site locations, and the travel, meals and accommodations may be paid for by the product company. Additionally, product companies may occasionally provide business or recreational entertainment or gifts of nominal value to employees and financial advisors.

Ameriprise Financial Services or sales leaders may, from time to time, offer contests, incentive programs, premiums or promotions to individual financial advisors or groups of financial advisors in particular areas.

These programs may provide cash and/or noncash compensation to financial advisors for sales of particular products or services. In addition, Ameriprise Financial Services or sales leaders may also, from time to time, sponsor promotions and sales contests, or otherwise pay incentive compensation to financial advisors and wholesalers based on the aggregate number of agreements entered into by the financial advisor. These programs and incentives and the receipt of other cash/noncash compensation could affect your financial advisor's recommendations of products and/or services to you.

These programs and incentives and other cash and/or noncash compensation are subject to SEC and FINRA regulations as well as the Ameriprise Financial Services internal compliance policies.

Consistent with industry practice, Ameriprise Financial Services from time to time recruits financial advisors from other firms to join Ameriprise Financial Services. In connection with these recruiting efforts, Ameriprise Financial Services may compensate financial advisors or loan advisors money to facilitate their transition to Ameriprise Financial Services. These funds may be payable immediately, over time or as a loan, and the funds or loans may be dependent on the advisor meeting agreed-upon production levels.

## Ameriprise Financial, Inc. equity programs

We encourage our financial advisors to take an ownership stake in our future by holding stock in our parent company, Ameriprise Financial, Inc. (NYSE: AMP). To make this possible for financial advisors, we have created equity compensation programs for them. Employee financial advisors and independent contractor franchisees may be eligible to receive an annual stock bonus. In addition, independent contractor franchisees may be eligible to defer a certain percentage of their compensation each year in exchange for a future interest in Ameriprise Financial, Inc. stock, determined by product sales.

Financial advisors who are independent contractor franchisees may build equity in their practices and may receive payments if they sell all or a part of their practices to other Ameriprise financial advisors.

## Loan programs

Ameriprise Bank, FSB originates mortgage loans through its *Ameriprise* Home Lending Program, supported by back-office functionalities (including

loan processing and servicing) provided by certain third-party service providers. In September 2011, the *Ameriprise* Home Lending Program's back-office functionalities were supported by PHH Mortgage Corporation ("PHH"). Prior thereto, the *Ameriprise* Home Lending Program was supported by EverBank, FSB, a federal savings bank. Neither PHH nor EverBank is affiliated with Ameriprise Financial Services. Ameriprise Financial Services is not the loan originator or the provider of any such loan services. Your financial advisor may be authorized to provide certain loan origination services pursuant to the *Ameriprise* Home Lending Program and receive compensation for his or her services in connection with such loan activities. With limited exceptions, neither your Ameriprise financial advisor nor Ameriprise Financial Services may arrange for, promote, suggest or knowingly permit you to use loan proceeds to purchase securities or other investment products (the "Loan Prohibition"). Ameriprise Bank, FSB will provide information to Ameriprise Financial Services about you and/or other Ameriprise Financial Services clients that secure such loans, including information about these loans. This information will be used by Ameriprise Financial Services to monitor investment account(s) in a manner that is designed to maintain compliance with the Loan Prohibition.

### Advisor-to-advisor training programs

Ameriprise Financial Services or its affiliates may also pay its financial advisors for training other financial advisors on specific products and services that we offer. A portion of this payment may be based on incremental sales of these products and services sold by the financial advisor receiving the training.

### Compensation paid to others

Your financial advisor may be authorized to share his or her portion of the investment advisory fee he or she receives with one or more other Ameriprise financial advisor(s), nonauthorized advisors, franchise consultants or registered principals, as described below.

In cases where two financial advisors are assisting you, both financial advisors share in the investment advisory fee. Your primary, or servicing financial advisor, will present the managed account or AFPS, set the investment advisory fee, and oversee the analysis and advice prepared for you. Financial advisors may also choose to work together as a team that shares fees and commissions from products and services you purchase. The cost of the product or service you purchase is

not affected by the fact that your financial advisor is a member of a team or by the fact that the fee or commission may be split.

If an authorized financial advisor works with a nonauthorized financial advisor, no part of your investment advisory fee is for the service of the nonauthorized advisor, and none of the services performed by the nonauthorized advisor are part of a managed account service or AFPS.

Some authorized financial advisors may pay a fee to a nonauthorized financial advisor who refers a client to the authorized advisor for the performance of a managed account or AFPS. A nonauthorized financial advisor may receive a share of the commission from any products sold to you by your authorized financial advisor.

Your financial advisor may work with a franchise consultant. In those situations, the franchise consultant may receive compensation based on services and products that you purchase, and for the training and leadership of your financial advisor.

Your financial advisor may employ staff or work with other Ameriprise Financial Services staff to assist with creating your financial planning recommendations. This may include leveraging services in geographic locations outside of your financial advisor's location, including international locations.

Services provided may include entering data into financial planning software, proving initial calculation and assistance in creating solutions. Your financial advisor will provide final recommendations to you. For these services your financial advisor may pay a fee or salary to employed staff.

Financial advisors and field leaders may share compensation with their registered support assistants.

