



**Ameriprise®**  
**Defined Benefit Pension Consulting Services**  
**Client Disclosure Brochure**  
**(Part 2A of Form ADV)**  
**June 2012**

**Ameriprise Financial Services, Inc.**  
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**Minneapolis, MN 55474**  
**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 contact us at 1 (800) 862-7919. 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 [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Material Changes since last Ameriprise Defined Benefit Pension Consulting Services (April 2010)**

(formerly known as the Ameriprise Financial Defined Benefit Pension Consulting Services)

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

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

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## Advisory Business

Ameriprise Financial Services, Inc. (“Ameriprise Financial Services”) is an investment advisory firm offering financial planning services since 1986. See the **“Other Financial Industry Activities and Affiliations”** section later in this Disclosure Brochure for information about our principal owners.

## Overview of the Ameriprise Defined Benefit Pension Consulting Services Program

Consulting services offered through the Ameriprise Defined Benefit Consulting Services Program (the “Program”) are designed to assist employers in their role as a plan fiduciary (“Plan Fiduciary”) of a defined benefit pension plan (the “Plan” or “you” or “yours”). Defined benefit pension consulting services are provided by an approved Ameriprise financial advisor hired by the Plan Fiduciary (the “Servicing Advisor”). All services provided by Ameriprise Financial Services or the Servicing Advisor are considered non-fiduciary for purposes of the Employee Retirement Income Security Act of 1974 (“ERISA”).

The Ameriprise Program services (“Services” or “Services”) include the following: (a) investment committee support, (b) objective setting, (c) developing investment options, (d) manager structure and selection, (e) performance monitoring, and (f) attendance of regular Plan Fiduciary meetings. The Servicing Advisor can offer these Services in whole or in part, as negotiated with the Plan Fiduciary.

In providing Investment and Monitoring Support services, neither Ameriprise Financial Services nor the Servicing Advisor will provide investment advice, as that term is defined in ERISA, as to which option best meets the needs of the Plan. The Plan Fiduciary will have sole responsibility for communicating instructions to the Plan’s recordkeeper, custodian and/or third-party administrator. The Servicing Advisor will not be responsible for monitoring, and will not make any recommendations to retain or remove, employer stock or non-core investment options such as mutual fund or brokerage windows.

**Not all Ameriprise financial advisors are approved to offer these services.**

## Investment Committee Support.

The Servicing Advisor may

- assist the Plan Fiduciary either directly or through the Plan’s investment committee to develop and maintain an investment policy statement (“IPS”);and
- provide information to help the Plan Fiduciary to create or revise the IPS, including risk levels, allocations, relative index selection, asset class ranges, plan objectives, or other pertinent criteria;
- provide services for facilitating and documenting investment policy committee meetings; and
- communicating industry trends to the Plan Fiduciary.

Information regarding these services may be proprietary to Ameriprise Financial Services or from an outside source. It is the responsibility of the Plan Fiduciary to verify this data.

## Objective Setting

The Servicing Advisor will provide assistance to the Plan Fiduciary to determine the long-term and short-term funding needs of the Plan. The Plan Fiduciary will develop or refine the investment objectives for the Plan. It is the responsibility of the Plan Fiduciary to communicate suitability changes to the Servicing Advisor in a timely manner.

## Developing Investment Options

The Servicing Advisor may

- develop recommendations, consistent with the Plan's investment objectives, for appropriate asset classes for investment alternatives to be selected by the Plan Fiduciary and offered to plan participants.
- recommend specific investments, consistent with the Plan's investment objectives and the Plan Fiduciary objectives, and
- identify at least three investment alternatives within each recommended asset class. The Servicing Advisor helps the Plan Fiduciary and/or the Plan's Investment Committee to select investment alternatives that promote style and manager diversification within each asset class.

The Servicing Advisor will aid in developing asset allocation based on asset value, current and projected returns and other assumptions as well as historical return analysis prepared by Ameriprise Financial Services or an affiliate. The asset allocation will be prepared with a software that uses a needs-based approach to analyze your goals using one or more methods of analysis including deterministic and probability modeling. It is important to note that the analysis and projections generated by the tools or other analysis include information regarding the likelihood of potential various investment outcomes. They are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results.

