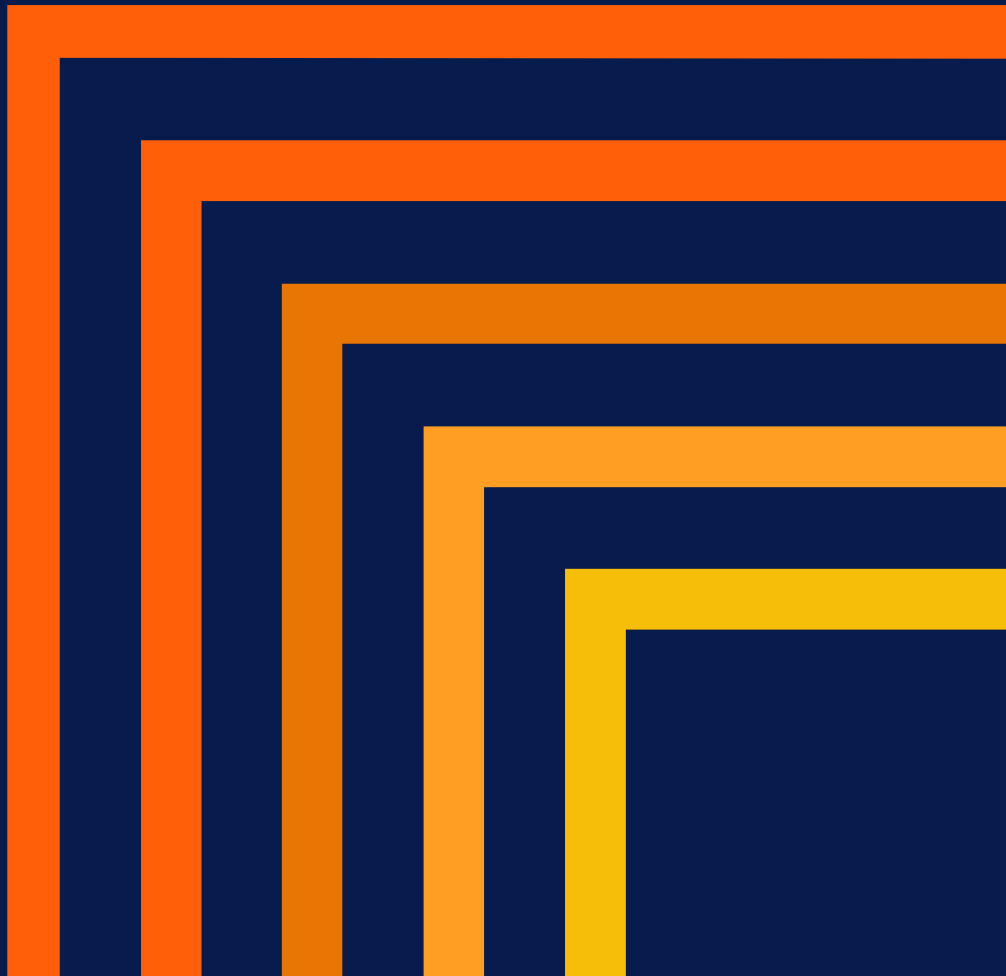


# WEBSTER CASH ACCOUNT PROGRAM

OFFERED THROUGH LPL FINANCIAL

**DISCLOSURE BOOKLET**

Updated: July 2024





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## BASICS OF THE PROGRAM

Welcome to the Webster Cash Account (“WCA”) program offered through LPL Financial (“LPL”). Under the WCA program, LPL, acting as your agent, will automatically transfer (or “sweep”) available cash balances in your eligible accounts—including proceeds of securities transactions, dividend and interest payments, cash deposits, and other funds into interest-bearing deposit accounts (“Deposit Accounts”) with Webster Bank, N.A. (“Bank”), insured up to applicable limits by the Federal Deposit Insurance Corporation (the “FDIC”).

Bank is the only depository available to hold deposits under the WCA program. If you determine not to participate in, or to withdraw from, the WCA program, LPL will withdraw any funds held on your behalf from Bank, and any funds in your eligible accounts will be subject to your direction. (See *“What are the available alternatives?”* for further details.) For explicit details on the sweep process, please review *“Account Opening and Management: Operational Details”* set forth in the Appendix.

