

# RETIREMENT PLAN CONSULTING PROGRAM (RPCP) CONSULTING AGREEMENT

This Retirement Plan Consulting Program Agreement ("Agreement") by and among the plan sponsor ("Client") identified in Schedule A to this Agreement ("Schedule A"), LPL Financial LLC ("LPL"), a registered investment advisor under the Investment Advisers Act of 1940, as amended (the "Act"), and the LPL investment advisor representative indicated in Schedule A ("Advisor Representative" or "IAR"). This Agreement when executed shall be effective as of the date set out in Schedule A.

Client sponsors and maintains a retirement plan ("Plan"), that may or may not be qualified under Section 401(a), 403(b), or 457(b) of the Internal Revenue Code of 1986, as amended, and/or subject to the Employee Retirement Income Security Act of 1974 ("ERISA"). Client has the power and authority to designate and direct investment alternatives under the terms of the Plan and to enter into contractual arrangements with third parties to assist in the discharge of these and related duties. In connection with and in discharge of its duties with respect to the Plan, Client desires to engage the services of LPL and Advisor Representative for the purposes specifically set forth below.

## 1. INVESTMENT ADVISORY AND/OR CONSULTING SERVICES

From and after the effective date and until this Agreement is terminated, LPL and Advisor Representative shall provide the services selected by Client, as set forth in Schedule A, which is attached hereto and hereby incorporated by reference (the "Services"). Client understands it has the sole responsibility for determining whether to implement any recommendations made by LPL or Advisor Representative. Client acknowledges it is not required to implement any of the recommendations or otherwise conduct business through LPL or Advisor Representative and that neither LPL nor Advisor Representative has any responsibility for decisions made by Client that are inconsistent with their advice.

The services provided by LPL and Advisor Representative are services only to the Plan or to Client with respect to Client's responsibilities to the Plan and not to any particular Plan participant(s). If the Services selected by Client include enrollment and investment education for Plan participants, the parties acknowledge and agree that such enrollment and education services do not include any individualized investment advice to Plan participants with respect to their Plan assets and that LPL and Advisor Representative will not act as fiduciaries under ERISA or the Internal Revenue Code ("Code") in providing such services.

## 2. TERMINATION

This Agreement may be terminated by any party effective upon receipt of written notice to the other parties. In particular, if LPL and Advisor Representative are no longer associated with each other, LPL may terminate this Agreement immediately with notice to Client. Client will be entitled to a prorated refund of unearned fees, if any, based on the time and effort completed prior to the termination date. If the termination date extends beyond the last day of the billing term in which the notice is given and for which LPL and Advisor Representative have not been previously paid, Client shall pay a pro rata portion of its fee for such additional period. Any such additional fee and any other unpaid fees (whether fees to cover Services paid for in arrears, or otherwise) shall be paid pursuant to Section 3 below.

Client acknowledges that, upon termination of this Agreement, neither LPL nor Advisor Representative shall have any continuing duty to provide the Services. In addition, the parties acknowledge the circumstances pursuant to which LPL and Advisor Representative provided the Services will change upon termination of this Agreement. As a result, Client agrees that, upon the termination of this Agreement, LPL and Advisor Representative will cease to have any responsibility with respect to the ongoing investment of Plan assets regardless of whether the Plan continues to be operated consistent with the Services previously provided pursuant to this Agreement.

## 3. COMPENSATION

LPL and Advisor Representative shall receive compensation for their provision of the Services pursuant to the terms and conditions set forth in Schedule A. If compensation is not paid on a timely basis, LPL and Advisor Representative may suspend the performance of the Services until it has been paid in full. For Plans that are subject to ERISA or are otherwise subject to Section 4975 of the Code, in the event that LPL is identified on the Plan's recordkeeping system as broker-dealer of record for



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the Plan, and receives commissions or trail payments with respect to the Plan, such compensation will be used to offset the fee for Services under this Agreement.

Compensation is negotiable and may be based on a percentage of the assets held in the Plan or on an hourly or flat rate basis. Compensation will be payable to LPL either in advance or in arrears and on the frequency agreed upon between Advisor Representative and Client and indicated in Schedule A. Client understands that LPL and Advisor Representative, in connection with the performance of their respective services, shall be entitled to and will share in the compensation under this Agreement.

### **4. REPRESENTATIONS, WARRANTIES AND DISCLOSURES OF CLIENT**

- a. Client acknowledges and agrees that all decisions regarding the assets of the Plan, the interpretation of its provisions, compliance with applicable legal requirements and operation of the Plan are the sole responsibility of Client.
- b. Client acknowledges that: (i) investments fluctuate in value and the value of the investments when sold may be greater or lesser than the original cost; (ii) past investment performance does not necessarily guarantee any level of future investment performance; (iii) neither LPL nor Advisor Representative warrant or guarantee any level of performance by any of the investments held by or offered under the Plan or that any investment will be profitable over time; and (iv) the Plan and its participants are assuming the market risk involved in the investment of Plan assets.
- c. Notwithstanding any other provision of this Agreement, it is agreed that neither LPL nor Advisor Representative shall have any duty to provide Client with any advice or recommendation regarding the advisability of including any of Client's capital stock as an investment or investment option under the Plan, or of offering participants a self-directed brokerage account, mutual fund window, or other similar arrangement. In addition, if participants in the Plan may invest the assets in their accounts through such arrangements, or may obtain participant loans, neither LPL nor Advisor Representative will provide any individualized advice or recommendations to the participants regarding these decisions.
- d. Client has the power and authority to enter into and perform this Agreement, and there are no authorizations, permits, certifications, licenses, filings, registrations, approvals or consents that must be obtained by it from any third party, including any governmental authority, in connection with this Agreement.
- e. This Agreement has been duly authorized and executed and constitutes the legal, valid, and binding agreement of Client, enforceable in accordance with its terms.
- f. All information provided or to be provided to LPL or Advisor Representative hereunder to enable them to perform the Services is and shall be true, correct and complete in all material respects. Client acknowledges LPL and Advisor Representative shall be entitled to rely upon all information provided by Client, whether financial or otherwise. Client agrees to promptly notify Advisor Representative in writing of any material change in the financial and other information provided to Advisor Representative and to promptly provide any such additional information as may be requested.
- g. In connection with receiving Services under this Agreement, client may receive information that is proprietary to LPL, including investment research, tools and copyrights ("Proprietary Information"). Client agrees to keep such Proprietary Information confidential, use it only in the context of the relationship under this Agreement, and not permit other use of Proprietary Information by any other person without the prior written consent of LPL.
- h. Client acknowledges that neither LPL nor Advisor Representative can or will provide legal or tax advice to Client or the Plan. Client agrees to seek the advice of its legal advisor for any legal questions it may have relating to the operations and administration of the Plan.
- i. Client authorizes LPL and Advisor Representative to utilize outside vendors or professional resources in order to provide services under this Agreement. Client further authorizes LPL and Advisor Representative to release its information to those professional resources as necessary to fulfill the terms of this Agreement, pursuant to LPL's Privacy Policy.
- j. Client represents that, should any payment be made from the assets of a Plan governed by ERISA, Client has made a determination that such a payment is not a settlor expense and can be made from Plan assets.
- k. Client acknowledges it has made an independent determination that the fees payable pursuant to this Agreement are reasonable.
- l. Client acknowledges that LPL and Advisor Representative are not fiduciaries with respect to Client's decision to enter into this Agreement and represents that it has made such decision independently from LPL and the Advisor Representative.



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### **5. REPRESENTATIONS, WARRANTIES AND DISCLOSURES OF LPL AND ADVISOR REPRESENTATIVE**

- a. LPL is registered under the Act and shall maintain such registration through the term of this Agreement. Advisor Representative shall be appropriately licensed as required by law.
- b. LPL and Advisor Representative have the power and authority to enter into and perform this Agreement, and there are no authorizations, permits, certifications, licenses, filings, registrations, approvals or consents which must be obtained by them from any third party, including any governmental authority, in connection with this Agreement.
- c. This Agreement has been duly authorized and executed and constitutes the legal, valid and binding Agreement of LPL and Advisor Representative, enforceable in accordance with its terms.
- d. To the extent applicable to a Plan subject to ERISA, LPL shall provide the Services in accordance with ERISA, including Rule 408(b)(2) under ERISA.
- e. LPL and Advisor Representative shall treat information regarding the Plan provided to LPL in connection with the Services as confidential in accordance with applicable law.