The target allocation is based on a variety of factors including, but not limited to, risk tolerance, investment objective, historical performance of different asset classes, and the Plan's funding ratios. Asset mixes are derived using available historical information and projected performance for each asset class based on the selected performance index for that class. They are meant only to illustrate the relative experience between asset classes and portfolios. Other asset classes and indices may have characteristics similar or superior to those being analyzed. Generally periodic rebalancing of the portfolio and reallocation among the asset classes is recommended. It is the Plan Fiduciary's responsibility to ultimately select an asset allocation mix based on Plan suitability.

## Manager Structure and Selection

The Servicing Advisor will advise on investment manager structure and the selection of managers, using Ameriprise Financial Services research capabilities. The Servicing Advisor will conduct due diligence on current and potential managers available for the Plan and report to the Plan Fiduciary. The Servicing Advisor will also assist the Plan Fiduciary to establish and monitor a manager watch list.

## Performance Monitoring

The Servicing Advisor will monitor the performance of each asset allocation model and each fund within the model and reports fund performance to the Plan Fiduciary. The Servicing Advisor will review the Plan's investments at least quarterly at the mutual fund, composite and manager levels to monitor performance against objectives. The strategy for meeting investment objectives for each mutual fund is left to the independent managers hired by the Plan Fiduciary, although the servicing advisor identifies and reports on drift away from a fund's stated investment objectives to the Plan Fiduciary. The Servicing Advisor may also prepare reports for clients at least quarterly, which may include an assessment of performance over various time periods.

## Plan Fiduciary Meetings

The Servicing Advisor may attend periodic meetings with plan fiduciaries. At these meetings, the Servicing Advisor may share industry knowledge, proprietary or non-proprietary investment research, economic outlooks, or other pertinent information. To the extent that these sources are developed by third parties, Ameriprise Financial Services will not verify data and will not be able to attest to the points of view expressed within. The Servicing Advisor's attendance of these meetings is negotiated on a case by case basis.

## Other advisory services

Ameriprise financial advisors may offer ongoing financial planning, managed account services ("managed account(s)") or other services for additional fees. A managed account is not a financial planning service and clients investing in a managed account may not receive all material elements of the financial planning process. You will pay an ongoing investment advisory fee for advice and related services concerning the assets held in a managed account. Managed account fees are separate from and in addition to any ongoing financial planning fee under any Ameriprise Financial Planning Service ("AFPS") agreement. Refer to Ameriprise Financial Services' Form ADV, Part 2A, *Ameriprise®* Financial Planning Service Client Disclosure Brochure, for a description of the financial planning process, and the fees, compensation and other policies associated with it.

Additionally, Ameriprise financial advisors may offer managed accounts and ongoing financial planning services for a single fee. A consolidated advisory fee relationship is a combined investment advisory fee for which you will receive AFPS and at least one managed account service. The fee is based on the assets in the managed account(s) with a portion of the fee calculated for AFPS. Review the *Ameriprise®* Managed Accounts and Financial Planning Service Combined Disclosure Brochure for details about the consolidated advisory fee relationship and services. In considering other investment advisory services and products you may purchase, you should consider the aggregate costs and expenses of all such services and products as a whole. Some Ameriprise financial advisors may not offer all investment advisory services or accounts.

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 Brochure (Part 2A, Appendix 1 of Form ADV) 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

A portion of the Ameriprise Program fee ("Fee") is paid to your Servicing Advisor for introducing you to the Ameriprise Program, gathering information necessary to prepare your Service(s), helping you identify needs and establish goals, preparing and presenting your Service(s), and/or providing financial information to the Plan Fiduciary on behalf of Ameriprise Financial Services. The remaining portion of the Fee goes to Ameriprise Financial Services for supervisory, technical, administrative and other support provided to its financial advisors.

Ameriprise Program Services are provided to clients on an annual retainer fee basis, with services typically billed quarterly in arrears. Fee levels vary depending on client circumstances, including the type and amount of the plan's assets, the plan's complexity, and the range of services provided. Ameriprise Financial Services reserves the right to impose a minimum fee for its pension consulting services.