Each Deposit Account constitutes a direct obligation of the relevant Bank and is not a direct or indirect obligation of LPL. You may obtain publicly available financial information concerning each Bank at [www.ffiec.gov/nicpubweb/nicweb/nichome.aspx](http://www.ffiec.gov/nicpubweb/nicweb/nichome.aspx) or by contacting the FDIC Public Information Center (i) by mail at 3501 North Fairfax Drive, Room E-1005, Arlington, VA 22226; (ii) by email at [publicinfo@fdic.gov](mailto:publicinfo@fdic.gov); or (iii) by phone at (877) 275-3342.

In connection with the networking agreement between Bank and LPL, Bank has imposed the requirement that any deposit sweep is limited to deposits with Bank. Accordingly, LPL is required to offer this sweep to you, without regard to any applicable limits on the availability of FDIC deposit insurance, and LPL further disclaims any responsibility for the financial condition of Bank or the accuracy of any publicly available financial information concerning Bank, or for any insured or uninsured portion of a Deposit Account. If you participate in the WCA program, you must monitor these issues and, if appropriate, consider alternatives. See *WHAT ARE THE AVAILABLE ALTERNATIVES?*

The key questions detailed in the remainder of this document are:

- What accounts are eligible?
- What is deposit insurance?
- What are anticipated interest rates, fees, and related conflicts of interest?
- What are the available alternatives?
- Where to find more information on the program today and in the future?

## WHAT ACCOUNTS ARE ELIGIBLE?

The WCA program is available for eligible accounts types that are held by “eligible persons” and offered to you by a financial professional affiliated with Bank. This may include individuals, trusts, sole proprietorships, and entities organized or operated to make a profit, such as corporations, partnerships, associations, business trusts, and other organizations. In the future, LPL may, at its sole discretion, make additional account types eligible for the WCA program or may choose to treat an otherwise eligible person as ineligible if LPL becomes aware that the person is prohibited as a matter of law from holding balances at Bank.

Retirement accounts, to the extent maintained in one of the following account types, are not eligible for the WCA program (the various kinds of retirement accounts are described on under the heading *WHAT IS DEPOSIT INSURANCE?, Retirement Accounts*). Retirement account types eligible for the WCA program include:

- Strategic Asset Management
- Manager Select
- Manager Access Select
- Optimum Market Portfolios—Advisory
- Model Wealth Portfolios
- Personal Wealth Portfolios

You may determine the account type that you hold by consulting the account packet documenting your account relationship or by reviewing your account statement, logging into AccountView, or by contacting your financial professional.

## WHAT IS DEPOSIT INSURANCE?

Cash balances swept to Bank through the WCA program are eligible for deposit insurance from the FDIC, an independent agency of the U.S. government, up to \$250,000 per depositor for each FDIC-defined manner of ownership and capacity (“Ownership Category”) with Bank. The Ownership Category depends on LPL records as to the ownership of your LPL account. Cash balances swept from an LPL account into one or more Deposit Accounts in the name of LPL as agent for the exclusive benefit of its customers benefit from FDIC insurance to the same extent as if deposited in the name of the accountholders.

When funds from your eligible account with LPL Financial are swept to Bank, you will not have a direct account relationship with Bank, regardless of whether you have a separate deposit relationship with Bank. LPL Financial, as your agent, will establish a Deposit Accounts with Bank and your interest will be assured on a basis consistent with the capacity in which you are recorded on LPL Financial records as owning your eligible account.

## Monitoring deposit insurance coverage

Any deposits (including certificates of deposit) that you maintain (i) directly with Bank or (ii) through an intermediary (such as LPL or another broker-dealer) in a particular FDIC-defined Ownership Category will be aggregated with your cash balances from the WCA program held at Bank and in the same Ownership Category for purposes of calculating the \$250,000 limit. As your agent, LPL Financial will sweep the funds from your LPL Financial account and into Bank. After that maximum FDIC insurance amount is reached, your additional cash will continue to be swept to Bank. In the event of a failure of Bank, only \$250,000 held in a particular Ownership Capacity will be eligible for FDIC deposit insurance and any recovery on the balance will be limited to the distributions payable to uninsured depositors.

