

# Kiplinger Investment Advisors, LLC

## Firm Brochure

(Part 2A Appendix 1 of Form ADV)

This Brochure provides information about the investment advisory services of Kiplinger Investment Advisors, LLC. If you have any questions about the contents of this brochure, contact us at: 937-886-1442. This Brochure has not been reviewed or approved by the U.S. Securities & Exchange Commission, any state regulatory agency or self-regulatory organization.

Additional information about Securities America Advisors, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration as a registered investment advisor does not imply a certain level of skill or training.

03/30/2011

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## MATERIAL CHANGES

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### Annual Update

We will update this section to discuss material changes since the last annual update.

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### Material Changes since the Last Update (August 2010)

As a client of our firm, in the past you have been provided a copy of what was called Part II of Form ADV ("Old Part II"). Instead of providing that to you, new rules require us to provide you with this new "Brochure" which contains much of the same information contained in the Old Part II, but it is now in a plain English format and hopefully easier to read and understand. This Brochure also contains some additional disclosures not specifically required by the Old Part II but required by the new rules. As a result, this entire "Brochure" should be considered "materially new" to existing clients, although you will recognize most of the disclosures as similar or identical to what you have read in the past. In future versions of the Brochure, this section of the Brochure will address only those "material changes" that have been incorporated since our last amendment. We may, at any time, update this Brochure, and if we make any material changes, we will either send you a copy or offer to send you a copy at the next annual update.

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### Full Brochure Available

To receive a complete copy of our Brochure at no charge, please contact visit our website at [www.kipinvest.com](http://www.kipinvest.com) or contact us at: 937-886-1442.

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## ADVISORY BUSINESS

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### Firm Description and Principal Owner(s)

Kiplinger Investment Advisors, LLC (Kiplinger Investment Advisors) is an investment advisor registered with the Securities and Exchange Commission since May 2006 and in business since 1998. Kiplinger Investment Advisors offers advice to clients in the form of financial planning services, asset management services and referrals to third-party money managers. References to “we”, “our”, “us” or “our firm” refer exclusively to Kiplinger Investment Advisors.

Kiplinger Investment Advisors is owned by Brad Kiplinger. Brad Kiplinger is the firm’s Chief Compliance Officer, managing member and President.

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### Amount of Your Assets Managed By Our Firm

As of fiscal year ending on December 31, 2010, we managed \$17,472,907 in assets. \$15,667,141 is managed on a discretionary basis and \$1,805,766 is managed on a non-discretionary basis.

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### Types of Services Offered

We offer advice to clients in the form of financial planning services, asset management services and referrals to third-party money managers. We provide advice through consultation with you, our client, which may include:

- determination of financial objectives;
- identification of financial issues;
- Cash flow management;
- Tax related investment planning;
- Insurance review;
- Investment management;
- Education funding;
- Retirement planning, and
- Estate planning.

Upon retaining a representative and establishing an advisory account, you can expect to complete certain account opening documents required by the qualified custodian. The account opening documents provide information regarding the custodian’s name, address and manner in which the funds or securities are maintained. The account agreement describes the services provided to you in return for the stated advisory fee.

We define “Investment Supervisory Services” as giving you continuous advice or making investments for you based on your individual needs. Should you wish to use our investment advisory services, you will sign a Client Services

Agreement. The Agreement describes the services provided to you in return for the stated advisory fee. You may cancel the Agreement within the timeframe specified in the Agreement; otherwise, the Agreement remains in effect until either party provides written notice of termination. Refer to the section titled "Termination of Agreement (in our programs)" for more information. We cannot assign your Client Services Agreement to anyone without your consent.

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## Types of Advisory Programs Offered

We provide a diverse range of investment supervisory services to you through our Financial Advisors Program, LifeGuide Program and Managed Opportunities Program. We also offer financial planning services. Please refer to the section titled "Financial Planning and Financial Planning Consultations" for more information.

In the Financial Advisors Program, LifeGuide Program and Managed Opportunities Advisor Directed programs, your representative may primarily recommend mutual funds. To the extent mutual funds are used, your representative may seek to purchase no-load or load-waived mutual funds, if available. The annual internal fund expenses may be higher or lower on the no-load/load-waived mutual funds, in aggregate, compared to the purchase or sale of a loaded mutual fund. Refer to the section titled "Fees and Compensation" for more information.

Where possible, when recommending mutual funds for your advisory account, our firm will recommend no-load mutual funds or load mutual funds available at net asset value. Commissions charged for these products may be higher or lower than commissions you may be able to obtain if transactions were implemented through another broker/dealer. We describe each advisory program in greater detail below:

### 1. and 2. Financial Advisors Program and LifeGuide Program Description

We provide investment management services, including giving continuous advice to you based on your individual needs, through Securities America Advisors, Inc.'s (SAA) Financial Advisors Program (FAP) and/or LifeGuide Program (LifeGuide). SAA is an SEC registered investment advisor. SAA's FAP and/or LifeGuide are wrap-fee programs providing investment advisory services and execution of your transactions for which the specified fee (or fees) is not based directly upon transactions in your account.

Your representative assists you with establishing your Financial Advisors Program or LifeGuide Program account with us. The minimum Financial Advisors Program account size is \$25,000 and for LifeGuide Program accounts, is \$50,000. However, we may grant exceptions. Unless you elect to retain discretion on the account, the Client Services Agreement gives your representative limited discretionary authority to buy and sell securities and investments based on your stated investment objectives.

All brokerage transactions are processed by Securities America, Inc. (SAI), an affiliated broker/dealer of SAA and cleared by National Financial Services, LLC (National Financial Services). SAI provides compensation to SAA to offset their administrative costs. SAA, SAI, Kiplinger Investment Advisors and your representative do not act as custodians for any Financial Advisors Program or LifeGuide Program accounts. Generally, National Financial Services or another custodian maintains custody of funds and securities. You authorize us to deduct fees directly from your account to pay for investment management services. In these cases, we are considered to have limited custody of your assets. SAA and SAI may also be deemed to have limited custody based on certain transmittal policies. Please refer to the section titled "Custody" for more information. SAA has verified that each custodian or investment provider we use for our investment management services is a qualified custodian and provides statements to you at least quarterly.

SAA have also entered into agreements with insurance companies that allow for the management and valuation of your variable annuity accounts within the Financial Advisors Program and LifeGuide Program. The insurance companies' custodians maintain custody of all variable annuity accounts.

For information about the investment strategies employed in a Financial Advisors Program or Lifeguide Program account, please refer to the section titled "Methods of Analysis, Investment Strategies and Risk of Loss."

### 3. Managed Opportunities Program

We have established a relationship with Securities America Advisors, Inc. (SAA), a registered investment advisor, to participate in the Managed Opportunities Program (Managed Opportunities). Managed Opportunities is a wrap-fee program developed by SAA that allows you to establish an account utilizing Mutual Fund Portfolios, Separate Account Portfolios, and Unified Managed Account Portfolios developed by third-party money managers that are registered as investment advisors (collectively referred to as sub-advisors). SAA acts as the investment advisor for all Managed Opportunities Program accounts and your representative acts in a referral capacity when referring you into those Mutual Fund, Separate Account, and Unified Managed Account Portfolios. One sub-advisor is Brecek & Young Advisors, Inc., an affiliated subsidiary of SAA. All other sub-advisors in this program are not affiliates of SAA. None of the sub-advisors are affiliated with our firm.

The Managed Opportunities Program also offers Advisor Directed Portfolios. Your representative may use the Advisor Directed Portfolio option to design investment management and asset allocation portfolio(s) for you. Your representative is acting in an advisory and not in a referral capacity when using the Advisor Directed Portfolio option.

Your portfolio may be managed by SAA or other sub-advisors that SAA has established relationships with. You will grant SAA and the sub-advisors limited discretionary authority with respect to the purchase and sale of securities in mutual fund portfolios, separate account portfolios and unified managed account portfolios and will grant our firm limited discretionary trading authority with respect to the initial Managed Opportunities master account and advisor directed portfolios.

Your representative assists you in establishing the Managed Opportunities Program account through a web-based platform. A master brokerage account (master account) may be established at your request for the administrative purpose of holding and transferring your assets. When liquidation of positions is required for investing proceeds into a Managed Opportunities Portfolio or for the purpose of transferring your assets out of the Managed Opportunities Program, the liquidation of transactions may occur in the master account.

Administrative, website, performance reporting, transaction order entry services and other services are provided to us by outside service providers and sub-advisors. You grant us the discretionary authority to select one or more sub-advisors to provide those services to you and our firm. These services have been provided by Oberon Financial Technology, Inc. (Oberon) as a sub-advisor to SAA. Envestnet, Inc. (Envestnet) acquired Oberon in December 2004. As the successor to Oberon, Envestnet's registered investment advisor Envestnet Asset Management, Inc. has assumed all of Oberon's obligations and any responsibilities arising from any grant of authority or appointment related to the sub-advisory and administrative services provided in the Managed Opportunities Program. Beginning - April 1, 2011, those administrative, website, performance reporting, transaction order entry and other sub-advisory services will now be provided by Envestnet. Clients establishing Managed Opportunities Program accounts receive a copy of Envestnet's Disclosure Brochure in addition to our firm's Disclosure Brochure. SAI processes all transactions in Managed Opportunities Program accounts. SAA, Kiplinger Investment Advisors and Envestnet are separate, non-affiliated entities.



To establish Managed Opportunities Program accounts, you must provide relevant information requested by us in the New Account Application and Investment Policy Profile. This information assists your representative in determining the suitability of the Managed Opportunities Program accounts and in establishing appropriate investment objectives. You will also provide other supporting documents and financial information that we may reasonably request. A Managed Opportunities Program Investment Strategy Summary is generated from the application, profile and suitability information provided by you. It summarizes recommended investment strategies and sets out the objectives and restrictions in the management of your account. SAA and your representative provide services through the Managed Opportunities Program based solely upon information supplied by you.

Generally, National Financial Services or other custodians maintain custody of funds and securities. We are authorized to deduct fees directly from your accounts to pay for investment management services. In these cases, we are considered to have limited custody of your assets. SAA and SAI may also be deemed to have limited custody based on certain transmittal policies. Please refer to the section titled "Custody" for more information.

For information about the investment strategies employed in a Managed Opportunities Program Portfolio, please refer to SAA's Wrap Fee Brochure for the Managed Opportunities Program.

