

# James T. Borello & Co.

## Form CRS: Customer Relationship Summary

James T. Borello & Co. is registered with the Securities and Exchange Commission (SEC) as a registered investment adviser and a broker-dealer. We are also a member of FINRA and SIPC. Our firm has been offering financial planning and investment advisory services since 1992 and brokerage services since 1991.

Investment advisory and brokerage 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

<https://www.investor.gov/CRS>, which also provides educational materials about broker-dealers, investment advisers, and investing.

This form is effective as of February 15, 2021.

### What investment services and advice can you provide me?

We offer both investment advisory and brokerage services, and make recommendations, to retail investors. All recommendations regarding your advisory account will be made in an advisory capacity and all recommendations regarding your brokerage account will be made in a broker-dealer capacity. When we make a recommendation to you, we will expressly tell you orally which account we are discussing.

➡ Here is a summary of how we serve you as an **investment adviser**:

- *Services:* We provide financial planning and investment advisory services to retail investors. We gather information from you about your current financial status, investment objectives, future goals and attitudes towards risk, in order to tailor our financial planning and investment advisory services to your needs.
- *Account Monitoring:* We offer you advice on a regular basis as a part of our standard services and we regularly monitor your account.
- *Investment Authority:* We buy and sell investments in your account without asking you in advance, and this is called “**discretionary authority.**”
- *Investment Offerings:* Our investment advice is not limited to a particular type of security. We recommend stocks, fixed income securities, mutual funds and exchange traded funds.
- *Account Minimums and Requirements:* We do not have any requirements for retail investors to open or maintain an account or establish a relationship, such as minimum account size or investment amount.

➡ Here is a summary of how we serve you as a **broker-dealer**:

- We recommend buying or selling securities after considering your investment profile, and we complete the transactions you decide to make based on our recommendations. We also recommend different account types, such as retirement accounts.
- We also complete transactions for you that you request, that are not based on our recommendations.
- We offer only one type of security: variable annuities. Our variable annuity product offerings are limited to certain companies—we do not offer *all* variable products on the market. Our variable annuity offerings include equity indexed annuities.
- We are an “application-way” broker-dealer, which means we forward your investment application and investment funds to an insurance product issuer. Your investment is held directly by the product issuer, not in an account at our firm.
- If you are an existing customer of our firm, and hold mutual fund or 529 college savings plan investments, we will not make recommendations to you about your investments. We will provide you with assistance if you want to sell some or all of your investments. If you want to contribute to your existing holdings or exchange your holdings for different funds, we will direct you to the correct company to make that request. We do not accept or forward funds from you to purchase any securities other than variable annuities.

- Unless we separately agree in writing, we do not monitor your account or your investments.
- We do not offer stocks and bonds, mutual funds, products that are proprietary to our firm, or access to initial public offerings.
- We do not impose a minimum investment amount, however, minimum investment amounts may be imposed by the insurance company issuer.

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Before and after you become a customer, we will disclose other material information about our services, fees, conflicts, investment philosophy, and our relationship; those disclosures will be made orally or in various documents, such as our Advisory Agreement, New Account Form, and/or documents that describe the specific characteristics and risks of different products (like prospectuses). Some information will be provided by third parties, such as mutual fund companies, insurance companies, and brokerage account custodians. **For additional information** please call us at (847) 426-0200, review our Form ADV Part 2A disclosure at <https://adviserinfo.sec.gov/firm/brochure/16860>, or visit <https://jamestborello.com/>.

### **Questions to Ask Your Financial Professional**



Given my financial situation, should I choose an investment advisory service?

Should I choose a brokerage service?

Should I choose both types of services? 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?**

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

➡ For **investment advisory services**, the following summarizes the principal fees and costs associated with engaging our firm as investment adviser.

- **Asset-Based Fees** - You will pay on-going fees not to exceed 2.00% annually, billed at the end of each quarter for our services, based on the value of the cash and investments in your advisory account. The more assets there are in your advisory account, the more you will pay in fees, and the firm may therefore have an incentive to encourage you to increase the assets in your account.
- **Other Fees and Costs** - You are responsible for all mutual fund, custodial and securities broker-dealer execution fees charged by the custodian and executing broker-dealer. Our asset-based fee is separate and distinct from the mutual fund custodian and broker-dealer execution fees. Some investments (such as mutual funds) impose additional fees that will reduce the value of your investment over time.

