

CORNERSTONE FINANCIAL SERVICES, INC **Form CRS (Effective as of August 11, 2022)**

Cornerstone Financial Services, Inc. (CFS) is registered with the Securities and Exchange Commission (SEC) as a broker-dealer. CFS is also a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). CFS is an Independent Introducing Broker Dealer. CFS earns compensation in the form of commissions paid to us by our third party investment product partners. CFS does not collect Registered Investment Advisory asset based fees. CFS does not have proprietary products. Free tools are available to research firms and financial professionals at Investor.gov/CRS which also provides educational materials about broker-dealers, investment advisors and investing. Additional information on our firm and registered representatives can be found at www.brokercheck.org.

“What Investment Services and Advice Can You Provide Me?”: We offer Non-Custodial, Direct Investment Accounts (Retirement and Non-Retirement Types). CFS is not a Full Service Broker Dealer. CFS does not have proprietary products or have a brokerage platform. This means we do not trade stocks, bonds, options or have margin accounts. CFS places client money directly with the Investment Management Company (Mutual Fund) or Insurance Companies that have contracted with CFS. Clients may access their funds directly with these companies. CFS’s Services and Recommendations are made with our clients Best Interest in mind and making sure cost, skill and care are all taken into consideration when making our recommendations.

Our retail services may include recommendations to you as to:

- Retirement Accounts (IRA’s, ROTH IRA’s)
- Variable, Fixed or Indexed Annuities
- Variable, Fixed or Indexed Life Insurance
- Non-Qualified Mutual Funds or ETF’s
- Business Accounts: 401(k) Plans, Defined Benefit Plans (DB) Deferred Compensation Plans
- We Voluntarily Monitor Client Accounts

Conversation Starters:

- 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?

Fees, Costs, Conflicts and Standards of Conduct

“What Fees Will I Pay”

- Cornerstone Financial Services charges No Account Fees and has No Account Minimums.
- For investments in products like mutual funds, annuities, and life insurance, we receive transaction-based fees from the investment product sponsor in the form of asset-based sales charges (e.g., sales loads). These fees are based on the amount invested in a product and may be based on how long you hold the investment. Our receipt of asset-based sales loads creates an incentive to recommend products that include such charges.
- Direct Annuities have all-in annual costs that range from about 0.35% to 3.80%. These companies may charge an annual fee ranging from \$25-\$50 if account minimums are not met, but are waived if account values exceed these minimums. CFS does receive commissions paid from these companies ranging from 5%-7.5% of the invested amount.
- Investment Management Companies (Mutual Funds) charge Annual Account Fees ranging from \$10-\$35 Annually. Annual Fund Expenses Charges can range from .10%-2.35% and are paid to the Investment Management Company. The mutual fund company charges an annual 12b-1 fee of .25% and shares some of that cost with CFS. CFS receives A-Share up-front commissions that are taken from the clients invested amount that can range between 2.5%-5%. CFS also receives C-Share commissions which are 1% of the annual account value.
- Direct Life Insurance, the company will directly pay us a commission between 5%-8% of the first-year premium and .25%-1% the annual premium of the additional years. The all-in annual costs range from 0% to 3%. These companies may charge an annual fee ranging from \$25-\$50 if account minimums are not met, but are waived if account values exceed these minimums. CFS does receive commissions paid from these companies ranging from 5%-7.5% of the invested amount.

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.

Conversation Starter:

- Help me understand how these fees and costs might affect my investments. If I give you \$10,000, how much will go to fees and costs, and how much will be invested for me?
- What are the fees I am currently paying now and what will they be if I change services?

“What Are Your Legal Obligations to Me When Providing Recommendations? How Else Does Your Firm Make Money and What Conflicts of Interests Do You Have?”

When we provide you with a recommendation as your broker-dealer, 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.

Third-Party Payments

We receive compensation from third parties related to investments you make in certain products, including mutual funds, annuities, and life insurance. This compensation includes ongoing distribution charges (e.g., 12b-1 fees or trail payments), which an investment product charges you and then pays to us.

Conversation Starter:

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

“How Do Your Financial Professionals Make Money?”

CFS’s Registered Representatives are independent contractors. They receive a percentage of the commissions that CFS receives from the product sold. All CFS’s Registered Representatives are compensated at the same flat rate designated by CFS, they do not participate in sales contests and are not incentivized to recommend one investment over another.

“Do you or your financial professionals have legal or disciplinary history?”

Yes. Cornerstone Financial Services Inc does not have a disciplinary history, but some of our financial professionals have this history. Please visit www.brokercheck.org or Investor.gov/CRS for additional information.

Conversation Starter:

- As a financial professional, do you have any disciplinary history? For what type of conduct? What was the outcome?

Additional Information:

Some CFS Representatives are registered with Cornerstone Advisory LLC, a Registered Investment Advisor.

For more information, copies of regulatory disclosures or the most recent version of this form:

Please call 317-462-3310 or write to Cornerstone Financial Services Inc Attn: Compliance Dept., 119 N Broadway Street Suite 102, Greenfield, IN 46140

Conversation Starter

- 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?