### **6. LIMITS ON LIABILITY**

- a. Client agrees the only responsibilities of LPL and Advisor Representative hereunder are to render the Services. Neither LPL, Advisor Representative nor any "person associated with" (as such term is defined in Section 202(a)(17) of the Act) LPL or Advisor Representative shall have the authority to take custody, control or possession of any assets of the Plan.
- b. In the absence of negligence or intentional misconduct on their part, LPL, Advisor Representative, and their employees and agents shall have no liability for any act, omission, or error in judgment made by them in the performance of their duties hereunder. It is further agreed that no party or its employees and agents shall be liable for any exemplary or consequential damages arising pursuant to this Agreement. However, nothing in this Agreement shall in any way restrict or waive any remedies or rights of action Client would otherwise have pursuant to applicable federal and state laws and/or regulations.

### **7. FIDUCIARY STATUS**

LPL and Advisor Representative acknowledge that, to the extent the Services to a Plan subject to ERISA constitute "investment advice" to the Plan for compensation, they will be deemed a "fiduciary" as such term is defined under Section 3(21)(A)(ii) of ERISA. Client understands that only certain Services that may be selected by Client in Schedule A – those provided under or as part of the ongoing investment monitoring and ongoing investment recommendation services – would constitute "investment advice" under 3(21)(A)(ii). The parties acknowledge and agree that, in providing the Services under this Agreement, neither LPL nor Advisor Representative:

- a. will exercise any discretion or control over the operations or assets of the Plan, including but not limited to any discretionary trading authorization over investment managers and/or investments. They further will have no responsibility to and will not: (i) exercise any discretionary authority or discretionary control respecting management of the Plan; (ii) exercise any authority or control respecting management or disposition of assets of the Plan; (iii) provide trade execution with respect to Plan assets; or (iv) have any discretionary authority or discretionary responsibility in the administration of the Plan or interpretation of the Plan documents, the determination of participant eligibility, benefits, or vesting, or the approval of distributions to be made by the Plan;
- b. is an "investment manager" of the Plan, as that term is defined in Section 3(38) of ERISA, and do not have the power to manage, acquire or dispose of any Plan assets;
- c. is a "fiduciary" under ERISA with respect to any particular participant's Plan assets; and
- d. is the "Administrator" of the Plan as defined in ERISA.

Client represents its engagement of LPL and Advisor Representative, as well as any instructions it provides to LPL and/or Advisor Representative with regard to the Plan, are consistent with applicable Plan and trust documents. Client agrees to furnish Advisor Representative with copies of such governing documents upon request. Client also acknowledges the Services provided under this Agreement may only relate to a part of the Plan's assets, and that Advisor Representative is not responsible for overall compliance of the investments within the requirements of ERISA or any other governing law or documents.



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The parties acknowledge that from time to time LPL and/or Advisor Representative may make Client or Plan participants aware of and may offer services available from LPL and/or Advisor Representative that are separate and apart from the Services provided under this Agreement. Such other services may be services to the Plan, to Client with respect to Client's responsibilities to the Plan and/or to one or more Plan participants. The parties acknowledge and agree that, in offering any such services, neither LPL nor Advisor Representative is providing the Services under this Agreement or acting as a fiduciary under ERISA or the Code. If any such separate services are offered to Client, Client will make an independent assessment of such services without reliance on the advice or judgment of LPL or Advisor Representative. In particular, if Client decides to engage with LPL separately with respect to its managed account service called Employee Advice Solution (EAS) as a Qualified Default Investment Alternative ("QDIA") under ERISA, Client acknowledges that LPL and Advisor Representative did not recommend such service and did not act as a fiduciary with respect to such decision to engage for EAS.

### **8. PROXIES**

The parties understand and agree it shall be the duty of the Client or other Plan officers to vote any proxies that are solicited for securities owned by the Plan. LPL and Advisor Representative are hereby expressly precluded from voting proxies for securities owned by the Plan and will not be required to take any action or render any advice with respect to the voting of proxies.

### **9. NON-EXCLUSIVE SERVICES; RELATIONSHIP OF PARTIES**

Client understands that LPL, Advisor Representative, and their affiliates may perform, among other things, brokerage, investment advisory, or consulting services for other clients. Client recognizes that LPL, Advisor Representative, or any of their affiliates may give advice and take action in the performance of their duties for such other clients (including those who may have similar retirement plan arrangements as Client) that may differ from the Services provided, or in the timing and nature of action taken, with respect to Client. Nothing in this Agreement shall be deemed to impose on LPL, Advisor Representative, or any of their affiliates any obligation to provide the Services in the same manner as they may provide services to any of their other clients.

### **10. GENERAL PROVISIONS**

- a. *Entire Agreement.* This Agreement, including Schedule A to this Agreement, constitutes the entire understanding between the parties with respect to the matters set forth herein, and each party acknowledges and agrees that no representations, warranties, inducements, promises or agreements other than those set forth herein have been made by any party to the other.
- b. *Amendments.* No modifications, amendments or attempted waiver of any provisions of this Agreement shall be valid unless in writing and signed by all parties.
- c. *Governing Law.* This Agreement shall be governed by and construed according to the laws of the Commonwealth of Massachusetts, except to the extent federal law preempts state law.
- d. *Nonassignability; Binding Effect.* This Agreement may not be assigned or transferred in any manner by any party without the written consent of all parties receiving or rendering services hereunder; provided that LPL or Advisor Representative may assign this Agreement upon consent of the Client in accordance with the Advisers Act. LPL may assign a substitute Advisor Representative to service the Account under certain circumstances without consent, including but not limited to, in the event of termination or retirement of an Advisor Representative who provides advisory services hereunder on the premises of a bank or credit union. This Agreement shall be binding upon and inure to the benefit of the parties and their permitted successors and assigns.
- e. *Advice of Counsel.* Each party represents and warrants that in executing this Agreement it has had the opportunity to obtain independent accounting, financial, investment, legal, tax, and other appropriate advice and that it has carefully read and fully understands the terms and consequences of this Agreement. Each party represents and warrants that its execution of this Agreement is free and voluntary.
- f. *Interpretation.* This Agreement shall be construed in accordance with its fair meaning as if prepared by all parties hereto and shall not be interpreted against either party on the basis that it was prepared by one party or the other. The captions, headings, and subheadings used in this Agreement are for convenience only and do not in any way affect, limit, amplify or



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modify the terms and provisions thereof. Words used herein in the singular shall include the plural, and words used in the plural shall include the singular, wherever the context so reasonably requires.

### **11. ARBITRATION**

Client agrees to direct any complaints regarding the Services to Advisor Representative and the LPL Legal Department in writing.

This Agreement contains a predispute arbitration clause. By signing an arbitration agreement the parties agree as follows:

- All parties to this agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.
- Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.
- The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.
- The arbitrators do not have to explain the reason(s) for their award, unless, in an eligible case, a joint request for an explained decision has been submitted by all parties to the panel at least 20 days prior to the first hearing date.
- The Panel of Arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.
- The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.
- The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this agreement.

You agree that any controversy between you and LPL and/or Advisor Representative arising out of or relating to this Agreement, transactions with or for you, or the construction, performance, or breach of this Agreement whether entered into prior, on or subsequent to the date hereof, shall be settled by arbitration in accordance with the rules, then in effect, of the Financial Industry Regulatory Authority. Any arbitration award hereunder shall be final, and judgment upon the award rendered may be entered in any court, state or federal, having jurisdiction. You understand that you cannot be required to arbitrate any dispute or controversy nonarbitrable under federal law.

