



## Regulation Best Interest

### Additional information for Traditional Brokerage or Investment Management Accounts

Nestlerode & Loy, Inc. can work with you as a Broker or an Advisor. Each offers unique features. You and your representative should review the Client Relationship Summary and the **Selection Form** to determine what service level is right for you.

In all types of investment accounts there is a level of risk. Investments are not guaranteed and may lose money. Past success does not guarantee future performance in any type of security.

When doing business with Nestlerode & Loy, we use RBC-C&C as your custodian or directly with the mutual fund family. Some terms and fees apply to your accounts with us. This list is not exhaustive, please ask your Advisor or Broker for any clarification or further information.

#### Mutual Funds:

**Definition:** A basket of diversified securities that is managed by a professional money manager and funded by investors. There is no cap on the amount you may invest in a mutual fund. Individual Fund Families have different account minimums, which may limit the funds available to you. Your account may be held at RBC or directly with the mutual fund company.

**Front Load** - a commission (Typically called A shares) is paid to the registered representative at the time of purchase. The commission is based on the dollar amount of assets held. These funds are only purchased in Traditional Brokerage accounts as the Broker gets paid a portion of the commission.

**Level Load** - (Typically called C shares) is an annual fee paid to the registered representative for holding the funds. These funds are only purchased in Traditional Brokerage accounts as the Broker gets paid a portion of the commission or Load.

**No Load** - is sold without commission or sales charge. These funds are only purchased in Investment Advisory accounts.

**12b-1** - an ongoing fee (trail) paid to the registered representative on a quarterly basis. Any 12b-1 fees paid on no load mutual funds are refunded back to the client in Investment Advisory accounts.

**Breakpoints** - discounts earned by the assets in fund reaching certain investment tiers or levels. These are available on Front Load Mutual Funds in Traditional Brokerage accounts and are available on amounts over \$25,000 or \$50,000.

Please see your mutual fund prospectus or [https://tools.finra.org/fund\\_analyzer/](https://tools.finra.org/fund_analyzer/) for more information.

#### Types of Accounts:

**IRA** - A retirement vehicle that allows you to save with tax-free growth or on a tax deferred basis. This could be a Traditional IRA, 401k, ROTH, Simple IRA or SEP (Simplified Employee Pension Plan)



Educational - a plan that allows you to save for a beneficiary's educational needs on a tax deferred basis, which could be a 529 or Coverdell Educational Savings Account

Individual or Joint Tenants - an investment account set up for wealth building as an individual or joint, generally with a spouse or significant other, child, or sibling. These are non-retirement accounts and thus have no special tax benefits.

Uniform Transfer to Minors Act (UTMA) - a custodial account that permits gifting to minors with a custodian managing the assets until the minor comes of age (18 or 21 depending on your state of residence)

Other more specific types of accounts may be set up with the help of your Advisor or Broker.

### **Material Fees:**

**Beyond the commission or advisory fee, you may pay additional fees. This list is not exhaustive, please ask your Broker or Advisor for more information.**

Custodial Fees - RBC, our clearing firm, charges fees to hold your accounts. Some are listed below, not all fees will be charged to you depending on the type of account you have with us.

Custodial IRA fees - RBC charges an annual fee of \$35 for any IRA with a value under \$150,000. There is a closing fee of \$120 charged when an account closes or transfers out.

Annual fee - RBC charges any non-retirement account, an annual fee of \$50 for mailings of statements, confirmations, and tax forms, etc. You can eliminate this fee by going paperless at [www.investor-connect.com](http://www.investor-connect.com).

Handling - RBC charges \$2 and Nestlerode & Loy, Inc. charges \$3 on non-mutual fund transactions in Brokerage accounts. Nestlerode & Loy, Inc. does not charge this handling fee for Investment Advisory accounts. NLI may receive a \$3 postage credit from RBC on NTF-ETF purchases in Investment Advisory accounts.

Duplicate Statement - RBC charges \$1.25 for any duplicate statement or confirmation mailed.

Wire Fees - RBC charges a wire fee of \$10 for domestic wires and \$75 for international wires.

Overnight check fee - RBC charges a fee of \$10 for any domestic overnighted check.

Safe Keeping fee - RBC charges an annual fee of \$50 for holding an outside non-marketable security.

Transfer on Death - RBC charges a one-time \$50 set up fee for a Transfer on Death registration, \$35 for changes made to the beneficiaries and .001% administration fee at the time of the distribution.

Checking and Credit card fees - RBC charges a fee for check writing and credit cards. Please ask your advisor for further information.

Voided check fee - RBC may charge a fee for voiding and re-issuing a check. Please ask your advisor for further information.

Credit Access Line - RBC offers a line of credit for clients with non-retirement accounts. RBC charges 4% + the LIBOR Rate; adjustable weekly. No set up or cancellation fees. RBC pays us 25 basis points on any outstanding balance on an existing Credit Access Line. Please ask your broker or advisor for more information.