For detailed information on advisory fees and costs, refer to our Form ADV Part 2A brochure at <https://adviserinfo.sec.gov/firm/brochure/16860> and refer to Item 5, parts A, B, C and D.

➡ For **brokerage services**, the principal, and most common, fees that you will pay are transaction-based commissions and sales charges:

- Depending on the investment product you select, 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”). Different “share classes” carry different sales charges.
- Variable annuity issuers may impose up-front charges and “surrender” charges, depending on the product you buy and when you withdraw your investment. Fees consist of flat fees and/or a percentage of the investment amount. We are paid a portion of those fees.
- Equity indexed annuities are insurance products that have sales charges similar to variable annuities. We are paid a portion of fees charged to you.


- If you own mutual funds that we sold to you, you may be charged trails by the mutual fund company, and the mutual fund company pays us a portion of those fees. Likewise for 529 college savings plan investments that we sold to you: we may earn on-going fee income for as long as you hold those investments.

There are additional fees that may be charged for brokerage services, for instance, insurance companies mutual fund companies assess their own internal fees, including annual account maintenance fees, management fees and other charges as described in each product’s prospectus.

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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.

Your financial professional will provide you with specific costs when discussing advisory services or securities transactions, and you will see disclosures about commissions, sales charges, or other fees in documents such as trade confirmations and prospectuses. **For additional information** on fees and costs, please call us at (847) 426-0200.

	<p><b>Questions to Ask Your Financial Professional</b></p> <p>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?</p>
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**What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?**

When we provide you with a recommendation as your broker-dealer or act as your investment adviser, 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 and investment advice we provide you. Here are some examples to help you understand what this means.

- **Advisory Fees:** The more assets there are in your advisory account, the more you will pay in fees, and the firm may therefore have an incentive to encourage you to increase the assets in your account.
- **Brokerage Commissions and Trails:** Individuals in our firm are dually licensed as Registered Representatives (RRs) and Investment Adviser Representatives (IARs). When an RR/IAR sells you securities, our firm receives commissions or fees, and the RR/IAR is ultimately compensated based on our firm’s income. This compensation is separate and in addition to our advisory fees. The more securities you purchase, the more we will be paid in sales charges or other fees. Therefore, we have an incentive to encourage you to increase the size of your investment. Products that pay trails provide on-going fees to us and we have an incentive to recommend them. Also, the amount of trail income received varies from product to product. This creates an incentive to recommend a product that pays a higher trail rather than a lower trail. You always have the right to decide whether to purchase securities from us based on this conflict of interest. We will always tell you what the commissions paid to us will be in advance of your purchase.
- **Third-Party Payments:** Some financial professionals in our firm are licensed insurance agents; they sell insurance products and the firm receives a commission as compensation. This creates a conflict because those individuals are incentivized to sell you an insurance product for the commission, and not necessarily

for your best interest. For products requiring both a securities and insurance license, you may be limited to buying products from insurance carriers who have a selling agreement with us as broker-dealer. Some financial professionals in our firm are Enrolled Agents and trained to provide tax preparation services. We do not solicit you for tax preparation services. If you engage us for tax services, we will be compensated for this service. All fees associated with insurance sales or tax preparation service will be disclosed in advance.

**For additional information**, and to help you understand what conflicts exist, refer to our brochure at <https://adviserinfo.sec.gov/firm/brochure/16860> and refer to Items 10, 11 and 14. Also, when you do brokerage business with us, we will provide you with a complete disclosure of fees and costs and any related conflicts of interest.



**Questions to Ask Your Financial Professional**

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

**How do your financial professionals make money?**

The financial professional servicing your account(s) is compensated in the following ways, and their compensation depends on their role as IAR or RR:

- ➡ For **advisory services**, IARs are paid a percentage of the income our firm receives from advisory account management fees.
- ➡ For **brokerage services**, RRs are paid a percentage of the income our firm receives from securities transactions and trail income.

Your financial professional may also earn commissions on insurance product sales and fees for tax preparation services if you choose those products or services.

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

No. Visit <https://www.investor.gov/CRS> for a free and simple search tool to research us and our financial professionals.



**Questions to Ask Your Financial Professional**

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

**Additional Information**

**For additional information about our services, or for a current copy of this CRS disclosure, please call us at (847) 426-0200 or visit us at <https://jamestborello.com/>.**



**Questions to Ask Your Financial Professional**

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?