### **12. COMMUNICATIONS**

To the extent permitted by applicable law, communications may be sent to Client through mail, overnight express delivery, or electronically, at LPL's or the Advisor Representative's discretion. Communications will be sent to the postal or electronic address ("E-Address") shown on the Schedule A to this Agreement or at such other postal or E-Address as Client may hereafter provide to LPL in accordance with procedures LPL may establish from time to time. The E-Address may be an e-mail address, other Internet address, fax number, or other electronic access address. To the extent permitted by applicable law, communications will be deemed delivered when sent, unless LPL has notice of non-delivery. Communications posted to an online location by LPL will be deemed to be delivered to, and received by, Client at the time that LPL sends notice to Client in accordance with this Agreement that the Communication is posted online and available for review.

LPL may, at its option, send communications to Client electronically either:

- to Client's E-Address, or
- by posting the information online and sending Client a notice to Client's postal address or E-Address telling Client that the information has been posted and providing instructions on how to view it.

Client agrees that Client will notify LPL and Advisor Representative promptly in the event of a change to Client's postal address or E-Address. All notices to LPL or Advisor Representative must be provided in writing at LPL's or Advisor Representative's postal address, as applicable, and as such address may be updated by notice to the other parties from time to time. Any notice Client sends LPL or Advisor Representative will not be effective until actually received. Client assumes the risk of loss in the mail or otherwise in transit.



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### **13. RECEIPT OF DISCLOSURE DOCUMENTS**

Client hereby acknowledges delivery and receipt of LPL's Retirement Plan Consulting Program Disclosure Brochure and the Brochure Supplement of the Advisor Representative. This Agreement, the Schedule A and the RPCP Program Form Brochure constitute disclosure required to be provided to an ERISA Plan under Rule 408(b)(2) under ERISA.

The person(s) signing on Schedule A on behalf of Client represents and warrants: (i) he or she has the authority to act on behalf of Client and Plan; (ii) he or she has the power and authority to enter into a relationship with LPL and Advisor Representative, as well as the power to authorize LPL and Advisor Representative to provide the Services to the Plan; (iii) he or she will inform LPL and Advisor Representative, in writing, of any amendments to the Plan or any other event which could alter the representations and warranties stated herein; and (iv) that all of the information stated in the attached Schedule A is true, correct, and complete in all respects. By signing the Schedule A, each of LPL, Advisor Representative and Client agrees to the terms and conditions of this Agreement.



# RETIREMENT PLAN PROGRAMS BROCHURE

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March 30, 2016

This brochure provides information about the qualifications and business practices of LPL Financial. If you have any questions about the contents of this brochure, please contact your LPL Financial representative or LPL Financial at [lplfinancial.adv@lpl.com](mailto:lplfinancial.adv@lpl.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about LPL Financial also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 1 COVER PAGE

## ITEM 2 MATERIAL CHANGES

The following is a summary of certain changes made to this Brochure from the time of the annual update of the Brochure dated March 31, 2015. The cover page has been updated to reflect a floor change with respect to LPL's address, which is now 75 State Street, 22nd Floor, Boston, MA 02109. Item 9 was updated to provide information regarding disciplinary events, two involving consent orders with the State of Delaware and the Commonwealth of Massachusetts related to the sale of leveraged and inverse leveraged exchange-traded funds, one involving a consent order with the Massachusetts Securities Division related to the use of senior-specific titles by LPL representatives, one involving a consent order with FINRA related to LPL's various brokerage supervisory procedures, a global settlement with certain members of the North American Securities Administrators Association (NASAA) related to the sale of non-traded real estate investment trusts (REITs), and a consent order with the State of New Hampshire Bureau of Securities Regulation in connection with the sale of non-traded REITs. Item 14 was also updated to reflect an increase in the maximum amount of marketing and educational support payments that may be received by LPL from a retirement plan product sponsor. In addition, Item 4 and various other provisions of this Brochure have been updated to reflect the addition of Small Market Solution, a program under which LPL provides retirement plan investment and consulting services to plan sponsors.

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# RETIREMENT PLAN PROGRAMS BROCHURE

## ITEM 4 ADVISORY BUSINESS

### Introduction

LPL Financial LLC (“LPL”) is an investment advisor registered with the SEC pursuant to the Investment Advisers Act of 1940 (the “Advisers Act”). LPL has provided advisory services as a registered investment advisor since 1975. Note that registration as an investment advisor with the SEC does not imply a certain level of skill or training. As of December 31, 2015, LPL managed approximately \$109,501,500,000 of client assets on a discretionary basis and approximately \$2,584,800,000 of client assets on a non-discretionary basis. LPL is owned 100% by LPL Holdings, Inc., which is owned 100% by LPL Financial Holdings Inc., a publicly held company.

LPL’s advisory services are made available to clients primarily through individuals associated with LPL as investment advisor representatives (“IARs”). For more information about the IAR providing advisory services, client should refer to the Brochure Supplement for the IAR. The Brochure Supplement is a separate document that is provided by the IAR along with this Brochure before or at the time client engages the IAR. If client did not receive a Brochure Supplement for the IAR, the client should contact the IAR or LPL at [lplfinancial.adv@lpl.com](mailto:lplfinancial.adv@lpl.com).

### Types of Advisory Services

LPL offers various types of advisory services and programs, including wrap programs, mutual fund asset allocation programs, advisory programs offered by third party investment advisor firms, financial planning services, retirement plan investment and consulting services, investment research, and other customized advisory services. This Brochure sets out information about the retirement plan advisory and consulting services that LPL and its IARs provide through the Retirement Plan Consulting Program (“RPCP”) and the Small Market Solution Program (“SMS”) (each, a “Program” and, together, the “Programs”). The Programs also permit clients to select a third party investment advisor firm associated with an LPL registered representative, in lieu of an IAR, to provide the advisory and consulting services described in this Brochure.

LPL provides information in separate disclosure brochures for its other advisory services and advisory programs, including the Strategic Asset Management, Strategic Asset Management II, Manager Select, Manager Access Select, Personal Wealth Portfolios, Optimum Market Portfolios and Model Wealth Portfolios programs. If clients would like more information on such services and programs, clients should contact the IAR for a copy of the disclosure brochure that describes such service or program or go to [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

From time to time LPL and/or IAR may make the Plan or Plan participants aware of and may offer services available from LPL and/or IAR that are separate and apart from the services provided under the Programs. Such other services may be services to the Plan, to a client with respect to client’s responsibilities to the Plan and/or to one or more Plan participants. In offering any such services, neither LPL nor IAR is providing the services under the Programs or acting as a fiduciary under Employee Retirement Income Security Act of 1974 (“ERISA”) with respect to such offering of services. If any such separate services are offered to a client, the client will make an independent assessment of such services without reliance on the advice or judgment of LPL or the IAR.

If a retirement plan (a “Plan”) makes available publicly traded employer stock (“company stock”) as an investment option under the Plan, neither LPL nor IARs provide investment advice regarding company stock and are not responsible for the decision to offer company stock as an investment option. Also, neither LPL nor IARs provide advice regarding the offering to participants of individual self-directed brokerage accounts, mutual fund windows, or other similar arrangements and are not responsible for the decision to offer such arrangements. In addition, if participants in the Plan may invest the assets in their accounts through such arrangements, or may obtain participant loans, LPL and IARs do not provide any individualized advice or recommendations to the participants regarding these decisions. Any investment advice provided under the Programs is provided to the Plan Sponsor. LPL and IARs do not provide individualized investment advice to Plan participants regarding their Plan assets under the Programs.

### Retirement Plan Consulting Program

Under the RPCP program, IARs assist clients that are trustees or other fiduciaries to Plans by providing fee-based consulting and/or advisory services. Such Plans may or may not be subject to ERISA. IARs perform one or more of the following services summarized below, as selected by the client in the client agreement.