**You are responsible for monitoring the total amount of deposits that you have with Bank in order to determine the extent of FDIC insurance coverage available to you with respect to your eligible accounts and the accounts you already maintain with Bank.** Depending upon the amount of deposits that you have at Bank apart from your WCA program deposits, you may wish to limit deposits in the WCA.

**Note that cash held in credit balances with LPL or invested in a money market mutual fund or other securities in your eligible account, if any, as discussed more fully below, is not eligible for FDIC deposit insurance but is eligible for protection by the Securities Investor Protection Corporation (“SIPC”) should LPL fail to hold it for you. Deposit Accounts held through the WCA program are not eligible for SIPC insurance.**

On any business day when your account’s cash is transferred, all of your account’s cash will be held temporarily at the clearing bank (“Intermediary Receiving Bank”) used by LPL to settle deposits to the underlying beneficiary bank. When held at the Intermediary Receiving Bank, your account’s cash will temporarily be uninsured. Once distributed to Bank, your account’s cash will be eligible for insurance up to \$250,000, subject to cash balances that you hold in the same Ownership Capacity at Bank, as applicable. The WCA program has adopted procedures to ensure the movement of assets in a timely manner and expects that your assets will be transferred by the close of business each day. In the unlikely event of a failure of wire transfer systems or communication facilities, your assets could remain at the Intermediary Receiving Bank until the next business day (or until such systems/facilities are fully restored).

FDIC insurance protects against the loss of deposits due if an FDIC-insured bank fails. LPL itself is not an FDIC-insured institution. Only the funds deposited within the Bank are eligible for FDIC insurance. Eligibility for pass-through deposit insurance coverage is subject to fulfilling specific conditions. Furthermore, the investment products identified herein that are not covered by FDIC insurance do not constitute bank deposits and are subject to investment risks, including the potential loss of the amount invested. These products are distinct from the interest-bearing FDIC-insured deposit accounts made available through the WCA program Bank.

### FDIC insurance: details and examples

The application of the \$250,000 federal deposit insurance limitation is illustrated by several common factual situations discussed below.

#### Non-Retirement Accounts

*Individual Customer Accounts:* If your eligible account is reflected on LPL’s records as being owned by a single individual or entity, the total available deposit insurance for that individual or entity of all deposits held by the same individual in that Ownership Category with Bank is \$250,000.

*Guardian, custodian, or conservator accounts:* If your account is reflected on LPL’s records as being held

by a guardian, custodian, or conservator for the benefit of their ward, or for the benefit of a minor under the Uniform Gifts to Minors Act, then the total available deposit insurance for the ward, minor, or other beneficiary of all deposits held in the same Ownership Category with Bank is \$250,000.

*Joint Accounts:* If the account is reflected on LPL's records as being owned jointly by more than one individual and each co-owner has the right to access the account, then funds swept into a Deposit Account at Bank will be insured up to \$250,000 per individual owner, separate from any individually owned (single ownership) deposit accounts held with Bank. If the account is reflected on LPL's records as being owned jointly by one or more entities (and any individuals), the deposit account will be treated as being owned by each named owner, as an individual, corporation, partnership, or unincorporated association, as the case may be, and the actual ownership interest of each individual or entity in such account shall be added to any other single ownership accounts of such individual or other accounts of such entity at Bank, and shall be insured in accordance with the provisions governing the insurance of single ownership accounts.

*Trust Accounts:* If the eligible accounts are reflected on LPL's records as being held in either of the following types of relationship, it would be treated for deposit insurance purposes as described below:

- (i) Informal revocable trusts, such as eligible accounts that are payable-on-death accounts, in-trust-for accounts, and Totten trust accounts;
- (ii) formal revocable trusts, defined to mean eligible accounts held pursuant to a written revocable trust agreement under which a deposit passes to one or more beneficiaries upon the grantor's death; and
- (iii) irrevocable trust deposits, meaning eligible accounts held pursuant to an irrevocable trust established by written agreement or by statute.

Because these deposits are considered to be part of the same category for deposit insurance purposes, they would be aggregated when applying the deposit insurance limit. Deposits from such eligible accounts will be insured in an amount up to the \$250,000 multiplied by the total number of eligible beneficiaries identified by each grantor, up to a maximum of \$1,250,000 per trust account owner. Beneficiary trust interests passing from the same grantor would be aggregated for purposes of determining deposit insurance coverage at Bank, whether or not held in connection with an informal revocable trust, formal revocable trust, or irrevocable trust. The deposit insurance coverage provided to beneficiaries of such trusts is separate from coverage provided for other deposits held by such beneficiaries at Bank.