#### 4. Qualified Plan Services

We provide on-going advice and support services to sponsors of and participants in qualified retirement plans. Plan sponsors can contract with the applicant for various levels of assistance in regards to their plan. These services can include, but may not be limited to, the following:

- Assistance with the initial establishment of the plan
- Assistance with the initial implementation of the plan
- Group meetings conducted with plan participants to explain the plan and the investment options within the plan
- The initial enrollment of plan participants into the plan
- Reviewing an already established plan and providing recommendations regarding any changes to make to the current structure or investments
- On-going review and monitoring of the plan which will include an annual meeting with the plan sponsor to discuss the plan design and a review of the funds currently in the plan with recommendations regarding any changes to these funds

A negotiated fixed fee will be charged to the plan sponsor for any services contracted for. These services involve establishing an initial plan, informing plan participants of the various aspects of the plan or reviewing and providing recommendations regarding an already established plan. The fixed fee will be negotiated based on the services provided, the size and complexity of the plan, the number of investments within the plan and the number of plan participants. Fees will be disclosed prior to the client agreement being executed and services being provided.

No direct fee will be charged for on-going review and monitoring services. However, your representative will be set up as the registered representatives of record for the actual plan account. Your representative will not implement transactions within the account, but will provide on-going advice and recommendations regarding the investments in the account. All trade implementation within the plans will be the responsibility of the plan administrator or their assigned party and not the representative of record on the account. In his or her capacity as a registered representative, your representative will receive on-going trail commissions based on the value of the plan and on-going deposits made into the plan for the on-going review and monitoring services provided to the plan sponsor.

We will also provide services to individual qualified plan participants. We will provide on-going review and monitoring services to plan participants and will provide investment advice regarding the funds within the plans according to the individual's investment goals and objectives. Clients contracting for this service will meet with your representative on a quarterly basis to discuss their plan investments and fund allocations. The plan participant will receive written feedback from us that outlines our recommendations to the participant's account. Quarterly performance will be tracked using the plan participant's individual statements. In order for us to provide timely advice using these statements, the plan participants may set your representative up as interested parties or registered representatives of record on the account. If your representative is not set up in this manner, you will be responsible for supplying the applicant with a copy of his/her quarterly statement, which may affect the timeliness of the quarterly reviews. Your representative will not implement any trades within a client's qualified account. All trade implementation for your accounts will be your responsibility.

Neither our firm nor your representative will have access to a plan or plan participant's assets or securities at anytime. Our firm and your representative will not at any time act as a trustee or plan administrator for any plan. Plan participants are not obligated in any manner to use the services of the applicant or its associated persons.

The plan participants (for individual plan accounts) or the plan administrator or other parties assigned by the plan administrator for group plans will be solely responsible for electing whether or not to implement the recommendations of the applicant's associated persons. However, you should be aware that plan performance is based on the plan participant's following the recommendations given in the plan as a whole. Implementation of only portions of the plan will affect the performance of the overall plan. Selecting one trade to implement and not the other may or may not be beneficial to client and will effect the recommendations of the applicant. If you choose not to implement all or some of the plan recommendations, you will be responsible for disclosing and discussing such decisions with the applicant.

Qualified plan services are for a one year period and can be renewed on the anniversary date of the original client agreement being signed. A new client agreement will be required if services are renewed. Either party may terminate services at any time by providing written notification to all appropriate parties. Upon receipt of notice of termination, review and monitoring services and all calculations will stop and no future recommendations will be made. You will have a period of five business days after executing the client agreement and receiving the applicant's Form ADV Part 2 or Disclosure Brochure to terminate services with no penalty. After the initial five business days, you will be responsible for payment of fees for the time and effort expended by our firm and/or your representative prior to receipt of notice of termination. Any fees paid in advance will be refunded on a prorated basis based on the time and effort expended by our firm and/or your representative prior to receipt of notice of termination. If no fees were paid in advance, or the time and effort of our firm or your representative has exceeded the retainer fee, you will be responsible for payment of fees upon receipt of a bill from our firm.

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## Types of Services Offered – Non-Investment Supervisory Services (Financial Planning and Other Investment Management Services)

We provide a range of services that do not involve providing continuous advice to you. Examples include financial planning services and other investment advisory services offered through the Independent Managed Assets Program. These services are described in greater detail below:

### 1. Financial Planning and Financial Planning Consultations

Kiplinger Investment Advisors and your representative offer advice through the presentation of financial plans. Clients using these services receive a written financial plan providing them with a financial blueprint designed to achieve their stated financial goals and objectives. Financial plans may be comprehensive or may focus only on specific areas of concern to you. In general, a financial plan may address any or all of the following areas of concern:

- Personal: Family records, budgeting, personal liability, estate information, divorce planning, college planning and financial goals analysis.
- Tax & Cash Flow: Income tax and spending analysis and planning for past, current and future years.
- Death & Disability: Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.
- Retirement: Analysis of current strategies and investment plans to help you achieve your retirement goals. Retirement planning could include the review of qualified and non-qualified retirement plans and strategies.
- Investments: Analysis of investment alternatives, asset allocation strategies and their effects on your portfolio.
- Life Insurance: Analysis of current and future insurance needs.
- College Planning: Analysis of your college funding and planning situations along with recommendations of academic and financial strategies to increase your cash flow, which can be used to reduce college expenses and help maintain your retirement goals.

In addition, Kiplinger Investment Advisor and your representative provide financial planning consultation services on specific areas of concern to you. These services can also include retirement plan consulting services provided to the plan sponsor or to individuals wanting advice on how their plan investments should be allocated. Kiplinger Investment Advisor and your representative may also provide financial planning services to business entities and groups requesting educational services and financial planning seminars or individual consulting and planning services for employees or members. If individual planning or consulting services are provided, each participating employee or member will be required to execute a separate agreement with us. These services will be advice-only services. Kiplinger Investment Advisor and your representative will not implement transactions on your behalf as part of these services. If you want Kiplinger Investment Advisor or your representative to implement transactions on your behalf, you will need to contract with Kiplinger Investment Advisor and your representative for one or more of the management services previously described in this document. Or you may use your representative in his or her separate capacity as a registered representative to establish a brokerage account and implement transactions in this separate capacity. A conflict may exist between our interests or your representative and your interests if you choose to buy product(s) through your representative in his or her capacity as an SAI registered representative where the representative may receive a commission on the product(s) sold in addition to the fees charged for financial planning and financial planning consultations. Your representative may recommend investments to you in which you may pay management fees and/or broker/dealer commissions if our broker/dealer affiliate processes the transaction. You are

under no obligation to act upon Kiplinger Investment Advisors' or your representative's recommendations. If you elect to act on any of the recommendations, you are under no obligation to effect transactions through our firm, SAA, or SAA's broker/dealer affiliate. Your representative may recommend investments to you in which you may pay management fees and/or broker/dealer commissions if our broker/dealer affiliate processes the transaction.

When providing financial planning and financial planning consultation services, your representative gathers information through interviews concerning your current financial status, future goals, attitude towards risk and time horizon. You may be required to complete a questionnaire and provide additional documentation as requested by our firm or your representative. Depending on the level of services you purchase, your representative may prepare a written report. Implementing any recommendation may require you to work closely with your attorney, accountant and/or insurance agent. Implementation is entirely at your discretion. Your representative may also provide advice on non-securities matters. Generally, this is in connection with the rendering of estate planning, college planning and insurance and/or annuity advice.

Some states may preclude your representative and our firm from receiving a financial planning fee for services customarily associated with the solicitation of insurance sales or the servicing of an insurance contract. Other states may permit your representative and our firm to receive an insurance financial planning fee and an insurance commission provided that certain conditions are met, such as written disclosure about the services and compensation. Please consult with your representative if you have questions as which regulations govern you and your account.

## 2. Independent Managed Assets Program Description (Other Investment Management Services)

Within the Independent Managed Assets Program, SAI has approved a group of money managers that are registered as investment advisors and who sponsor turn-key wrap programs offering advisory services including asset allocation, market timing and portfolio management. One or more of these money managers may be affiliated entities of SAA. None of these third-party money managers are affiliated with our firm. Your representative enters into an agreement with a third-party investment advisor (i.e. money manager) for which your representative acts as a solicitor. Your representative refers the services of the recommended money manager and the sponsor of turn-key wrap programs or firms offering third-party money manager services on a consulting basis. The third-party investment advisor manages your accounts in accordance with the disclosures in their own disclosure documents. The third-party investment advisor assumes discretionary authority over your account. Our firm and your representative do not manage or obtain discretionary authority over the assets in accounts participating in these programs. Your representative assists you with the selection of a recommended money manager or turn-key wrap program based upon your individual needs. You would then execute an agreement directly with the outside money managers or program sponsors providing the recommended programs/services.

SAA, SAI, Kiplinger Investment Advisors and your representative do not act as a custodian for your account held with a third-party money manager. Generally, an outside custodian maintains custody of all funds and securities. Generally, as part of the investment advisory agreement you sign, you authorize the third-party investment advisor to deduct fees directly from your accounts to pay for investment management services held with them.

There may be conflicts of interest that could affect the independent judgment of our firm and your representative to recommend one manager or turn-key program over another. The amount of compensation that may be received by our firm and your representative from a particular money manager or turn-key program sponsor may be higher than the compensation that would be received from another manager or program. This may result in your representative having a financial incentive to recommend one money manager or turn-key program over another.

### *Independent Managed Assets Program Miscellaneous*

Trading by third-party money managers may trigger wash sale rule implications. A wash sale occurs when a security is sold at a loss and then the same or substantially identical security is repurchased within a short time period. The third-party money manager may not necessarily manage accounts in the Independent Managed Assets Programs in a manner to avoid wash sale implications. You are encouraged to consult with a tax advisor to discuss any tax implications involving your portfolios in these and in all advisory programs.

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## Asset Management

Advice may be provided on investments such as the following:

- Equity securities (exchange-listed securities, securities traded over the counter and foreign issues)
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Investment company securities (mutual funds)
- Variable products (variable annuities, variable life insurance)
- U.S. government securities
- Options contracts on securities
- Interests in partnerships investing in real estate, oil and gas interests
- Exchange traded funds (ETFs)
- Real estate investment trusts (REITS)
- Real estate investments
- Limited partnerships and private placement partnerships in tax credit programs, cable and other miscellaneous direct participation programs

Assets in our programs are invested primarily in no-load or load-waived mutual funds and exchange traded funds, usually through clearing firms or fund companies. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Clearing firms may charge a transaction fee when you buy funds. Stocks and bonds may be bought or sold through a brokerage account when appropriate. SAI, SAA's broker/dealer affiliate, charges a fee for stock and bond trades.

