

Which Account Type Is Right For You?

Commission-Based vs. Fee-Based Accounts

National Planning Corporation (the “Firm”) is registered with the U.S. Securities and Exchange Commission (“SEC”) as both a securities broker-dealer and an investment advisor. As such, we provide access to securities and other investment products through two primary types of accounts – **Commission-Based Accounts** and **Fee-Based Accounts**. There are some basic and fundamental differences between these accounts that are important to understand. For either type of account, services are provided by your Financial Professional who is associated with our Firm.

Your Financial Professional can assist you in making important financial decisions, in addition to providing access to financial markets, products and services. A Financial Professional will help define your investment goals and objectives, and to qualify your risk tolerance so that you better understand risks associated with various investment options and the services best suited to your needs. Financial Professionals also assist with reporting on progress and providing insight on whether current savings and investments align with your future goals and objectives. Although there are costs associated with working with Financial Professionals, they can provide assistance with these important financial decisions.

You need to understand which account type is right for your situation. The answer to this question determines not only how the Financial Professional will be compensated, the legal relationship you will have with our Firm and your Financial Professional, and the services that are provided. Below are some key attributes regarding two of the most common account types and the general differences between them:

Broker-Dealer: <i>Commission-Based Accounts</i>	Registered Investment Advisor: <i>Fee-Based Accounts</i>
<ul style="list-style-type: none">• Commission-Based Accounts are transaction based arrangements subject to a suitability standard in compliance with FINRA regulations. Our Firm and Financial Professionals are responsible for recommending investments that we believe are reasonably suitable for you based on information provided about your financial situation and investment objectives.• Your Financial Professional is paid a commission from the investment sponsor or paid directly by you for the transaction, based on the value of each trade placed in your account. This commission varies based on the particular investment and is typically a percentage set by the terms of a prospectus (for products like mutual funds or variable annuities) or it may be an individually negotiated commission for the purchase or sale of stocks, exchange-traded funds or bonds.• Depending upon the investment, additional trail compensation may be payable to your Financial Professional in the form of an ongoing amount for as long as you hold the investment in your account. These payments are typically for mutual funds and variable annuities.• The primary service you obtain with a Commission-Based Account is the	<ul style="list-style-type: none">• Fee-Based Accounts may provide for ongoing portfolio management subject to a fiduciary standard. Our Firm and Financial Professionals are responsible for managing your account to this standard by placing our clients’ interests ahead of our own, and meeting certain other duties set forth below.• Fee-Based Accounts do not pay a commission on individual transactions, and instead pay an ongoing advisory fee which is negotiated between your Financial Professional and you. This is typically a percentage fee based on the value of the assets in the account. The amount paid to our Firm and your Financial Professional generally does not vary based on the type of investments they recommend or select on your behalf.• While your advisory fee is not determined by the number of transactions executed in your account, in some cases a ticket charge or other servicing fee may be assessed in addition to your advisory fee.• Since your advisory fee is tied to your account value, Financial Professionals may be paid a higher fee as the value of your account goes up,

recommendation to buy, hold or sell specific securities, which you must then authorize. While many of our Financial Professionals continue to meet with clients to periodically review their holdings, your Financial Professional does not generally have any ongoing obligation to monitor your account after the transaction is executed.

- While your Financial Professional will recommend specific investments to you, our Firm requires that you pre-approve all trades in your account prior to a purchase or sale.
- We are a member of the Financial Industry Regulatory Authority (“FINRA”), an industry self-regulatory organization, with the SEC and state securities regulators also regulating our securities activities.
- Commission-Based Accounts may be better for you if you intend to buy and hold individual investments for longer periods of time and to engage in less active trading or if you wish to assume greater involvement in managing your investment portfolio.
- Commission-Based Accounts may be more appropriate if you do not meet the minimum investment amount for a Fee-Based Account.
- Certain products may only be available in a Commission-Based Account, including annuities and non-traded REITs.

or a lower fee if the value of your account goes down.

- The primary services you obtain with a Fee-Based Account are ongoing investment advice and monitoring of your investments either on a discretionary or non-discretionary basis and execution of your trades.
- For discretionary accounts, you authorize trades to be effected, your portfolio rebalanced and other investment decisions to be made on your behalf without your pre-approval being required for each transaction, whereas non-discretionary accounts require your approval prior to each trade being placed in your account.
- Clients with Fee-Based Accounts may have more frequent meetings with their Financial Professionals. Your Financial Professional is required to offer to meet with you periodically to discuss your investment portfolio and financial situation.
- The SEC is our primary regulator, with state securities regulators also overseeing some of our activities.
- Fee-Based Accounts may require a minimum investment amount that varies for certain programs.
- Fee-Based Accounts may not hold certain products designed for Commission-Based Accounts, but do have a broad array of no-load mutual funds and other products that are available.
- Fee-Based Accounts may receive additional investment related services including performance reporting.

Please note that this document provides a high-level summary of the types of accounts. For Fee-Based accounts, the Firm offers accounts that are managed by your Financial Professional or third-party investment managers. The summary provided in this document is intended to compare Commission-Based Accounts with Fee-Based Accounts that are managed by your Financial Professional, and not by a third-party investment manager. Please see our Brochure for a more detailed explanation of our Fee-Based Account offerings.

Both Commission-Based Accounts and Fee-Based Accounts are subject to the terms, conditions and disclosures provided in the account opening documents and other materials. This summary is not intended as a substitute for those account opening documents and other materials, nor does this summary modify or amend any portion of those documents.

We appreciate your taking the time to consider these options, and encourage you to engage in a discussion with your Financial Professional if you have any questions as to which account type may best suit your investment needs.