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## Investment Advisory Services

- Assist the Plan in the preparation or review of an IPS for the Plan.
- Recommend specific investments to be held by the Plan or, in the case of a participant-directed defined contribution plan to be made, available as investment options under the Plan.
- Perform ongoing monitoring of investments options available in the Plan.
- Assistance in identifying an investment product or model portfolio in connection with the definition of a "Qualified Default Investment Alternative" ("QDIA") under ERISA.
- Recommend asset allocation target-date or risk-based model portfolios for the Plan to make available to Plan participants and funds from the line-up of investment options chosen by the client to include in such model portfolios.
- Prepare reports reviewing the performance of Plan investments options.

## Plan Consulting Services

- Assist the Plan by acting as a liaison between the Plan and service providers, product sponsors and/or vendors.
- Provide education, training, and/or guidance for the members of the Plan Committee with regard to plan features, retirement readiness matters, or service on the Committee.
- Assist the client in enrolling Plan participants in the Plan, including providing participants with information about the Plan.
- Assist with participant education, which may include preparation of education materials and/or conducting investment education seminars and meetings for Plan participants.
- Assist with the preparation, distribution and evaluation of Request for Proposals, finalist interviews, and conversion support.
- Provide the client with comparisons of Plan data (e.g., regarding fees and services and participant enrollment and contributions).
- Assist client in identifying the fees and other costs borne by the Plan.

LPL provides advisory services under RPCP as an investment advisor under the Advisers Act, and is a fiduciary under the Advisers Act with respect to such services. If client elects to engage LPL and IAR to perform ongoing investment monitoring and ongoing investment recommendation services to a Plan subject to ERISA in the RPCP agreement, such services will constitute "investment advice" under Section 3(21)(A)(ii) of ERISA. Therefore, LPL and IAR will be deemed a "fiduciary" as such term is defined under Section 3(21)(A)(ii) of ERISA in connection with those services. Clients should understand that to the extent LPL and IAR are engaged to perform services other than ongoing investment monitoring and recommendations, those services are not "investment advice" under ERISA and therefore, LPL and IAR will not be a "fiduciary" under ERISA with respect to those other services.

## Small Market Solution

Under SMS, LPL Research (a team of investment professionals within LPL) creates and maintains a series of different investment menus ("Investment Menus") consisting of a mix of different asset classes and investment vehicles ("investment options") for clients that sponsor and maintain participant-directed defined contribution plans ("Plan Sponsors"). The Plan Sponsor is responsible for selecting the Investment Menu that it believes is appropriate based on the demographics and other characteristics of the Plan and its participants. LPL Research is responsible for the selection and monitoring of the investment options made available through Investment Menus ("Fiduciary Selection Services"). The investment options that are offered through SMS are limited to the specific investments available through the record keeper that the Plan Sponsor selects. The Plan Sponsor may only select an Investment Menu in its entirety and does not have the option to remove or substitute an investment option.

If the Plan is subject to ERISA, LPL will be a "fiduciary" and serve as "investment manager" (as that term is defined in section 3(38) of ERISA) in connection with the Fiduciary Selection Services. None of the services offered under SMS other than the Fiduciary Selection Services will constitute "investment advice" under 3(21)(A)(ii) of ERISA, or otherwise cause LPL or IAR to be deemed a fiduciary.

In addition to the Fiduciary Selection Services, Plan Sponsor may also select from a number of non-fiduciary consulting services available under SMS that are provided by the applicable IAR. These consulting services may include, but are not limited to: general education, and support regarding the Plan and the investment options selected by Plan Sponsor; assistance regarding



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the selection of, and ongoing relationship management for, record keepers and other third-party vendors; Plan participant enrollment support; and participant-level education regarding investment in the Plan. These consulting services do not include any individualized investment advice to the Plan Sponsor or Plan participants with respect to Plan assets, and LPL and the applicable IAR do not act as fiduciaries under ERISA in providing such consulting services.

### ITEM 5 FEES AND COMPENSATION

Under RPCP, clients pay LPL a fee (the "RPCP Fee") for advisory and/or consulting services. LPL shares up to 100% of the RPCP Fee (typically 90%) with the IAR based on the agreement between LPL and the IAR. A portion of the fee to the IAR may be paid by the IAR to his or her LPL branch manager or another LPL representative for supervision or administrative support. The RPCP Fee may be based on a percentage of the assets held in the Plan (up to 1.25% annually), on an hourly basis (up to \$400 per hour), or on a flat rate basis, as negotiated between the Plan and the IAR. The RPCP Fee will be payable to LPL in advance or in arrears on the frequency (e.g., quarterly, monthly, etc.) agreed upon among the client, the IAR, and LPL. If asset based fees are negotiated, the RPCP Fee payment generally will be based on the value of the Plan assets as of the close of business on the last business day of the period as valued by the custodian of the assets. However, if the RPCP Fee is paid by the Plan or the client through a third party service provider, such fee will be calculated as determined by the provider. If the RPCP Fee is paid prior to the services being provided, the Plan will be entitled to a prorated refund of any prepaid fees for services not received upon termination of the client agreement among the client, LPL and the IAR.

Under SMS, clients pay LPL a fee (the "SMS Fee") for the advisory services of LPL Research and the services provided by the IAR, up to an annual maximum of 1.20%. The SMS Fee paid by the client is inclusive of an LPL program fee for the investment advisory services provided by LPL Research, and an advisor fee for the services provided by the IAR. The LPL program fee is 0.20%, based on an annualized percentage of assets held in the Plan. The advisor fee is negotiable at the discretion of each IAR, up to a maximum of 1.00%. LPL shares up to 100% of the advisor fee (typically 90%) with the IAR based on the agreement between LPL and the IAR. The SMS Fee will be payable to LPL in arrears on the frequency agreed upon between IAR and Client.

The Plan or Plan Sponsor incurs fees and charges imposed by third parties other than LPL and IAR in connection with RPCP and SMS services. These third party fees can include fund or annuity subaccount management fees, 12b-1 fees and administrative servicing fees, plan recordkeeping and other service provider fees. Further information regarding charges and fees assessed by a fund or annuity are available in the appropriate prospectus.

If a client engages LPL and IAR to provide ongoing investment recommendations to the Plan or Plan Sponsor regarding the investment options (e.g., mutual funds, collective investment funds) to be made available to Plan participants, clients should understand that there generally will be two layers of fees with respect to such assets. The Plan will pay an advisory fee to the fund manager and other expenses as a shareholder of the fund. The client also will pay LPL and IAR the RPCP Fee or SMS Fee, as applicable, for the investment recommendation services. Therefore, clients could generally avoid the second layer of fees by not using the advisory services of LPL and IAR and by making their own decisions regarding the investment.

If a Plan or Plan Sponsor makes available a variable annuity as an investment option, there are mortality, expense and administrative charges, fees for additional riders on the contract and charges for excessive transfers within a calendar year imposed by the variable annuity sponsor. If a Plan or Plan Sponsor makes available a pooled guaranteed investment contract (GIC) fund, there are investment management and administrative fees associated with the pooled GIC fund.

As part of the RPCP services, the IAR may recommend a mutual fund that pays asset based sales charges or service fees (e.g., 12b-1 fees) to LPL and the IAR as broker-dealer to the Plan. The receipt of 12b-1 fees presents a conflict of interest because it gives LPL and its IARs an incentive to recommend mutual funds based on the compensation received rather than on a client's needs. LPL addresses this conflict by using 12b-1 fees paid by product sponsors to LPL and IAR as broker-dealer to the Plan to offset the RPCP Fee.

Clients should understand that the RPCP Fee or SMS Fee, as applicable, that client negotiates with IAR may be higher than the fees charged by other investment advisors or consultants for similar services. This is the case, in particular, if the fee is at or near the maximum fees set out above. The IAR is responsible for determining the fee to charge each client based on factors such as



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total amount of assets involved in the relationship, the complexity of the services, and the number and range of supplementary advisory and client-related services to be provided. Clients should consider the level and complexity of the consulting and/or advisory services to be provided when negotiating the fee with IAR.

Clients pay the RPCP Fee or SMS Fee, as applicable, by check made payable to LPL Financial LLC. In the alternative, clients also may instruct a Plan's service provider or custodian to calculate and debit the fee from the Plan's account at the custodian and pay such fee to LPL.