Each Service Agreement has an initial one-year term and shall renew automatically unless terminated. Either party may terminate the Service Agreement at any time upon thirty days written notice with any due fees to be billed or credited pro-rata.

Ameriprise Program fee is negotiable between you and the Servicing Advisor. The Servicing Advisor will explain the factors considered in calculating the Fee prior to entering into an agreement. Ask questions about the Fee for Services so you understand the factors considered to determine the Fee. Sales tax may be applied to your Fee, and remitted to the applicable state. Ameriprise Program fees may vary based on (1) the Servicing Advisor's years of experience, professional credentials, and other factors, such as local market considerations; and (2) the overall complexity of your case. Fees are negotiable and there is no assurance that similarly situated clients will be assessed comparable fees.

The minimum annual fee is \$2,500. Your Servicing Advisor minimum fee may be higher and may be lower for more limited projects.

Ameriprise Financial Services does not generally receive additional compensation related to the investments held in the Plan, unless the Plan holds an investment option managed by an affiliate, such as Columbia Management Investment Advisers, LLC.

Your Servicing Advisor may establish a client relationship with one or more Plan participants. Such client relationships may occur: 1) through an IRA rollover distributed from this or any another plan; or 2) as a result of a decision by the Plan participant to purchase other products or services from the Servicing Advisor. Any client relationship established with a Plan participant will be outside of the scope of the Ameriprise Program.

You and your Servicing Advisor will determine the payment method for the Ameriprise Program Fee. You can choose to have the Fee deducted from an account that you hold at Ameriprise Financial Services or receive an invoice from your Servicing Advisor for the Ameriprise Program Service(s). You will be billed at the end of your selected billing cycle, but no more frequently than monthly.

## Conflicts of Interest

As part of the Ameriprise Program Services, Ameriprise financial advisors regularly make recommendations to their clients about hiring, retaining, and terminating mutual fund managers. Ameriprise Financial Services receives compensation from certain of these mutual funds outside of its Ameriprise Program in the form of sales charges, 12b-1 fees, marketing support payments, or other payments made by the fund's advisor, distributor or an affiliate. For more information about these charges and fees, please view the section of this brochure entitled "How Ameriprise Financial generates revenue" and "An Investor's Guide to Purchasing Mutual Funds through Ameriprise Financial" at [www.ameriprise.com/funds](http://www.ameriprise.com/funds) or the fund prospectus. It is Ameriprise Financial's policy that these recommendations be based solely on the best interests of the Plan Fiduciary and without regard to any revenue that Ameriprise Financial Services receives, might receive, or has received in the past, directly or indirectly, from mutual fund families for services provided, or revenues generated, by Ameriprise Financial Services.



Ameriprise Financial Services has identified the conflicts of interest described below and has adopted policies and procedures that are designed to prevent Ameriprise Defined Benefit Pension Consulting Services and Mutual Funds Management personnel from having internal access to information that otherwise might appear to compromise their objectivity.

In addition, Ameriprise Financial Services also may have brokerage or investment advisory relationships with members of the Plan Fiduciary's investment committee or with Plan participants. It is important to note that the interests of the Plan or the Plan Fiduciary may not always be consistent with the interests of an individual client that is a Plan participant to the plan which the Plan Fiduciary serves. Ameriprise Financial Services has adopted policies and procedures that require its financial advisors to act in the best interests of its financial planning and investment advisory clients.

## **Termination of the Ameriprise Program Services**

The Ameriprise Defined Benefit Pension Consulting Services Agreement (the "Agreement") will remain in effect until one of the following occurs: termination in writing by you; termination by Ameriprise Financial Services, which would require sending you written notice 30 days in advance of the termination date, except as noted in this paragraph, to your address as shown on our records; or termination by you for nonpayment of the Ameriprise Program fee.

## **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

## **Type of Clients**

Ameriprise Defined Benefit Pension Consulting services are generally appropriate for employers who seek an ongoing fee-based financial consulting relationship to aid them in meeting their fiduciary duties under ERISA or similar laws. Ameriprise Program Services are intended to be non-fiduciary services under ERISA and are intended for employers who sponsor defined contribution retirement plans that permit participant-directed accounts.