SAA and SAI conducts or may hire third-party vendors to conduct due diligence analysis of the products listed above prior to making them available to the public. SAI, on our behalf, has policies and procedures in place to review the issuers of financial products such as real estate investment trusts, structured notes and annuity and life insurance products. This review includes publicly available information and reports issued by third-party rating agencies and may in some cases include certain nonpublic information provided by the issuer. SAI, on our behalf, periodically reassesses, but does not continuously monitor, the creditworthiness or financial solvency of third-party issuers. These policies and procedures are reasonably designed to limit your exposure to credit and default risks resulting from an inability of the issuers to repay the principal on a note or fulfill an insurance obligation. However, you should be advised that credit markets can be volatile and the creditworthiness of an issuer may change rapidly. SAA, SAI,

and Kiplinger Investment Advisors and your representative are prohibited by regulation from guaranteeing or providing any assurance that an issuer of financial products will be available to fulfill the issuer's obligation to any purchase of a product through SAI.

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## Wrap Fee Programs

Generally, we consider the Financial Advisors Program, LifeGuide Program and Managed Opportunities Program to be wrap fee programs through which investment advisory services and execution of your transactions are provided for specified fees that are not based directly upon transactions in your account. We receive a portion of the wrap fee for investment management services we provide. Our firm and the representatives do not manage wrap fee accounts differently from other programs. Please refer to the section titled "Fees and Compensation" for additional information regarding fees assessed in our wrap programs. Additionally, please refer to each program's Wrap Fee Brochure for additional information.

## FEES AND COMPENSATION

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### Termination of Agreement (in our programs)

The Client Agreement between you and our firm may be canceled at any time, for any reason, by either of us. Services provided under the Agreement will continue until either you or we give written notice of termination to the other party. Termination is effective upon receipt of notice, although transactions in progress will be completed in the normal course of business. If we receive a request to terminate and liquidate your account, we have up to 72 hours to begin liquidating. Upon termination of an Financial Advisors Program, LifeGuide Program or Managed Opportunities Program, any prepaid, unearned management fees will be calculated and promptly refunded based upon the number of days remaining in the billing period after the termination date. Fees owed will be promptly deducted from the account or will be invoiced accordingly, if there are no assets in the account. Subsequent transactions in a closed account are subject to our broker/dealer affiliate's normal brokerage rates and commissions. For general information as to how fees are assessed, please refer to the specific program listed in the section titled "Fees."

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### Fees

Management fees charged in our programs are separate and distinct from fees and expenses charged by mutual funds, exchange-traded funds and variable annuities that may be recommended to you. A description of these fees and expenses are available in each mutual fund and annuity prospectus. The ongoing management fee for investment management services may cost you more than if the assets were held in a traditional brokerage account. In a brokerage account, you are charged a commission for each transaction, and the representative has no duty to provide ongoing advice with respect to the account. If you plan to follow a buy and hold strategy for the account or do not wish to buy ongoing investment advice or management services, you should consider opening a brokerage account rather than an advisory account. Fees charged in our programs may be more than the cost of purchasing the same services separately. You may be able to obtain similar services for a lesser fee from other advisors. The fees charged vary among our programs.

Our firm also may invest a portion of your assets in mutual funds, exchange traded funds or variable annuities and charge an investment management fee on your assets invested in these securities. Therefore, you may pay two levels of fees for the management of their assets, one directly to our firm and one indirectly to the managers of the mutual funds, exchange traded funds or variable annuities held in their portfolios. The underlying assets may be

bought directly through the mutual fund company or variable annuity company. Therefore, you could generally avoid the second layer of fees by making your own decisions regarding the mutual fund, exchange traded fund or variable annuity investment. However, in that case, you would not receive the investment management services provided by your representative.

#### **Fees for the Financial Advisor Program and LifeGuide Program**

We charge an annual management fee for investment management services through the Financial Advisors Program and LifeGuide Program. Your representative negotiates fees with you based on the complexity of your financial situation and the services that are provided; the experience and standard fees charged by your representative; and the nature and total dollar asset value of the assets maintained in your account. The maximum annualized management fee is 3%. If the account has only mutual funds or linked variable annuities, the maximum annual fee may not exceed 2.25%. The exact fee or fee schedule charged to you is disclosed and quoted to you prior to services being provided. Your representative can choose to "bundle" related Financial Advisors Program and LifeGuide Program accounts to achieve a break on management fees. Account bundling can be done only on accounts with the same fee schedule and with clients in the same immediate family or under the same qualified plan. When accounts are bundled, the total average daily balance for all of the bundled accounts is used to determine the fee percentage from the fee schedule. This percentage is then applied to each account and a fee charged to each respectively.

Typically, management fees are automatically deducted from the Financial Advisors Program or LifeGuide Program account according to an authorization provided in the Financial Advisors Program or LifeGuide Program Client Agreement. On an exception basis, you may have your management fees paid from other accounts or have us bill you directly by invoice. In such cases, the management fee is noted as zero on your brokerage statements.

For the Financial Advisory Program, SAA retains up to 20 basis points (.2%) of the representative's annualized management fee as compensation for providing administrative and support services. For the LifeGuide Program, SAA retains an administrative fee up to 15% of the representative's annualized management fee as compensation for providing administrative and support services. The representative is paid the balance of the annualized management fee. Account bundling does not reduce SAA's administrative fee. Each account is priced separately for purposes of SAA's administrative fee.

#### **Management fees for Financial Advisors Program and LifeGuide Program Accounts Held at National Financial Services**

Management fees for Financial Advisors Program and LifeGuide Program accounts held at National Financial Services are billed in advance with the exception of the initial fee. If the account is billed monthly, the initial fee is billed in arrears, prorated based on the number of days that services were provided during the first billing period. This initial fee is billed at the same time the first full period fee is billed in advance. If fees are billed quarterly, the account is charged its first fee in the first full month that the account contains assets. If the first month that the account contains assets is the first or second month of the calendar quarter, the fee is prorated for the partial quarter. If the first month that the account contains assets is the third month of the calendar quarter, the initial fee is billed in arrears, prorated based on the number of days that services were provided during the partial billing period. This initial fee is billed at the same time the first full period fee is billed in advance.

When required, National Financial Services sends you a brokerage account statement at the beginning of each billing period that includes a management fee notification. The management fee notification shows the average daily balance, how the fee was calculated, any adjustment to the fee and an explanation of any adjustment, and the net fee to be deducted later in the period from your core account investment vehicle within the Financial Advisors Program or LifeGuide Program account. You may also be assessed ticket charges on account transactions and other miscellaneous charges by National Financial Services on account transactions. Miscellaneous charges may include custodial fees levied by the custodian. Account assets may also be subject to additional fees and expenses as explained in the prospectus for mutual funds or exchange traded funds.

A complete description of SAA's Financial Advisors Program and Lifeguide Program Accounts and related fees and charges are described in SAA's Financial Advisors Program and Lifeguide Program Wrap Fee Brochure, which will be given to you prior to or at the time your account is established.

### **Fees in the Managed Opportunities Program Portfolios**

You pay an annual management fee based on a percentage of assets under management for all Managed Opportunities Program accounts. Your representative negotiates Managed Opportunities Program fees with you based on the complexity of the your financial situation and the services that will be provided; the experience and standard fees charged by your representative providing the services; and the nature and total dollar asset value of the assets maintained in your account. The maximum annualized management fee that may be charged to you is 3%. If the account has only mutual funds, the maximum management may not exceed 2.25%. The exact fee or fee schedule will be disclosed to you prior to services being provided. The representative is paid a portion of the management fee for solicitations/referrals to Mutual Fund Portfolios, Separate Account Portfolios and Unified Managed Account Portfolios.

SAA retains a portion of the representative's annualized management fee for management, administrative and support services we provide. SAA pays the balance of the annualized management fee to the representative. SAA charges your representative a minimum administrative fee of \$10 per month for Mutual Fund Portfolios and \$20 per month for all other portfolios. Sub-advisors are compensated by SAA from their portion of the fees. The fees paid to SAA firm are disclosed in the Managed Opportunities Program Investment Strategy Summary provided to you as part of the Client Services Agreement.

For Advisor Directed Portfolios, you may also be assessed ticket charges on account transactions and other miscellaneous charges by the clearing firm, National Financial Services, on account transactions. Account assets may also be subject to additional fees and expenses as explained in the prospectus for mutual funds or exchange traded funds.

### **Management Fee Calculations and Payments in the Managed Opportunities Program Portfolios**

Management fees are billed in advance with the exception of the initial fee. The initial fee is billed in arrears, prorated based on the number of days that services were provided during the first billing period. This initial fee is billed at the same time the first full period fee is billed in advance. Management fees are calculated at the beginning of each calendar month based on the average daily balance of your account assets under management for the previous period. The average daily balance does not take into account unpriced securities held in the account or days when an account has a zero balance.

You provide us with written authorization to have management fees automatically deducted from your accounts. At no time will SAA or SAI act as custodian of your accounts or have direct access to your funds and/or securities. When required, SAA or the account custodian sends you a management fee notification at the beginning of each billing period. The management fee notification may be included on your brokerage account statements. The management fee notification shows the average daily balance computed fee, any adjustment to the fee, an explanation of the adjustment and the net fee to be deducted later in the billing period from your core account investment vehicle. You must maintain cash in the core account investment vehicle which you select in order to pay for management fees and other charges and fees. All fees and charges are noted on your statements.

With respect to the Managed Opportunities Advisor Directed Program Portfolios, the market value of variable annuity accounts included in the management portfolio is included in the calculation of the management fees. We might not receive daily account valuation information for variable annuities from the insurance companies or their custodians. In limited circumstances, management fees on certain variable annuity accounts may be based on the weekly or



monthly average balance. You may pay more or less in management fees when the pricing is based on a weekly or monthly average balanced compared to management fees when the pricing is based on the average daily balance.

If an account is terminated and securities are liquidated, you may incur separate charges for each transaction. In addition, you may incur contingent deferred sales charges (CDSC) imposed by mutual fund companies on mutual fund position liquidations if you direct us to liquidate the account or switch managers. All other brokerage commissions are waived in Managed Opportunities Program accounts. You are subject to a \$200 transfer charge if, within 12 months of the establishing a Managed Opportunities Program Portfolio, you direct us to transfer the assets of that Portfolio to another Managed Opportunities Program Portfolio.

A complete description of SAA's Managed Opportunities Program and related fees and charges are described in SAA's Managed Opportunities Wrap Fee Brochure, which will be given to you prior to or at the time your account is established.

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## Financial Planning Consultation Fees

### Financial Planning Seminars

We provide financial planning seminars focusing in the areas of retirement, college funding and estate and business continuation planning. There is no direct charge to you for attending our seminars. However, upon completion of the seminars, you may choose to contract with us for further investment advisory services or to execute transactions through our representatives in their separate capacities as registered representatives and/or independent insurance agents. If you wish to contract with our representatives for further services, fees will be charged or commissions may be earned in their separate capacities as registered representatives and/or independent insurance agents.