### Compensation for bank products

Ameriprise Financial Services offers retail banking products through its affiliate Ameriprise Bank, FSB. Financial advisors may earn compensation for offering bank products, including loans and deposit, credit card, and personal trust services. Financial advisors may also be employed by Ameriprise Bank to offer mortgage products. These banking duties are separate from their duties as financial advisors. While acting in their capacity as mortgage originators, financial advisors are not acting on behalf of Ameriprise Financial Services.



## For clients without a financial advisor

Certain products can be purchased through the Ameriprise Financial Services online brokerage site without the aid of a financial advisor. If you do not work with a financial advisor, Ameriprise Financial Services keeps the full amount of any fees paid to us in connection with your transaction. These fees are used in part to pay other employees and to pay for the technology that supports the services we provide you.

## Management compensation and bonus programs

Employee compensation and operating goals at all levels of the company are tied to the company's success. All employees, directly or indirectly, may receive higher compensation and other benefits when the funds of certain providers, particularly affiliates, are purchased. Management, sales leaders and other employees spend more of their time and resources promoting *Ameriprise*, *Columbia*, *RiverSource Life* and *RiverSource* products and services.

Field leaders receive a salary and a bonus and are responsible for an operating budget for expenses. Bonus programs for Ameriprise Financial Services field executives are designed to include an amount based on the aggregate sales of all products sold by financial advisors, including proprietary products, in the regions of the country those leaders are responsible for overseeing. The bonus incentive and expense programs present a potential conflict because they are based in part on sales of these products.

## Custody

We do not maintain custody of client funds or securities; however, AEIS, one of our broker-dealer affiliates, and ATC, our trust company affiliate, act as custodians of assets for clients to whom we may provide investment advice or other investment advisory services. Because our affiliates maintain custody of our clients' assets, we are required by SEC rule to obtain from AEIS and ATC at least annually a written internal control report (the "ICR") by a qualified independent public accountant, and AEIS is required to undergo an independent verification of the assets

under its control. The ICR that we receive from AEIS and ATC is intended to show that our affiliates have established appropriate custodial controls with respect to client assets under custody.

## Investment Discretion

Your Ameriprise financial advisor does not manage your securities or other investments on your behalf as part of AFPS. However, your financial advisor may offer this investment advisory service separately as part of our SPS Advisor service. Please refer to the *Ameriprise* Managed Accounts Client Disclosure Brochure for more information or, if you have elected to pay a consolidated advisory fee, the *Ameriprise* Managed Accounts and Financial Planning Service Combined Disclosure Brochure.

## Voting Client Securities

Ameriprise Financial Services and your financial advisor are not required to take any action or give any advice regarding the voting of proxies solicited by or with respect to the issuers of securities in which assets of your managed account(s) may be invested. For the discretionary managed account services, you have the right to vote proxies on the securities in which your account assets may be invested from time to time, or you may delegate the authority to vote these proxies to the Investment Manager or another person.

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## Report of Independent Auditors

To the Board of Directors of  
Ameriprise Financial Services, Inc.

In our opinion, the accompanying statement of financial condition presents fairly, in all material respects, the financial position of Ameriprise Financial Services, Inc. (the "Company") at December 31, 2011 in conformity with accounting principles generally accepted in the United States of America. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit of this statement in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
March 8, 2012



Ameriprise Financial Services, Inc.  
Statement of Financial Condition  
December 31, 2011  
(In thousands, except share amounts)

<b>Assets</b>	
Cash and cash equivalents	\$ 486,046
Cash segregated under federal and other regulations	16,759
Receivables:	
Brokerage and other fees - affiliates	16,885
Financial advisors and employees (net of allowance for doubtful accounts of \$2,392)	3,894
Distribution fees and other (net of allowance for doubtful accounts of \$123)	135,545
Goodwill	148,104
Intangibles (net of accumulated amortization of \$15,475)	38,307
Deferred commissions	86,008
Deferred income taxes, net	120,905
Other assets	18,480
<b>Total assets</b>	<u><u>\$ 1,070,933</u></u>
<b>Liabilities and Stockholder's Equity</b>	
<b>Liabilities:</b>	
Accounts payable and accrued expenses:	
Due to affiliates, net	\$ 101,992
Field force compensation	139,406
Salaries and employee benefits	64,047
Unearned revenue	106,111
Other liabilities	50,180
<b>Total accounts payable and accrued expenses</b>	<u>461,736</u>
Liabilities subordinated to the claims of general creditors	<u>140,000</u>
<b>Stockholder's equity:</b>	
Common stock, \$10 par value per share:	
Authorized, issued and outstanding shares - 10,000	100
Additional paid-in capital	404,823
Retained earnings	64,274
<b>Total stockholder's equity</b>	<u>469,197</u>
<b>Total liabilities and stockholder's equity</b>	<u><u>\$ 1,070,933</u></u>

*The accompanying notes are an integral part of the statement of financial condition.*

Ameriprise Financial Services, Inc.  
Notes to Statement of Financial Condition  
(In thousands)

December 31, 2011

**1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies**

**Organization**

Ameriprise Financial Services, Inc. (the Company) is incorporated under the laws of the State of Delaware. The Company is a wholly owned subsidiary of AMPF Holding Corp. AMPF Holding Corp. is a wholly owned subsidiary of Ameriprise Financial, Inc. (the Parent). The Company is registered with the Securities and Exchange Commission (SEC) as an introducing broker-dealer, is a member of the Financial Industry Regulatory Authority, Inc. (FINRA) and the Securities Investor Protection Corporation (SIPC). In addition, the Company is registered as a Futures Commission Merchant with the U.S. Commodity Futures Trading Commission (CFTC) and is a member of, and the corresponding services function is regulated by, the National Futures Association (NFA). The Company is required to comply with all applicable rules and regulations of the SEC, FINRA, CFTC, NFA and SIPC.