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

### **Methods of Analysis**

Servicing Advisors conduct qualitative and quantitative research of investment managers that the Servicing Advisor determines may be appropriate for the Plan based on the IPS and guidelines, if any, provided by the Plan Fiduciary. These investment managers, in turn, may perform fundamental, technical, and cyclical analysis in their day-to-day investment decisions. Servicing Advisors performing Ameriprise Program services may rely on information or data from third parties, including performance services, financial

publications, interviews or questionnaire responses from investment managers, and other sources. Among other things, this information may include performance information or market data relating to securities and securities markets. Although the information and data is believed to be accurate, Ameriprise Financial Services and its financial advisors do not independently verify third-party information, and performance information may not be calculated on a uniform and consistent basis. Neither Ameriprise Financial Services nor its financial advisors guarantee the accuracy, completeness or timeliness of any such information nor do they imply any warranty of any kind regarding the information provided.

## **Investment Strategies**

The recommendations provided under the Agreement are designed to align with the Plan's IPS or the Plan's Fiduciary guidelines, and to be consistent with generally accepted retirement plan investment strategies.

Ameriprise Financial Services cannot guarantee future financial results or the achievement of any Plan participant's financial goals through implementation of these services and any advice or recommendations provided to you. Ameriprise Financial Services does not monitor the day-to-day performance of the specific investment options selected by the Plan sponsor. Investing in securities involves risk of loss that you should be prepared to bear.

## **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 \$8,650,000 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 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 Service 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 includes a one-time payment of \$100 million to the class members and is subject to court approval.

## Other Financial Industry Activities and Affiliations

Ameriprise Financial Services is a subsidiary of Ameriprise Financial, Inc. Ameriprise Financial Services conducts activities with some of its affiliates who are "related persons" as defined on the Securities and Exchange Commission's Form ADV. 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. As you read further, "we," "our" and "us" refer to Ameriprise Financial, Inc and its affiliates. The following 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 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 the Disclosure Brochures for detail 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"), fund 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 American Enterprise Investment Services, Inc.

**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

On April 30, 2010, Ameriprise Financial, Inc. acquired the long-term asset management business of Columbia Management Group, LLC, including certain of its affiliates, which were, prior to this acquisition, part of Bank of America. In connection with the acquisition of the long-term assets, certain clients of Columbia Management Advisors, LLC (including the Columbia Funds) have a new investment adviser, RiverSource Investments, LLC, which is now known as Columbia Management Investment Advisers, LLC. On the same date, Ameriprise Financial, Inc. also acquired Columbia Wanger Asset Management, L.P. ("CWAM"). CWAM continues as the registered investment adviser for Columbia Acorn and Wanger Funds and no changes are anticipated in the existing investment management team.

**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
- > Other affiliated and unaffiliated clients

Ameriprise Financial, Inc. has other subsidiaries that are registered as investment advisers with the SEC, including **Threadneedle International Limited**. These subsidiaries are registered as investment advisers and 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 and 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 small retirement plans qualified under section 401(a) of the Internal Revenue Code of 1986. ATC is not a deposit bank nor a member Federal Deposit Insurance Corporation ("FDIC").

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**, a division of Ameriprise Bank, FSB. Ameriprise Personal Trust Services receives investment advice and research support from Ameriprise Financial Services. AEIS may act as an agent in clearing securities transactions for Ameriprise Personal Trust Services 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.

## 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 paid by clients for financial planning and fee-based investment advisory account services, respectively.

**Sales charges.** Sales charges, commissions and/or selling concessions are paid when retail clients 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 clients buy REITs, the charge they 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 one program, participants in our client loyalty program, Ameriprise *Achiever Circle*, are eligible for reimbursement of certain fees. In another, 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 ch

**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 service expenses.

**Interest.** If clients request a margin account, interest is charged on a client’s margin balance. A portion of the revenue from margin interest clients pay may be shared with the client’s Ameriprise

financial advisor. Clients may also pay interest through the use of the Overdraft Protection feature of their brokerage account.

