



PlanMember Securities Corporation

Planning your future...today.®

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This Form ADV Part 2A (Investment Advisor Brochure) gives information about the investment advisor and its business for the use of clients and prospective clients. If you have any questions about the contents of this brochure, please contact us using one of the methods listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration is mandatory for all persons meeting the definition of investment advisor and does not imply a certain level of skill or training.

Additional information about our firm is available on the SEC's website at: www.adviserinfo.sec.gov

Material Changes

There has been no material changes to the Firm's AVD Part II Brochure since its last update, which was filed March 2011.

Material changes to the ADV Brochure will be provided as a separate document to clients who have received previous versions of brochure.

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Advisory Business

Advisory Firm

PSEC is a SEC registered broker/dealer member of the FINRA and is currently in the primary business of selling managed portfolios of mutual funds. PSEC has been providing investment advisory services since 1994. Jon M. Ziehl is the founder and President and has been in the financial services industry since 1980.

PSEC markets its advisory programs to individual retirement plans, primarily 403(b)(7) and IRAs as well as taxable plans.

Advisory Services

As of December 31, 2011, PSEC has \$2,279,537,000 of assets under management on a discretionary basis, and \$1,463,000 of assets under management on a non-discretionary basis.

Services are based on the individual needs of the client. An initial interview and data gathering questionnaire is undertaken to determine the client's financial situation and investment objectives, and to give the client the opportunity to impose reasonable restrictions on the management of the account. Clients have the ability to leave standing instructions with the IA Rep to refrain from investing in particular securities or types of securities, or invest in limited amounts of securities. Quarterly the IA Rep will notify the client in writing to contact the IA Rep if there have been any changes in the client's financial situation or investment objectives, or to impose or modify account restrictions. The IA Rep will contact or attempt to contact the client annually on these matters. It is the client's responsibility to notify the IA Rep at any time there are changes. Clients may call in at any time during normal business hours to discuss directly with the IA Rep about the client's account, financial situation, or investment needs. Clients will receive from the custodian/brokerage firm timely confirmations and at least quarterly statements containing a description of all transactions and all account activity. The client will retain rights of ownership of all securities and funds in the account to the same extent as if the client held the securities and funds outside the program. In addition to custodial statements, PSEC sends quarterly reports to the client.

The proprietary investment advisory programs offered through PlanMember Securities Corporation ("PSEC") include 1) the **PlanMember Advisor Program**; 2) the **PlanMember Preference Program**; 3) the **AdvanceDesigns Program** and the 4) **PlanMember Strategistsm Program** as described below. All proprietary investment advisory programs are comprised of mutual funds and variable annuity sub-account options from PSEC's mutual fund investment solutions.

In addition to the proprietary programs described above, PSEC offers a variety of other advisory services through its appropriately qualified investment adviser representatives ("IARs") as follows and more fully described below:

Solicitor to Outside RIA: PSEC maintains solicitor agreements with select outside nonaffiliated registered investment advisers ("Outside RIAs") whereby appropriately qualified investment adviser representatives/solicitors ("IARs") of PSEC refer business to the Outside RIA for a fee.

IAR Directed Asset Allocation: Qualified IARs of PSEC will provide asset allocation services among the T. Rowe Price funds and among funds on the FTJ and Schwab platforms for a fee.

PSEC provides portfolios consistent with the individual client's financial and tax status and risk/reward objectives. Planning may be comprehensive, or segmented and focus on investments, insurance, taxes,

and/or estate plans. Appropriately qualified IARs will offer clients an array of financial planning services for a fee.

PSEC and/or representatives/Investment advisors registered with the Firm may hold seminars on occasion. These seminars may include presentations on various securities and insurance products, or on financial planning strategies. A fee is not charged for attendance.

PLANMEMBER ADVISOR

Services

In PlanMember Advisor, PSEC provides investment supervisory services to individuals and plan sponsors who participate in or sponsor certain retirement programs including, but not limited to, payroll deduction programs under Sections 403(b), 401(k), 401(a), 457(b) and 408 of the Internal Revenue Code as well as individuals invested in nonqualified taxable accounts (Elite and Premier only). The PlanMember Advisor Program includes the following products: **AdvantagePlus, Premier, Premier Plus, Elite, and PlanMember Advisor-Fidelity** (collectively referred to as the “PlanMember Services Programs”).