The Company clears all transactions with an affiliate, American Enterprise Investment Services, Inc. (AEIS), which charges the Company clearing fees on a per trade basis.

The Company offers financial planning and investment advisory services to individuals for which it charges a fee through an advisor-based distribution channel. These services are designed to provide comprehensive advice, when appropriate, to address clients' cash and liquidity, asset accumulation, income, protection, and estate and wealth transfer needs. To complete their advice services, the Company's financial advisors provide clients with recommendations of products from the more than 100 products distributed by subsidiaries and affiliates of the Parent, as well as products of approved third parties.

The financial advisors are either non-employee independent contractors operating through a nationwide franchise system or they may choose to be employees of the Company. Due to differing levels of support provided to advisors operating in these various platforms, advisors are compensated at different percentages of the gross dealer concessions allowed for the various product offerings.

To complement its advisor-based channel, the Company also offers an integrated direct retail distribution channel. Direct distribution services are provided through the Company's online brokerage offering, which operates under the name Ameriprise Brokerage. Ameriprise Brokerage allows clients to purchase and sell securities online, obtain research and information about a wide variety of securities, use asset allocation and financial planning tools, contact advisors, as well as access a wide range of proprietary and non-proprietary mutual funds.

**Basis of Presentation**

The preparation of the statement of financial condition in conformity with accounting principles generally accepted in the United States (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. These accounting estimates reflect the best judgment of management and actual amounts could differ from those estimates.

**Significant Accounting Policies**

*Cash and Cash Equivalents:* The Company has defined cash and cash equivalents to include time deposits and other highly liquid investments with original maturities of 90 days or less.

*Cash Segregated Under Federal and Other Regulations:* Pursuant to Rule 15c3-3 Section (k)(2)(i), all cash received from customers is held in segregated accounts established solely for the benefit of customers and is forwarded to associated mutual funds and other affiliates on a daily basis.

*Allowance for Doubtful Accounts:* Financial advisors are required to pay for certain support services provided by the Company. The Company reserves for any outstanding receivables from the financial advisors that it does not believe are

Ameriprise Financial Services, Inc.  
Notes to Statement of Financial Condition  
(In thousands)

recoverable. The Company reserves for fees receivable related to marketing support arrangements for sales of mutual funds of other companies based upon management's judgment as to ultimate collectibility. The Company also reserves for its unsecured client activity funded by its affiliate, AEIS. The Company has agreed to indemnify AEIS for any losses that it may sustain from the customer accounts introduced by the Company. The Company reserves for these potential losses.

*Goodwill and Intangible Assets:* Goodwill represents the amount of an acquired company's acquisition cost in excess of the fair value of assets acquired and liabilities assumed. The Company evaluates goodwill for impairment annually on the measurement date of July 1 and whenever events and circumstances indicate that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell. In determining whether impairment has occurred, the Company uses a combination of the market approach and the discounted cash flow method, a variation of the income approach. Intangible assets generally represent customer relationships and a tax referral agreement. Intangible assets are amortized over their estimated useful lives, unless they are deemed to have indefinite useful lives, using the 15 year cash flow method (customer relationships and tax referral agreement) or the straight line method (other intangibles over 4-5 years). The Company evaluates the finite lived intangible assets' remaining useful lives annually on the measurement date of July 1 and tests for impairment whenever events and circumstances indicate that an impairment may have occurred, such as a significant adverse change in the business climate. For finite lived intangible assets subject to amortization, impairment to fair value is recognized if the carrying amount is not recoverable.

*Deferred Commissions:* Commissions paid by the Company in connection with the sales of financial plans are deferred until they are earned when the plan is delivered.

*Compensation and Benefits:* The Company has deferred compensation plans which allow certain employees and financial advisors to defer a portion of their compensation and commissions. Participants can elect various distribution options. The liabilities associated with these plans are in the field force compensation line and the salaries and employee benefits line in the statement of financial condition. The Company holds cash value life insurance associated with one of these plans, which is reflected in the other assets line in the statement of financial condition.

*Income Taxes:* The Company's provision for income taxes represents the net amount of income taxes that the Company expects to pay or to receive from various taxing jurisdictions in connection with its operations. The Company provides for income taxes based on amounts that the Company believes it will ultimately owe taking into account the recognition and measurement for uncertain tax positions. Inherent in the provision for income taxes are estimates and judgments regarding the tax treatment of certain items. In connection with the provision for income taxes, the statement of financial condition reflects certain amounts related to deferred tax assets and liabilities, which result from temporary differences between the assets and liabilities measured for the statement of financial condition purposes versus the assets and liabilities measured for tax return purposes. The Company's taxable income is included in the consolidated federal and state income tax returns of the Parent. The Company provides for income taxes on a separate return basis, except that, under an agreement between the Parent and the Company, tax benefits are recognized for losses to the extent they can be used in the consolidated return. It is the policy of the Parent to reimburse its subsidiaries for any tax benefits recorded.