Mutual Fund Fees - mutual funds may charge an annual fee for holding your account. This charge is generally \$10-25/year. Mutual funds and ETFs also charge internal management fees and costs that are disclosed in the fund's prospectus. Please ask your broker or advisor for more information.

### Requirements for opening/maintaining an account

Nestlerode & Loy has a minimum investment of \$200,000 to work in an advisory relationship.\*

Nestlerode & Loy does not have a minimum investment to work in a brokerage account although some mutual funds do have minimum investment.

There are no limitations in the type of securities offered, however we do not deal in futures or options. Nestlerode & Loy, Inc. sells no proprietary products and does not trade from their own securities account. Judy Loy, Jody Sharer, and Nicole Luckie hold PA Insurance licenses and can assist clients with insurance needs. Jody Sharer also has her Long-Term Care license.

\*Minimums may vary if a new client is a client's relative or associated person of the firm.

### Making Recommendations:

Your Broker or Advisor will take the information you have provided to us to create a portfolio that is tailored to your needs, risk, and time horizon. The information you provide us is vital to understanding what types of investments will be appropriate for your individual circumstance.

We use sophisticated software, subscribe to various market publications, and use current market data to make recommendations to you. In any type of investment account, investments are not guaranteed and may lose money.

If you are in an Investment Advisory account, your Advisor will make investment decisions for you using discretionary authority provided through the Management Agreement. In this account you may have a variety of stocks, CDs, ETFs, no-load mutual funds, and the like. Your advisor will provide ongoing monitoring of your account and will make changes as market indications dictate. Your trades will show as unsolicited discretionary on your trade confirmations.

If you are in a Traditional Brokerage account every trade must be approved by you. We may recommend pre-screened mutual funds for you. We do not provide monitoring of your account. Recommended trades will be marked as solicited trades on your trade confirmations. We also permit you to make self-directed trades in your account. This means you may call and place an order to buy or sell a security in your account without our recommendation to do so. These trades will show on your trade confirmation as unsolicited.

### Conflicts of Interest:

#### Firm/Nestlerode & Loy, Inc. (NLI) Conflicts:

- If you transfer, rollover or deposit money or securities to RBC, our clearing firm, or to a mutual fund with Nestlerode as your broker, NLI will make money through fees or transaction charges.
- RBC has a list of No-Transaction-Fee (NTF) funds, which may incentivize NLI to purchase within that list to avoid the \$10 charge against commission.



- Load mutual funds have differing loads and underlying fees, including possible 12b-1 fees, which may differ and pay NLI more on a purchase.
- When selling mutual funds, there is no sales charge commission, but RBC does charge the firm \$10 per transaction (unless they are on the NTF list). This could incentivize the firm to avoid selling funds.
- RBC has bonds and certificates of deposit (CDs) available through Tradeweb Direct. These have varying sales charges or markups and may incentivize NLI to buy a fixed income product with the higher sales charge.
- RBC charges NLI a minimum of \$15,000 per quarter so there is an incentive for the firm to place transactions in clients' accounts to cover that cost.
- NLI increases revenue if more assets are retained or gained in investment advisory (managed) accounts. This can create a conflict by incentivizing retention of assets or addition of assets.
- Credit Access Line- Nestlerode & Loy, Inc. is paid 25 basis points on any outstanding client balances.

**Individual/Advisor or Broker conflicts:**

- If you transfer, rollover or deposit money or securities to RBC, our clearing firm, or to a mutual fund with Nestlerode as your broker, your advisor will make money through fees or transaction charges.
- RBC has a list of No-Transaction-Fee (NTF) funds, which may incentivize your advisor to purchase within that list to avoid the \$10 charge against commission.
- Ongoing 12b-1 fees do differ on funds and may incentivize your broker to purchase funds with these higher underlying fees.
- When selling mutual funds, there is no sales charge commission, but RBC does charge the firm \$10 per transaction (unless they are on the NTF list). This could incentivize the advisor to avoid selling funds.
- RBC has bonds and certificates of deposit (CDs) available through Tradeweb Direct. These have varying sales charges or markups and may incentivize your advisor to buy the fixed income product with the higher sales charge.
- Advisors are paid on assets under management in investment advisory so the more assets they retain or gain, the more they earn
- Under traditional brokerage, the more transactions in an account, the more money the broker makes from commissions.
- Judy Loy, as an Advisor, is also an owner of the firm so currently all firm conflicts are also Advisor conflicts.

**Limitations:**

- If you transfer or rollover an existing account, RBC and Nestlerode can only hold those securities that they have an agreement with and are eligible for street name at RBC.
- We can only buy mutual funds for which we and/or RBC have a sales agreement.
- We are only able to buy bonds and CDs that are available through Tradeweb Direct.
- As a firm and as advisors, we do not recommend or typically use Margin or Options for our clients.

**Disciplinary:**

**Disciplinary Actions:**

- Nestlerode & Loy, Inc.'s associates have never had any legal or disciplinary actions against them.
- Nestlerode & Company, Inc. had a reportable disclosure in July 1974 for a calculation error in a regulatory filing.