### Financial Planning Consultation Fees and Fees for Other Investment Management Services

We provide financial planning services in the form of segmented plans based on your needs. Plans will focus on areas such as retirement, college funding, estate and business continuation planning. Fees for financial planning services generally range from \$300 to \$10,000.

All fees are negotiable and are agreed upon prior to entering into a contract. You and the representative determine the exact fee and how the fee is to be paid. Representatives negotiate fees with you based on the complexity of your personal circumstances, financial situation and the services that will be provided, the scope of the engagement, your gross income, the experience and standard fees charged by the representative providing the services, and the nature and total dollar asset value of the assets on which services will be provided. In addition, fees may be negotiated based on whether you have assets under management with the representative. . In some instances, depending on the complexity of the services to be provided, we may charge a retainer fee of 25% of the total fee. The remainder of the fee will be due upon completion and presentation of the plan. If no retainer fee is charged, fees will be due and payable upon completion and presentation of the plan. Fees of more than \$1,200 will not be collected six or more months in advance.

If you wish to implement our advice, you may do so through your representative their separate capacity as registered representatives and/or independent insurance agents. When transactions are implemented through your representative in these separate capacities, commissions may be earned. If commissions are earned, your representative may waive or reduce the amount of the financial planning fee by the amount of commissions earned.

In addition, if you choose to implement the advice of your representative through our asset management program, additional fees will be earned. If additional fees are earned, your representative may waive or reduce the financial planning fee. Any reduction of financial planning fees is at your representative's discretion based upon the complexity of your financial situation and the services being provided and will be disclosed to you prior to transactions being implemented.

Financial planning services terminate upon completion and presentation of the plan. Either party may terminate services by providing written notification to all appropriate parties. Termination will be effective upon receipt of such notice. You will have a period of five business days after executing the client agreement and receiving the applicant's Form ADV Part 2 or Disclosure Brochure to terminate services with no penalty. After the initial five business days, you will be responsible for payment of fees for the time and effort expended by our firm and/or your representative prior to receipt of notice of termination. Any fees paid in advance will be refunded on a prorated basis based on the time and effort expended by our firm and/or your representative prior to receipt of notice of termination. If no fees were paid in advance, you will be responsible for payment upon receipt of a bill from our firm.

Upon your request, to assist in the initial evaluation of securities to be purchased or to assist in current portfolio reviews, we provide you with approved Morningstar Reports; fund- family approved performance charts and Ibbotson Charts at no additional cost to you. These reports will only be provided to you as part of one of the services disclosed herein.

Our firm and our representatives may also be entitled to receive reimbursements from product sponsors for seminar expenses if disclosed and agreed to in advance by seminar attendees or sponsors.

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#### Independent Managed Assets Program Fees

Kiplinger Investment Advisors and the representatives are compensated by the Independent Managed Assets Program money managers or turn-key wrap programs sponsors through solicitor or consulting fees. You should be aware that the solicitor or consulting fees paid to Kiplinger Investment Advisors through SAA and the representatives differ among recommended managers and turn-key wrap programs. We may receive marketing override fees or preferred sponsor fees from third-party money managers or turn-key wrap program sponsors. If we do not receive marketing override fees or preferred sponsor fees, then SAA may retain up to 10% of the representative's solicitation fees or consulting fees from those programs.

Fees may be negotiated but generally range from .10% to 3.0 % annually, depending upon the program selected, the size of the account and the services covered. Under some programs, an inclusive fee covers account management, brokerage, clearance, custody and administrative services. In other programs, the account may be charged separately for such services. The amount of the fees, services provided, payment structure, termination provisions and other aspects of each program are detailed and disclosed in the third-party investment advisor's Form ADV, the wrap fee disclosure brochure or other applicable disclosure documents such as the disclosure documents of the managers selected and the account opening documents. SAA, Kiplinger Investment Advisors and your representative share in a portion of the fee charged by the third-party money manager. The shared portion varies from program to program. Disclosure of the shared amount can be obtained from us upon request.

In mutual fund/variable annuity programs, your representative assists you in selecting various strategies consisting of model portfolios of mutual funds and/or variable annuity sub-accounts or assists you in designating certain of your existing investment in mutual funds and/or variable annuities to be managed by a third-party investment advisor firm. Kiplinger Investment Advisors, SAA and the representatives do not manage or obtain discretionary authority over the

assets in accounts participating in these programs. The third-party advisor either rebalances the mutual funds, variable annuity sub-accounts or model portfolios selected by you on a predetermined schedule or actively manages a portfolio of mutual funds and/or variable annuity sub-accounts in accordance with your stated general strategy or objectives.

Annual fees charged as a percentage of assets under management are charged, monthly or quarterly, in advance or arrears as agreed upon between you and your representative. Your representative quotes an exact percentage to you based on the nature and total asset value of that account. Fees of more than \$1,200 will not be collected six or more months in advance.

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#### Qualified Plan Services Fees

We will charge an annual fee of up to 1% of individual plan assets for plan participants contracting for on-going investment advice. Fees will be determined based upon the complexity of the qualified plan and the services that will be provided. We have a minimum charge of \$50 per quarter. The actual annual fee will be disclosed to you prior to services being provided and a client agreement being executed. Fees will be billed quarterly, in advance, at the beginning of each calendar quarter based on the value of the account on the last calendar day of the previous quarter. Fees will be due and payable upon receipt of billing notice from us. If an agreement is executed mid-quarter, the initial fee will be prorated based on the number of days remaining in the calendar quarter.

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#### Compensation for the Sale of Securities Or Other Investment Products

Your representative receives compensation as a result of your participation in our programs. Fees for investment supervisory services may vary and may be more than the cost of purchasing the same services separately. You may be able to obtain similar services for a lesser fee from other advisors not affiliated with our firm or SAI. The amount of compensation Kiplinger Investment Advisors or your representative may receive in a particular program may be more than would be received if you participated in our other programs or paid separately for investment advice, brokerage and other services. For example, the recommendation of one Managed Opportunities Program Portfolio over another Managed Opportunities Program Portfolio may create a financial incentive for your representative. Your representative is not under any obligation to promote or use one money manager over another. You may want to consider the following factors when determining the reasonableness of the fees charged, including the following:

- The cost of developing investment strategies and managing the assets.
- The cost of producing performance reports covering the managed assets.
- The cost of administrative, marketing and website services.
- Transaction and custody costs or other miscellaneous fees, taxes or charges, as well as commissions or mark-ups and mark-downs on the buy and sale of securities.
- The value of the services provided in assisting you in designing, establishing and monitoring the managed assets.
- The cost of the additional administrative, marketing, asset management and other support services that may be provided in the management of a program account.

SAA, SAI and the representative, as licensed registered representatives of SAI, are able to effect securities transactions for separate and typical compensation for any client requesting these securities transaction services. Your representative may sell insurance products in his or her separate capacity as an independent insurance agent, for sales commissions. SAI registered representatives have the discretion to determine the amount of commission

charged to clients on products other than mutual funds or insurance products. As a result, your representative may receive both advisory fees and broker/dealer commissions for the sale of securities placed under our management. Representatives, who provide advice to you through Financial Advisors Program, LifeGuide Program and Managed Opportunities Program accounts, generally waive their brokerage commissions from recommended securities transactions effected in Financial Advisors Program, LifeGuide Program and Managed Opportunities accounts. Your representative may reduce his or her advisory fee to offset the commissions or markups charged when an advisory fee is charged in addition to the commissions or mark-ups. Load mutual funds and bonds may be bought in some managed accounts on an exception basis at your direction. Your representative may receive mutual fund sales loads, 12(b)-1 distribution fees, and variable annuity sales and trail commissions from investments placed in managed accounts and non-managed accounts, unless not permitted by law or regulation. You should be aware that these 12(b)-1 fees come from fund assets and thus, indirectly from your assets. The receipt of these fees could represent an incentive for us to recommend funds with 12(b)-1 fees or higher 12(b)-1 fees over funds with no fees or lower fees, therefore creating a potential conflict of interest. The receipt of compensation from a variety of sources may also be considered to be a conflict of interest. In determining the amount of commissions charged, SAI registered representatives will take into account FINRA's 5% guideline policy, the type of security involved, the availability of the security in the market, the price of the security and the amount of money involved in the transaction. Commissions charged for these products may be higher or lower than commissions you may be able to obtain if transactions were implemented through another broker/dealer. You are not under any obligation to engage these individuals when considering implementation of advisory recommendations. You are free to select any broker/dealer you wish to implement recommendations and execute transactions. You may buy the same investment product from a non-affiliated broker or implement securities transactions without the services offered by the representative. In that case, you would not receive the services provided by your representative.

Financial planning clients are not under any obligation to engage our representatives in their SAI registered representative capacity when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at your discretion. In addition, your representative, as an insurance agent or broker of various insurance companies, can buy investment products (insurance) for separate and typical compensation for any client requesting this additional service. Commissions charged for these products may be higher or lower than commissions you may be able to obtain if transactions were implemented through another insurance agent or broker/dealer. You may engage individuals from non-affiliated broker/dealers to implement the advisory recommendations. The implementation of any or all recommendations is solely at your discretion. In that case, you would not receive the services provided by your representative.

In addition to the advisory fees disclosed in your advisory agreement or commissions you pay for the purchase of securities and insurance products, your representative may receive compensation, including bonuses and non-cash compensation, for selling certain securities or other investment products. Examples of non-cash compensation may include the receipt of due diligence and/or marketing allowance payments from certain sponsors. While the arrangements with each sponsor may vary, each product sponsor may pay a due diligence or marketing allowance fee based upon the amount of assets held at the sponsor or on the gross amount of each sale, depending upon the product. In certain cases, additional payments are paid or directed to SAA/SAI for selling these products. This may create a conflict of interest based on the amount of compensation SAA/SAI receives when recommending one non-publicly traded product over another. As a result, certain incentives and conflicts of interest may exist for your representative if you buy certain products or services recommended by your representative. We encourage you to review this ADV closely and discuss any conflicts of interest with your representative.