## **2. Recent Accounting Pronouncements**

### **Future Adoption of New Accounting Standards**

#### *Balance Sheet*

In December 2011, the Financial Accounting Standards Board (FASB) updated the accounting standards to require new disclosures about offsetting assets and liabilities. The standard requires an entity to disclose both gross and net information about instruments and transactions eligible for offset in the statement of financial condition and instruments and transactions subject to an agreement similar to a master netting arrangement. The standard is effective for interim and annual periods beginning on or after January 1, 2013 on a retrospective basis. The adoption of the standard will not impact the Company's statement of financial condition, but will require additional footnote disclosures.

#### *Fair Value*

In May 2011, the FASB issued updated accounting guidance for fair value measurements and disclosures intended to achieve common fair value measurement and disclosure requirements in U.S. GAAP and International Financial Reporting

Ameriprise Financial Services, Inc.  
Notes to Statement of Financial Condition  
(In thousands)

Standards. This new guidance clarifies the application of existing fair value measurement and disclosure requirements, changes certain principles related to measuring fair value, and requires additional disclosures about fair value measurements. Specifically, required disclosures are expanded under the new guidance, especially for fair value measurements that are categorized within Level 3 of the fair value hierarchy, for which quantitative information about the unobservable inputs used and a narrative description of the valuation processes in place will be required. The guidance is effective for periods beginning after December 15, 2011. Management is currently evaluating the impact of adoption on the Company.

### 3. Goodwill and Other Intangibles

Goodwill is not amortized but is instead subject to impairment tests. For the year ended December 31, 2011, the tests did not indicate impairment. During 2011, the Company made an adjustment to goodwill for \$(51) based on the allocation of the purchase price of AASI.

Finite-lived intangible assets acquired for the year ended December 31, 2011, for purchasing independent contractors in the franchise system, included in other below, were \$1,820, with a weighted amortization period of five years. Aggregate amortization expense was \$5,906 for the year ended December 31, 2011. For the year ended December 31, 2011, the impairment tests on finite-lived intangible assets did not indicate impairment.

Finite-lived intangible assets consisted of the following:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer Relationships	\$ 35,200	\$ 8,900	\$ 26,300
Tax Referral Agreement	10,200	2,480	7,720
Other	8,382	4,095	4,287
December 31, 2011 balance	<u>\$ 53,782</u>	<u>\$ 15,475</u>	<u>\$ 38,307</u>

### 4. Business Owned Life Insurance

The Company holds cash value life insurance as a means of offsetting market fluctuations in certain deferred compensation liabilities. As of December 31, 2011, the cash surrender value of this life insurance was \$12,934 and is included in the other assets line in the statement of financial condition.

### 5. Secured Demand Notes Receivable and Subordinated Liabilities

The Company had a secured demand note collateral agreement for \$20,000, and an interest-free subordinated liability pursuant to the agreement, with the Parent that matured on February 28, 2011.

In December 2008, the Company executed a subordinated loan agreement for equity capital with the Parent for \$140,000 at a stated interest rate of 5.65% due to mature on December 31, 2015. The subordinated loan agreement has been approved by FINRA. The Company simultaneously declared and paid a \$140,000 dividend to the Parent. The estimated fair value of the subordinated loan as of December 31, 2011 was \$158,144.

### 6. Fair Values of Assets and Liabilities

U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; that is, an exit price. The exit price assumes the asset or liability is not exchanged subject to a forced liquidation or distressed sale.

Ameriprise Financial Services, Inc.  
Notes to Statement of Financial Condition  
(In thousands)

**Valuation Hierarchy**

The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input that is significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

Level 1	Unadjusted quoted prices for identical assets or liabilities in active markets that are accessible at the measurement date.
Level 2	Prices or valuations based on observable inputs other than quoted prices in active markets for identical assets and liabilities.
Level 3	Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

**Determination of Fair Value**

The Company uses valuation techniques consistent with the market and income approaches to measure the fair value of its assets and liabilities. The Company's market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The Company's income approach uses valuation techniques to convert future projected cash flows to a single discounted present value amount. When applying either approach, the Company maximizes the use of observable inputs and minimizes the use of unobservable inputs. The following is a description of the valuation techniques used to measure fair value and the general classification of these instruments pursuant to the fair value hierarchy.

*Cash Equivalents, Other Assets and Liabilities*

The Company's cash equivalents, consisting of commercial paper, are classified as Level 2 and are measured at amortized cost, which approximates fair value because of the short time between the purchase of the instrument and its expected realization. Level 1 other assets consist of common stock. Level 2 other assets consist of corporate bonds and UITs (unitary investment trust). Level 1 liabilities consist of common stock. Level 2 liabilities consist of municipal bonds.

When available, the fair value of securities is based on quoted prices in active markets. If quoted prices are not available, fair values are obtained from third party pricing services, non-binding broker quotes, or other model-based valuation techniques.

The following table presents balances of assets and liabilities measured at fair value on a recurring basis:

	December 31, 2011			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Commercial paper	\$ —	\$ 484,279	\$ —	\$ 484,279
Other assets	11	3	—	14
<b>Total assets at fair value</b>	<u>\$ 11</u>	<u>\$ 484,282</u>	<u>\$ —</u>	<u>\$ 484,293</u>
<b>Liabilities</b>				
Securities sold, not yet purchased	\$ 1	\$ 312	\$ —	\$ 313
<b>Total liabilities at fair value</b>	<u>\$ 1</u>	<u>\$ 312</u>	<u>\$ —</u>	<u>\$ 313</u>

During the reporting period, there were no assets or liabilities measured at fair value that were Level 3 and there were no material assets or liabilities measured at fair value on a nonrecurring basis. There were no transfers between levels during the year.