### ITEM 6 PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

This Item is not applicable. LPL and its IARs do not accept performance-based fees for RPCP or SMS.

### ITEM 7 TYPES OF CLIENTS

RPCP is available to clients that are trustees or other fiduciaries to Plans, including 401(k), 457(b), 403(b) and 401(a) plans. Plans include participant directed defined contribution plans and defined benefit plans. Plans may or may not be subject to ERISA. LPL does not require a minimum asset amount for retirement plan consulting services.

SMS is available to clients that sponsor and maintain participant-directed defined contribution plans that are subject to ERISA. LPL does not require a minimum asset amount for SMS investment advisory or consulting services.

The investment advisory services provided by LPL and its IARs are services that are provided only to the Plan Sponsor or the Plan, and not to any particular Plan participant.

### ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

LPL or IARs, as applicable under either RPCP or SMS, may conduct analysis of securities using a technical/quantitative and/or fundamental/qualitative approach. The sources of information that LPL (or an IAR, in the case of RPCP) may use to provide advice to Plans or Plan Sponsors include the following: research conducted by LPL (or the IAR in the case of RPCP), research materials prepared by LPL or third parties, statistical and/or analytical industry databases, financial newspapers and magazines, and vendor or company press releases.

When providing investment advisory services in RPCP, IARs may recommend asset allocation strategies. LPL makes available to IARs providing investment and asset allocation recommendations in RPCP an investment analysis scorecard (the "Scorecard"). The scorecard system is intended to identify suitable investments using a consistent process and monitor the investments on a periodic basis. The system takes into account historical data and uses a 12 point scoring system based on quantitative factors (e.g., style drift, performance, risk and risk-adjusted returns) and qualitative factors (e.g., operating expenses, manager tenure).

It is important to note that although LPL makes available research materials and a scoring system to IARs in connection with services provided under RPCP, an IAR may take into consideration these materials to a limited extent or not at all. Clients are encouraged to speak to their IAR directly to discuss the IAR's particular approach and strategy for providing consulting services to the Plan. It is important to note that no methodology or investment strategy is guaranteed to be successful or profitable.

Under SMS, LPL Research is responsible for the selection of investment options to be made available to participants in a Plan. The applicable Plan Sponsor adopts an Investment Policy Statement that it believes is consistent with the investment needs of the participants in its Plan, and LPL Research selects investment options consistent with such Investment Policy Statement. As part of its evaluation of investment options for a Plan, LPL Research utilizes the Scorecard described above for investment options with at least five years of operating history (or three years for target date funds). A particular investment option generally must score at least seven of the possible 12 points, unless it is a passively managed index-based strategy. In addition, an investment option should (i) be competitive with the median return for an appropriate, style-specific benchmark and peer group; (ii) have specific risk and risk-adjusted return measures within a reasonable range relative to appropriate, style-specific benchmark and peer group; (iii) demonstrate adherence to the stated investment objective, without excess style drift over trailing performance periods, for funds in a similar investment category; and (iv) charge competitive fees compared with similar investments. The investment manager of an investment option also should be able to provide portfolio holdings, performance, and other relevant information in a timely fashion, with specified frequency.



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LPL Research will regularly monitor a Plan's investment options and investment categories for compliance with its investment objectives and to assess whether a particular investment option continues to be appropriate for the Plan. While frequent change is neither expected nor desirable, the process of monitoring investment performance relative to specified guidelines is an ongoing process. Recognizing that short-term fluctuations may cause variations in performance, when monitoring investments under a Plan, LPL Research will evaluate investment performance from a long-term perspective. Monitoring utilizes the same criteria that were the basis of the investment selection decision.

Under RPCP, fiduciaries of a Plan may choose to select a number of different types of securities and insurance products to make available to Plan participants, including mutual funds, group annuity contracts, collective investment funds, GICs, ETFs, stable value funds, annuity subaccounts or other securities. Under SMS, the Investment Menus include mutual funds and stable value funds. Each different type of security or product carries with it risks that are inherent in that specific type of security. Mutual funds, collective investment funds, ETFs and annuity subaccounts may also invest in varying types of securities which carry these risks. Investing in securities involves the risk of loss that clients should be prepared to bear. Described below are some particular risks and features associated with investing in general and with some types of investments that may be purchased by a Plan.

- **Market Risk.** This is the risk that the value of securities owned by an investor may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.
- **Interest Rate Risk.** This is the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.
- **Credit Risk.** This is the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.
- **Group Annuities.** If client purchases a group annuity contract for the Plan, client should read and understand the group annuity contract and all other offering material prepared by the issuing insurance company prior to making an investment decision. In considering whether to purchase a particular group annuity for the Plan, client should be aware that:
  - A group annuity is a contract between the plan sponsor or the plan trustee and the issuing insurance company that cover the participants in the plan.
  - A group variable annuity consists of separate accounts that typically invest in underlying investment portfolios the value of which fluctuates with the market value of the securities in the portfolio.
  - Although a group annuity is issued by an insurance company, the annuity's investment returns are not "insured" or guaranteed and risk of loss of principal does exist; however, the product may offer participants an option to purchase an annuity with a guaranteed component instead of a cash payout. Any such guarantee for an individual annuity is subject to the claims-paying ability of the insurance company.
  - A group annuity held in a tax-qualified retirement plan does not provide any additional tax deferred treatment of earnings for the plan or participants beyond the treatment provided by the plan itself.
  - A group annuity contract generally is not a registered security and separate account is generally not a registered separate account. Therefore, the contract and separate account are not subject to registration or regulation by the SEC under the Securities Act of 1933, the Securities Exchange Act of 1934 or the Investment Company Act of 1940.
  - Unlike mutual funds and registered variable annuities, which are SEC-registered products, a group annuity generally is not required to prepare or deliver a prospectus.
  - A group annuity contract typically includes various fees and expenses, including administrative fees for certain services of the insurance company, such as recordkeeping, customer services and enrollment. These fees and expenses are in addition to the fees and expenses of the underlying investment options, which a participant will indirectly bear by investing in those investment options through the group annuity.
- **Investment Company Risk.** Investments in investment companies are subject to the risks of the investment companies' investments, as well as to the investment companies' expenses.
- **Stable Value Funds.** If you are considering a stable value product to make available as an investment option for a Plan, you should review the contract for the product and understand and consider the following:



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- A stable value fund is a fixed income investment fund with a “wrap” contract issued by a bank or insurance company. These wrap contracts seek to allow participants to transact at their book value (which generally speaking is their invested balance plus any accrued interest).
- The objective of stable value funds, in general, is to preserve capital while providing a relatively stable rate of return that seeks to exceed returns provided by money market funds. Although designed as a low-risk investment, participants can lose money by investing in a stable value fund.
- Stable value funds can be viewed as an alternative to money market funds; however, there are important differences, and stable value products can be complicated. Unlike money market funds, stable value funds are typically not registered with the SEC. In addition, they are not guaranteed by the U.S. government, LPL or the Plan. The structure of, or investments within, stable value may vary, and it is important to consider these differences in selecting a stable value fund.
- Although a contract may provide for book value (even if fair market value is less) for participant-initiated events, the contract typically will not provide for book value for certain employer-initiated events (e.g., plan terminations, layoffs, sale of a division, employer bankruptcies, or change in recordkeepers). In the case of employer-initiated events, the contract typically will provide for a fair market value adjustment, which will not allow the Plan or participants to immediately receive book value if fair market value is less. It is important that plan sponsors understand these terms of the contract, in particular, as it will be a consideration in a future decision as to whether to terminate the stable value product provider.
- As the stable value product wrap provider guarantees the receipt of book value to participants, it is important to consider the financial stability of the provider. It also is important to understand the underlying assets of the stable value product, as the type and quality of the assets will bear on the risk vs. reward characteristics that result in a variance between book value and fair market value.
- There are fees and costs associated with stable value products.

