

UNDERSTANDING COMPENSATION RECEIVED BY ING FINANCIAL PARTNERS

FROM SPONSORS OF MUTUAL FUNDS, VARIABLE INSURANCE CONTRACTS, 529 COLLEGE SAVINGS PLANS AND DIRECT PARTICIPATION PROGRAMS AND NON-TRADED REAL ESTATE INVESTMENT TRUSTS

As an investor, it is important that you have a well thought out investment plan to help you meet your investment goals. It is also important for you to understand the sales compensation and certain other fees associated with your investments and the potential conflicts of interest ING Financial Partners and your registered representative may have when offering and recommending investments to you. This document is intended to help you understand the various forms of compensation that ING Financial Partners and your representative earn when you purchase a mutual fund, variable insurance contract, 529 college savings plan, direct participation program or a non-traded real estate investment trust. These various forms of compensation create potential conflicts of interest, and it is important for you to assess potential conflicts of interest before making an investment decision.

ING Financial Partners offers a wide variety of investment products, including mutual funds, variable insurance contracts, 529 plans, and direct participation programs and non-traded real estate investment trusts. Product sponsors for these products may compensate ING Financial Partners in various amounts for marketing, selling, processing and maintaining your investments in these products and to reimburse expense for due diligence. These product sponsors also compensate ING Financial Partners for training and educating our registered representatives, employees and investors.

These compensation arrangements are described in more detail in the prospectus and Statement of Additional Information (SAI) for each mutual fund, in variable insurance contracts, in the plan document for a 529 college savings plan, or in other documents prepared by the product sponsors.

TRANSACTION-BASED COMPENSATION

When you purchase an investment, you will usually pay a sales charge. This sales charge may be paid at the time of purchase or the sales charge may be built into the expense of the product and/or charged to you when you sell your investment. ING Financial Partners is paid by the product issuer or its affiliates shortly after the transaction. Part of that payment goes to your registered representative, based on a compensation formula agreed to between the representative and ING Financial Partners. Except for sales of ING insurance products, this compensation formula is the same for all similar products, regardless of the product issuer. Your sales charges and expenses and the sales commissions paid to ING Financial Partners differ from investment to investment, and may depend on the amount of money you invest.

ING Financial Partners may share with registered representatives and/or managers a greater percentage of the compensation it receives on ING insurance products. In addition, ING Financial Partners may also pay registered representatives who are life insurance agents bonuses and/or benefits based on sales of ING insurance products.

In addition, after your initial transaction, ING Financial Partners is eligible to receive ongoing or continuing compensation, which is sometimes called a 12b-1 fee, service fee, trailing commission or trail and is designed to compensate ING Financial Partners for the marketing and services we provide for our representatives and investors. ING Financial Partners retains a portion of these fees and pays the remainder to your registered representative, or, in some instances, may pass all of the fees on to your registered representative. You do not pay these fees directly. They are deducted from the total assets in the fund and therefore reduce investment returns. The amount of trail commissions is set by the mutual fund company and is typically set forth in the mutual fund prospectus and/or SAI.

POTENTIAL CONFLICTS OF INTEREST IN TRANSACTION-BASED COMPENSATION

It is important for you to understand that transaction-based compensation may vary from one product to another, and that ING Financial Partners receives and pays a portion of transaction-based compensation to your registered representative. Accordingly, a potential conflict of interest exists where ING Financial Partners and your registered representative are paid more if you purchase one type of product as opposed to another, or you purchase from one product sponsor instead of another product sponsor.

If you have any questions about the amount of compensation ING Financial Partners or your registered representative will earn from your investment alternatives, you should discuss them with your registered representative.

More information about these investment products and transaction-based compensation is available on our web site.

MUTUAL FUND AND VARIABLE INSURANCE CONTRACT REVENUE SHARING AND THE STRATEGIC PARTNERS PROGRAM

Although ING Financial Partners offers thousands of mutual funds from more than 250 mutual fund companies, and hundreds of variable life and annuity contracts from more than 100 insurance companies, we concentrate our marketing and training efforts on those investments offered by a much smaller number of select and well-known companies (Strategic Partners). Strategic Partners are selected, in part, based on the competitiveness of their products, their technology, their customer service and their training capabilities. Some of our Strategic Partners are members of the ING family of companies. For a current list of our Strategic Partners, please see [Strategic Partners](#).

Our Strategic Partners pay extra compensation to ING Financial Partners or its affiliates in addition to the usual product compensation described in the prospectus. The additional amounts Strategic Partners pay ING Financial Partners vary from one Strategic Partner to another, and from year to year. Some Strategic Partners pay up to 25 basis points (1/4%) of your total purchase amount of a mutual fund or variable insurance product. So, for example, if you invest \$10,000 in a mutual fund, ING Financial Partners could be paid up to \$25. Additionally, some Strategic Partners make an additional quarterly payment based on the assets you hold in the fund over a period of time of up to 10 basis points (1/10%) per year.¹ For example, on a holding of \$10,000, ING Financial Partners would receive up to \$10. Alternatively, ING Financial Partners may receive a flat fee from the mutual fund or insurance company, regardless of the amount of new sales or assets held in client accounts. These payments are designed to compensate ING Financial Partners for ongoing marketing and administration and education of its employees and representatives. You do not make these payments. They are paid by the mutual fund and insurance companies and/or their affiliates out of the assets or earnings of the funds or insurance companies or their affiliates.²

It is important to note that you do not pay more to purchase Strategic Partner mutual funds or insurance products through ING Financial Partners than you would pay to purchase those products through another broker-dealer, and your representative does not receive additional compensation for selling a Strategic Partner product.

