

Third Party Payments Disclosure

Compensation Paid to Harbor Financial Services by Mutual Fund Companies, Direct Participation Programs and Insurance Companies

Harbor provides a variety of marketing and other sales support services for mutual fund companies, direct participation programs, and insurance companies and may receive additional compensation from them in the form of sales and asset-based education and marketing support payments. . The education & marketing support fees come in a variety of forms, including payments made by distributors which are sometimes referred to as 12b-1 fees. This compensation may not be disclosed in detail in either a prospectus or Statement of Additional Information.

Mutual Fund Fees

Certain open-end mutual funds that clients acquire may, in addition to assessing management fees, internally assess a distribution fee pursuant to section 12b-1 of the Investment Company Act of 1940, or an administrative or service fee (“trail”). Trails are included in the calculation of operating expenses of a mutual fund and are disclosed in the fund prospectus. If received by Harbor on Raymond James sponsored advisory fee-eligible mutual funds, trails are credited bimonthly (as applicable) to the appropriate clients’ accounts.

12b-1 fees are used to cover overall marketing expenses and to compensate securities firms for activities or expenses related to distribution and/or retention of fund shares. For example, Harbor uses the 12b-1 fees it receives (i) to provide detailed product information to financial advisors; (ii) to assist with strategic planning and sales support; (iii) to provide presentation opportunities during professional development workshops; (iv) for study groups, and other Harbor Financial events and conferences; (v) to support distribution for sales literature and other promotional materials relating to their products.

Annuity Fees

Harbor offers a wide range of investment alternatives and services, including variable, fixed and fixed index annuity products. Harbor and its financial advisors receive compensation from the insurance companies that issue annuity contracts, in the form of commissions for the purchase of such contracts and for additional deposits into the contract. Harbor may also receive payments from insurance companies for contract servicing expenses (“trails”), which it may pass on in part to financial advisors. Commissions and trails are paid out of the insurance company’s assets, but may be derived from product fees and expenses.

Insurance companies and other plan service providers participate in educational conferences organized or sponsored by Harbor to provide generalized educational information not specific to any plan and may pay Harbor a fee to offset the cost of these educational conferences.

Annual fees for variable annuity contracts are often higher than those associated with mutual funds investment options that exclude insurance benefits. This is because the company must pay for the insurance benefits associated with annuities that are not found in mutual funds. Therefore, you should

compare the cost structures of both variable annuities and mutual funds in conjunction with your individual tax considerations and/or your need for the additional insurance benefits before investing.

General Promotional Activities

Marketing representatives of mutual fund companies and insurance companies, who are often referred to as “wholesalers,” educate Harbor financial advisors and branch office managers about their products. Consistent with applicable laws and regulations, these product representatives may pay for or provide training and educational programs for Harbor’s financial advisors and their existing and prospective clients. These companies may also pay for due diligence meetings, conferences, client relationship building events, occasional recreational activities, and other events or activities that are intended to result in the education of and familiarity with their products.

Educational & Conference Events

Consistent with FINRA rules, product sponsors and/or their affiliates may compensate Harbor for training and education seminars for Harbor associates, financial advisors, clients and potential clients. These seminars and training may include due diligence meetings regarding their products, recreational activities and other noncash items. Representatives of product sponsors attend these meetings, provide speakers for education presentations and attend events where they can interact with Harbor financial advisors. Harbor representatives may receive promotional items, meals, entertainment or other non-cash compensation from product sponsors.