### ITEM 9 DISCIPLINARY INFORMATION

As an investment advisor and broker-dealer regulated by the SEC, LPL was found by the SEC to have willfully violated Rule 30(a) of Regulation S-P, which requires broker-dealers and investment advisors to have written policies and procedures that are reasonably designed to safeguard customer records and information. The SEC ordered LPL to cease and desist from committing future violations of Rule 30(a), censured it for its conduct, and ordered it to pay the \$275,000 penalty (2008).

LPL, as a broker-dealer, is a member of FINRA and has found to be in violation of FINRA’s rules related to its brokerage activities. In particular, LPL consented to sanctions related to the following matters:

- LPL’s various brokerage supervisory procedures, including those related to the sale of complex non-traditional ETFs, variable annuity contracts, REITs and other products in brokerage accounts, as well as LPL’s failure to monitor and report trades and deliver trade confirmations, resulting in a censure and fine of \$10,000,000, and restitution of \$1,664,592 (2015).
- LPL’s processing and supervision of the sale of alternative investments, including non-traded real estate investment trusts, resulting in a censure and fine of \$950,000 (2014).
- LPL’s systems and procedures related to the review and retention of email, resulting in a censure, fine of \$7.5 million, and establishment of a fund of \$1.5 million to cover payments to eligible former brokerage customer claimants who may not have received all emails in connection with their claim (2013).
- LPL’s supervisory systems to monitor and ensure the timely delivery of mutual fund prospectuses, resulting in a censure and fine of \$400,000 (2012).
- LPL’s procedures regarding its review of e-mail communications, resulting in a censure and fine of \$100,000 (2011).
- LPL’s procedures on transmittals of cash and securities from customer accounts to third party accounts, resulting in a censure and fine of \$100,000 (2011).
- LPL’s procedures on supervision of variable annuity exchanges, resulting in a censure and fine of \$175,000 (2010).
- Allegations that LPL failed to reasonably supervise a registered representative regarding his use of strategies and recommendations involving UITs, resulting in a censure and fine of \$125,000 (2008).
- LPL’s procedures on supervision of variable annuity exchanges, resulting in a censure and fine of \$300,000 (2006).



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LPL, as a broker-dealer, is regulated by each of the 50 states and has been the subject to orders related to the violation of state laws and regulations in connection with its brokerage activities. As part of a global settlement with certain members of the North American Securities Administrators Association (NASAA), LPL submitted to consent orders with various state regulatory authorities regarding the sale in brokerage accounts of non-traded real estate investment trusts (REITs) in excess of prospectus standards, state concentration limits or LPL's internal guidelines, resulting in an aggregate civil penalty of \$1,425,000, reimbursement of certain investigative expenses and remediation of losses to impacted customers. Separately, LPL submitted to a consent order with the State of New Hampshire Bureau of Securities Regulation in connection with the sale of non-traded REITs in excess of prospectus standards, state concentration limits or LPL's internal guidelines, resulting in an administrative fine of \$250,000, reimbursement of investigative costs of \$250,000, a \$250,000 contribution to an investor education fund and remediation of losses to impacted customers. In 2015, LPL submitted to a consent order with the State of Delaware and an assurance of discontinuance with the Commonwealth of Massachusetts in connection with the sale of leveraged and inverse leveraged exchange-traded funds ("Leveraged ETFs"), resulting in an administrative fine of \$50,000 (DE), a penalty of \$200,000 (MA), restitution to Delaware customers in an amount up to \$150,000, restitution to Massachusetts customers in an amount up to \$1,600,000, and an agreement to make certain changes in its supervisory system with respect to Leveraged ETFs. In 2015, LPL submitted to a consent order with the Massachusetts Securities Division in connection with findings that LPL failed to implement procedures related to the use of senior-specific titles by LPL representatives as required under Massachusetts law. LPL agreed to a censure and fine of \$250,000. In 2014, LPL submitted to two consent orders with the Illinois Securities Department in connection with (i) findings that LPL failed to detect improper and fraudulent conduct by one of its IARs, resulting in a censure, fine of \$500,000, and restitution to impacted customers; and (ii) certain variable annuity exchange transactions, in particular, relating to failure to adequately enforce supervisory procedures and maintain certain books and records required under Illinois law, resulting in a censure, fine of \$2,000,000, and restitution to impacted customers. In 2013, LPL submitted to a consent order with the Massachusetts Securities Division in connection with the sale of non-traded real estate investment trusts to Massachusetts residents in excess of Massachusetts concentration limits. LPL agreed to a censure, fine of \$500,000, and restitution to impacted customers.

For more information about those state events and other disciplinary and legal events involving LPL and its IARs, client should refer to Investment Advisor Public Disclosure at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or FINRA BrokerCheck at [www.finra.org](http://www.finra.org).

### ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

LPL is a broker-dealer registered with FINRA and the SEC. As a broker-dealer, LPL transacts business in various types of securities, including mutual funds, stocks, bonds, commodities, options, private and public partnerships, variable annuities, real estate investment trusts and other investment products. LPL is registered to operate in all 50 states and has primarily an independent-contractor sales force of registered representatives and IARs dispersed throughout the United States. LPL has a small number of employee IARs whose services are limited to servicing certain small IRA accounts. IARs typically are also licensed registered representatives of LPL and may provide brokerage services on behalf of LPL. If required for their positions with a registered broker-dealer, LPL's principal executive officers are securities licensed as registered representatives of LPL. LPL is also registered as a transfer agent with the SEC and as an introducing broker with the Commodity Futures Trading Commission. In addition, LPL is qualified to sell insurance products in all 50 states.

LPL has an arrangement with Independent Advisers Group ("IAG"), a registered investment advisor and related person of LPL. LPL has been retained by IAG to provide research and model portfolio management services through IAG.

LPL and The Private Trust Company, N.A. ("PTC"), a federally chartered non-depository bank licensed to provide trust services in all 50 states, are related persons. PTC serves as IRA custodian for client accounts set up as IRAs and receives an annual maintenance fee for this service. PTC also provides personal trustee services to clients for a variety of administrative fiduciary services, which services may relate to an advisory account. PTC's IRA custodian and trustee services and related fees are established under a separate engagement between the client and PTC.



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LPL has an arrangement with Fortigent, LLC ("Fortigent"), a registered investment advisor and related person of LPL. LPL and Fortigent have entered into an agreement for LPL to provide overlay portfolio management services to Fortigent clients in Fortigent's Access Overlay II Program.

### ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

#### Code of Ethics and Personal Trading

LPL has adopted a code of ethics that includes guidelines regarding personal securities transactions of its employees and IARs. The code of ethics permits LPL employees and IARs to invest for their own personal accounts in the same securities that LPL and IARs purchase for clients in program accounts. This presents a conflict of interest because trading by an employee or IAR in a personal securities account in the same security on or about the same time as trading by a client can disadvantage the client. LPL addresses this conflict of interest by requiring in its code of ethics that LPL employees and IARs report certain personal securities transactions and holdings to LPL. LPL has procedures to review personal trading accounts for front-running. In addition, employees in LPL's Research Department are required to obtain pre-clearance prior to purchasing certain securities for a personal account. Employees and IARs are also required to obtain pre-approval for investments in private placements and initial public offerings. A copy of the code of ethics is available to clients or prospective clients upon request and is available on LPL's website [www.lpl.com](http://www.lpl.com).

#### Participation or Interest in Client Transactions

LPL's parent company, LPL Financial Holdings Inc., is a publicly traded company. LPL does not permit its IARs to recommend or solicit orders of LPL Financial Holdings Inc. stock.

As part of the RPCP services selected by the client, for example, vendor analysis services, an IAR may provide recommendations as to investment products or services. To the extent that IAR recommends that client invest in products and services that will result in compensation being paid to LPL and the IAR, this presents a conflict of interest. The compensation to IAR and LPL may be more or less depending on the product or service that the IAR recommends. Therefore, the IAR has a financial incentive to recommend that a recommendation be implemented using a certain product or service over another product or service. The client is under no obligation to purchase securities or services through LPL and the IAR.

It is important to note that clients are under no obligation to implement a recommendation through LPL. Clients should understand that the investment products, securities and services that an IAR may recommend as part of the Programs are available to be purchased through broker-dealers, investment advisors or other investment firms not affiliated with LPL.