Ameriprise Financial Services, Inc.  
Notes to Statement of Financial Condition  
(In thousands)

**Fair Value of Financial Instruments**

In general, the Company's financial assets and liabilities are carried at fair value or at amounts which, because of their short-term nature and based on market interest rates available to the Company at December 31, 2011, approximate fair value.

Included in receivables from financial advisors and employees on the statement of financial condition are notes receivable from financial advisors. As of December 31, 2011, the carrying value of their loans is \$2,478, which approximates fair value.

**7. Net Capital and Regulatory Requirements**

The Company is subject to the net capital requirements of FINRA, the Uniform Net Capital requirements of the SEC under Rule 15c3-1 and Rule 1.17 of the CFTC. FINRA and SEC requirements also provide that equity capital may not be withdrawn or cash dividends paid if certain minimum net capital requirements are not met. At December 31, 2011, the Company had net capital of \$114,975, which was \$113,975 in excess of the amount required to be maintained on that date.

The Company is registered with the CFTC as a futures commission merchant and is a member of the NFA in such capacity and is subject to the requirements of CFTC customer segregation Rules 1.20 and 30.7. However, the Company does not carry accounts of customers trading on U.S. or foreign commodity exchanges, as defined in the Commodity Exchange Act. As a result, there are no reportable amounts as of December 31, 2011.

**8. Commitments, Contingencies and other Legal and Regulatory Matters**

Effective January 2009, the Company has an agreement with an affiliate, Ameriprise Holdings, Inc. (AHI), whereby AHI leases office space under non-cancelable escalating operating leases on the Company's behalf.

The Company has agreed to indemnify its affiliated clearing broker, AEIS, for any losses that it may sustain from the customer accounts introduced by the Company. The Company reserves for these potential losses. At December 31, 2011, the reserve was \$1,370, and is reflected in the other liabilities line in the statement of financial condition. At December 31, 2011, there were no amounts indemnified to AEIS for these customer accounts.

The Company is involved, in the normal course of business, in legal, regulatory and arbitration proceedings, including class actions, concerning matters arising in connection with the conduct of its activities as a diversified financial services firm. These include proceedings specific to the Company, as well as proceedings generally applicable to business practices in the industries in which it operates. The Company can also be subject to litigation arising out of its general business activities, such as its investments, contracts, leases and employment relationships. Uncertain economic conditions, heightened and sustained volatility in the financial markets, and significant financial reform legislation may increase the likelihood that clients and other persons or regulators may present or threaten legal claims or that regulators increase the scope or frequency of examinations of the Company or the financial services industry generally.

As with other financial services firms, the level of regulatory activity and inquiry concerning the Company's businesses remains elevated. From time to time, the Company receives requests for information from, and/or has been subject to examination or claims by, SEC, FINRA, the Federal Reserve Bank, the Office of the Comptroller of the Currency, state insurance and securities regulators, state attorneys general and various other governmental and quasi-governmental authorities on behalf of themselves or clients concerning the Company's business activities and practices, and the practices of the Company's financial advisors. During recent periods, the Company has received information requests or inquires regarding certain pending matters, including: sales and product or service features of, or disclosures pertaining to, mutual funds, annuities, equity and fixed income securities, low priced securities, insurance products, brokerage services, financial advice offerings; information security; and supervision of the Company's financial advisors. The number of reviews and investigations has increased in recent years with regard to many firms in the financial services industry, including the Company. The Company has cooperated and will continue to cooperate with the applicable regulators regarding their inquiries.

**Ameriprise Financial Services, Inc.**  
**Notes to Statement of Financial Condition**  
(In thousands)

These legal and regulatory proceedings and disputes are subject to uncertainties and, as such, the Company is unable to predict the ultimate resolution or range of loss that may result. An adverse outcome in one or more of these proceedings could result in adverse judgments, settlements, fines, penalties or other relief, in addition to further claims, examinations or adverse publicity that could have a material adverse effect on the Company's financial condition or results of operations.

Certain legal and regulatory proceedings are described below.

In June 2004, an action captioned John E. Gallus et al. v. American Express Financial Corp. and American Express Financial Advisors Inc., was filed in the United States District Court for the District of Arizona, and was later transferred to the United States District Court for the District of Minnesota. The plaintiffs alleged that they were investors in several of the Company's mutual funds and they purported to bring the action derivatively on behalf of those funds under the Investment Company Act of 1940 (the '40 Act). The plaintiffs alleged that fees allegedly paid to the defendants by the funds for investment advisory and administrative services were excessive. Plaintiffs seek an order declaring that defendants have violated the '40 Act and awarding unspecified damages, including excessive fees allegedly paid plus interest and other costs. On July 6, 2007, the district court granted the Company's motion for summary judgment, dismissing all claims with prejudice. Plaintiffs appealed the district court's decision, and on April 8, 2009, the U.S. Court of Appeals for the Eighth Circuit reversed the district court's decision, and remanded the case for further proceedings. The Company filed with the United States Supreme Court a Petition for Writ of Certiorari to review the judgment of the Court of Appeals in this case in light of the Supreme Court's anticipated review of a similar excessive fee case captioned Jones v. Harris Associates. On March 30, 2010, the Supreme Court issued its ruling in Jones v. Harris Associates, and on April 5, 2010, the Supreme Court vacated the Eighth Circuit's decision in this case and remanded it to the Eighth Circuit for further consideration in light of the Supreme Court's decision in Jones v. Harris Associates. Without any further briefing or argument, on June 4, 2010, the Eighth Circuit remanded the case to the district court for further consideration in light of the Supreme Court's decision in Jones v. Harris Associates. The district court ordered briefing and heard oral argument on September 22, 2010 on the impact of the Jones v. Harris Associates decision. On December 8, 2010, the district court re-entered its July 2007 order granting summary judgment in favor of the Company. Plaintiffs filed a notice of appeal with the Eighth Circuit on January 10, 2011. The Court heard oral arguments of the parties on November 17, 2011.

