

# Money Concepts Capital Corp and Money Concepts Advisory Service

## Client Relationship Summary

Dated: June 30, 2020



### Introduction

Money Concepts Capital Corp (“MCCC”) is registered with the Securities and Exchange Commission (“SEC”) as a broker-dealer and an investment adviser. MCCC operates under the trade name Money Concepts Advisory Service (“MCAS”) when it is offering investment advisory services. MCCC is a member of the Financial Industry Regulatory Authority (“FINRA”), the Municipal Securities Rulemaking Board (“MSRB”) and Securities Investors Protection Corporation (“SIPC”).

Brokerage and investment advisory services and fees differ; it is important for you to understand the differences. Free and simple tools are available to research firms and financial professionals at: [www.investor.gov/CRS](http://www.investor.gov/CRS) which also provides educational materials about broker-dealers, investment advisers, and investing. Scan the QR Code for more.



**What investment services and advice can you provide me?**

**We offer both brokerage and investment advisory services to retail customers.**

#### Broker-Dealer Services/Brokerage Accounts

- Our key brokerage service is buying and selling securities per your instructions, including corporate, government and municipal bonds, common stocks, mutual funds, 529 plans, insurance products, (including variable insurance) options, structured products, and alternative investments, such as real estate investment trusts, private placements, and similar investments.
- If you have a brokerage account, we do not offer account monitoring services, nor do we engage in discretionary trading of your account (meaning that we do not direct the trading).
- Generally, we tailor our recommendations to the specific needs and objectives of our clients, recommending that you allocate certain percentages of your assets to various classes of investments such as equities, fixed income and other investments that meet your needs.
- Our financial professionals use a variety of methods to achieve your goals, including but not limited to fundamental analysis, technical analysis, and modern portfolio theory.
- You make the ultimate decision regarding the purchase or sale of investments.

**For additional information**, please see our Regulation Best Interest disclosure on our website at: [www.moneyconcepts.com/home/ProductDisclosures](http://www.moneyconcepts.com/home/ProductDisclosures)

#### Investment Adviser Services/Advisory Accounts

- Our primary advisory services include asset management services, financial planning, and consulting services.
- Our advisory services include **Discretionary** and **Non-Discretionary** accounts. When we use discretion, we make the investment decisions and place buy and sell orders in your account without contacting you before doing so. When you have a discretionary account, you grant us that authority in a written agreement. This permits us to decide on the specific securities, the amount of securities without obtaining approval for each transaction. In the instance you do not grant us discretionary authority, we must obtain your approval prior to placing any transactions in your account.
- Our investment approach depends on the program you choose. We tailor our advice to the specific needs and objectives of the client, which may include asset allocation or a model portfolio. Our financial professionals use a variety of methods to achieve your goals, including but not limited to fundamental analysis, technical analysis, and modern portfolio theory. You may select a separate account manager.
- While we permit clients to impose reasonable restrictions on the types of securities we recommend for their account, clients should be aware that the terms of any agreements with a third-party investment manager or sub advisor may restrict the client’s ability to impose restrictions on account investments.
- We use unaffiliated qualified custodians for execution of transactions and custody of securities positions.

**For additional information**, please see the SEC’s web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). There you can review our Form ADV, Part 2A brochure for more details about the advisory services we offer.

All recommendations regarding your brokerage account will be made in a broker-dealer capacity, and all recommendations in your advisory account will be made in an advisory capacity. When we make a recommendation to you, we will expressly tell you orally which account we are discussing. When we make a recommendation about the type of account we believe you should open, we will consider information you provide to us in making that recommendation. However, there may be material limitations on the types of accounts or products we can offer if your financial professional is not registered to offer those products or services. For example, a financial professional may be licensed only to offer brokerage or advisory services, but not both. Or, may not be licensed to sell all products we offer. If this is the case, that financial professional will not be able to offer you the type of product or service for which

he/she is not registered. However, since we have other financial professionals, if you wish to have a type of account not offered by your financial professional you should ask to be referred to another of our financial professionals.

**Conversation Starters. Ask your financial professional.**

- How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education and other qualifications?
- What do these qualifications mean?
- Are there limitations on the types of products and services you can offer me?

**What Fees Will I Pay?**

**Broker-Dealer Services/Brokerage Accounts**

- When we offer you brokerage services, you pay a **transaction-based fee** on the specific transaction, not on the value of your account.
- With stocks or exchange-traded funds, the fee is usually a separate commission. With other investments, such as bonds, this fee is typically part of the price you pay for the investment (called a **mark-up** or **mark-down**). These charges typically range between 0% and 2% per transaction.
- With mutual funds, alternative investments and insurance products, a fee typically called a **load** or a **concession** reduces the initial value of your investment. These fees typically range between 0% and 6% of the initial value of the investment (for mutual funds) and up to 11% for alternative investments. With some investments you may pay a **surrender charge** upon selling.
- Mutual funds, insurance products, and alternative investments typically also charge annual management fees which vary depending on the investment, but typically range between 0.25% and 1.5% per year. We charge additional fees for services such as: account maintenance, account transfers, wire transfers, ticket charges, account termination, etc. **For additional information**, please see our brokerage fee schedule at: [www.moneyconcepts.com/home/feeschedule](http://www.moneyconcepts.com/home/feeschedule)
- The more transactions in your account, the more fees will be charged. This presents a conflict because a broker has an incentive to encourage you to engage in transactions. However, we maintain procedures to mitigate these conflicts.

