

The Edward Jones Financial Opportunity Guide

Applicable for:

*California
New Hampshire*

*Illinois
North Dakota*

*Montana
South Dakota*

As of October 2022

Edward Jones[®]

Welcome to your Edward Jones Financial Opportunity Guide

Edward Jones Financial Advisors work hard to directly enhance their clients' livelihoods. Consequently, they deserve to be **fairly compensated** - and to participate in an **understandable, clearly defined**, and **competitive** compensation program.

This guide is intended to clarify the financial opportunity available at Edward Jones.

Inside this guide, you will learn about Edward Jones' compensation philosophy, along with details on "**core**" **compensation** - which consists of **commissions, profit sharing**, and a **branch profitability bonus**.

You'll also learn about **travel awards, asset-sharing programs**, and other **benefits**, such as life insurance, medical coverage, and participation in our retirement plan.

Our compensation philosophy

Partnership: It's the key term in understanding the Edward Jones Financial Advisor compensation philosophy. When Edward D. Jones Sr. established our firm, he created the precedent of **treating financial advisors as business partners, rather than simply employees**. His son, Edward D. "Ted" Jones Jr., expanded on this concept to grow an organization **based on a partnership spirit** and on the philosophy that **those who share in the work also share in the rewards**.

Today, we apply this philosophy to how we reward our financial advisors; our approach to compensation is aligned with our business model. Our **emphasis on partnership**, along with the way in which we serve our clients, makes us unique in the financial services industry. As a result, our compensation program is similarly unique - and quite successful.

The financial information in this guide reflects the average results of 2019, 2020, and 2021.

Edward Jones®



Financial advisor total return

As an Edward Jones Financial Advisor, your “core” compensation will come from three areas:

- **Commissions**
- **Profit sharing**
- **Profitability bonus**

Further, your total return may also include a travel award or other awards you have earned. Not included in the total return figures below is the return on limited partnership a financial advisor may have received.¹

To see what compensation might look like at various levels of production, consider the following total return scenarios, taken from an average of 2019, 2020, and 2021 total return figures:²

For \$400,000 in Gross Commissions			% of Gross	For \$600,000 in Gross Commissions			% of Gross
Core Compensation Total	\$164,000		41%	Core Compensation Total	\$287,000		48%
Commissions	\$147,000		37%	Commissions	\$222,000		37%
Profit Sharing ³	\$8,000		2%	Profit Sharing ³	\$14,000		2%
Profitability Bonus ⁴	\$9,000		2%	Profitability Bonus ⁴	\$51,000		9%
Travel Award Program ⁵	\$14,000		4%	Travel Award Program ⁵	\$14,000		2%
Total Return	\$178,000		45%	Total Return	\$301,000		50%

For \$1,000,000 in Gross Commissions			% of Gross	For \$2,000,000 in Gross Commissions			% of Gross
Core Compensation Total	\$539,000		55%	Core Compensation Total	\$1,181,000		59%
Commissions	\$375,000		38%	Commissions	\$765,000		38%
Profit Sharing ³	\$26,000		3%	Profit Sharing ³	\$56,000		3%
Profitability Bonus ⁴	\$138,000		14%	Profitability Bonus ⁴	\$360,000		18%
Travel Award Program ⁵	\$14,000		1%	Travel Award Program ⁵	\$15,000		1%
Total Return	\$553,000		56%	Total Return	\$1,196,000		60%

¹ In the past, Edward Jones Financial Advisors who have met certain tenure and performance requirements had the opportunity to invest in limited partnership interests (LP) of Edward Jones' parent company. There can be no assurance that additional LP will be issued in the future. See page 8, “Partnership Opportunities,” for more details on LP.

² These numbers are based on the median compensation at each level of production. Not all financial advisors at these levels will receive this compensation. Each financial advisor's compensation may vary.

³ For awarded amounts above the annual limit, this additional amount is paid directly to financial advisors as a separate taxable cash bonus, typically in February.

