

American Fidelity Securities, Inc.

Customer Relationship Summary

May 1, 2020

Broker-Dealer Services

American Fidelity Securities, Inc. ("AFS," "we," "our") is a registered broker-dealer. Brokerage services and investment advisory services and fees differ, and it is important for you, the retail investor, to understand the differences. AFS is a member of FINRA.

Free and simple tools are available to research firms and financial professionals at investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers, and investing.

Q: What investment services and advice can you provide me?

A: We offer brokerage services to retail investors that are primarily related to the sale of proprietary annuities offered by our affiliated insurance company. We primarily sell proprietary products that are limited to annuities. The services we offer are called captive brokerage services. The only non-proprietary products that we sell are available to a limited number of employer groups who previously established a qualified retirement plan using a non-proprietary, third-party insurance company product that AFS offered in the past and continues to service, but no longer offers. All other sales are limited to the proprietary products offered by AFS's affiliated insurance company.

We do not offer recommendations to retail investors or monitor investments outside of normal recordkeeping. You make the ultimate decision whether to buy, sell, or hold any investments. We do not have a minimum requirement to open or maintain an account, except those required by the products offered.

Q: "Given my financial situation, should I choose a brokerage service? Why or why not?"

A: Our customers work primarily in K-12 public education. We primarily sell products offered by our insurance company affiliate to enable retirement savings under qualified retirement savings plans. Those 403(b) and 457(b) plans (whether proprietary or non-proprietary) generally are off-the-shelf, limited option, limited menu products that allow standardized investment options, asset allocation modeling, and/or target date funds. In the public education market, brokerage services typically are sufficient, and the costs of advisory services may not be justified.

Q: "How will you choose investments to recommend to me?"

A: As your account representative, I primarily offer investments from the AFS insurance company affiliate and only offer non-proprietary investments in the limited circumstances described above. I do not make recommendations.

Q: "What is your relevant experience—including your licenses, education, and other qualifications? What do these qualifications mean?"

A: I am a registered representative, which means I have passed the federal and state securities qualifications exams necessary to offer variable annuity products (e.g., Series 6 and 63). I also have satisfied continuing education requirements to maintain proficiency.

Q: What fees will I pay?

A: We do not charge for our brokerage services. The most common fees and costs related to products offered may include: policy maintenance fee, separate account annual expenses (including mortality and expense risk charge, distribution fee, administrative fee), investment option expenses, and redemption charges depending on the product selected. Please see your product prospectus for more detailed information.

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.

Q: "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?"

A: If you give us \$10,000 to invest, \$10,000 will be invested for you. There are no brokerage related fees or costs. All fees and costs are related to the product and are disclosed in the prospectus.

Q: What are your legal obligations to me when providing recommendations? How else does your firm make money and what conflicts of interest do you have?

A: We do not provide recommendations. Our revenue stream may create some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the services we provide you. Here are some examples to help you understand what this means:

- The variable annuities that we offer are primarily issued and sponsored by our insurance company affiliate, and they generate income for the affiliate. That income offsets compensation and benefits and, over time, generates revenue for the insurance company affiliate.
- Some of the underlying funds included in the variable annuities that we offer return a portion of the investment funds' revenue to our insurance company affiliate to offset the administrative costs incurred for AFS acting as a distributor of the fund. This means that our insurance company affiliate generates additional income on those funds.
- The variable annuities that I offer are primarily limited to proprietary products offered by our insurance company affiliate. The insurance company affiliate, directly and indirectly, compensates me for offering their products. This represents a conflict of interest in that I am unable to offer you any other product that may better suit your needs.

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

A: Because I am only able to offer fixed and variable annuity products, you may experience lower returns over an extended period of time due to the fees associated with all variable annuities. We address this by fully disclosing that these products may not be appropriate for all customers and by representing both the costs and benefits in a fair and balanced fashion.

Q: How do your financial professionals make money?

A: Our registered representatives are paid a base salary to serve existing customers and solicit new customers. They also receive a commission based on the products that they sell and premium increases. This creates the conflict that if they do not sell new products or obtain premium increases, they do not get paid a commission.

Q: Do you or your financial professionals have legal or disciplinary history?

A: Yes. You can visit investor.gov/CRS for a free and simple search tool to research AFS and our financial professionals.

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

A: Disciplinary history can be viewed at brokercheck.com.

Q: Additional Information

A: You can get additional information or request a copy of our Customer Relationship Summary by contacting us at va.help@americanfidelity.com or 800-662-1113 extension 8840.

Q: "Who is my primary contact person? Is he or she 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?"

A: Your primary contact is your local American Fidelity account manager, who is a registered representative of AFS, the American Fidelity broker-dealer. If you are unable to reach your local account manager or have any concerns about your account manager, please call 800-662-1113 extension 8840.

American Fidelity
Securities, Inc.

Member FINRA