**Investment Adviser Services/Advisory Accounts**

- When we offer you advisory services, there are typically **asset-based fees**. Depending on the type of services we provide, there may be program fees, financial planning fees, and/or consulting fees. If we make a referral to a third-party manager, we earn a portion of the fees that manager charges.
- Our program fees generally range between 0.30% to 2.0% of assets under management on an annual basis, charged quarterly. Our advisory and consulting services are offered on an hourly basis at up to \$450 per hour and on a fixed-fee basis for a financial plan.
- While we do not charge fees based on performance of your account, some of our third-party managers do (see their disclosures for more detail). We do not share in these fees.
- Fees charged by us are established in a client's agreement for advisory services. If you open an investment advisory account with us, the fee you pay is generally based on the value of your account (ongoing asset-based fees). Clients enrolling in our GPS program are subject to a one-time financial planning fee of up to 2.5% which may be reduced or waived at our discretion or that of your financial professional. Our fees for financial planning services are negotiated on a client-by-client basis and subject to a minimum fee of \$250 per quarter. While our account minimums are negotiated on a client-by-client basis, our managed account programs are subject to various account minimums depending on the manager selected.
- Our fees are separate from the additional investment expenses, mutual fund, ETF, cash management, custodial, and other fees and expenses charged by custodians, executing brokers, and dealers.
- For more details on the fees and charges visit [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and review our Form ADV, Part 2A brochure (specifically Item 5).
- In the instance that we charge an asset-based fee, the more assets there are in your advisory account, the more you will pay in fees. We therefore have an incentive to encourage you to increase the assets in your account.

Whether you choose advisory services or brokerage services, you will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. Scan the QR code for more information.



**Conversation Starters. Ask your financial professional.**

- Help me understand how these fees and costs might affect my investments.
- If I give you \$10,000 to invest, how much will go to fees and costs and how much will be invested for me?

## What are your legal obligations to me when acting as my investment adviser or providing recommendations as a broker?

When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide to you. Here are some examples to help you understand what this means.

**How else does your firm make money and what conflicts of interest do you have?**

When we provide recommendations in a brokerage account	When we act as your investment adviser
<ul style="list-style-type: none"> <li>• Certain of our product sponsors pay us to market their products to you, sponsor our conferences and events, and/or provide allowances to us for marketing and due diligence costs. These payments create conflicts because the incentives can influence us to favor the products of the sponsoring organizations. However, we maintain policies and procedures designed to mitigate these conflicts. More information about revenue sharing can be found on our website at: <a href="https://www.moneyconcepts.com/Home/Disclosures">https://www.moneyconcepts.com/Home/Disclosures</a></li> <li>• We may buy and sell your investment through our own accounts and we can earn a profit on the transaction. This creates a conflict in that our interests are opposed. However, we do not hold our own positions, except to buy or sell from the marketplace to fill your order, called riskless principal trading. Your financial professional will also receive compensation when we trade on a principal basis. We will send you a transaction confirmation which includes important disclosures, including our compensation.</li> <li>• Some products offer higher compensation than others. For example, you pay a lower fee for a stock than you would for a variable annuity. This creates a conflict because we have an incentive to sell products with higher fees to you. However, we have procedures in place to mitigate these conflicts.</li> <li>• More information about fees, risks, expenses, and conflicts can be found in product prospectuses and transaction confirmations you receive at or before the completion of a transaction, and in our product-specific disclosures found here: <a href="http://www.moneyconcepts.com/home/ProductDisclosures">www.moneyconcepts.com/home/ProductDisclosures</a></li> </ul>	<ul style="list-style-type: none"> <li>• We have the discretion to negotiate our fees, minimum account size, minimum annual fees, and other terms of each client’s relationship with us.</li> <li>• If your financial professional negotiates to pay certain transaction costs as part of the overall advisory fee, this presents a conflict since there is an incentive to trade your account less frequently or use a custodian that charges lower fees when a more favorable transaction may be available through another custodian. However, we maintain conflict mitigation policies and procedures to address this issue.</li> <li>• MCCC acts as the introducing broker-dealer for some transactions its financial professionals effect as the portfolio manager. We have a conflict of interest in recommending MCCC and its clearing brokers because we receive economic benefits from our clearing broker such as a share of the interest on money market (including insured deposit) or margin account balances, which are based on the number and size of the accounts and balances carried with our clearing brokers. Receipt of economic benefits by us, our management personnel, or our financial professionals creates a conflict of interest that can impair our objectivity when recommending MCCC or its clearing brokers.</li> <li>• We enter into referral arrangements with various third-party investment advisers whose services may be recommended to clients. If you engage the third-party investment adviser, we will receive a referral fee. These fees provide an economic incentive for us to make referrals to these advisers. For this reason, we have a conflict of interest.</li> <li>• If we recommend an advisory account, there may be limitations on the types of products that are available in the account depending on the program you choose because that program’s portfolios may be limited to certain mutual fund families and variable products, which will likely change from time to time.</li> <li>• <b>For additional information</b>, please see the SEC’s web site at <a href="http://www.adviserinfo.sec.gov">www.adviserinfo.sec.gov</a>. There you can review our Form ADV, Part 2A brochure for more details about our conflicts when we offer advisory services.</li> </ul>