⁴ Profitability Bonus reflects an average of trimester bonuses paid in 2019, 2020, and 2021 where Bonus Levels averaged a level 9. See page 6 for details on how the Branch Profitability Bonus is calculated. Firm bonus levels range from 0 to 10 based on firm performance. Future bonus levels cannot be predicted.

⁵ Includes taxable and non-taxable values.

"Core" compensation

To fully understand how "core" compensation is generated, it is important to know how each component is derived. The following provides an overview of the three elements of "core" compensation: commissions, profit sharing, and Branch Profitability Bonus.

Commissions

Below is the net commission schedule for financial advisors for the various investments and investment services offered to our clients:

Stocks	31-39.75%
Discounted stock trades	21-39.75%
Municipal, corporate and government bonds, CDs	36-39.75%
Mutual funds	36-39.75%
Donor Advised Funds	36-39.75%
Insurance	36-39.75%
Annuities	36-39.75%
Trust managed accounts	31-34.75%
Edward Jones Advisory Solutions® Fund Model and Unified Managed Account Models	36-39.75%
Edward Jones Guided Solutions® Flex Account and Fund Account	36-39.75%

Profit sharing

As discussed earlier, Edward Jones believes those who share in the work should also share in the rewards. One way the firm's success is shared is through profit sharing.

- Historically, Edward Jones has contributed approximately 24% of pretax earnings to profit sharing.
- The awarded amount has averaged 4.79% of a financial advisor's total eligible earnings (including the profit sharing bonus) during the past 10 years.

Annual profit sharing is awarded in the following manner:

- The awarded amount, based on financial advisor earnings, is placed in the retirement plan in a tax-deferred account up to the federally mandated annual compensation limit, and is immediately vested.
- For awarded amounts above the annual limit, this additional amount is paid directly to financial advisors as a separate taxable cash bonus, typically in the month of February.

Branch profitability bonus

All financial advisors are eligible to participate in the Edward Jones trimester bonus plan. These earned trimester bonuses are based on the profitability of the firm and bonus eligible profit of their individual branch offices.¹ Trimester bonuses are supplemental compensation designed to reward financial advisors above their regular wages if their efforts produce a positive financial impact for their branch.

Each financial advisor receives a branch profit & loss statement, which includes all revenue and expenses attributable to the financial advisor's branch minus an allocation for firm support.

Each financial advisor's branch profitability bonus is based on a combination of the firm's profit and the branch's profit.



¹ Financial advisors in shared real estate branches maintain separate profit and loss statements that split certain expenses. 'Branch bonus eligible profit' is based on each individual financial advisor's profitability, not the combined profitability of all financial advisors in the branch.

Branch profit & loss statement - sample

Below is a sample of a profit & loss statement for various levels of production based on an average of 2019, 2020, and 2021 data (Profit & loss statements will vary by the individual financial advisor):

Gross Commission	\$400,000	\$600,000	\$1,000,000	\$2,000,000
Revenues:				
Gross Commissions (e.g. Transaction revenue, fee-based revenue, service fees)	\$400,000	\$600,000	\$1,000,000	\$2,000,000
Credits & Fees (e.g. Client holdings credit or account fees)	\$38,000	\$65,000	\$89,000	\$193,000
Total Revenues	\$438,000	\$665,000	\$1,089,000	\$2,193,000
Expenses:				
Financial Advisor Earnings	\$147,000	\$222,000	\$375,000	\$765,000
Branch Staff Payroll (Firm provides one branch team support member for each financial advisor, plus additional support based on level of production.)	\$47,000	\$57,000	\$80,000	\$122,000
Benefits (Paid on behalf of the financial advisor and branch team support member)	\$37,000	\$47,000	\$69,000	\$115,000
Occupancy (Branch lease expense)	\$21,000	\$21,000	\$21,000	\$23,000
Equipment & Access Charges (Connectivity and access to information for the branch)	\$11,000	\$11,000	\$12,000	\$13,000
Other (Telephone, postage, licenses, etc.)	\$5,000	\$5,000	\$5,000	\$8,000
Discretionary Expenses ¹	\$9,000	\$9,000	\$14,000	\$19,000
Total Branch Expenses ²	\$277,000	\$372,000	\$576,000	\$1,065,000
Location Margin	\$161,000	\$293,000	\$513,000	\$1,128,000
Firm Support	\$69,000	\$69,000	\$69,000	\$69,000
Bonus Eligible Profit	\$92,000	\$224,000	\$444,000	\$1,059,000
Profitability Bonus ³	\$9,000	\$51,000	\$138,000	\$360,000
% of Bonus Eligible Profit	10%	23%	31%	34%
% of Gross Commissions	2%	9%	14%	18%