Client should understand that LPL and IAR may perform advisory and/or brokerage services for various other clients, and that LPL and IAR may give advice or take actions for those other clients that differ from the advice given to the client. The timing or nature of any action taken for a client may also be different.

### ITEM 12 BROKERAGE PRACTICES

In connection with the services offered under RPCP and SMS, LPL or an IAR may recommend to a client that a Plan use a certain retirement plan platform or service provider (such as a recordkeeper or administrator). In the case of RPCP, LPL and IAR may serve as broker-dealer in connection with the sale of securities or insurance products to the Plan. As noted above, for Plans that are subject to ERISA or are otherwise subject to Section 4975 of the Code, 12b-1 fees paid by product sponsors to LPL and IAR as broker-dealer of record to the Plan are used to offset the RPCP Fee.

### ITEM 13 REVIEW OF ACCOUNTS

To the extent services offered under RPCP or SMS to the Plan or Plan Sponsor include performance monitoring or reporting, LPL or the IAR will review performance or provide reports of investment manager(s) or investments selected by the Plan, as applicable, on a frequency as agreed with the Plan or Plan Sponsor. If elected by the Plan, IAR will provide reports evaluating the performance of Plan investment manager(s) or investments, as applicable.



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## ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

### Other Compensation

The IAR, LPL and LPL employees may receive additional compensation from product sponsors. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings, client workshops or events, or marketing or advertising initiatives. Product sponsors also pay for, or reimburse LPL for the costs associated with, education or training events that are attended by LPL employees and IARs and for LPL-sponsored conferences and events, including services for identifying prospective clients. In particular, LPL receives marketing and educational support payments of up to \$300,000, depending on the anticipated nature and scope of the events, from retirement plan product sponsors to assist training and educating financial advisors across LPL's brokerage and advisory platforms, including RPCP. Such support payments are not tied to the sales of any products or client assets in the products. IARs do not receive any portion of these payments. For a current and complete list of the retirement plan product sponsors that pay such marketing and educational support payments, please see [www.lpl.com](http://www.lpl.com) or ask your IAR.

The IAR recommending an advisory service receives compensation from LPL. LPL compensates IARs pursuant to an independent contractor agreement, and not as an employee (although LPL has a small number of employee IARs whose services are limited to servicing small accounts). This compensation includes a portion of the RPCP Fee or SMS Fee, as applicable, and, such portion received by IAR may be more than what IAR would receive at another investment advisor firm. Such compensation may include other types of compensation, such as bonuses, awards or other things of value offered by LPL to the IAR. In particular, LPL pays its IARs in different ways, for example:

- payments based on production
- equity awards from LPL's parent company, LPL Financial Holdings Inc., consisting of awards of either restricted stock units (a promise to deliver stock in the future) or stock options to purchase stock, in each case subject to satisfaction of vesting and other conditions
- reimbursement or credits of fees that IARs pay to LPL for items such as administrative services, or technology fees
- free or reduced-cost marketing materials
- payments in connection with the transition of association from another broker-dealer or investment advisor firm to LPL
- advances of advisory fees
- payments in the form of repayable or forgivable loans
- attendance at LPL conferences and events.

LPL pays IARs this compensation based on the IAR's overall business production and/or on the amount of assets serviced in LPL advisory relationships. The amount of this compensation may be more or less than what the IAR would receive if the client participated in other LPL programs or in services or programs of other investment advisors or consultants. Therefore, the IAR may have a financial incentive to recommend the Programs over other programs and services.

If an IAR has recently become associated with LPL, he or she may have received payments from LPL in connection with the transition from another broker-dealer or investment advisor firm. These payments, which may be significant, are intended to assist an IAR with the costs (including foregone revenues during account transition) associated with the transition, such as moving expenses, leasing space, furniture, staff and termination fees associated with moving accounts; however, LPL does not confirm the use of these payments for such transition costs. These payments are in the form of payments or loans to the IAR, which are paid by LPL or forgiven by LPL based on years of service with LPL (e.g., if the IAR remains with LPL for 5 years) and/or the scope of business engaged in with LPL. This presents a potential conflict of interest in that an IAR has a financial incentive to recommend that a client engage with the IAR and LPL for advisory services in order for the payment to be made or the loan to be forgiven. However, an IAR may only recommend a program or service that he or she believes is suitable for you. LPL has systems in place to review IAR-managed accounts for suitability over the course of the advisory relationship.

To the extent permitted by applicable law, including ERISA, LPL has entered into referral agreements with independent third party investment advisers, pursuant to which LPL and IARs receive referral fees from the third party investment advisers in return for





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referral of clients. Any such referral agreements are separate from the services provided under the Programs. LPL refers clients to such firms as Aris, AssetMark, Beacon Capital Management, BNY Mellon, Brinker Capital, BTS Asset Management, Clark Capital, CLS Investments, Dunn Warren, Envestnet, Equis Capital, Flexible Plan, Foy, Hanlon Investment Management, Heritage, ICON Advisers, IPC, ITS Asset Management, Lee Munder Capital, Madison Asset Management, Matson Money, Meeder Advisory Services, Morningstar, MRM, Niemann Capital, Ocean Park, Pacific Financial Group Portfolio Design Advisors, Portfolio Strategies, Potomac, PTS, Rochdale Investment Management, Security Benefit, SEI, SIS, Sowell Financial Services, Stadion, Strategic Equity Management, Symmetry Partners, Wealthcare Capital Management, Wilbanks, and Wilmington Trust. Because LPL is engaged by and paid by the third party investment advisor for the referral, any recommendation regarding a third party investment advisor as part of a referral presents a conflict of interest. LPL addresses this conflict by providing the client with a disclosure statement explaining the role of LPL and IAR and the referral fee received by LPL and IAR.

In addition, LPL may enter into other agreements with the third party investment advisers to whom LPL refers certain clients, pursuant to which LPL may provide (i) marketing services on behalf of the third party investment advisers to LPL representatives; or (ii) data technology services to integrate third party investment adviser account data on LPL's technology systems. To the extent permitted by applicable law, including ERISA, LPL receives fees for these services and such fees are typically based on the amount of assets (typically in the range of 3% to 15%) referred by LPL to the third party investment adviser. The third party investment advisers who pay such fees Aris, Brinker, Clark Capital, Hanlon, ICON, ITS, Niemann, and Portfolio Strategies. The IAR does not share in these fees. Any agreements related to referrals are separate from the services provided under the Programs. The IAR does not share in these fees. In some cases, the third party investment advisers pay additional marketing payments to LPL, its employees and/or IARs to cover fees to attend conferences or reimbursement of expenses for workshops, seminars presented to IARs clients or advertising, marketing or practice management.

LPL has entered into agreements with certain service providers, pursuant to which LPL and IAR may receive compensation related to a Plan participant who receives a distribution from the Plan and rolls the distribution to a retail investment product of the service provider.

### Client Referrals

LPL compensates other persons or firms for client referrals. LPL enters into an agreement with such referral agents and pays them a portion of the RPCP Fee or SMS Fee, as applicable. The referral agent discloses to the client at the time of the solicitation the arrangement and the compensation to be received by the referral agent. Clients should refer to the solicitor disclosure statement for details of the amount of compensation shared with the referral agent for the referral.

LPL and its IARs may offer advisory services on the premises of unaffiliated businesses, including insurance companies, employee benefit companies, and financial institutions, such as banks or credit unions. In some cases, the IAR may pay such business entity a fee for the use of the premises and facilities and for administrative support. In the case of financial institutions, LPL has entered into agreements with financial institutions pursuant to which LPL shares compensation, including a portion of the RPCP Fee or SMS Fee, as applicable, with the financial institution for the use of the financial institution's facilities and for client referrals. In such case, instead of paying the IAR the portion of the RPCP Fee or SMS Fee, as applicable and as described above, LPL may share such portion with the financial institution pursuant to the agreement between LPL and the financial institution, and the financial institution will pay part of that amount to the IAR.