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#### Other Fees

SAI, a broker/dealer affiliate of SAA may execute securities transactions for you on our behalf or on behalf of your representative. SAI receives various forms of revenue from our clearing firms National Financial Services, based

upon your activity, as well as the amount of assets we have with these firms. In general, these revenue sources include a percentage or portion of fees and transaction charges collected by the clearing firms and shared with our firm or SAI, such as: (1) ticket charges; (2) margin interest charges; (3) IRA fees; (4) inactivity fees; (5) mutual fund 12(b)-1 trails; and/or other fees. SAI may also participate in revenue sharing arrangements based on fees charged on No Transaction Funds available on the National Financial Services platforms. Additional details are provided below:

- **Ticket Charges:** You may be assessed ticket charges on account transactions and other miscellaneous charges by National Financial Services on account transactions. Account assets may also be subject to additional fees and expenses as explained in the prospectus for mutual funds or exchange traded funds.
- **Margin Interest Charges:** To the extent margin is available in Financial Advisors Program, LifeGuide Program and Managed Opportunities Program, such accounts must meet certain risk tolerance requirements. When margin is used to buy additional securities, the total value of eligible program assets increases as your asset-based fees increase. In addition, you may be charged margin interest on debit balances in your account. An increase in the asset-based fee you pay may provide an incentive for your representative to recommend the use of margin.
- **Mutual fund 12(b)-1 trails:** You may incur certain fees and charges imposed by third parties other than Kiplinger Investment Advisors, SAA or SAI in connection with investments implemented or maintained in investment management accounts including mutual fund sales loads, trail commissions, 12(b)-1 distribution fees and surrender charges; variable annuity commissions and surrender charges; and IRA and qualified retirement plan fees. SAI and your registered representatives may retain a portion of the mutual fund sales loads, trail commissions, and 12(b)-1 distribution fees and variable annuity commissions on investments placed in managed accounts. A description of these fees and expenses is available in each fund and variable annuity's prospectus.
- **Other Fees:** Fees charged in our programs are separate and distinct from fees and expenses charged by mutual funds, exchange-traded funds and variable annuities that may be recommended to you. A description of these fees and expenses are available in each mutual fund and annuity's prospectus.
- **Miscellaneous Fees:** We also reserve the right to charge up to \$50 to close an account except when your state of residence prohibits an account closing fee.

Additionally, your representative may be charged additional fees for executing certain transactions. Examples include transaction charges, ticket charges or service fee/charges. When allowed by our firm or by SAI, your representative may pass these charges onto you at his or her discretion. If such charges are passed on to clients participating in Financial Advisors Program, LifeGuide Program or Managed Opportunities Program programs, it will be reflected on your trade confirmation as a Post/Serv Fee for National Financial Services accounts. All fees and charges are noted on your statements and/or confirmations. Stocks, bonds and other securities may be traded in managed accounts and are subject to normal spreads, mark-ups and mark-downs paid to market makers of those securities. These charges may be considered by your representative when determining the amount of fees to be charged to you. For additional information about brokerage practices, please refer to the section titled "Brokerage Practices".

An outside manager recommended by our firm through Independent Managed Assets Program may use SAI, our broker/dealer and your representative to implement recommended transactions for separate compensation, provided that the use of SAI is consistent with the manager's obligation of best execution. We recognize your unrestricted right to select and choose any broker or dealer you wish, except in situations where we or a recommended manager is given discretionary authority over your account. However, no manager is under any obligation to use our broker/dealer affiliate for any securities transactions.

## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

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### Sharing of Capital Gains

Our firm and your representative do not accept performance-based fees for investment management services.

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### Side-By-Side Management

We do not provide side-by-side management of mutual funds and other assets.

## **TYPES OF CLIENTS**

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We generally provide investment advice to:

- (1) Individuals;
- (2) Banks or thrift institutions;
- (3) Pension and profit sharing plans;
- (4) Trusts, estates, or charitable organizations;
- (5) Corporations or business entities; and
- (6) State and municipal governmental entities.

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### Account Minimums

Minimums to establish and maintain an account are listed below. Exceptions may be granted at the discretion of our firm or your representative.

- \$25,000 for Financial Advisory Program
- \$50,000 for LifeGuide Program
- \$50,000 for Managed Opportunities Mutual Fund Portfolios
- \$100,000 for Managed Opportunities Separate Account Portfolios
- \$200,000 for Managed Opportunities Unified Managed Account Portfolios
- \$50,000 for Managed Opportunities Advisor Directed Account Portfolios

Minimum account sizes for Independent Managed Assets Program are determined by each participating money manager and turn-key wrap program. Minimums for each program are negotiable.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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### Methods of Analysis

Security analysis methods may include (1) charting; (2) fundamental analysis; (3) technical analysis; and (4) cyclical analysis.

The main sources of information include (1) financial newspapers and magazines; (2) inspections of corporate activities; (3) research materials prepared by others; (4) timing services; (5) annual reports, prospectuses, filings with the Securities and Exchange Commission; and (6) company press releases.

Strategies include (1) long-term purchases (securities held at least one year); (2) short-term purchases (securities sold within a year); (3) trading (securities sold within 30 days); (4) short sales; (5) margin transactions; and (6) option writing (including covered options, uncovered options or spreading strategies). Strategic and Tactical Asset Allocation Model Portfolios may be employed in our Programs. Model mutual fund and variable annuity asset allocation portfolio programs, provided by a number of institutional investment managers and strategists, may be used when managing client assets.

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## Investment Strategies

Our programs employ strategic and tactical asset allocation model portfolios. Model mutual fund and variable annuity asset allocation portfolio programs, provided by a number of institutional investment managers and strategists, may be used when managing assets.

In the Financial Advisors Program, LifeGuide Program and Managed Opportunities Advisor Directed Portfolios, the account investment management is determined by the stated investment objectives of the client (i.e., current income, balanced, growth and income, growth and maximum growth). Your representative is responsible for developing and determining the investment strategies that will be used when managing your accounts. This strategy is based on your individual financial situation, goals, and objectives. Your representative is responsible for monitoring your portfolios and, when appropriate, reallocating the portfolios based on changing market conditions, changes in your individual circumstances, or other factors. If the account is managed on a non-discretionary basis, your representative will consult you prior to reallocating securities in the account. Reallocations are implemented in discretionary accounts without prior notice to clients.

In the Managed Opportunities Program - Mutual Fund Account Portfolios, Separate Account Portfolios and Unified Managed Account Portfolios in the Managed Opportunities Program, multiple investment strategies may be used in the management of your account. Your representative is responsible for determining the appropriate management style and will assist you in placing your assets in a model portfolio based on your individual financial situation, goals and objectives. Your assets are allocated according to the model selected. Reallocations are implemented in discretionary accounts by the Money Managers associated with the Mutual Fund Account Portfolios, Separate Account Portfolios and Unified Managed Account Portfolios in the Managed Opportunities Program without prior notice to you. Your representative typically:

- Gathers information from you about your financial situation, investment objectives, risk tolerance and investment time horizon and any reasonable restrictions you wish to impose on the management of the account;
- Periodically reviews reports provided to you and consults with you;
- Contacts you at least annually to review your financial situation; and objectives;
- Communicates information to the third-party investment advisor as warranted; and
- Assists you in understanding and evaluating the services provided by the third-party investment advisor.

If your individual situation changes, you should notify your representative, who will assist you in revising the current portfolio and/or prepare an updated client profile so that he/she can determine if a different model portfolio would be appropriate to the your new situation. You may also directly contact the third-party advisor managing the account.

It is important that you understand the concept and risks inherent in exchanging an investment from one position to another. Some investment decisions result in profit and others in losses. Our firm and your representative cannot guarantee that the objectives of any investment program will be achieved. Furthermore, it is important that you understand that the exchange of shares of one mutual fund for shares of another mutual fund is treated as a sale for federal income tax purposes, and that capital gains or losses may be realized unless you are eligible for tax deferral under a qualified retirement plan.

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## Risk of Loss

Investment portfolios, programs, models, asset allocations or strategies entail the risk of loss; and values and returns will fluctuate over time. While we seek to limit any losses, there have been periods of loss in the past, and there will likely be others in the future. Our firm and our representatives emphasize that investment returns, particularly over shorter time periods, are highly dependent on trends in the various investments markets. Thus, our investment management services are generally suitable only for long-term investment objectives or strategies, rather than for short-term trading purposes. Diversification does not guarantee a profit or guarantee to protect you against loss, and there is no guarantee that your investment objectives will be achieved. These programs, portfolios, models, asset allocations and strategies are not FDIC insured and the investments in them may lose value. All investment programs have certain risks that are borne by you. Our investment approach constantly keeps the risk of loss in mind. You face the following investment risks:

- Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Market Risk: The price of a security, bond or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- Inflation Risk: The risk is that the rate of inflation will exceed the rate of return on an investment.
- Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They generally carry a higher risk of profitability than an electric company, which may generate much of its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of



financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

You should understand that there are risks inherent in all financial decisions and transactions, and that there is no guarantee that your investment objectives will be achieved. Our firm makes no promises, representations, warranties or guarantees that any of its services to be rendered will result in a profit to you. Our do not guarantee the future performance or any specific level of performance, the success of any investment decision or strategy that our firm may use or the success of our overall management. You should understand that investment decisions made for you by our firm are subject to various market, currency, economic, political and business risks and that those investment decisions will not always be profitable. You should understand that our firm and your representative will not be liable for any loss incurred with respect to your account, except where such loss directly results from such party's negligence or malfeasance. Nothing in this section is intended to be a waiver of any right of action you may have under applicable securities laws or your rights in the event Kiplinger Investment Advisors and your representative breach any fiduciary duty owed to you.

## **DISCIPLINARY INFORMATION**

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There are no regulatory or legal events to report for our firm.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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More information about Kiplinger Investment Advisors' key officers and principals can be found in the Part 1A of our Form ADV.

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### **Business Background of Key Officer(s)**

The following individuals are the executive officers of the applicant:

Brad Kiplinger was born in 1970. Brad attended Bowling Green State University and obtained his BS in Economics. Brad is currently enrolled as a student of the College of Financial Planning working on his Certified Financial Planner (CFP®) designation. He is a member of the Financial Planning Association. Brad is licensed as a General Securities Representative and a Registered Principal. In addition, he is a licensed agent for life, health, disability and variable contracts insurance products.

Brad has been the President and sole shareholder of Kiplinger Investment Advisors, LLC. since its creation in September 1998. In October 1998, Kiplinger Investment Advisors, LLC became a registered investment advisor. Brad has been an investment advisor representative with Kiplinger Investment Advisors, LLC since that time. He was an investment advisor representative of Securities America Advisors, Inc. from July 1998 until November 1998.

Brad is currently a registered representative with Securities America, Inc., an affiliation he has held since March 1996. Previously, he was a registered representative and agent with New England Securities from May 1994 until March 1996. He was also a registered representative with MML Investors Services, Inc. from April 1993 until May 1994.

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## Financial Industry Activities

Our firm's representatives are engaged in professions other than giving investment advice. Brad Kiplinger spends the majority of his time providing advisory services to clients and a small percentage his workweek is spent on securities and insurance activities. Your representative may also be independently licensed to sell insurance products through various insurance companies. When acting in this capacity, he or she will receive commissions for selling these products.

Some of our representatives provide financial training to clients in their separate capacities as CFEd®. A small amount of their time will be spent on this activity.