¹ The firm pays for all reasonable and necessary business expenses incurred by financial advisors working in California, Illinois, Montana, New Hampshire, North Dakota, and South Dakota. These expenses are paid for by the firm after determining that the expense is reasonable and necessary in both amount and type to run a successful branch.

² These numbers are based on the three year average of the 2019, 2020, and 2021 expenses at each level of production. Not all financial advisors at these levels will incur these exact expenses.

³ Profitability Bonus reflects a three year average of the median Trimester Bonuses paid in 2019, 2020, and 2021, where bonuses averaged a Level 9. See page 6 for details on how the Branch Profitability Bonus is calculated. Firm bonus levels range from 0 to 10 based on firm performance. Future bonus levels cannot be predicted.

Profitability bonus - calculation & disbursement

In determining the bonus disbursement to the financial advisor in the illustrative examples below, the bonus eligible profit is divided into three to reflect the trimester disbursement amount. This trimester branch bonus eligible profit is applied to the graduated payout schedule that is based on the overall profitability of the firm. The individual financial advisor bonus is subsequently determined by a combination of branch profitability and firm profitability.

Edward Jones bonus level	Edward Jones profit margin	Trimester branch bonus eligible profit				
		\$0 - \$10,000	\$10,001 - \$20,000	\$20,001 - \$30,000	\$30,001 - \$40,000	\$40,001 +
1	5.00%	0.45%	0.90%	1.80%	2.70%	4.05%
2	5.75%	0.90%	1.80%	3.60%	5.40%	8.10%
3	6.50%	1.35%	2.70%	5.40%	8.10%	12.15%
4	7.25%	1.80%	3.60%	7.20%	10.80%	16.20%
5	8.00%	2.25%	4.50%	9.00%	13.50%	20.25%
6	8.75%	2.70%	5.40%	10.80%	16.20%	24.30%
7	9.50%	3.15%	6.30%	12.60%	18.90%	28.35%
8	10.25%	3.60%	7.20%	14.40%	21.60%	32.40%
9	11.00%	4.05%	8.10%	16.20%	24.30%	36.45%
10	11.75%	4.50%	9.00%	18.00%	27.00%	40.50%

If the branch bonus eligible profit of \$444,000 for the \$1,000,000 producer was earned evenly throughout the year and trimester bonus levels were consistent at level 10, the following would have been the trimester bonus calculation:

Bonus eligible profit	\$0 - \$10,000	\$10,001 - \$20,000	\$20,001 - \$30,000	\$30,001 - \$40,000	\$40,001 +	Each trimester
\$148,000	\$10,000 x 4.50%	\$10,000 x 9.00%	\$10,000 x 18.00%	\$10,000 x 27.00%	\$108,000 x 40.50%	
Branch bonus:	\$450	\$900	\$1,800	\$2,700	\$43,740	\$49,590 ¹

If trimester bonus levels were consistent at level 7, the following would have been the trimester bonus calculation:

Bonus eligible profit	\$0 - \$10,000	\$10,001 - \$20,000	\$20,001 - \$30,000	\$30,001 - \$40,000	\$40,001 +	Each trimester
\$148,000	\$10,000 x 3.15%	\$10,000 x 6.30%	\$10,000 x 12.60%	\$10,000 x 18.90%	\$108,000 x 28.35%	
Branch bonus:	\$315	\$630	\$1,260	\$1,890	\$30,618	\$34,713 ¹

¹ This is the total branch bonus, of which the financial advisor may allocate a portion to the Branch Team Support Member.