Consistent among all PlanMember Advisor products is PSEC’s asset allocation service utilizing select load or load-waived mutual funds from American Century, American Funds, Delaware Investments, DFA Advisors, DWS Investments, Federated Investors, Fidelity, Mainstay Funds, MFS and Oppenheimer Funds, and no-load funds from T. Rowe Price, and Vanguard, (all funds collectively referred to as the “Funds”). Each client receives a prospectus for each Fund in which his or her account is invested. PSEC has developed five model investment portfolios (consisting of varying percentages of some but not all of the various Funds) with objectives ranging from high growth (Portfolio V) to capital preservation and income and inflation protection (Portfolio I). In addition to PSECs managed portfolios (I-V), the program provides for a client directed decision to temporarily move from a managed portfolio into a single money market instrument. Such instructions are required to be received either in writing or on a recorded line in the Call Center, similar to a portfolio change.

In providing the investment services, PSEC utilizes a combination of qualitative and quantitative analysis and a strategic asset allocation model that provides a historical and forward-looking basis for current investment decisions. The five model portfolios are used as the investment options in the above-referenced retirement programs. PSEC makes an initial recommendation to participants to invest in one of the five investment portfolios based on each client’s individual needs as determined by a number of personal and investment related factors provided by client on a written questionnaire.

Clients must initially approve, in writing, the recommendations to invest in one of the five portfolios before their contributions will be invested. As part of the advisory contract, each client gives PSEC a limited power of attorney to (i) allocate the assets in the accounts as indicated on the initial account application; (ii) periodically rebalance the account to adjust for changes resulting from fluctuations in the market price of the assets, by returning the account to the new quarterly asset allocation selections; (iii) reallocate the assets in the account within the portfolio(s) selected; (iv) increase, decrease or change the number of funds utilized in each allocation; (v) add or delete new funds/fund families or other investment options within the MUTUAL FUNDS, and (vi) vote fund shares (with the exception of Advisor-Fidelity whose participants will retain the right to vote Fund shares. Clients will ultimately retain full economic rights as owners of the Fund Shares.

The beneficial owners of certain retirement accounts whose assets are held by a trustee/custodian may be subject to special terms and conditions with respect to shareholder reports, proxies, and other matters, depending on the terms and conditions of the plan documents under which such accounts are established.

PSEC or its agent furnishes quarterly consolidated account statements to each client, confirming all transactions during the report period.

PLANMEMBER STRATEGIST

A PlanMember Strategist account may be established for an IRA or for a nonqualified taxable account. PSEC utilizes third party nonaffiliated investment advisers or broker/dealers (“Strategists”) to design and manage model portfolios in which Client assets can be invested among the mutual funds. As opposed to managing the portfolios as in the PlanMember Advisor Program, in the Strategist Program, PSEC acts as the “manager” of the Strategists in selection and due diligence of Strategists, and final approval of investment recommendations of the Strategists. The recommendations of the Strategists are reviewed and approved by the head of the Strategist Committee, Bill Kemble, CFO.

The Strategists will be appropriately registered as investment advisers or broker/dealers with the state or SEC and where required will be a member of FINRA. PSEC requires that the Strategists follow certain parameters in designing and managing portfolio models. Representatives will suggest an investment strategy based on the Client’s information that is most suitable for the Client. The Strategist will implement the model to the Client’s account by acquiring mutual fund shares that are represented in the model portfolios. Client portfolios will be similar to portfolios of other Clients that have similar investment objectives and select the same Strategist and model portfolio.

The Strategists will be responsible for managing the models and when a change in the mutual funds is recommended, PSEC and/or the Strategist will have discretionary authority to conduct trading activity as necessary to change or rebalance the Client’s portfolio and replicate those changes linked to the model accounts. The representative will remain available to the Client for consultation regarding any changes to the Client’s investment objectives and current financial circumstances. Representatives will also discuss with the Client the continuing suitability of the model portfolios selected. Client will receive statements no less than quarterly, prepared by PSEC or its vendors, showing quarterly account activity.