POTENTIAL CONFLICTS OF INTEREST IN RECEIVING REVENUE SHARING FROM STRATEGIC PARTNERS

A potential conflict of interest exists in that ING Financial Partners is paid more revenue-sharing fees if you purchase one type of product instead of another and/or you purchase a product from one particular sponsor instead of another. Your representative also indirectly benefits from Strategic Partner payments when the money is used to support costs relating to product review, marketing or training, or for waiver of ticket charges, as described below. Additionally, because of ING Financial Partners' affiliation with the ING family of companies, ING product sponsors may have more opportunities to educate and interact with your registered representative than other product sponsors.

¹ "Basis point" is a common term used to describe compensation and other costs relating to securities. A basis point is one one-hundredth of a percentage point.

² ING Financial Partners also may occasionally receive revenue sharing payments from companies who are not Strategic Partners.

MUTUAL FUND AND VARIABLE INSURANCE CONTRACT TICKET CHARGES

When you purchase a mutual fund in a Pershing brokerage account, ING Financial Partners may absorb the nominal “ticket charge” for each transaction of up to \$25 which would normally be paid by your registered representative. ING Financial Partners only absorbs this ticket charge if a mutual fund covers the cost of the ticket charge through participation in ING Financial Partners’ ticket charge waiver program. If you are purchasing a mutual fund or variable insurance contract in a brokerage account, ask your registered representative if the product sponsor is participating in ING Financial Partners’ ticket charge waiver program.

PERSHING RELATIONSHIP

Pershing is the clearing firm for ING Financial Partners’ brokerage business. Due to this business relationship, Pershing shares with ING Financial Partners a portion of the commissions and fees you pay to Pershing. Also, Pershing may provide consulting and other assistance to ING Financial Partners. ING Financial Partners may also participate in other revenue Pershing is paid on the assets held in your account. The following is a brief description of some of the revenue items received from Pershing.

Pershing receives revenue from money market funds, and may share that revenue with ING Financial Partners for money market funds made available to you for cash sweeps in your brokerage account. ING Financial Partners may share some of the revenue received from Pershing with your representative.

Additionally, Pershing may also pay ING Financial Partners a share of the service fees it receives from mutual fund companies that participate in Pershing’s FUNDVEST[®] no-transaction-fee program. Under the FUNDVEST[®] program many no-load mutual funds may be purchased subject to program requirements and other restrictions.

TRAINING AND EDUCATION COMPENSATION

ING Financial Partners and its representatives also receive additional compensation from mutual fund and insurance companies that is not related to individual transactions or assets held in accounts. This money is paid, in accordance with regulatory rules, to offset up to 100 % of the costs of training and education of our representatives and employees. In some instances, mutual fund and insurance companies may pay a flat fee in order to participate in an ING Financial Partners training and educational meeting. These meetings or events provide ING Financial Partners representatives with comprehensive information on products, sales materials, customer support services, industry trends, and sales techniques.

It is important to note that due to the number of mutual fund and variable insurance products ING Financial Partners offers, not all product sponsors have the opportunity to participate in these training and educational events. In general, our Strategic Partners have greater access to participation in these events and therefore greater access to, and opportunity to build relationships with, our representatives.

Some of the training and educational meetings for which ING Financial Partners or its representatives receive reimbursement of costs may include client attendance. If you attend a training or educational meeting with your registered representative and a product sponsor is present, you should assume that the product sponsor has paid for all or a portion of the costs of the meeting or event.

OTHER CASH AND NON-CASH COMPENSATION

In addition to reimbursement of training and educational meeting costs, ING Financial Partners and its representatives may receive promotional items, meals or entertainment or other non-cash compensation from representatives of mutual fund companies, insurance companies, and direct participation sponsors, as permitted by regulatory rules. Additionally, sales of any mutual funds and variable insurance products and other products, whether they are those of Strategic Partners or not, may qualify ING Financial Partners representatives for additional business support and for attendance at seminars, conferences and entertainment events. Further, some of ING Financial Partners’ home office management and certain other employees may receive a portion of their employment compensation based on sales of products of Strategic Partners, including ING affiliates.

529 PLANS

In addition to transaction-based compensation for sales of 529 plans, 529 plan assets are included in the amount of total mutual fund or variable annuity assets for which revenue sharing is paid as described above. ING Financial Partners does not separately account for these payments and does not have any 529 Plan Strategic Partners.

DIRECT PARTICIPATION PROGRAMS AND NON-TRADED REAL ESTATE INVESTMENT TRUSTS

Subject to regulatory requirements limiting compensation, direct participation programs and non-traded real estate investment trusts may pay ING Financial Partners marketing allowances. Such companies may also pay the costs of training and education meetings.

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If you have any questions about any portion of this document, please feel free to discuss them with your registered representative or call (800) 356-2906.