Historical bonus levels

As the chart below indicates, our firm's long-term average bonus levels have been favorable and consistent.

Bonus-level averages*	
1 Year	9.7
3 Year	9.3
5 Year	9.1
10 Year	9.2
15 Year	8.1
20 Year	7.5

*As of December 31, 2021. Past performance is not a guarantee of future results.

Bonus levels range from 0 to 10 based on firm performance.

The long-term average bonuses during the past 20 years have allowed our financial advisors to receive highly competitive total compensation over time – despite bonuses not being paid in the worst economic times. These results reflect Edward Jones' commitment to working in partnership and sharing the rewards. Ultimately, this approach has worked to the long-term benefit of our financial advisors.

Additional opportunities for return

The partnership opportunity ¹

In addition to their compensation packages, in the past, financial advisors have had the opportunity to make a limited partnership investment in Edward Jones' parent company, The Jones Financial Companies, L.L.P. (JFC), a Missouri limited liability limited partnership. Eligibility to participate in a limited partnership offering has historically required, among other things, financial advisors to meet certain tenure and performance requirements.

Limited partnership interests have:

- 7.5% per year fixed payment on the principal amount of capital contribution.
- An average total return in the last five years of 20.3% and in the last 10 years of 19.8%, each of which includes the 7.5% payment.²

The following table illustrates the average limited partnership offer from 2018, based on a financial advisor's production level.

Gross production at time of 2018 offering				
	\$400,000	\$600,000	\$1,000,000	\$2,000,000
Average 2018 LP offer	\$25,000	\$30,000	\$55,000	\$145,000
Average tenure	12 years	15 years	20 years	25 years

In the 2018 offering, 100% of our financial advisors with gross commissions over \$400,000 and who were in production with Edward Jones for at least 36 months were offered limited partnership.

¹ Limited partnership is a security and can only be acquired through a securities offering that complies with applicable securities laws. The offering of limited partnership can only be made through a registered offering document or pursuant to an exemption. There is no assurance that the firm will engage in future offerings of limited partnership or that the offering criteria will be the same as in the past. Invitation to participate in any offering is at the discretion of the firm.

² Past performance is not a guarantee of future results.

Travel Award Program

Success at Edward Jones can bring you significant financial rewards – but you'll also have the opportunity to receive recognition¹ in the form of our Travel Award Program.

The following are highlights of the program:

- Your choice of approximately 80 different adventures – with approximately 75% being international destinations
- All financial advisors who meet certain criteria qualify for a trip, no matter their tenure with the firm
- Opportunity to travel twice a year
- Approximately 60% of financial advisors have qualified in each of the last five years

Client transition programs

The concept of client transition is simple. Established financial advisors are successful because they are experienced and have built substantive relationships with clients. The opportunity to more deeply serve clients may lead these financial advisors to transition client relationships to other financial advisors within the firm.

By transitioning clients, the established financial advisor will be able to capitalize on their two most valuable resources: time and experience. There are some additional benefits for the established financial advisor who participates in a client transition program.

Depending on the type of plan, the established financial advisor could potentially receive:

- Monthly compensation
- P&L credits

Benefits

Edward Jones provides financial advisors with a comprehensive total rewards package. To learn more, visit edwardjonesbenefits.com.

Medical, dental, and vision insurance and spending accounts

Financial advisors may participate in the Edward Jones medical plan, which features two high deductible health plans and an opportunity to earn premium discounts through the firm's well-being program.

The firm also offers dental and vision coverage and the following tax-advantaged benefits: Health Savings Account and Flexible Spending Accounts (Dependent Care Reimbursement, Limited Purpose and Health Care).