PLANMEMBER PREFERENCE PROGRAM

A PlanMember Preference account may be established for an IRA or 403(b) retirement account or for a nonqualified taxable account. Through the PlanMember Preference Program, PSEC’s appropriately qualified IARs will provide investment advisory services including asset allocation of mutual funds utilizing the mutual funds maintained on the SaveDaily Platform for a fee. IARs will be subject to PSEC’s written Investment Policy Statement and Protocol for the services they provide in this program. IARs will suggest an investment strategy most suitable for the client based on the client’s personal and financial information provided.

Each client gives PSEC a limited power of attorney to (i) allocate the assets in the accounts as indicated on the initial account application; (ii) periodically rebalance the account to adjust for changes resulting from fluctuations in the market price of the assets, by returning the account to the initial asset allocation selected; (iii) reallocate the assets in the account within the portfolio(s) selected; (iv) increase, decrease or change the number of funds utilized in each allocation; (v) add or delete new funds/fund families or other investment options within the mutual funds held on the SaveDaily Platform, and (vi) place mutual fund trades without first obtaining client approval .

Clients will retain full economic rights as owners of the Fund shares. Clients will receive any applicable proxy statements issued by the mutual funds, (via the custodian or its agent) for funds in Client’s account and Clients will have the sole right to vote them at Client’s discretion.

The IAR will have discretion to cause PSEC to implement the IAR's investment selections to the client's account by acquiring mutual fund shares that are recommended by IAR without first obtaining Client approval. Client will receive statements no less than quarterly, prepared by PSEC or its vendors, showing quarterly account activity.

The IAR will remain available to the client for consultation regarding any changes to the Client's investment objectives and current financial circumstances.

The fund families utilized in PlanMember Preference Program are those fund families that have a selling/networking agreement with SaveDaily for offer on their platform.

MANAGED ACCOUNT COMMAND PROGRAM

PlanMember provides investment management and investment advisory services through a partnership with Lockwood Advisors ("LKA") through the Managed Account Command Program ("Account Command") for the separately managed accounts.

PlanMember, as sponsor, provides its clients with a range of investment advisory services through Account Command as well as individually managed accounts where PlanMember has enlisted LKA to offer various investment management products and services. LA and PlanMember are not affiliated other than through jointly providing services to the Program.

LKA provides a technology platform which includes Websites and workstations, Operational Services including new Account support, billing, payment support, reconciliation, and electronic performance reporting and Service Support.

PlanMember obtains an investment advisory contract, performs Investor Suitability, provides fulfillment of firm ADV Part II, Schedule H to investors, collects certain financial and demographic information, provide brokerage account operational support to Advisors, document retention, approving and authorizing servicing orders, and compliance with Know your Customer, Patriot Act, and Book and Records Requirements of new and existing accounts.

PlanMember will provide Client, by and through an Adviser Representative, upon acceptance of Client's account, some or all of the above referenced investment advisory services. Though all of the above referenced services may be offered, Client may select one or more of the services. PlanMember does not require Client to utilize all services. As the Adviser Representative is recommending a program in which they receive compensation, it is possible that the amount of compensation may be more than if the Client participated in other programs or paid separately for investment advice, brokerage, and other services. The Adviser Representative may have a financial incentive to recommend the wrap fee program over other programs and services.

SCHWAB

Designated and appropriately qualified IARs of PSEC will provide asset allocation services exclusively among mutual funds on the Schwab platform for a fee. Advisory fees on accounts may be discounted on a case-by-case basis at the discretion of the IAR down to the platform cost that varies by account balance.

Clients will receive monthly account statements from Schwab. Clients will receive any applicable proxy statements issued by the mutual funds (via the Custodian and its agent), and Client will have the sole right to vote proxies at client's discretion.

MANAGED VARIABLE ANNUITY PROGRAM

On an individual basis, PSEC may approve some IAs to manage variable annuity subaccounts. Model allocations are strategically developed utilizing the sub-accounts available within some variable annuity products. PSEC may limit the product offerings at insurance companies on which investment management services are available. The limitations may be due to variable annuity sub-account options, annuity riders added to contracts or other factors.