## 9. Income Taxes

The Company had a payable to the Parent for federal income taxes of \$13,177 and for state income taxes of \$15,701 at December 31, 2011.

Significant components of the Company's deferred income tax assets and liabilities as of December 31, 2011, are as follows:

### Deferred income tax assets:

Deferred compensation	\$ 145,748
Accrued expenses	6,050
Allowance for accounts receivable	4,826
Leaseholds	1,694
State income tax	1,388
Other	407
Total deferred income tax assets	<u>160,113</u>

### Deferred income tax liabilities:

Deferred commission and intercompany gains	23,503
Intangible asset amortization	15,399
Other	306
Total deferred income tax liabilities	<u>39,208</u>
Net deferred income tax asset	<u>\$ 120,905</u>

**Ameriprise Financial Services, Inc.**  
**Notes to Statement of Financial Condition**  
(In thousands)

The Company is required to establish a valuation allowance for any portion of the deferred income tax assets that management believes will not be realized. In the opinion of management, it is more likely than not that the Company will realize the benefit of the deferred income tax assets, and therefore, no such valuation allowance has been established.

Open tax years are those that are open for examination by taxing authorities. Federal income tax returns remain open for 1997 to 2006 and 2008 to 2011. The Company's state income tax returns remain open for the years 1999 to 2011.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	2011
Balance at January 1	\$ -
Additions based on tax positions related to the current year	-
Additions for tax positions of prior years	1,125
Reductions for tax positions of prior years	-
Settlements	-
Balance at December 31	<u>\$ 1,125</u>

Prior to the year ended December 31, 2010, the Parent recorded all unrecognized tax benefits on a consolidated basis. During the year ended December 31, 2011, the Parent began allocating the unrecognized tax benefits to its affiliated subsidiaries. As a result of this allocation, the Company recorded \$863, net of federal tax benefits, of unrecognized tax benefits for the year ended December 31, 2011.

#### **10. Related Party Transactions**

The Company acts as the introducing broker for affiliates, primarily for insurance company affiliates for which distribution fees are charged on variable and non-variable annuities and insurance products. In addition, the Company assumes the administrative costs of operating the retail distribution network, and shares with its affiliates these costs as compensation for distributing the affiliated products.

The Company is also the distributor for face value certificates sold through financial advisors.

The Company receives front-load mutual fund fees and 12b-1 fees for associated mutual fund sales from an affiliate, Columbia Management Investment Distributors, Inc. (CMID). The Company also receives marketing support fees from CMID.

The Company receives custodial fees on qualified accounts from an affiliate, Ameriprise Trust Company.

The Company receives referral fees from AEIS for introducing clients to AEIS.

The Company is allocated certain administrative expenses by the Parent on a prorated basis.

The Company has an agreement with an affiliate, Ameriprise Holdings, Inc. (AHI), whereby the Company compensates AHI for use of property, equipment and similar items that AHI owns or maintains.

The Company has an arrangement with the Parent whereby the Company retains tax benefits for benefits paid to retired independent contractors. These benefit payments are deductible for tax purposes by the Company in the year paid. The related financial statement expense is recognized by the Parent as earned by the field force. The Parent allows the Company to retain the tax benefits resulting from these transactions.

The Company clears all transactions with an affiliated broker, AEIS, which charges the Company clearing fees on a per trade basis.

**Ameriprise Financial Services, Inc.**  
**Notes to Statement of Financial Condition**  
**(In thousands)**

The Company participates in the Parent's Retirement Plan (the Plan), which covers all permanent employees age 21 and over who have met certain employment requirements. The Plan includes a cash balance formula and a lump sum distribution option. Pension benefit contributions to the Plan are based on participants' age, years of service and total compensation for the year. Funding of retirement costs for the Plan complies with the applicable minimum funding requirements specified by the Employee Retirement Income Security Act (ERISA).

The Company also participates in defined contribution pension plans of the Parent that cover all employees who have met certain employment requirements. The Company's contributions to the plans are a percentage of either each employee's eligible compensation or basic contributions.

The Company participates in defined benefit health care plans of the Parent that provide health care and life insurance benefits to retired employees, including retired field employees. The plans include participant contributions and service related eligibility requirements.

The Company participates in the Parent's Ameriprise Financial Incentive Compensation Plan (incentive plan) and the Parent's Deferred Equity Program for Independent Financial Advisors (deferred equity program). Under these plans, employees, directors, and independent contractors are eligible to receive incentive awards including stock options, restricted stock awards, restricted stock units, performance shares and similar awards designed to comply with the applicable federal regulations and laws of jurisdiction.