Your representative is also licensed as a registered representative with Securities America, Inc. (SAI), a full service broker/dealer and member FINRA/SIPC. Your representative may also be independently licensed as insurance agents with various insurance companies. As such, these individuals are able to effect securities transactions and may receive separate yet customary compensation for effecting any securities transactions. These individuals may spend the majority of their time involved in all or a portion of these activities.

This could present a potential conflict of interest if the client elects to implement the associated persons' recommendations and also selects them to execute those transactions. In this case, the associated persons could receive both fees as advisor representatives and commissions as registered representatives. As registered representatives, they could also receive compensation from mutual fund sales loads, 12(b)-1 distribution fees, variable annuity sales commissions or trail commissions. The 12(b)-1 distribution fees, sales charges and other fee arrangements will be disclosed upon the client's request and are typically described in the applicable fund and/or annuity prospectus. Any fees or other compensation received by the associated persons in their separate capacities as registered representatives will be received to the extent permitted by applicable law.

Because of these compensation arrangements, a conflict of interest could exist in connection with the associated persons recommending particular investments for a client's account. Clients have sole discretion whether to implement any or all of the associated persons' recommendations. In addition, clients are free to select any broker/dealer they wish to implement recommendations.

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## Affiliations

We do not have a related person that is an investment advisor; however, the applicant may have relationships with nonaffiliated investment advisors.

We have arrangements with Kiplinger Financial Services, LLC, a registered investment advisor. Kiplinger Financial Services, LLC may refer you to us to implement trades through one of our asset management programs. If you choose to implement the advice through one or more of our asset management programs, we will charge fees for asset management services. We will pay a portion of the fees you pay to Kiplinger Financial Services, LLC. The portion of the fee will be paid to Kiplinger Financial Services, LLC for the referral, and Kiplinger Financial Services, LLC will be responsible for reviewing and monitoring us to make sure that we are meeting your goals and objectives. This arrangement will be fully disclosed to you, will be in compliance with all regulatory requirements and will not result in fees higher than the applicant's standard fees being charged to you.

Our firm and/or our supervised persons have entered into lending arrangements with one client of the firm. One client began making capital contributions to the applicant in March 2005 or has entered into lending arrangements with control persons within the firm. These arrangements are derived out of a personal relationship certain control persons may have with the client, beyond the traditional investment advisor and advisory client relationship.

Our firm and/or our supervised persons provide investment advisory services to this client on substantially the same basis as it offers to other clients of the firm who have not entered into lending arrangements with firm. The advisory fees we charge this client does not differ from the advisory fees charged to other clients of the firm who have not entered into a lending arrangement with the firm. None of the advisory services provided by our firm are dependent upon, or vary in relationship to, the amount of the capital contributions made by certain clients.

#### Recommendation or Selection of Other Investment Advisers for Our Clients and Compensation Received

For a discussion of our compensation arrangements involving the recommendation or selection of other investment advisers for our clients, please refer to the section titled "Client Referrals and Other Compensation."

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

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#### Our Approach to Conflicts of Interest

Conflicts of interest that may arise in the course of providing investment management services are described throughout this brochure, as are some of our policies and procedures designed to address specific conflicts of interest, such as our Code of Ethics and personal trading practices.

We have a compliance program in place that is intended to identify, mitigate and, in some instances, prevent actual and potential conflicts of interest, ensure compliance with legal and regulatory requirements and ensure compliance with client investment guidelines and restrictions. Our compliance program includes written policies and procedures that we believe are reasonably designed to prevent violations of applicable law and regulations.

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#### Code of Ethics

According to the *Investment Advisers Act of 1940*, an investment advisor is considered a fiduciary and has a fiduciary duty to clients. The applicant has established a Code of Ethics to comply with the requirements of Section 204(A)-1 of the *Investment Advisers Act of 1940* that reflects fiduciary obligations and those of its supervised persons and requires compliance with federal securities laws. Our Code of Ethics covers all individuals that are classified as "supervised persons". All employees, officers, directors and investment advisor representatives are classified as supervised persons. We require our supervised persons to consistently act in their clients best interests in all advisory activities. We impose certain requirements on its affiliates and supervised persons to ensure that they meet the firm's fiduciary responsibilities to our clients. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is only intended to provide current and potential clients with a description of the applicant Code of Ethics. If you wish to review the Code of Ethics in its entirety, you may request a copy in writing. Your request will be provided promptly.

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## Participation or Interest in Client Transactions

SAI, our broker/dealer may execute securities transactions on our behalf or on behalf of your representative. Kiplinger Investment Advisors, SAA, SAI and/or your representative may receive advisory fees and broker/dealer commissions for the sale of securities placed under our management. The receipt of compensation from a variety of sources may be considered to be a conflict of interest. We encourage you to review this ADV closely and discuss any potential conflicts of interest with your representative.

We will process brokerage security transactions through SAI so long as we determine that executing the transactions through our broker/dealer fulfills our duty of best execution. We consider certain factors when selecting a broker/dealer and determining the reasonableness of commissions. Please refer to the section titled "Brokerage Practices" for more information.

Managers recommended in the Independent Managed Assets Program determine the brokers to be used for client trades within Independent Managed Assets Program accounts. In certain circumstances, and when consistent with the manager's fiduciary obligation of best execution, trades may be effected through SAI and your representative, who will receive separate and typical compensation for implementation of these transactions. You should review the disclosure documents of the Independent Managed Assets Program manager to determine if these managers block trade, negotiate commissions and/or obtain volume discounts. Please refer to the section titled "Other Financial Industry Activities and Affiliations."

### Policy Regarding Engaging in Agency Cross Transactions in Advisory Accounts

It is our policy to prohibit representatives from engaging in agency cross transactions where representatives act as brokers for both the buy and sell of a single security between two different clients for which the representatives receive compensation in the form of an agency commission or principal mark-up for the trades. Should we adopt a different policy in this area, we will observe all rules and regulations in accordance with the disclosure and consent requirements of Section 206(3) of the Advisers Act. Additionally, we are aware that such transactions can only occur if we can ensure that we meet our duty of best execution for the client.

### Policy Regarding Engaging in Principal Trading Involving Advisory Accounts

We do not permit principal transactions to be effected in advisory accounts. SAI, an affiliated broker/dealer of SAI does not make a market in securities. SAI may engage in riskless principal transactions for certain fixed income securities. A riskless principal transaction is a trade in which a broker or dealer, receives an order to buy or sell a security and purchases the security in a simultaneous offsetting transaction. Potential conflicts of interest exist between your interests, our interests and SAI. Current federal securities regulations do not require that firms when trading as a principal disclose their mark-ups on riskless principal transactions. Mark-ups may vary by security.

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## Personal Trading

Kiplinger Investment Advisors, your representative and our supervised persons may recommend securities to buy, sell or hold a position in securities identical to the securities recommended to you, at or about the same time that they or a related person buys or sells the same securities for their own or a related person's account. It is our policy that no supervised person will put his/her interest before your interests. Our firm and our representatives may not trade ahead of any client or trade in a way that would cause the supervised person to obtain a better price than the price a client would obtain.

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## Our Pre-Clearance and Restricted Securities Policy

Due to our affiliation with other investment companies, investment advisors, and broker dealers, SAI, on our behalf, maintains a Restricted and Pre-Clearance Equity List, which may limit our firm and the representative's ability to transact in certain equities on your behalf in a discretionary advisory program. Your representative may not be able to place certain transactions or may experience delays in submitting certain transactions on your behalf based on any pre-clearance or pre-approval requirements implemented by the firm. You may receive a worse price than what you might receive if you placed the transaction through another investment advisor representative not affiliated with SAI and not subject to any trading restrictions. These trading restrictions are subject to change without notice.

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## Our Insider Trading Policy

The applicant is and shall continue to be in compliance with *The Insider Trading and Securities Fraud Enforcement Act of 1988*. To prevent conflicts of interest, the applicant has developed policies and procedures that include personal investment and trading policies for its associated persons, employees and their immediate family members:

- Associated persons will not prefer their own interests to that of the client
- Associated persons will not purchase or sell any security for their personal accounts prior to implementing transactions for client accounts
- Associated persons will not buy or sell securities for their personal accounts when those decision are based on information obtained as a result of their employment, unless that information is also available to the investment public upon reasonable inquiry
- Associated persons are prohibited from purchasing or selling securities of companies in which any client is deemed an "insider"
- Associated persons are discouraged from frequent personal trading
- Associated persons are generally prohibited from serving as board members of publicly-traded companies unless an exception has been granted by the applicant principal officer and/or Chief Compliance Officer

To the extent an associated person or the applicant maintains an outside account, the associated person must make arrangements to send quarterly statements to the RIA, complete an annual certification concerning their personal securities activities and provide additional information about personal trading activities as may be required under the Insider Trading Policy and Code of Ethics. Any associated persons not observing the applicant policies may be subject to sanctions up to and including termination.

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## Our Policy Governing Contributions to Local and State Elected Officials and Candidates

We require that its supervised persons seeking to make a political contribution to a state or local candidate pre-clear their political contributions through the firm. We do not require our supervised persons to pre-clear contributions to candidates running for federal office, unless the candidate is currently a state or local government official running for federal office. Depending on the state or local pay-to-play rules, our firm and your representative may be subject to local and state pay-to-play rules in addition to federal securities rules and regulations.

## BROKERAGE PRACTICES

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We do not receive research or other products or services other than execution from a broker/dealer or third-party for client securities transactions.

Brokerage services are made available through National Financial Services and/or Pershing. In the CAP program, brokerage services are made available through Fidelity Institutional Wealth Services (FIWS) and Fidelity Tax-Exempt Services Company (FITSCO), affiliated companies of National Financial Services. SAA, SAI or another affiliated company have an agreement with the clearing firms to introduce customer accounts to the clearing firm, on a fully disclosed basis. In exchange, these clearing firms provide clearing, execution, and execution services for transactions that are executed for our customers. On SAA's behalf, SAI approves and opens accounts and accepts securities order instructions with respect to the accounts.

All brokerage transactions are processed by SAI and cleared by National Financial Services. National Financial Services is not affiliated with SAA or SAI.. The insurance company custodians maintain custody of all variable annuity accounts. Kiplinger Investment Advisors does not act as a custodian for any account. Generally, we do not maintain custody of client funds or securities. Because some of the programs described in this document allow for the direct deduction of advisory fees from client accounts we may be deemed to have limited custody of client assets. Outside custodians maintain custody of all funds and securities .

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### Selecting Brokerage Firms

We recognize your unrestricted right to select and choose any broker or dealer you wish, except in situations where we or a recommended manager is given discretionary authority over your account. We will process brokerage security transactions through SAI, our broker/dealer, so long as we determine that executing the transactions through SAI fulfills its duty of best execution. Please refer to the section titled "Best Execution" for information as to the factors considered by our firm when selecting a broker/dealer.