Clients are advised that they may pay two levels of fee's, that is, an advisory fee to the Advisor and a fee to the variable annuity company.

Total portfolio expenses may be higher than other PSEC Managed portfolios based on the product, M&E expenses and additional riders that may be added to the client's policy. This program is currently not being actively marketed or promoted.

FINANCIAL PLANNING

Appropriately qualified IARs of PSEC will hold themselves out as Financial Planners and offer clients an array of financial planning services for a fee. Clients will enter into a contract for services and will receive a report or plan outlining the financial plan. The terms, conditions and fees will vary by IAR and will be detailed in the individual Investment Advisory Financial Planning Agreement among the Client, PSEC and the IAR.

Fees and Compensation

Fees for Financial Plans are determined by the individual investment advisor representative. An approved investment advisor representative will provide you the details of services and fees associated with each plan prior to entering into a contract.

In consideration for the services provided to clients invested in the PlanMember Advisor Programs, PSEC charges an annual advisory fee, based on the quarterly average daily balance of account assets under management and payable quarterly in arrears.

Elite Program	2.00% on accounts between \$50,000 and (\$25,000 for nonqualified) and \$99,999
	1.85% on accounts between \$100,000 and \$249,999
	1.70% on accounts between \$250,000 and \$499,999
	1.55% on accounts between \$500,000 and \$999,999
	1.40% on accounts at or above \$1,000,000

The above advisory fee pricing schedule may be discounted down to the platform cost (between .65%-.30% based on account size) on a case-by-case basis at the discretion of the representative. Fees for investments in the PlanMember Advisor Programs made after the beginning of a quarter are prorated. In addition to the advisory fees, a \$50 annual account service fee.

Minimum account size: \$2,000 for IRA and nonqualified accounts and no minimum for employer-sponsored plan accounts. Initial \$100/month minimum deferral amount for individual plans and \$50 pay period for group plans. The minimum may be waived or discounted for group or affinity plans and individual plans on a case-by-case basis.

The Elite Program currently consists of no-load and load-waived mutual funds from American Funds, Dimensional Fund Advisors, Federated Investors, Fidelity, T. Rowe Pice and Vanguard.

Advisor-Fidelity	2.00% on accounts up to \$100,000
	1.85% on accounts between \$100,000 and \$249,999
	1.70% on accounts between \$250,000 and \$499,999
	1.55% on accounts between \$500,000 and \$999,999
	1.40% on accounts at or above \$1,000,000

The above advisory fee pricing schedule may be discounted down to the platform cost (between .65%-.30% based on account size) on a case-by-case basis at the discretion of the representative.

Minimum account size: \$50 with \$50/month minimum deferral amount. Program currently consists exclusively of Fidelity funds. Linking of advisory fees will apply for spouses and minor children living in Client's house.

Effective 2/15/09 – No new accounts into the Advantage Plus Program will be allowed. Deposits into existing Advantage Plus accounts will continue to be accepted.

Advantage Plus Program:	1.75% on accounts between \$2,000-\$99,999
	1.50% on accounts between \$100,000-\$249,999
	1.25% on accounts at or above \$250,000

Effective 11/01/10 – No new accounts into the Premier Program will be allowed. Deposits into existing Premier accounts will continue to be accepted.

Premier Program	1.60% on accounts between \$50,000 and (\$25,000 for nonqualified) and \$99,999
	1.40% on accounts between \$100,000 and \$249,999
	1.20% on accounts between \$250,000 and above

The above advisory fee pricing schedule may be discounted down to the platform cost (between .45%-.35% based on account size) on a case-by-case basis at the discretion of the representative. Since clients are charged an upfront sales charge, the advisory fee is waived on shares owned less than 12 months.

Premier Plus Program	2.00% on accounts between \$50,000 and (\$25,000 for nonqualified) and \$99,999
	1.85% on accounts between \$100,000 and \$249,999
	1.70% on accounts between \$250,000 and \$499,999
	1.55% on accounts between \$500,000 and \$999,999
	1.40% on accounts at or above \$1,000,000

The above advisory fee pricing schedule may be discounted down to the platform cost (between .65%-.30% based on account size) on a case-by-case basis at the discretion of the representative.

