

Schlitt Investor Services, Inc.

Form CRS Customer Relationship Summary October 23, 2020

Schlitt Investor Services, Inc. ("we", "us") is an independent broker/dealer registered as a member of the Financial Industry Regulatory Authority (FINRA). The services provided and fees charged by a broker-dealer or an investment advisor are different, and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at brokercheck.finra.org and investor.gov/CRS. These sites also provide educational materials about brokerdealers, investment advisers, and investing.

What investment services can you provide me?

As a broker-dealer that sells Mutual Funds and Variable Annuities, our primary service is selling these securities for your account at your direction. We can offer recommendations to buy, sell, or hold securities but you make the final investment decisions.

Account Monitoring: We do not agree to provide account monitoring services for your brokerage accounts. Your registered representative may voluntarily review holdings in your Mutual Fund and Variable Annuity accounts from time to time and may or may not make recommendations to you based on these reviews. These voluntary account reviews are not an account monitoring service.

Account Minimums: Other than requirements of the issuer of Mutual Fund and Variable Annuity accounts, we do not require a minimum account size to open an account.

Limited Investment Offerings: We offer and make recommendations on non-proprietary mutual funds or variable annuity products. We do not offer or make recommendations on all products of any particular type; for example, we do not offer or make recommendations on all mutual funds or variable annuities, nor do we make available all share classes of the offered mutual funds or variable annuities.

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?*

What fees will I pay?

In Mutual Fund and Variable Annuity accounts, you will incur transaction charges when you either buy or sell securities. These charges are in the form of upfront or possible backend fees, as noted in the prospectus of the issuing entity. We receive a portion of these charges in the form of sales commissions from the issuing entity. In addition, there are ongoing fees that are paid through your invested assets and in some cases, a portion of these ongoing fees are paid to us in the form of a trail commission. We do not charge any direct fees (such as transaction or handling fees).

Transaction charges differ from one product to another which creates an incentive for us to recommend products that have higher transaction charges. You will incur greater total transaction charges when there are more trades in your account, which creates an incentive for us to encourage you to trade more often. Depending on the issuer of the Mutual Fund or Variable Annuity issuing entity, you may also incur periodic account maintenance or IRA custodial fees, as well as processing, service, and account fees upon certain events or occurrences. You will incur interest charges if you borrow on margin or draw down on a securities-based loan in any of your accounts (if provided by the issuing entity). Some Mutual Fund and Variable Annuity accounts have embedded fees that are generally paid by you to the companies that sponsor, manage, and/or promote the investment. **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.**

For additional information about fees and charges, please visit the website of the issuing Mutual Fund and Variable Annuity accounts.

CONVERSATION STARTER: *Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go towards fees and costs, and how much will be invested for me?*

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 about these conflicts because they can affect the recommendations provided to you. Here are some examples to help you understand what this means.

- **Third-Party Payments** – We receive payments from a third-party when you invest in mutual funds or variable annuities. These payments are compensation to us, or compensate us for ongoing support activities we perform on behalf of third parties, such as product servicing or recordkeeping. This results in a financial incentive to recommend products that provide additional compensation to us over those that pay lesser amounts or none at all. Such payments may also affect which products we make available.

- **Revenue sharing** – The companies that sponsor, manage, and/or promote Mutual Fund or Variable Annuity accounts earn revenue by charging you a fee, such as a management fee. Some of those issuing entities may share a portion of those fees with us in the form of a trail commission. We use such payments in part to support activities related to servicing client accounts, and to provide ongoing product support for certain investments. We have an incentive to promote the product sponsors that share the most revenues over those that share less revenues or none at all.

This summary does not identify all of our conflicts of interest, or all material facts about the conflicts of interest listed.

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

How do your financial professionals make money?

- Your registered representative receives compensation when you purchase an investment product from us. The amount they receive depends upon the product you purchase and the amount you invest. In those cases where we receive a trail commission, the registered representative also receives compensation for as long as you hold the investment. The percentage of revenue that your registered representative receives will generally increase as revenue earned from their client accounts increases. Therefore, financial professionals are incentivized to increase revenues on your and other clients' accounts.

- Financial professionals can receive incentive compensation based on revenues earned from client accounts. Incentive compensation can include paid travel for recognition trips, and certain expense reimbursements.

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

Yes. Visit brokercheck.finra.org or investor.gov/CRS for a free and simple search tools to research us and our financial professionals.

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

Additional Information: We are providing this summary, as required by SEC rules, as part of discussions that may encompass a variety of accounts and account types. Please consider this summary, and the more detailed information we will provide you, as part of these discussions.

CONVERSATION STARTER: *Who is my primary contact person? Who can I talk to if I have concerns about how this person is treating me?*

Your registered representative is your primary contact for your investment accounts. You can contact Schlitt Investor Services, Inc. management via phone, email, regular mail if you have any concerns with how your representative may be treating you.