Stocks, bonds and other securities may be traded in managed accounts and are subject to normal spreads, mark-ups and mark-downs paid to market makers of those securities. SAI does not make markets in securities. SAI and our firm do not receive any portion of the spreads, mark-ups or mark-downs.

Transaction charges may apply to securities sales, purchases and exchanges. The charges vary for mutual funds, variable products, stocks, bonds and option transactions. Factors that determine transaction charges include size of purchase, type of transaction, mutual fund family, variable product sponsor, the representative involved and processing method (on-line/phone/systematic).

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### Best Execution

We will process brokerage security transactions through our broker/dealer so long as we determine that executing the transactions through SAI fulfills our duty of best execution. We consider the following factors when selecting a broker/dealer and determining the reasonableness of commissions:

- Electronic download of trades;
- Balances;
- Efficiencies achieved in utilizing integrated front and back office technology systems;
- A dedicated service team;

- Electronic download of duplicate statements, and confirmations; and
- The ability to deduct advisory fees directly from client accounts.

We will exercise reasonable diligence to ensure best execution is obtained for all clients when implementing any client transaction by considering the back office services, technology provided and pricing of services offered. We periodically conduct trade reviews to determine that the duty of best execution is being met by its trade execution and clearing firms.

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## Soft Dollars

Investment advisors may direct portfolio brokerage commissions to a particular broker/dealer in return for services and research used in making investment decisions in client accounts. The commissions used to acquire these services and research is known as “soft dollars.” Section 28(e) of the *Securities Exchange Act of 1934* provides a “safe harbor” that allows an investment advisor to pay more than the lowest available commission for brokerage and research services if it determines in good faith that the commission paid was reasonable in relation to the brokerage and research services provided.

Although we do not allow directed brokerage, we may still receive products and services from SAI, Securities America Advisors, Inc. (an affiliated investment advisor of SAI), or other program sponsors and product issuers. These products and services may be used for both research and non-research purposes and allows the applicant to supplement, at no cost, its own research and analysis activities. These products and services can include, but are not limited to:

- Reports, publications and data on matters such as the economy, industries, sectors and individual companies or issuers, statistical information, account and law interpretations, political analyses, legal developments affecting portfolio securities, technical market actions, credit analyses, risk management and analyses of corporate responsibility issues
- On-line news services and financial and market database services
- Information management systems integrating quotation and trading, performance management, accounting, recordkeeping and document retrieval and other administrative matters
- Meetings, seminars, workshops and conferences with representatives of issuers, program sponsors and/or other analysts and specialists

Research obtained with soft dollars is not necessarily utilized for the specific account that generated the soft dollars. We do not attempt to allocate the relative costs or benefits of research among clients because it believes that, in the aggregate, the research it receives benefits all clients and assists the applicant in fulfilling its overall duty to clients.

These arrangements may be deemed to create a conflict of interest to the extent that the applicant would have to pay for some or all of the research and/or services with “hard dollars” if it were unable to obtain the research and services in exchange for commissions in connection with client transactions. Client trades will always be implemented based on the goals and objectives of the client and not on any research, products or other incentives available.

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## Brokerage for Client Referrals

### Directed Brokerage

We pay a set commission rate on trades for securities traded with a commission. We do not negotiate commissions on a trade-by-trade basis or directed brokerage basis.

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## Order Aggregation

Our firm and your representative may aggregate client transactions or allocate orders when possible. The types and volumes of securities traded for client accounts do not lend themselves to aggregation or blocking of trades when mutual funds are traded. To the extent other securities are purchased that lend themselves to aggregation or block trading (for example, stocks or exchange traded funds), our firm and your representative may aggregate client transactions or allocate orders whenever possible. Our firm and our representatives will allocate trades to advisory clients in a fair and equitable manner that will be applied consistently to all clients. Personal accounts of representatives, associated persons and family members will not be treated more favorably than any other client account. You should be aware that if an order is not aggregated, you may or may not pay higher brokerage costs.

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## Handling Trade Errors Made by Kiplinger Investment Advisors or Your Representative

If you choose to implement transactions through your representative, steps are taken to supervise trades and to prevent trade errors. Your representative will implement trades in his or her separate capacity as a registered representative of SAI. SAI has execution and clearing arrangements with Fidelity Capital Markets (FCM), a division of National Financial Services, LLC (NFS).

FCM will be contacted immediately about any trade error except those in mutual fund trades. SAI's Trade Department will be contacted to report and correct any error in a mutual fund trade. Trading errors are usually corrected after the trade settles and may take five to seven business days to finalize.

If SAI, FCM, our firm or your representative are responsible for making a trade error in your account the error will be corrected and your account will be restored to where it would have been had the trade error not occurred. Any profit from the trade correction will be retained by SAI or FCM. Neither you nor your representative will retain the profit from a trade correction.

## Review of Accounts

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### Frequency of Account Reviews

Financial Advisors Program, LifeGuide Program and Managed Opportunities Program (wherein Kiplinger Investment Advisors or your representative is the Advisor) are reviewed as needed, as required and as appropriate by your representative. The nature and timing of the reviews may vary by your representative. In all accounts, reviews are conducted at least quarterly. Your representative will be responsible for reviewing your accounts.

Accounts at other money managers will be reviewed when statements are received from the other money managers, usually quarterly. Changes in the client's financial situation may trigger a more frequent review.

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### Frequency of Financial Plan Reviews



Since financial planning services terminate upon completion and presentation of the plan, no reviews are provided unless the client contracts for additional on-going services through the applicant. We recommend that you have your financial situation reviewed at least annually. Qualified plan services are for a one year period and reviews may be conducted during that time.

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## Review Triggers

The calendar is the triggering factor. Factors triggering an account review may include material market, economic or political events, changes in your financial or personal situation or performance of the account in general. Annual reviews will be prepared and presented to all clients contracting for on-going services.

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## Reports and Account Statements

You will receive monthly statements from the account custodian or clearing firm, if your account(s) have activity during the month. If the account does not have any monthly activity, an account statement is provided by the account custodian or clearing firm at least quarterly. Such statements will show any activity in the account, as well as period ending position balances. You will also receive a confirmation from the custodian or clearing firm of each purchase and sale transaction that occurs within Financial Advisors Program, LifeGuide Program and Asset Based Brokerage Services Program accounts.

To the extent you receive performance reports from your representative, we urge you to compare performance reports received with account statements received from the custodian. Inquiries or concerns regarding the account, including performance reports, should be directed to the investment advisor firm at the phone number listed on the account statement. Performance reports may be provided to you in the Financial Advisors Program and LifeGuide Program if your representative subscribes to the Albridge Wealth Reporting Program Platform. Each representative then decides whether to provide these reports to his or her clients. Performance information provided by your representative is believed to be accurate but cannot be guaranteed. Your representative may or may not include variable annuity account position information within performance reports. Neither our firm nor your representative can guarantee the accuracy of fund values, securities' and other information obtained from third parties.

Clients participating in Managed Opportunities Program are able to view daily and quarterly performance reports on a website maintained on our behalf by a third-party which describes the performance, holdings and other activity in the your Managed Opportunities Program accounts. During any month in which there is activity in Managed Opportunities Program accounts, you receive a statement from the account custodian or clearing firm showing the activity in your accounts, as well as positions held in the accounts at month end. You also receive a confirmation of each purchase and sale transaction that occurs within the Managed Opportunities Program accounts. If there is no activity in the account, you receive statements no less than quarterly from the account custodian or clearing firm.

We review the performance information in Managed Opportunities Program accounts to determine its accuracy. Performance information provided by us is believed to be accurate but cannot be guaranteed. We do not guarantee the accuracy of fund values, securities' values and other information obtained from third parties.

Accounts not receiving reports from our firm (e.g. Independent Managed Assets Program) will be reviewed and monitored at the discretion of the representative assigned to the account or the independent investment advisor firm, their representatives and money managers handling the accounts. No other parties review accounts for accuracy of performance information. These individuals are available to answer your questions and to review an account at your request.

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## **CLIENT REFERRALS AND OTHER COMPENSATION**

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### **Incoming Referrals - Our Use of Solicitors/Payment of Referral Fee**

We enter into agreements with solicitors (referring parties) to refer clients to us. The referral agreements between our firm and referring parties are designed to comply with SEC regulations as set out in 17 CFR Section 275.206(4)-3. If a referred client enters into an investment advisory agreement with our firm, and a cash referral is paid to the referring party, such fee will be paid as a fixed fee or a percentage of the client advisory fees that are generated. Written disclosure regarding the referral fees we pay are provided to you prior to or at the time of entering into our investment advisory or financial planning agreements. In those states that require solicitors to be licensed or filed as a registered investment advisor, we may require the solicitor to be licensed or filed under our registration.

The compensation to be paid in connection with these agreements is subject to negotiation between our firm, the representative, and the referring party. The referral agreements between any referring party and our firm do not result in any charges to you in addition to the normal level of advisory fees charged. However, these situations may create a financial incentive to recommend one Program over another or over other investment advisors and broker/dealer programs, products and services. The representative or an independent investment advisor firm recommending our programs receives compensation as a result of your participation in our programs.

Fees for investment management may be more than the cost of purchasing the same services separately. You may be able to obtain similar services for a lesser fee from other advisors. The fees charged may vary among investment management services. The amount of compensation a representative may receive in a particular program may be more than would be received if you participated in other programs or paid separately for investment advice, brokerage and other services. In addition, the compensation a representative receives for recommending one Managed Opportunities Program Portfolio option over another portfolio option may vary. For example, the recommendation of one Managed Opportunities Program Portfolio over a Financial Advisors Program Portfolio or another portfolio within the Managed Opportunities Program may create a financial incentive for our firm and representative. Your representative is not under any obligation to promote or use one money manager over another. You are not under any obligation to engage these individuals when considering implementation of advisory recommendations. You are free to select any broker/dealer you wish to implement recommendations and execute transactions. You may purchase the same investment product from a non-affiliated broker or could implement securities transactions without the services offered by your representative. In that case, you would not receive the services provided by your representative.

### **Outgoing Referrals - Kiplinger Investment Advisors as Solicitor for Other Investment Advisors/Receipt of Referral Fee**

We have entered into solicitation agreements with independent third-party investment advisers, pursuant to which our firm and the independent investment advisor firm and the representative receive solicitation compensation from the third-party investment adviser in return for referral of accounts. SAI and your representative, in his or capacity as a registered representative with SAI, may serve as broker/dealer and/or representative of record on accounts managed by the independent third-party investment advisor. In such case, SAI and your representative may receive normal and customary compensation (e.g. commissions, 12(b)-1 fees, trails) from the sale of mutual funds, exchange traded funds or variable annuities in such accounts. This compensation may be in addition to the solicitor fee paid by the third-party investment advisor.