Unless otherwise specified in LPL's records with respect to the related eligible accounts, the eligible account held in connection with a trust established by multiple grantors is presumed to have been owned or funded by each grantor in equal shares.

The total number of beneficiaries with respect to an eligible account held by a trust will be determined as follows:

- (i) Eligible beneficiaries include only natural persons, and charitable organizations and other non-profit entities recognized as such under the Internal Revenue Code of 1986, as amended.
- (ii) Beneficiaries do not include:
  - a. The grantor(s) of the trust; or
  - b. A person or entity that would only obtain an interest in the trust if one or more identified beneficiaries are deceased.
- (iii) If the trust agreement provides that trust assets will pass into one or more new trusts upon the death of the grantor(s) ("future trusts"), the future trust(s) are not treated as

beneficiaries of the trust. Instead, the future trust(s) are viewed as mechanisms for distributing the trust and the beneficiaries that are eligible beneficiaries would be treated as the “beneficiaries” that will receive the trust assets through the future trusts.

- (iv) If an informal revocable trust designates the holder of the eligible account’s trust as its beneficiary, the informal revocable trust account will be treated as if the eligible account were titled in the name of the formal trust.

In the case of an informal revocable trusts, LPL’s eligible account records must reflect the names of beneficiaries. In the case of a formal revocable trust, the title of the LPL eligible account must include terminology sufficient to identify the account as a trust account, such as “family trust” or “living trust,” or must otherwise be identified as a testamentary trust in the account records of LPL. If eligible beneficiaries of such formal revocable trust are specifically named in the eligible account records of LPL, the FDIC will presume the continued validity of the named beneficiary’s interest in the trust unless the FDIC has reason to believe that such records misrepresent the actual ownership of deposited funds and such misrepresentation would increase deposit insurance coverage, in which case the FDIC may consider all available evidence and pay claims for insured deposits on the basis of the actual rather than the misrepresented ownership.

In the case of revocable trust co-owners that are sole beneficiaries of the trust, deposits held in connection with the trust are treated as joint ownership deposits. Deposits of employee benefit plans, even if held in connection with a trust, are treated as employee benefit plan described below under “Retirement Accounts.”

### **Business Accounts**

If the account is reflected on LPL’s records as being owned by a business, funds swept into a Deposit Account at Bank will be added to other deposits of such business held in the same Ownership Category with Bank and insured up to \$250,000 in the aggregate. In the case of a business that is a sole proprietorship, for deposit insurance purposes, swept funds will be treated as funds of the person who is the sole proprietor and added to any other funds of that person held in the same Ownership Category.



## Retirement Accounts

If you hold a retirement account in an eligible account type, you may have interests in various retirement plans and accounts that have placed deposits in accounts at Bank. The amount of deposit insurance to which you will be entitled, including whether the deposits held by the retirement plan or account will be considered separately or aggregated with the deposits of the same Bank held by other retirement plans or accounts, will vary depending on the type of retirement plan or account. It is therefore important to understand the type of retirement plan or account holding the deposits.

You may have interests in eligible accounts of retirement plans that have placed deposits in accounts at Bank. The amount of deposit insurance you will be entitled to, including whether the deposits held by the retirement plan or account will be considered separately or aggregated with the deposits of Bank held by other retirement plans or accounts, will vary depending on the type of retirement plan or account. It is therefore important to understand the type of retirement plan or account holding the deposits.

*IRAs and other Self-Directed Retirement Accounts:* IRAs (including Roth IRAs), self-directed Keogh accounts, and certain other self-directed retirement accounts (such as government-sponsored 457 plans and private employer-sponsored 401(k) plans) are insured up to \$250,000 per depositor. Each person's deposits in self-directed retirement accounts at Bank are added together and insured up to \$250,000, separately from any retirement accounts that are not self-directed and any non-retirement accounts.