Fees for investments in the PlanMember Advisor Programs made after the beginning of a quarter are prorated. In addition to the advisory fees, a \$35 annual account service fee (\$24 for Advisor-Fidelity (not waived)) applies (waived for account(s) over \$100,000 in PlanMember Advisor Programs). If a client has multiple PlanMember Advisor accounts, only one service fee will apply (not for Advisor-Fidelity).

PSEC or clients may terminate their use of the asset allocation and related advisory services at any time upon prior written notice. A \$50 termination fee will apply. The client will give written authorization to the custodian bank to redeem sufficient mutual fund shares to pay all fees due to PSEC and other service providers. These fees are not refundable. The final advisory fee will be pro-rated based on the application of the formula to the average daily balance in the account at the time of termination.

In addition to PSEC's fees, investors will be charged indirectly the fees and expenses charged by mutual funds including redemption fees based upon short term sales of the Funds. A description of these fees and expenses are available in each fund's prospectus.

PLANMEMBER PREFERENCE PROGRAM

The compensation for the PlanMember Preference services ranges up to 2.00% per annum as negotiated with the IAR. Advisory fees on accounts may be discounted on a case-by-case basis at the discretion of the IAR down to the platform cost that varies by account balance. This fee will be prorated and charged monthly in arrears. The annual asset based fee is based on the average daily account balance for the period for which fees are collected, and they are automatically deducted from the Client's account monthly.

If a Client terminates the advisory agreement, any unused portion of the fee will be returned pro rata for the appropriate time period. Linking of advisory fees will apply for spouses and minor children living in the same household.

Minimum account size: \$100 with a \$100/month minimum deferral amount. The minimum may be waived or discounted for group or affinity plans and individual plans on a case by case basis.

In addition to PSEC's fees, investors will bear indirectly the fees and expenses charged by mutual funds. A description of these fees and expenses are available in each fund's prospectus.

PLANMEMBER STRATEGIST

For professional planning and asset allocation services, PSEC will charge Clients an annual advisory fee per the schedule below:

AAMA	2.00% for accounts up to \$100,000
	1.85% for accounts from \$100,000 to \$250,000
	1.70% for accounts from \$250,000 to \$500,000
	1.55% for accounts from \$500,000 to \$1,000,000
	1.40% for accounts \$1,000,000 or more

CLS	2.00% for accounts up to \$100,000
	1.85% for accounts from \$100,000 to \$250,000
	1.70% for accounts from \$250,000 to \$500,000
	1.55% for accounts from \$500,000 to \$1,000,000
	1.40% for accounts \$1,000,000 or more

ICON	2.00% for accounts up to \$100,000
	1.85% for accounts from \$100,000 to \$250,000
	1.70% for accounts from \$250,000 to \$500,000
	1.55% for accounts from \$500,000 to \$1,000,000
	1.40% for accounts \$1,000,000 or more

Russell	2.00% for accounts up to \$100,000
	1.85% for accounts from \$100,000 to \$250,000
	1.70% for accounts from \$250,000 to \$500,000
	1.55% for accounts from \$500,000 to \$1,000,000
	1.40% for accounts \$1,000,000 or more

Minimum accounts size is \$25,000. The minimum may be waived or discounted for group or affinity plans and individual plans on a case-by-case basis.

A negotiated fee may apply in certain cases. The above fees will be prorated and charged quarterly in arrears. If a Client terminates the advisory agreement, any unused portion of the fee will be returned prorated for the appropriate time period. An annual service fee of \$35; waived at \$100,000 and above.

These fees are for advisory services only and do not include any transaction fees or commissions, which may be charged separately by the broker/dealer custodial firm. See the section heading Brokerage Practices for more information.

For PlanMember Services Programs the fee will be payable quarterly in arrears. The first payment is assessed and due at the end of the first calendar quarter and will be assessed pro rata in the event the Agreement is executed at any time other than the first day of the current calendar quarter. Subsequent payments are due and will be assessed on the first day after the end of each calendar quarter based on the value of the account assets under supervision as of the close of business on the last business day of that quarter.