In some instances, Financial Advisors Program, LifeGuide Program and Managed Opportunities Advisor Directed Portfolios may be managed by third-party registered investment advisors under separate investment management or sub-advisor agreements. In such circumstances, representatives use Financial Advisors Program and LifeGuide

Program accounts to provide clients and third-party registered investment advisors with administrative support services and brokerage clearing services through SAI and National Financial Services. Third-party registered investment advisor management fees are separate and distinct from our firm's and your representative's fees. Please also refer to the section titled "Advisory Business" for more information about the Independent Managed Assets Program.

You should be aware that Kiplinger Investment Advisors and your representative may receive solicitor/referral fees for recommending certain portfolios to you. Therefore, a potential conflict of interest may exist because these circumstances may result in your representative having a financial incentive to recommend one portfolio over another. However, it is our policy that portfolios will be selected and recommended to you based on your individual needs, goals and objectives. Your representative is not under any obligation to sell any particular product or to meet any selling quotas related specifically to these products. You are not under any obligation to engage our representative when considering implementation of advisory recommendations. You are free to select any broker/dealer you wish when implementing recommendations and executing transactions. You may purchase the same investment product from a non-affiliated broker or could implement securities transactions without the services offered by your representative. We encourage you to review this ADV closely and discuss any potential conflicts of interest with your representative.

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#### Other Compensation

Your representative may be incented to join and remain affiliated with our current broker/dealer, SAI, through certain compensation arrangements which could include bonuses, enhanced pay-outs, forgivable loans and/or business transition loans. The receipt of such compensation may be considered to be a conflict of interest. We encourage you to review this ADV closely and discuss any potential conflicts of interest with your representative.

We may offer incentives to your representative for meeting certain production levels above and beyond compensation he or she receives for selling products and services through our firm. The receipt of such incentives may be considered to be a conflict of interest. We encourage you to review this ADV closely and discuss any potential conflicts of interest with your representative.

Our firm, our officers and our representatives may receive reimbursements from marketing and distribution allowances, due diligence fees and travel expenses. Other compensation or reimbursement may also be received based on deposits and/or assets under management directly from third-party asset manager program sponsors for the costs of marketing, distribution, business and client development, educational enhancement and/or due diligence reviews incurred by our firm or your representatives relating to the promotion or sale of the program sponsor's products or services.

Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for which sales have been made or it is anticipated sales will be made.

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## **CUSTODY**

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Generally, we do not maintain custody of your funds or securities other than the direct deduction of advisory fees from your accounts within the programs described in the “Advisory Business” section above. In this case, we are deemed to have limited custody of your funds or securities.

### **Account Statements**

You will receive account statements from investment sponsors, brokerage firms, insurance companies and other money managers at least quarterly. You may also receive monthly account statements from investment sponsors, brokerage firms, insurance companies and other money managers monthly, if there is any activity in your account. We have verified that each custodian or investment provider we use for our investment management services is a qualified custodian and provides statements to clients directly at their address of record at least quarterly. We encourage you to carefully review your account statement.

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### **Performance Reports**

We will prepare an annual position/performance report upon your request or at our discretion based on the complexity of your financial situation. If you receive performance reports from your representative, we urge you to compare the account statements received directly from your custodians to the performance report statements provided by our firm or your representative. Inquiries or concerns regarding your account, including performance reports, should be directed to our firm or your representative.

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## **INVESTMENT DISCRETION**

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### **Limited Discretionary Trading Authority**

If you grant our firm or your representative limited discretionary trading authority, we have the authority to determine, without obtaining your specific consent, the securities to be bought or sold, and the amount of the securities to be bought or sold and when to buy or sell those securities. Upon receipt of the written authority to engage in limited trading authority on your behalf, our firm and your representative will commence engaging in discretionary trading transactions. Discretionary trading authority facilitates placing trades in your accounts on your behalf so that our firm and your representative may promptly implement the investment policy that you have approved in writing.

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### **Limited Power of Attorney for Trading**

If a limited power of attorney for trading is signed by you, we consult with you prior to placing each trade. You sign a limited power of attorney so that we may execute the trades that you have approved.

We accept discretionary authority to manage accounts on your behalf. For discretionary clients, we request that you provide written authority to determine which securities and the amounts of securities that are to be bought or sold.

Any limitations on this discretionary authority by you should be included in this written authority statement. You may change/amend these limitations as required. Such amendments must be submitted in writing.

We may allow representatives to enter into separate investment advisory agreements with you to provide investment management services outside of our Financial Advisors Program, LifeGuide Program and Managed Opportunities Program. You may grant the representative written authority to manage assets on a limited discretionary basis to buy and sell securities and investments according to your stated investment objectives.

The following describes each of the investment strategy options available to clients under the Managed Opportunities Portfolios Program, including the nature of the grant of discretionary authority with respect to each option selected by client.

## **ACCOUNT AUTHORIZATION**

When executing a Managed Opportunities Program client services agreement, you grant us discretion to select one or more sub-advisors, including those providing administrative, website, performance reporting, transaction order entry and other services to you and our firm. You grant us and any sub-advisor selected by our firm limited discretionary trading authority with respect to the purchase and sale of securities in the Master Account, Mutual Fund Portfolios, Separate Account Portfolios, Unified Managed Account Portfolios and Advisor Directed Portfolios and appoint us and any sub-advisor selected by our firm as your agent and attorney-in-fact with respect to the trading authorization. In some programs, discretionary authority to select a broker and to negotiate commissions is typically given to the recommended manager (not available in the Financial Advisors Program, LifeGuide Program and Managed Opportunities Advisor Directed Programs).

When executing a Managed Opportunities Program Client Services Agreement, you grant us limited discretionary trading authority with respect to the purchase and sale of securities in the Master Account and Advisor Directed Portfolios and appoint us and any sub-advisor selected by SAA as your agent and attorney-in-fact with respect to the trading authorization.

When executing a Managed Opportunities Program Client Services Agreement, you acknowledge that the composition of any of the Managed Opportunities Portfolios may change from time to time causing the portfolio to become more conservative or more aggressive and that such changes are a normal part of the investment management process. Unless a sub-advisor notifies us of a change in the fundamental investment objectives of a portfolio, our firm and/or your representative will not notify you of such changes or take action to change the investment portfolio selected for you. The initial portfolio or portfolios selected for you are explained on a "Managed Opportunities Program Investment Strategy Summary" document. Any changes to the initial portfolio(s) selection are reflected in a verification update letter mailed to you.

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### Voting Client Securities

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### Proxy Voting

The applicant's associated persons will not vote proxies on behalf of clients. Clients are instructed to read through the information provided with the proxy document and make a determination based on the information provided. The applicant's associated persons will not provide an opinion on how clients should vote proxies. In some instances, upon request from client, after due diligence has been performed, the associated persons may provide clarifications of issues presented in the proxy materials. However, clients will be solely responsible for all proxy voting decisions.

## FINANCIAL INFORMATION

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### Financial Condition

We do not have any financial impairment that will preclude us from meeting our contractual commitments to you. We do not serve as a custodian for your funds or securities. At no time will fees of more than \$1,200 be charged six or more months in advance by our firm or your representative. We have established policies and procedures designed to prevent the collection of fees greater than \$1,200 six or more months in advance. As such, a balance sheet is not required to be provided to you at this time.

## CUSTOMER PRIVACY NOTICE

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### Privacy Notice

The applicant is committed to safeguarding the confidential information of its clients. The applicant holds all personal information provided to the firm in the strictest confidence. The applicant's representatives may also be registered representatives of SAI, a registered broker/dealer not affiliated with the firm. The applicant may also have relationships with other nonaffiliated investment advisors, such as SAA, an affiliate of SAI, insurance companies, trust companies, custodians and other financial institution entities. Except as required or permitted by law, the firm does not share confidential information about clients with nonaffiliated third parties. In the unlikely event there were to be a change in this fundamental policy that would permit additional disclosures of client confidential information, the applicant will provide written notice to clients and clients will be given an opportunity to direct as to whether such disclosure is permissible.

### AN IMPORTANT NOTICE CONCERNING CUSTOMERS' PRIVACY

**CUSTOMER INFORMATION COLLECTED.** The applicant collects and develops personal information about clients and some of that information is nonpublic personal information (Customer Information). The essential purpose for collecting Customer Information is to provide and service the financial products and services clients obtain from the firm. The categories of Customer Information collected by the applicant depend upon the scope of the engagement with the firm and are generally described below. As an investment advisor, the applicant collects and develops Customer Information about clients in order to provide investment advisory services. Customer Information collected includes:

- ☐ Information received from clients on financial inventories through consultation with the firm's representatives. This Customer Information may include personal and household information, such as income, spending habits, investment objectives, financial goals, statements of account and other records concerning the client's financial condition and assets, together with information concerning employee benefits and retirement plan interests, wills, trusts, mortgages and tax returns.
- ☐ Information developed as part of financial plans, analyses or investment advisory services.
- ☐ Information concerning investment advisory account transactions, such as wrap account transactions.
- ☐ Information about client's financial products and services transactions with the firm.

**DATA SECURITY.** The applicant restricts access to Customer Information to those representatives and employees who need the information to perform their job responsibilities within the firm. The applicant maintains agreements, as well as physical, electronic and procedural securities measures that comply with federal regulations to safeguard Customer Information.

**USE AND DISCLOSURE OF CUSTOMER INFORMATION TO PROVIDE CUSTOMER SERVICE TO CLIENT ACCOUNTS.** To administer, manage and service customer accounts, process transactions and provide related services for client accounts, it is necessary for the applicant to provide access to Customer Information within the firm and to nonaffiliated companies, such as SAI, SAA, other investment advisors, other broker/dealers, trust companies, custodians and insurance companies. The applicant may also provide Customer Information outside of the firm as permitted by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.

**FORMER CLIENTS.** If client closes an account with the applicant, the firm will continue to operate in accordance with the principles stated in the Notice.

**REQUIREMENTS OF FEDERAL LAW.** In November of 1999, Congress enacted the *Gramm-Leach-Bliley Act* (GLBA). The GLBA requires certain financial institutions, including broker-dealers and investment advisors, to protect the privacy of Customer Information. To the extent a financial institution discloses Customer Information to nonaffiliated third parties, other than as permitted or required by law, customers must be given the opportunity and means to opt out (or prevent) such disclosure. Please note that the applicant does not disclose Customer Information to nonaffiliated third parties, except as permitted or required by law (e. g., disclosures to service client accounts or to respond to subpoenas).