*Pass-through Deposit Insurance for Employee Benefit Plan Deposits:* Employee benefit plan accounts are deposits of a pension plan, profit-sharing plan or other employee benefit plan that is not self-directed. Employee benefit plan deposits are insured up to \$250,000 for each participant's interest in the plan if certain requirements are met. This coverage is known as pass-through insurance because the insurance coverage passes through the plan administrator to each participant's interest or share. This means that instead of an employee benefit plan's deposits at Bank being entitled to only \$250,000 of insurance in total, each participant in the employee benefit plan is entitled to insurance of his or her interest in the employee benefit plan's deposits of up to \$250,000 (subject to the aggregation of the participant's interests in different plans, as discussed below). The pass-through insurance provided to an individual as an employee benefit plan participant is in addition to the \$250,000 deposit insurance allowed on other deposits held in an individual or other recognized insurance capacity by an individual with Bank.

A deposit held by an employee benefit plan eligible for pass-through insurance is insured for an amount equal to the number of plan participants multiplied by \$250,000. For example, an employee benefit plan owns \$550,000 in deposits with Bank. The employee benefit plan has two participants, one with a vested non-contingent interest of \$300,000 and one with a vested non-contingent interest of \$250,000. In this case, the employee benefit plan's deposits would be insured up to only \$500,000; the individual with the \$300,000 interest would be insured up to the \$250,000 limit and the individual with the \$250,000 interest would be insured up to the full value of such interest.

The contingent interests of employees in an employee benefit plan and overfunded amounts attributed to any employee benefit plan are not insured on a pass-through basis. Contingent interests of an employee in an employee benefit plan deposit are interests that are not capable of evaluation in accordance with FDIC rules, and are aggregated and insured up to \$250,000. Similarly, overfunded amounts are insured, in the aggregate for all participants, up to \$250,000 separately from the insurance provided for any other funds owned by or attributable to the employer or an employee benefit plan participant.

*Aggregation of Plan and Account Deposits:* Under FDIC regulations, an individual's interests in Plans maintained by the same employer or employee organization (e.g., a union) which are holding deposits of the same institution will be insured up to \$250,000 in the aggregate. In addition, under FDIC regulations an individual's interest in the deposits of one Bank held, for example, in (i) an IRA, (ii) government-sponsored 457 plan, (iii) self-directed Keogh plan, or (iv) self-directed defined contribution plan will be insured up to \$250,000 in the aggregate, separately, whether or not maintained by the same employer or employee organization.

### **When accounts transfer ownership**

If you become the owner of deposits at Bank as a result of the death of another depositor, the FDIC will aggregate other deposits held by you in the same Ownership Category with Bank for purposes of the \$250,000 deposit insurance limit beginning on the earlier of six months after the death of the depositor or the restructuring of the affected accounts. The FDIC provides the six-month grace period to permit you to restructure your deposits to obtain the maximum amount of deposit insurance for which you are eligible.

If Deposit Accounts or other deposits at another bank are assumed by Bank pursuant to a merger or consolidation, such deposits will continue to be separately insured from the deposits that you might have established with Webster Bank until:

- (i) the maturity date of the certificates of deposit or other time deposits which were assumed, or
- (ii) with respect to deposits that are not time deposits, the expiration of a six-month period from the date of the acquisition.

Thereafter, any assumed deposits will be aggregated with other accounts you hold with Bank in the same Ownership Category for purposes of the \$250,000 limit.

### **If insurance becomes necessary**

If Bank should become insolvent and it is necessary to rely on deposit insurance for payment of any deposits, payments of principal plus unpaid and accrued interest up to \$250,000 in respect of any Ownership Category will be made to you. There is no specific time period during which the FDIC must make insurance payments available. Furthermore, you may be required to provide certain documentation to the FDIC and LPL Financial before such insurance payments will be made.

## **WHAT ARE THE ANTICIPATED INTEREST RATES, FEES, AND RELATED CONFLICTS OF INTEREST?**

The amount of anticipated annual interest you will receive on cash maintained in Deposit Accounts is calculated by taking the amount of cash being swept to the Bank through the WCA program multiplied by the annual interest rate that corresponds to your household balance tier.

## Interest Rates and Household Balance Calculations

The interest rates you receive will vary based upon the aggregate value of all linked eligible assets you and other eligible parties in your household maintain in your eligible Deposit Accounts (“Household Balance”). In determining your Household Balance, the eligible accounts of all persons at the same address may be linked. LPL may grant requests to link other accounts at its discretion. Certain accounts may not be eligible for linking. The eligible assets of linked accounts are not commingled, and the accountholder or accountholders of any linked account retains control over such account. LPL may change or terminate Household Balance eligibility without notice. It is your obligation to notify your financial professional or LPL of accounts that you would like to be linked.