Effective October 2011, the Company entered into a revolving credit agreement with the Parent of up to \$100,000 with an interest rate of LIBOR plus 90 basis points. At December 31, 2011, there were no draws on this line of credit.

Effective October 2011, the Parent entered into a revolving credit agreement with the Company of up to \$100,000 with an interest rate of LIBOR plus 90 basis points. At December 31, 2011, there were no draws on this line of credit.

**11. Subsequent Events**

As of March 8, 2012, the Company has evaluated events or transactions that may have occurred after the statement of financial condition date for potential recognition or disclosure. On January 27, 2012, the Company paid a \$30,000 dividend to AMPF Holding Corp. No other events or transactions require disclosure.

# Terms and Conditions of Your AFPS Agreement

By signing your AFPS Agreement, you agree that the following terms and conditions are incorporated by reference into the Agreement. The Agreement will help ensure that you and your financial advisor are provided with the information required to begin your financial planning relationship.

## 1. Financial planning process

At Ameriprise Financial Services our process is guided by the six-step financial planning process defined by the Certified Financial Planner Board of Standards, Inc. Financial planning is designed to help address your goals and needs through an ongoing relationship. The six-step process is described in the “Ameriprise Financial Planning Service” section of this Brochure.

## 2. Entire agreement

The Agreement, together with (1) any future fee amendment form(s) signed by you and/or your financial advisor as required, and (2) any changes to your goals and financial planning areas discussed between you and your financial advisor, represents the entire Agreement between you and Ameriprise Financial Services. Ameriprise Financial Services may amend the Agreement by providing written notice to you of the amendment. Unless you object to the amendment after receiving written notice of the changes, the amendment will become a part of the Agreement. Notwithstanding the foregoing, any increase to the fee you pay for AFPS must be in writing and signed by you and Ameriprise Financial Services.

The Agreement does not need to be re-signed to reflect changes except as noted below. A new Agreement is required in these instances:

- You and your financial advisor determine to restart the initial year of service.
- There is a change in owners or parties to the Agreement, except when there is a joint ownership death.
- There is a lapse of a prior Agreement (for example, if fees have not been paid for more than one year).

You may terminate the Agreement at any time. If you choose to terminate the Agreement, your eligibility to receive AFPS as described in this Brochure will cease.

See the “Termination of AFPS” section of this Brochure for a detailed explanation.

### **About the married person as AFPS individual client —**

If you are married and participating in a financial planning relationship as an individual, you understand, acknowledge and agree that: (1) as of the signing of the AFPS Agreement, your spouse is not a party to the Agreement; (2) pursuant to the Agreement’s Privacy Policy, neither Ameriprise Financial Services nor its representatives will collect personally identifiable data about your spouse due to existing privacy and contract laws; and (3) your analysis and recommendations will be based on information that you provide regarding your financial goals, needs, and priorities since your spouse’s data and information are not collected.

**About power of attorney appointments —** If you are an Attorney-in-Fact pursuant to a Power of Attorney for the client, you understand, acknowledge and agree that: (1) the financial planning services will be based on the information you provide us regarding the client’s financial situation; (2) you will provide us with complete and accurate information, to the best of your knowledge; and (3) with the service you purchase the financial advisor is not obligated to make any recommendations or give any financial advice that, in the sole judgment of the financial advisor, would be impracticable, unsuitable, unattainable or undesirable for the client. We strongly recommend you seek advice from legal counsel before implementing suggested planning strategies that involve disposition of assets. We reserve the right to decline business.

## 3. Disclosure of interest and capacity

**About advisor compensation —** Your financial advisor may recommend that you purchase or sell investments, recommend that you enter into other financial transactions or provide financial advice regarding financial decisions. You have no obligation to follow any such recommendations or advice. If you implement any such recommendations through Ameriprise Financial Services, then in addition to the financial planning fee described above, your financial advisor will receive a commission or other financial benefit as a consequence of the transaction, as described in the “How our financial advisors get paid” section elsewhere in this Brochure.

**About your agreement —** No assignment of the Agreement by Ameriprise Financial Services will be effective without your consent.



**About your initial proposal and ongoing service —** Your financial advisor's initial recommendations may address only the areas that you have identified as your most immediate needs and priorities. Your financial advisor is not obligated to make any recommendations or give any financial advice to you that, in the sole judgment of the financial advisor, would be impracticable, unsuitable, unattainable or undesirable. It is understood that your financial advisor provides financial services of the type contemplated in the Agreement, as well as other financial services for a number of clients. Your financial advisor will review your financial fundamentals, which may include an analysis of your insurance protection coverages. Ameriprise Financial Services does not provide insurance consulting, tax advice, legal advice or document preparation as part of AFPS. Ameriprise Financial Services does not monitor the day-to-day performance of your specific investments. Neither your financial advisor nor Ameriprise Financial Services shall have any liability for your failure to promptly inform your financial advisor of material changes in your financial and economic situation, your investment objectives or results, and any restrictions you wish to propose that may affect the development of your financial plan.