### **Payment from product companies.**

Ameriprise Financial Services receives a variety of payments for selling the products of proprietary and nonproprietary product companies. These payments include payments for marketing support, recordkeeping 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 are received from certain mutual fund firms (described below as “Full” and “Limited” participation firms), (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 versus 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 Full Participation Firms.

**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 2009, Ameriprise Financial Services received an asset-based payment (up to 0.25% 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 0.25% for both mutual funds and 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. In 2009, Ameriprise Financial Services had an arrangement with a firm for its money market fund sweep program for which Ameriprise Financial Services received marketing support payments of up to 0.92% of money fund deposits. Currently, Ameriprise Financial Services receives 0.62% of money fund deposits for the above-referenced 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-three 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, Evergreen, Federated, Fidelity, Goldman Sachs, Invesco Aim, Janus, John Hancock, JP Morgan, Legg Mason, MFS, Nuveen, Oppenheimer, Van Kampen, Virtus and Wells Fargo. These firms are referred to as "Full Participation Firms." We offer 529 Plans from 20 firms. Of those 20 firms, 10 are Full Participation Firms. These fund firms include American Century, Calvert, Columbia, Fidelity, John Hancock, Legg Mason, MFS, Oppenheimer, Van Kampen 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/PIMCO, Franklin Templeton and Putnam. These firms are referred to as "Limited Participation Firms." 529 Plan "Limited Participation Firms" include AllianceBernstein, Allianz Global Investors, Franklin Templeton, Putnam, and Upromise. See the website at [ameriprise.com/funds](http://ameriprise.com/funds) or [ameriprise.com/education](http://ameriprise.com/education) for the most current Program information, as well as specific amounts received from Full and Limited Participation Firms in the previous year.

**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 receives distribution support from several 529 Plan providers that do not have wholesaling access to Ameriprise financial advisors. Those firms include The Hartford, Pacific Life, Waddell & Reed (Ivy Funds), and Union Bank & Trust Company.

American Funds (whose 529 Plan is offered to Virginia residents only) pays neither marketing nor distribution support.

The total amount received from all distribution support firms in 2009, the first year of these relationships, was less than \$500,000.

**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 and is limited to the funds available on the Ameriprise Financial brokerage platform. 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 due to 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 account. 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 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 advisor, 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 documents titled "An Investor's Guide to Purchasing Mutual Funds Through Ameriprise Financial" and "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 sub-advisor to Columbia Management Investment Advisers, Columbia Management Investment Advisers' acting as a sub-advisor 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 C o l u m b i a M a n a g e m e n t I n v e s t m e n t A d v i s e r s 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. completed its merger with Barclays Global Investors in December 2009. Barclays Global Investors owns more than 5% of the outstanding shares of Ameriprise Financial, Inc., stock.

Ameriprise Financial Services has a marketing support agreement with AllianceBernstein Investment Research and Management, Inc.; with respect to AllianceBernstein positions held by Ameriprise Financial Services customers. AXA Financial, a majority owner of AllianceBernstein, owns more than 5% of the outstanding shares of Ameriprise Financial, Inc., stock. In addition, AXA Financial sells annuities to Ameriprise Financial Services clients.

### **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 fund-of-hedge-funds 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 fund-of-hedge-funds sponsors.

**Payments from nonproprietary insurance companies.** Nonproprietary 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* affiliate. In 2010, Ameriprise Financial Services began to sell variable annuity products from three nonproprietary sponsors to its clients on a more widespread basis, although prior to

that time H&R Block Financial Advisors (which integrated with Ameriprise Financial Services in October 2009) sold a wider variety of variable annuity products. As of May 2010, compensation payable to the selling advisor became equal among *RiverSource* and the three nonproprietary variable annuity companies; however, compensation payable to Ameriprise Financial Services may vary among the four companies.

*RiverSource* 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 annuity companies pay distribution support payments to Ameriprise Financial Services for “shelf space” up to 0.69% on sales and up to 0.15% on assets under management. These companies also provide support to an Ameriprise Financial Services internal sales desk, which in turn provides support to financial advisors. These nonproprietary 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 commissionable premium.