Customers with greater Household Balances typically receive a higher interest rate than customers with lower Household Balances. LPL will determine your Household Balance each day. Once you instruct your financial professional to link your eligible accounts, the previous day’s Household Balance will determine your interest rate tier for the next day. The most up-to-date, different Household Balance tiers and their corresponding interest rates are found by visiting <https://www.websterbank.com/personal-banking/wealth-services/planning-advice/>. The corresponding interest rates may change from time to time.

Interest will accrue daily on balances from the day funds are deposited into Bank through the business day preceding the date of withdrawal from Bank. Interest will be compounded daily and credited monthly. The interest rates paid by Bank may be higher or lower than the interest rates available to depositors making deposits directly with Bank or other depository institutions in comparable accounts and for investments in money market mutual funds and other cash equivalent investments available through LPL Financial. You should compare the terms, interest rates, required minimum amounts, and other features of the WCA program with other accounts and alternative investments.

## Fees

Bank will pay LPL a fee equal to an annual rate of 11.5 basis points on the average daily collective deposit balance. Financial professionals do not receive any part of the fees received by LPL from Bank. The fees LPL receives from Bank may be greater than the fees LPL Financial receives from other sweep investment options. Upon request, LPL Financial will provide you with information concerning the fees it receives in connection with the WCA program. In addition to LPL Financial, other service providers of the WCA program will receive fees. Other than these stated fees, there will be no charges, fees, or commissions imposed on your accounts with respect to the WCA program.

## Conflicts

In connection with the networking agreement between Bank and LPL, Bank has imposed the requirement that any eligible Webster investment program accounts using deposit sweep must have sweep cash deposited only with Bank, and not in others banks through LPL’s Insured Cash Account program (or any similar programs). Accordingly, LPL is required to offer this sweep to you, without regard to any applicable limits on the availability of FDIC deposit insurance, and LPL further disclaims any responsibility for the financial condition of Bank or the accuracy of any publicly available financial information concerning Bank, or for any insured or uninsured portion of a Deposit Account. This single bank sweep program presents a conflict of interest because the financial professional is an employee of, or affiliated with, the Bank, and the bank benefits financially from the deposits. Absent this agreement between LPL and the Bank, certain account types would be eligible for other sweep alternatives, which could pay higher yields and provide additional FDIC deposit insurance or SIPC insurance.

If you are investing through an advisory account, the fees that LPL receives from Bank are in addition to the advisory fee that you pay LPL and your financial professional. This means that LPL earns two layers of fees on the same cash balances in your LPL account. We set our advisory program fees with the expectation that we will receive fees and benefits from the WCA program. Our advisory program fees would be higher if we did not receive fees and benefits from the WCA program.

The fees that LPL receives from Bank are an important revenue stream and present a conflict of interest for LPL, because LPL and Bank benefit financially if cash is swept into the WCA program. Because this compensation is retained by LPL and is not shared with your financial professional, it does not cause your financial professional to have a direct financial incentive to recommend that cash be held in the WCA program instead of holding securities. Your financial professional does have a financial incentive to recommend that your cash not be swept to the WCA program, as your financial professional does not receive compensation for such sweeps.

In addition to LPL, other service providers of the WCA program will receive fees. Other than these stated fees, there will be no charges, fees, or commissions imposed on your account with respect to the WCA program.

If you are acting on behalf of a retirement account, you, as a responsible plan fiduciary, agree that you have independently determined that holding cash balances as a free credit balance (as discussed below), which may not earn income for the account, is (i) both reasonable and in the best interests of the account; and (ii) that the account receives no less, nor pays no more, than adequate consideration with respect to this arrangement. LPL does not share this compensation with your financial professional.

## WHAT ARE THE AVAILABLE ALTERNATIVES?

If your accounts are eligible for the WCA program and you do not wish to have available cash swept into the WCA program, you may contact your financial professional for assistance with choosing an available alternative.

### **Alternative: Turn off the automatic sweep option**

If you elect to disable the WCA program, this means that available cash will not be swept (and therefore will not earn interest) but will instead be held as a “free credit balance” by LPL, **unless** you give your financial professional a direction to invest a specific amount of your funds in an available money market mutual fund, certificate of deposit, or other investment available through LPL.