Life, accidental death and dismemberment (AD&D), and disability insurance

The firm sponsors basic life and AD&D insurance for financial advisors. Beneficiaries of financial advisors with 5 years of service or more are eligible for the firm-sponsored survivor life benefit equal to 75% of the financial advisors gross revenue, up to \$3.5 million. Gross revenue is calculated using the annualized average of the prior three calendar years, dropping the highest and lowest months.

Supplemental AD&D and dependent life insurance are also among our benefits offerings.

The firm sponsors long-term disability insurance for a financial advisor's first year of service and pays an income continuation benefit for a portion of the financial advisor's earnings in the event of a short-term disability.

Financial advisors are eligible to elect long-term disability after one year of service.

Education and adoption assistance

The firm also offers tuition reimbursement and adoption assistance benefits. Eligibility guidelines for both benefits vary.

The Edward Jones Retirement Plan

The Edward Jones retirement plan is a powerful way to provide additional security for retirement. Firm associates and financial advisors are eligible to participate in the firm's retirement plan, which features a tax-deferred 401(k) and a profit-sharing program.

Retiring at Edward Jones

Retirement transition plans

At Edward Jones, financial advisors can build a successful practice and deeply serve clients throughout the life cycle of their careers. Our unique retirement transition plan is one of the ways Edward Jones is invested to support financial advisors in finishing strong and carrying forward their legacy, whenever that time comes.

The retirement transition plan design options are based on financial advisor performance:

- For financial advisors who meet the age and years of service requirement with ***\$1 million or more in gross revenue***, compensation for a retirement transition plan ranges from **170% to 300%+** of revenue from relationships transitioned.
- For financial advisors who meet the age and years of service requirement with ***less than \$1million in gross revenue***:
 - Base compensation for a retirement transition plan ranges from **50% - 120%** of revenue from relationships transitioned. **Additional compensation is available** for transitioning client relationships to multiple financial advisors.

Each retirement transition plan is individually tailored with our specialized transition consultants dedicated to supporting financial advisors through this important milestone.

Value of limited partnership in retirement

(Hypothetical example – may not illustrate actual results)

Rhonda, a 60-year-old financial advisor who has been with Edward Jones for 28 years, has met the Rule of 70¹ and has decided to retire. Based on her demographics, her life expectancy is 82 (22 years remaining).

Production level	\$400,000	\$600,000	\$1,000,000	\$2,000,000
Life expectancy	22 Years	22 Years	22 Years	22 Years
Average LP ownership at retirement ²	\$130,000	\$185,000	\$285,000	\$625,000
Historic LP annual income ³	\$25,000	\$35,000	\$55,000	\$120,000
Cumulative LP income in retirement (22 yrs)	\$550,000	\$770,000	\$1,210,000	\$2,640,000

¹ For the Rule of 70, an associate must be at least 50 years old and have their age plus tenure with Edward Jones be greater than 70. All eligibility requirements are subject to change.

² Among other eligibility requirements, the rule of 70 must be satisfied to hold LP in retirement. No limited partner is guaranteed the opportunity to hold LP in retirement, and all eligibility requirements are subject to change.

³ Limited partnership is a security and can only be acquired through a securities offering that complies with applicable securities laws. The offering of limited partnership can only be made through a registered offering document or pursuant to an exemption. There is no assurance that the firm will engage in future offerings of limited partnership or that the offering criteria will be the same as in the past. Invitation to participate in any offering is at the discretion of the firm. 10-year average total return was 19.8%, which includes the 7.5% payment. Past performance is no guarantee of future results.

Edward Jones is an equal opportunity employer, committed to developing an inclusive culture. We believe that diverse ideas, opinions, and perspectives are good for building business. Edward Jones does not discriminate on the basis of race, color, gender, religion, national origin, age, disability, sexual orientation, pregnancy, veteran status, genetic information, or any other basis prohibited by applicable law. Edward Jones Financial Opportunity Guide, Item #8463.