**About life insurance and annuity products —** You understand and acknowledge that with the sale of life insurance and annuity products, Ameriprise Financial Services and your financial advisor selling the life insurance or annuity product are the appointed agents of the insurer and receive compensation from the insurer for the sale and service of that product. This compensation is separate from and in addition to any fee you pay for AFPS, and may vary depending on the type or size of the life insurance or annuity product that you purchase, the insurer that issues the product, the total number of life insurance and annuity products sold by Ameriprise Financial Services and/or your financial advisor for that insurer, and other factors. This compensation typically will increase based on the size of the life insurance product or annuity product that you purchase, or as the amount of the payments that you make on that product increases. Generally speaking, the compensation that Ameriprise Financial Services and your financial advisor will receive is dependent on a relative compensation formula. That is, compensation received from the sale of life insurance and annuity products is often greater than from the sale of other financial products such as mutual funds. As a result, Ameriprise Financial Services and your financial advisor typically will have a financial incentive to recommend that you purchase a life insurance

product or annuity product instead of another financial product such as a mutual fund. You are not obligated to purchase an insurance product from Ameriprise Financial Services or your financial advisor.

**About retirement accounts —** You agree that neither your financial advisor nor Ameriprise Financial Services is acting as a "fiduciary" within the meaning of the Employee Retirement Income Security Act of 1974 ("ERISA"), the Internal Revenue Code of 1986, the Pension Protection Act of 2006, or any law regulating any governmental plan, including with respect to asset allocation services provided to you, and that your financial advisor and Ameriprise Financial Services are not providing investment advice for a fee that will be the primary basis for your investment decisions on IRA, 403(b), government plan or ERISA (e.g., 401(k)) assets. To the extent an asset allocation service identifies any specific investment alternative, you understand that other investment alternatives having similar risk and return characteristics may be available, and that your plan sponsor, for government or ERISA plans, or your financial advisor can assist you in obtaining information on other potential investment alternatives.

## **4. About arbitration**

Any controversy or claim arising out of or relating to this contract or the breach thereof shall be settled solely by arbitration in accordance with the Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Unless otherwise agreed to by all of the parties to the arbitration (including without limitation Ameriprise Financial Services and you), the American Arbitration Association shall be the sole venue for resolving claims arising out of or relating to the Agreement, and all of the parties to the arbitration (including without limitation Ameriprise Financial Services and you) irrevocably waive trial by jury in any action, proceeding or counterclaim, whether at law or in equity.

**Federal and state statutes of limitation, repose, and/or other rules, laws, or regulations impose time limits for bringing claims in federal and state court actions and proceedings. The parties agree that all federal or state statutes of limitation, repose, and/or other rules, laws, or regulations imposing time limits that would apply in federal or state court, apply to any dispute, claim or controversy brought under this Agreement, and such time limits are hereby incorporated by reference. Therefore, to the extent that a dispute, claim, or controversy arises under this Agreement**

and would be barred by a statute of limitation, repose or other time limit, if brought in a federal or state court action or proceeding, the parties agree that such dispute, claim, or controversy shall be barred in an arbitration proceeding. This paragraph does not constitute a waiver of any right of private claim or cause of action provided by the Investment Advisers Act of 1940. If either you or Ameriprise Financial Services, its employees or independent contractors elects to resolve a claim by arbitration, that claim shall be arbitrated on an individual basis. There shall be no right or authority for any claims to be arbitrated on a class action basis or bases involving claims brought in a purported representative capacity on behalf of the general public, clients or other persons similarly situated. The arbitrator's authority to resolve claims is limited to claims between the parties to the arbitration (including you and Ameriprise Financial Services) alone, and the arbitrator's authority to make awards is limited to the parties to the arbitration (including to you and Ameriprise Financial Services) alone. Furthermore, claims brought by you against Ameriprise Financial Services, its employees or independent contractors, or by Ameriprise Financial Services against you, may not be joined or consolidated in arbitration with claims brought by or against someone other than you, unless agreed to in writing by both you and Ameriprise Financial Services, its employees or independent contractors. The parties agree that venue and personal jurisdiction is proper in Minneapolis, Minnesota.

## **5. Customer privacy**

Our privacy policy is set forth in "What Does Ameriprise Financial Do With Your Personal Information?" (the "Privacy Notice"), which is provided to you along with the Agreement. You may also find it online at [www.ameriprise.com/global/docs/privacy-notice.pdf](http://www.ameriprise.com/global/docs/privacy-notice.pdf).

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## The Ameriprise Financial Story

We are, and have been for over a century, a company on a mission. Our advisors help clients achieve their financial goals through personal financial planning and advice. Over the years, we've helped millions of people invest and save billions of dollars for what's important to them.

The strength of our commitment is matched only by our strength as a company. Through downturns, recessions, booms and even depressions, we have always honored our financial obligations to clients.

In today's complex financial world, our advisors help clients by providing a steady voice, a listening ear and a clear vision of financial opportunities and pitfalls. Through their ongoing relationship with you, our advisors identify and tailor solutions for your specific needs. That's how, together, we help put more within reach for you and your loved ones.

**This Brochure provides information about the qualifications and business practices of Ameriprise Financial Services, Inc. If you have any questions about the contents of this Brochure, please consult with your financial advisor or contact us at 800.862.7919 between 7 a.m. and 6 p.m. Central time. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Ameriprise Financial Services, Inc.'s California insurance license number is 0684538.**

**Additional information about Ameriprise Financial Services, Inc. also is available on the SEC's website at [adviserinfo.sec.gov](http://adviserinfo.sec.gov).**



**Financial Planning | Retirement | Investments | Insurance | Banking**

Ameriprise Financial  
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