Our product sponsors, for example, mutual fund and annuity companies, pay us additional compensation based on various factors. These may include total deposits we hold with them (including sweep accounts like money market or bank sweep accounts), assets, and profitability of the business sold by our financial professionals. They may share revenue with us and offer financial support for events like our conferences. The cost of this compensation may be reflected in the premium or fee you pay for the product. These types of additional compensation create a conflict of interest because they can influence our selection of product sponsors. Our clearing brokers provide payments and credits (including revenue sharing) as well as products and services that influence our choice to use them.

We rely on our clearing broker to obtain best execution of our client's transactions. These factors create a conflict that clients should consider in deciding whether or not to accept our recommendation of a clearing broker's services.

**Conversation Starters. Ask your financial professional.**

How might your conflicts of interest affect me, and how will you address them?

**How do your financial professionals make money?**

**When we provide recommendations in a brokerage account**

- When we make recommendations in your brokerage account, our financial professionals are primarily compensated by earning commissions or concessions on the products you buy and sell. This provides an incentive for the financial professional to sell more products and creates a conflict for the same reason. However, we maintain procedures to mitigate these conflicts.
- Our financial professionals receive ongoing fees on certain products, often referred to as section 12b-1 fees (or marketing/distribution fees). These fees are typically a percentage of assets in the product and generally range between 0.25% – 1% depending on the product. See the prospectus for details.
- Our financial professionals are compensated in higher amounts for some products over others. One example is complex products that often require more knowledge, time and expertise to sell such as variable annuities and alternative investments. More complex products are not appropriate for all investors. A conflict arises when the financial professional has a greater incentive to sell products that pay higher compensation. We maintain procedures to mitigate these conflicts.

**When we act as your investment advisor**

- When we act as your investment advisor in an advisory account, our financial professionals are compensated based on a percentage of the advisory fee earned on your account. The advisory fee is a percentage of assets in your account charged on a quarterly basis. If you select financial planning services or are referred pursuant to a solicitor's agreement, they will earn a percentage of that fee.
- We enter into agreements with product sponsors and their affiliates that result in direct or indirect compensation to us and/or our financial professionals.
- MCAS and/or our financial professionals receive compensation for brokerage transactions they place in advisory accounts and for the purchase of investment products recommended. This poses a conflict of interest because there is an incentive to engage in more transactions.
- **For more details on the fees and compensation** visit [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and review our Form ADV, Part 2A brochure (Item 5).

Whether you have a brokerage account or an advisory account, our financial professionals are compensated based on the amount of revenue they generate. This means the more revenue they generate, the greater the percentage of the revenue they receive, and the less we retain. Our financial professionals also receive non-cash compensation. For example, they may receive reimbursement of costs associated with attending certain events such as marketing or sponsor educational events. Our investment advisor representatives (IARs) are permitted to offer dinners or other events to clients who refer other clients. Referred clients should consider whether the referral was based on the existing client's desire to receive incentives.

**Do you or your financial professionals have legal or disciplinary history?**

Yes. Visit [www.investor.gov/CRS](http://www.investor.gov/CRS) for a free and simple search tool to research us and our financial professionals. For additional information about our financial professionals, visit FINRA BrokerCheck (<https://brokercheck.finra.org>). Also, find additional information about your investment advisor representative at <https://adviserinfo.sec.gov>. Scan the QR code.



**Conversation Starters. Ask your financial professional.**

As a financial professional, do you have any disciplinary history? For what type of conduct?

**Additional Information**

**For additional information about our services**, visit our website <https://moneyconcepts.com> and refer to your account and/or investment advisory agreement. You may also review additional product-specific disclosures at [www.moneyconcepts.com/home/ProductDisclosures](http://www.moneyconcepts.com/home/ProductDisclosures), or scan the QR code to the right. If you would like additional up-to-date information or a copy of this disclosure, please call (800) 326-1825.



**Conversation Starters. Ask your financial professional.**

Who is my primary contact person? Is she or he a representative of an investment adviser or a broker-dealer?  
Who can I talk to if I have concerns about how this person is treating me?