Free credit balances held in your account, which represent a liability of LPL, may be used by LPL in the ordinary course of its business subject to the limitations under Securities Exchange Commission Rule 15c3-3 under the Securities Exchange Act of 1934 (“Rule 15c3-3”). The use of customer free credit balances creates funding for limited used by LPL, generally at a lesser cost than other sources of funding. LPL can use the funding created by free credit balances to generate revenue for LPL (less amounts paid to the customer on such balances), which LPL retains as additional compensation. Under these arrangements, LPL may earn fees and interest on such cash balances by using such funding to finance customer positions at a lower funding cost than might otherwise be the case. LPL does not share this compensation with your financial professional. Credit balances held in your account are not insured or guaranteed by the FDIC but are eligible for limited insurance coverage by SIPC under SIPA. Customer interest rates in WCA may be lower than those paid on free credit balances.

LPL makes money on the free credit balances maintained in your account, depending on how those free credit balances are invested or deposited. Pursuant to Rule 15c3-3, LPL can (i) deposit cash balances into a segregated deposit account at its banks, thereby making interest on the balances deposited, or (ii) invest the cash balances in securities backed by the full faith and credit of the U.S. government, thereby making money on any yield generated by such securities. The amount LPL will earn from these sources will vary based on market forces and the contracts for deposit arrangements that LPL is able to secure with its banks. LPL may use both or either of these vehicles at its sole discretion. Any amounts LPL receives pursuant to these sources will be reduced by the interest payable to you on such balances described above, and further reduced by the cost of borrowing any funds necessary to meet its reserve requirements under Rule 15c3-3.

LPL will treat all free credit balances in the ordinary course of its business in a manner consistent with its regulatory obligations. For example, LPL may earn interest or a return by investing in short-term U.S. Government or Agency instruments or by using these balances to fund margin loans to its customers at a lower funding cost than would otherwise be the case.

### **Overarching details about WCA program alternatives**

If you maintain an eligible centrally managed automatically rebalanced account (i.e., Optimum Market Portfolios, Model Wealth Portfolios, or Personal Wealth Portfolios), you must notify your financial professional to turn off the WCA program and, if available, select another alternative.

If you choose to turn off the sweep in your account and invest in a money market mutual fund instead of the WCA program, please make sure you understand the details of those investments. For more complete information about any money market mutual fund, including all yields, charges, and expenses, please contact your financial professional and request a prospectus. Read the prospectus carefully before you invest or send money.

Note that although money market mutual funds typically seek to preserve the value of an investment at \$1.00 per share, there is no assurance that it will be successful, and it is possible to lose money should the value per share fund fall. Most money market mutual funds aim to maintain a stable \$1.00 net asset value per share. An investment in a money market mutual fund is not insured or guaranteed by the FDIC or any other government agency, but is protected by SIPC coverage.

## SIPC coverage

SIPC is a non-profit membership corporation created by the Securities Investor Protection Act of 1970, funded primarily by its member securities brokerage firms registered with the U.S. Securities and Exchange Commission. SIPC provides protection against custodial risk to clients of securities brokerage firms, like LPL Financial, in the event such firms become insolvent. Unlike FDIC insurance, SIPC does not insure against the decline in value of your investment. Nor does SIPC insurance insure the quality of investments or protect against a decline or fluctuations in the value of your investment. SIPC protects against the risk that a customer's securities and cash held are not available in a customer's brokerage account at an insolvent brokerage firm. SIPC protects against the loss of customer securities and cash up to a total of \$500,000 (including a maximum of \$250,000 for claims for uninvested cash held by LPL Financial awaiting investment) per customer in each separate capacity under SIPC rules. Additionally, LPL Financial accounts have additional securities protection to cover the net equity of customer accounts up to an overall aggregate firm limit of \$575,000,000 subject to conditions and limitations. If you have questions about SIPC coverage and additional SIPC-like coverage, please contact your financial professional or visit our website at <http://lplfinancial.lpl.com/disclosures.htm>. For more information on SIPC, including obtaining an explanatory brochure, please contact SIPC at (202) 371-8300 or <https://www.sipc.org/news-and-media/brochures>.