In addition, LPL may provide other forms of compensation to financial institutions, such as bonuses, awards or other things of value offered by LPL to the institution. In particular, LPL may pay a financial institution in different ways, for example, payments based on production, reimbursement of fees that LPL charges for items such as administrative services, and other things of value such as free or reduced-cost marketing materials, payments in the form of repayable or forgivable loans, payments in connection with the transition of association from another broker-dealer or investment advisor firm to LPL, advances of advisory fees, or attendance at LPL's national conference or top producer forums and events. LPL may pay this compensation based on overall business production and/or on the amount of assets serviced in LPL advisory programs. Therefore, the amount of this compensation may be more than what the financial institution would receive if the client participated in other LPL programs, programs of other



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investment advisors or paid separately for investment advice, brokerage and other client services. Therefore, the financial institution may have a financial incentive if an IAR recommends a program account over other programs and services.

### ITEM 15 CUSTODY

LPL and IAR will not serve as a custodian for Plan assets in connection with the advisory or consulting services offered through the Programs. The client is responsible for selecting the custodian and investment sponsor for Plan assets. In order to service the Plan or Plan Sponsor through the Programs, the IAR and LPL may be listed as the contact for the Plan account held at an investment sponsor. The trustees or other fiduciaries for the Plan will complete account paperwork with the outside custodian that will provide the name and address of the custodian. The custodian for Plan assets is responsible for providing the Plan with periodic confirmations and statements. LPL recommends that Plan sponsors review the statements and reports received directly from the custodian or investment sponsor.

For RPCP services, LPL may receive prepayment of fees for 6 or more months in advance. All SMS payments are made in arrears.

### ITEM 16 INVESTMENT DISCRETION

Under RPCP, LPL and the IAR provide advisory and consulting services primarily on a non-discretionary basis, so that the client makes the decisions regarding the purchase and sale of securities and the investment options to be made available in the Plan. If advisory and consulting services are provided on a discretionary basis, clients will provide that authorization in writing to LPL and IAR.

Under SMS, LPL has investment discretion to select, monitor, and replace the investment options made available through the Investment Menu, Plan Sponsor determines which Investment Menu to offer to its Plan participants, and each Plan participant determines which investment options within that Investment Menu to purchase or sell. Client will provide authorization for LPL's discretionary authority in writing to LPL.

LPL and IAR do not exercise authority over the administration of the Plan under either Program. RPCP and SMS services do not include advice regarding the interpretation of the Plan documents, the determination of participant eligibility, benefits, or vesting, and the approval of distributions to be made by the Plan.

### ITEM 17 VOTING CLIENT SECURITIES

LPL does not accept authority to vote client securities in connection with its services under the Programs.

### ITEM 18 FINANCIAL INFORMATION

LPL is not required to include a balance sheet for its most recent financial fiscal year, and is not subject to any financial condition under which its ability to meet contractual commitments to clients is or may be impaired.

Brochure Supplements for Certain LPL Financial Employees:

George Burton White	LPL Financial LLC
John J. Canally, Jr.	75 State Street, 22nd Floor, Boston, MA 02109
Joseph Edwin Rackley	(617) 423-3644
Matthew Eric Peterson	<a href="http://www.lpl.com">www.lpl.com</a>

Anthony Valeri	LPL Financial LLC
Marcus Ehlers	4707 Executive Drive, San Diego, CA 92121
	(800) 558-7567

Kirby Horan-Adams	LPL Financial LLC
Steven James Snyder	4828 Parkway Plaza, Charlotte, NC 28217
Joseph Patrick Byrne	



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March 30, 2016

This Brochure Supplement provides information about certain LPL Financial employees or officers that supplements the LPL Financial Brochure that is attached to this Brochure Supplement. Please contact LPL Financial at the number above if you did not receive the LPL Financial Brochure or if you have any questions about the contents of this Brochure Supplement. You may also contact your LPL investment advisor representative with questions.

Additional information about these LPL employees or officers is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Note that although these LPL employees or officers included in this Brochure Supplement are responsible for investment advice provided by LPL, they are not the IARs responsible for the investment advice provided to a particular client. For more information about the IAR servicing the client, client should refer to the Brochure Supplement for the IAR, which should have been provided by the IAR along with the LPL Financial Brochure and this Brochure Supplement at the time of engagement. If client did not receive a Brochure Supplement for the IAR, the client should contact the IAR or LPL at [lplfinancial.adv@lpl.com](mailto:lplfinancial.adv@lpl.com).

### Educational Background and Business Experience

George Burton White was born in 1969. He has a BBA from the College of William and Mary. He is a Managing Director and Chief Investment Officer of LPL, and has served in that position since 2009. He joined LPL in 2007 as a Managing Director and Director of Research. Prior to joining LPL, he was Managing Director and Director of Research at Wachovia Securities from 2000 to 2007.

John J. Canally, Jr. was born in 1964. He has a BA from Villanova University. He is Senior Vice President and Economist at LPL and joined the LPL Research Department in 2007. Prior to joining LPL, he was a Senior Investment Strategist at PNC Wealth Management.

Kirby Lepak Horan-Adams was born in 1976. She has a BA in Math and Economics from Trinity College, an MBA and MSF from Boston College, and a JD from Boston College Law School. She is Senior Vice President and Director of Research at LPL and joined the LPL Research Department in 2006. Prior to joining LPL, she was an analyst at Cerulli Associates.

Joseph Edwin Rackley was born in 1981. He has an AB in History from Brown University. He is a Vice President for LPL Financial Research and has been with the firm since 2008. Prior to joining LPL, he served as a Vice President in the Advisory Services Group at Wachovia Securities, LLC.

Matthew Eric Peterson was born in 1968. He received a BA in Political Science from the University of Connecticut, and he received a JD from the University of Pittsburgh School of Law and an MBA from the Tepper School of Business at Carnegie Mellon University concurrently. He joined LPL in 2015 as a Senior Vice President and Wealth Strategist. He was the Director of Research at the GM Advisory Group in New York from 2013 to 2015, and a partner and portfolio manager at Newgate Capital in Greenwich, CT from 2005 to 2013.

Anthony Gino Valeri was born in 1970. He has a BA from the University of California at San Diego. He is Senior Vice President, Market Strategist, at LPL and joined the LPL Research Department in 2002. He has been employed by LPL since 1993.

Marcus Ehlers was born in 1960. He has a BA from the University of Iowa. He is Executive Vice President of Trading and Client Compensation at LPL and joined LPL in 2010. Prior to joining LPL, Mr. Ehlers was an internal business consultant at Fidelity Investments from 2009 to 2010, and a Vice President at Schwab Institutional prior to 2009.

Steven James Snyder was born in 1973. He has a BA in Economics and a BS in Cognitive Science from the University of California at San Diego. He is the Research Operating Officer of LPL, and has served in that position since 2014. Prior to joining LPL, Mr. Snyder was Head of Due Diligence at Fortigent. Prior to Fortigent, he was a Due Diligence analyst at Dunham & Associates.

Joseph Patrick Byrne was born in 1981. He has a BA in Economics from the College of the Holy Cross, and an MBA from Boston University. He is an Assistant Vice President and joined the LPL Research Department in 2011. Prior to joining LPL, he was an Investment Associate at Putnam Investments.



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### **Disciplinary Information**

There are no legal or disciplinary events to disclose in response to this item.

### **Other Business Activities**

Each of the individuals above is a registered representative of LPL. Mr. Snyder is an investment adviser representative of Fortigent, LLC ("Fortigent"), a registered investment adviser and related person of LPL. Mr. White is the Chief Investment Officer of Fortigent. LPL is a registered broker-dealer and member of FINRA. Although these individuals are, registered representatives of LPL, they do not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

### **Additional Compensation**

Each of these individuals receives a regular salary and bonus.

### **Supervision**

Each of the individuals in this Brochure Supplement in the Research Department reports up to Mr. White, the Chief Investment Officer of LPL. As Chief Investment Officer, Mr. White is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by these individuals also is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The Chief Compliance Officer – Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The telephone number for the Advisory Compliance Department is 1-800-877-7210.

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