

# INVESTORS BROKERAGE OF TEXAS, LTD

## FORM CRS RELATIONSHIP SUMMARY

### 1. INTRODUCTION

Investors Brokerage of Texas, LTD (“IBOT”) is registered with the Securities & Exchange Commission as a broker-dealer and is a member of the Financial Industry Regulatory Authority (“FINRA”), Municipal Securities Rulemaking Board (“MSRB”) and the Securities Investor Protection Corporation (“SIPC”). IBOT is also a Registered Investment Adviser with the State of Texas.

**Brokerage and investment advisory services and fees differ and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at: [www.investor.gov/CRS](http://www.investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.**

### 2. WHAT INVESTMENT SERVICES AND ADVICE CAN YOU PROVIDE ME?

We offer both brokerage and investment advisory services.

- Our **brokerage services** include buying and selling securities and recommending investments to retail investors at your direction and providing you with investment recommendations at your request. We offer a comprehensive suite of retirement plans, equity securities, mutual fund shares, corporate debt securities, certificates of deposit municipal securities, U.S. government securities, option contracts on securities, variable life insurance and variable annuities. Unless we separately agree in writing, we do not monitor your brokerage account and you make the ultimate decision regarding the purchase or sale of your investments.
- Our **advisory services** include our asset allocation services using mutual funds and exchange traded funds (ETFs) and managed portfolios from third-party investment managers. Depending on which program you select, our asset allocation services are either “non- discretionary” or “discretionary”—meaning that either we will recommend investments to you and you will make the ultimate decision regarding the purchase or sale of investments (non-discretionary), or we will make the ultimate investment decisions without your signoff (discretionary). The third-party managers we make available to you will invest your account on a discretionary basis using mutual funds, ETFs, and other securities. All of our advisory services are offered through “wrap fee programs” and either we or the third-party manager will monitor your advisory account and investments on a quarterly basis as part of your standard services. You must meet certain investment minimums to open an advisory account.
- For additional information, please see Form ADV, Part 2A brochure. Insurors of Texas General Agency (an insurance agency) is a wholly owned subsidiary of Insurors.com Inc. (insurance holding company). IBOT often receives client referrals from established business relationships these other companies enjoy.

#### **Questions to ask:**

- *Given my financial situation, should I choose a brokerage service? Why or why not?*
- *How will you choose investments to recommend to me?*
- *What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?*

### 3. FEES, COSTS, CONFLICTS, AND STANDARD OF CONDUCT

#### 3A. What Fees Will I Pay?

The fees you pay depend on whether you choose brokerage services, advisory services, or both.

- For **brokerage services**, the principal fees and costs are transaction-based fees for recommendations and execution of securities trades. Depending on the investment product you select, these fees can include up-front commissions, as well as fees that are charged on an on-going basis for as long as you hold the investment (“trails”). If we buy a security from you, or sell a security to you for our own account (as “principal”), we may mark the price up or down, which is a benefit to us. Because we are compensated for transactions, we have an incentive to encourage you to trade more frequently and in greater amounts, and to trade with us as principal because we receive more revenue when you do so.

You will also pay fees for custodial or administrative services, as well as fees and expenses that are included in the expense ratios of certain of your investments, including in mutual funds, ETFs, and variable annuities.

**For additional information about the fees and costs for our brokerage services, please see our commission schedule.**

- For **advisory services**, the principal fees and costs are the “wrap” program fee for the program you select. These fees are “asset-based” meaning that the fee is calculated as a percentage of the assets invested in your advisory account according to the fee schedule in your advisory agreement with us. This means that the more assets you invest in your account, the more you will pay in fees, and therefore we have an incentive to encourage you to increase your advisory account assets.

A wrap advisory fee includes most transaction costs and fees paid to a broker-dealer or bank that has custody of your assets, and therefore is typically higher than a typical asset-based advisory fee that does not include transaction costs and fees. Our clients typically pay the advisory fee each quarter, but please see your advisory agreement for the payment frequency that applies to your account.

You may also pay miscellaneous fees that your account’s custodian may charge, including wire fees, transfer fees, bank charges and other fees, as well as fees and expenses that are included in the expense ratios of certain of your investments, including in mutual funds and ETFs.

**For additional information, please see Form ADV, Part 2A brochure and your Advisory Agreement.**

**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.**

**Questions to ask:**

*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?*

#### 3B. 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?

**When we provide you with a recommendation**, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations we provide you. Here are some examples to help you understand what this means.

### Examples of Ways We Make Money and Conflicts of Interest

- **Revenue Sharing:** Certain managers and sponsors (or their affiliates) share the revenue they earn when you invest in certain of their investment products (primarily mutual funds and variable annuities) with us. As such, we have an incentive to recommend (or to invest your assets in) products of sponsors and managers that share their revenue with us, over other products of sponsors or managers that do not share their revenue, or who share less.
- **Third-Party Payments:** We receive payments from third party product sponsors and managers (or their affiliates) when we recommend or sell certain products. As such, we have an incentive to recommend (or to invest your assets in) products of third-parties that pay us over products of third parties that do not pay us, or pay us less.
- **Principal Trading:** We may buy or sell securities to you for its own account. Because we earn compensation (such as commission equivalents, mark-ups, mark-downs, and spreads) and can receive other benefits in principal transactions, we have an incentive to trade with you on a principal basis and to recommend securities that we hold in inventory.

**Questions to ask:**

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

### 3C. How do your financial professionals make money?

- Registered representatives of our broker-dealer receive a commission every time you buy or sell an investment. Each representative has a commission schedule. Please ask your representative to discuss, in detail, their commission schedule.
- Investment advisor representatives of our Adviser receive a quarterly fee based upon your account's market value. The fee will increase as your account value increases and decreases if your account value decreases. Managed accounts are not charged any commissions, so the investment advisor representative only receives the quarterly fee.

### 4. DO YOU OR YOUR FINANCIAL PROFESSIONALS HAVE LEGAL OR DISCIPLINARY HISTORY?

Yes. Visit [www.investor.gov/CRS](http://www.investor.gov/CRS) for a free and simple search tool to research us and our financial professionals. For additional information about our brokers and services, visit <https://brokercheck.finra.org/>, our web site <https://investorsbrokerage.com> or you may call us at 254-759-3702 where you can request additional information.

**Questions to ask:**

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

### 5. ADDITIONAL INFORMATION

- You may find additional information about our brokerage services at our website at <https://investorsbrokerage.com>.
- You may request a copy of the Form CRS Relationship Summary by contacting your investment professional. You may also call Timothy Kohn at 254-759-3702 for a copy or to request up-to-date information.

**Questions to ask:**

*Who is the primary contact person for my account? Is he or she a registered representative of a broker-dealer? If I have concerns about how this person is treating me, who can I talk to?*