## WHERE TO FIND FURTHER INFORMATION

Transactions and activity with respect to your funds will appear on your periodic account statement. For each statement period, your account statement will reflect:

- Deposits to and withdrawals on your behalf into the WCA program
- The closing balance of funds swept to Bank
- Interest earned on your WCA program cash sweep balances

Your financial professional can assist you if you have any questions about how your account statement reflects swept balances with Bank. You may obtain additional information about your funds by calling your financial professional or, if applicable, by accessing your account through LPL AccountView. If you have not subscribed to LPL AccountView and wish to do so, please contact your financial professional to subscribe.



# APPENDIX

Included in this Appendix are additional details on several concepts discussed within the brochure.

## **Account Opening and Management: Operational Details**

When cash is swept to Bank under the WCA program, two collective accounts are established at Bank on the behalf of you and other LPL clients participating in the WCA program:

- a money market deposit account (MMDA), which is a type of savings deposit, and
- a linked transaction account (TA).

Bank in its discretion may determine a minimum amount to be maintained in the collective TA. The MMDAs and TAs are non-transferable.

Federal banking regulations limit the transfers from an MMDA to a total of six (6) during a monthly statement cycle. At any point during a month in which transfers from an MMDA at Bank have reached the applicable limit, all funds will be transferred from the MMDA to the linked TA until the end of the month. Deposits for the remainder of the month into the Bank will be made to the TA. At the beginning of the next month, funds on deposit in the TA will be transferred to the MMDA, minus any threshold amount to be maintained in the TA. The limits on MMDA transfers will not limit the number of withdrawals you can make from funds on deposit at the Bank or the amount of FDIC insurance coverage for which you are eligible.

Due to federal banking regulations, Bank reserves the right to require seven business days' prior notice before you withdraw cash balances from your Deposit Accounts. Bank has informed us that they do not currently intend to exercise this right. So long as this right is not exercised, your ability to access funds, including the ability to write checks against your account, should not be impacted. Deposit Account ownership will be evidenced by a book entry on the account records of Bank showing the Deposit Account as an agency account held by LPL Financial for the benefit of you and other LPL Financial customers collectively and by records maintained by LPL Financial as your agent. No evidence of ownership, such as a passbook or certificate, will be issued to you. Your account statements will reflect your balances at Bank. You should retain the account statements for your records. You may at any time obtain information about your funds by contacting your financial professional. Bank will not provide you with information or accept instructions from you with respect to your funds in the collective Deposit Account that have been established by LPL Financial through the WCA program.

# APPENDIX

As your agent, LPL Financial will deposit available cash balances in the MMDA at the Bank. All withdrawals will be made from the TA at the Bank by LPL as your agent. As necessary to satisfy debits in your account (securities purchases, checking, debit card, etc.), funds will be transferred from the MMDA to the related TA at the Bank. If funds in the TA are insufficient to satisfy a debit, funds in the related MMDA at the Bank will be transferred to the TA to satisfy the debit, plus funds to maintain any TA threshold amount.

If you decide to terminate your participation in the WCA program sweep option, you may establish a direct relationship with the Bank by making a request to the Bank to establish a Deposit Account in your name, subject to the Bank's rules with respect to establishing and maintaining deposit accounts. Once that is done, you would contact LPL and request a transfer of the funds in the WCA collective Deposit Account into your individual Deposit Account. Establishment of the Deposit Account directly in your name at a Bank will separate the Deposit Accounts from the collective LPL Financial account. If you establish a direct depository relationship with the Bank, the Deposit Accounts will no longer be reflected in your account statement and LPL Financial will have no further responsibility concerning the Deposit Accounts.

## Taxes

For most clients, interest earned on deposits in the Deposit Accounts will be taxed as ordinary income in the year it is received. A Form 1099 will be sent to you each year showing the amount of interest income you have earned on your WCA program cash sweep deposits. You should consult with your tax advisor about how the WCA program affects you.

**LPL Financial is a registered broker-dealer, Member FINRA/SIPC, and is not FDIC insured; however, Webster Bank N.A. does maintain FDIC membership for the accounts used in the cash account program. Specific details regarding Webster's FDIC coverage may be found in this booklet.**

This material has been prepared by LPL Financial.

Securities and advisory services offered through LPL Financial (LPL), a registered investment advisor and broker-dealer (member FINRA/SIPC) and are:

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