Ameriprise Financial Services has a marketing support agreement with AXA Financial with respect to AXA’s annuity products held by Ameriprise Financial Services customers. AXA Financial owns more than 5% of the outstanding shares of Ameriprise Financial, Inc., stock.

**Payments from direct investment sponsors.** Ameriprise Financial Services has agreements with the sponsors of direct investments including non-traded 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.

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.

**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. 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 and the 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, 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. You understand that 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.

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

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

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.

### **Personal trading rules and procedures**

Ameriprise Financial Services and its affiliates have adopted separate Investment Adviser Codes of Ethics, one for Investment Access Persons and one for Retail Access Persons (which includes employees, independent contractor franchisees and their employees, employee financial advisors, associate financial advisors). Each of these respective Codes of Ethics are designed to state standards of business conduct and to mitigate potential conflicts of interest for all "Access Persons" of Ameriprise financial advisors 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 Retail Access Code of Ethics. Under the Retail Access Code of Ethics, Retail Access 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 Retail Access Code of Ethics requires (i) all employees of Ameriprise financial advisors, (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. The Retail Access Code of Ethics contains specific provisions for Access Persons relating to mutual fund shares, including a prohibition on direct or indirect market timing. Further, the Retail Access Code of Ethics prohibits Retail Access Persons from



purchasing initial public offerings. Ameriprise Financial Services will provide a copy of our Investment Adviser Code of Ethics to you upon request. You may obtain a copy by writing to: Ameriprise Financial Services, Inc. 2214 Ameriprise Financial Center Minneapolis, MN 55474

## Brokerage Practices

In connection with the Ameriprise Program a Servicing Advisor may recommend a retirement plan platform or service provider (such as a recordkeeper or administrator). Ameriprise Program Services are generally intended for clients who do not use brokerage services made available through Ameriprise Financial Services.

However, Ameriprise Financial Services may serve as broker-dealer in connection with the sale of securities or insurance products to the Plan.

## 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 consulting relationships, including any written deliverables. Our Compliance department also conducts routine surveillance of financial advisor activities.

## Client Referrals and Other Compensation

Ameriprise Financial Services does not pay compensation for referrals affiliated or non-affiliated third parties for Services related to the Ameriprise Program.

Ameriprise Financial Services may make 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 other 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.

**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.** An Ameriprise financial advisor may be authorized to share his or her portion of the consulting 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 the client, both financial advisors may share in the consulting fee. The primary servicing advisor will always offer the Ameriprise Program, set the consulting fee, plus oversee the delivery of services to the plan.

An Ameriprise financial advisor may work with a franchise consultant. In those situations, the franchise consultant may receive compensation based on services purchased by the client, and for the training and leadership of the financial advisor.

The Ameriprise financial advisor may employ staff or work with other Ameriprise Financial Services staff to assist with the consulting service offered through the Ameriprise Program. This may include leveraging services in geographic locations outside of the financial advisor's location.

## Custody

We do not maintain custody of client funds or securities; however, American Enterprise Investment Services, Inc., one of our broker-dealer affiliates, and Ameriprise Trust Company ("ATC"), our trust company affiliate, acts as custodian of assets for clients to whom we may provide investment advice or other investment advisory services. With respect to the Ameriprise Program we generally do not act as custodian over client assets though we may do so from time to time on an exception basis. Where our affiliates maintain custody of our clients' assets, we are required by SEC rule to obtain from American Enterprise Investment Services, Inc. and ATC at least annually a written internal control report (the "ICR") by a qualified independent public accountant and American Enterprise Investment Services, Inc. is required to undergo an independent verification of the assets under its control. The ICR that we receive from American Enterprise Investment Services, Inc. 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 Servicing Advisor does not manage or otherwise have discretionary control of your securities or other investments as part of our Ameriprise Program. Review the **"Other advisory services"** section in this Brochure for information about other investment advisory services offered by Ameriprise Financial Services which may be available to you and your Plan participants.

## Voting Client Securities

Neither Ameriprise Financial Services nor your Servicing Advisor is responsible for advising you with respect to the voting of proxies solicited by or with respect to the issuers of securities held within your Plan.

## Financial Information

N.A.