Payment of fees may be paid direct by the client, or client may authorize the custodian holding client funds and securities to deduct PSEC advisory fees direct from the client account in accordance with statements prepared and submitted to the custodian by PSEC. The custodian will provide periodic account statements to the client. Such statements will reflect all fee withdrawals by PSEC. It is the client's responsibility to verify the accuracy of the fee calculation. The custodian will not determine whether the fee is properly calculated.

Managed Account Command

Fees charged are negotiable and assessed on an individual basis according to different methods disclosed to and agreed upon in advance with Client via the PlanMember Account Command Agreement (hereinafter referred to as "Agreement"). The fees charged take into account the complexity of the work performed, time involved, degree of responsibility of the Adviser Representative, special needs and characteristics of Client, types of investments, etc. The Program Fee is 20 basis points.

Fees charged may be greater than if Client paid separately for investment advice, brokerage and other services. PlanMember may therefore have a financial incentive to recommend a wrap fee program over other programs or services.

Client will compensate Adviser Representative for investment advisory services on an annual fee basis at the rate set forth in Agreement. The fee will be payable quarterly in advance for all Account Command programs.

New accounts opened during the first or second month of the quarter are billed initially for the days from inception to the end of the quarter based on the inception value. New accounts opened during the last month of the quarter are billed initially for the days from inception to the end of the month, plus the next

full quarter based on the inception value. The initial quarterly payment will become due in full on the date the account is accepted and will be based on the account asset value as of that date. Subsequent quarterly fees will be calculated based upon prior calendar quarter ending balances.

The minimum account size to participate in the program is generally \$5,000. The minimum account size is subject to increase or decrease at the sponsor's discretion based upon the circumstances of each client.

Schwab	2.00% on accounts less than \$50,000
	1.50% on accounts between \$50,000 and \$99,999
	Negotiable on accounts \$100,000 or greater

Advisory fees on accounts may be discounted on a case-by-case basis at the discretion of the IAR down to the platform cost that varies by account balance. Linking of advisory fees will apply for spouses and minor children living in the same household.

Clients will receive monthly account statements from Schwab. Clients will receive any applicable proxy statements issued by the mutual funds (via the Custodian and its agent), and Client will have the sole right to vote proxies at client's discretion.

For Manage Variable Annuities (Managed Index, and Core/Satellite)	0.65% for accounts up to \$250,000
	0.50% for accounts from \$250,000 – \$499,999
	0.40% for accounts from \$500,000 - \$999,999
	0.30% for accounts from \$1,000,000 - \$2,499,999
	Negotiable for accounts above \$2,500,000

Clients are advised that they may pay two levels of fees for managed variable annuity programs – an advisory fee to the Advisor and fees charged by the variable annuity company. Total portfolio expenses may be higher than other PSEC Managed portfolios based on the product, M&E expenses and additional riders that may be added to the client's policy.

IA Reps of our firm are also Registered Representatives of the broker/dealer, and as such may receive commission-based compensation for the sale of securities and other investment products. PSEC and its IA Reps do not double-dip, and will either receive fee-based compensation or commissions on specified assets. Mutual funds recommended under advisory services will be “no-load” or “load-waived.” Clients are not obligated to purchase investment products recommended, or to purchase through our firm or affiliated firms.

Fees are not collected for services to be performed more than six months in advance. The client may terminate the Agreement without penalty (full refund) within five business days of signature.

After the first five days, for asset management programs, services will continue until either party terminates the Agreement with written notice.

If termination occurs prior to the end of a calendar quarter, the client will be assessed for fees due on a pro-rata basis. If termination occurs prior to the end of a calendar quarter, a pro-rata refund of unearned fees will be made to the client.

After the first five days, for Financial Plans, the client may terminate the Agreement at any time and a refund of the unearned fees will be made based on time and effort expended before termination. The Agreement for Financial Plans terminates upon delivery of the plan or services. At this time no refunds will be made.

Performance-Based Fees And Side-By-Side Management

PSEC does not charge performance-based fees, which is based on capital gains in the client account.

Types of Clients

PSEC provides advisory services to individuals, pension and profit sharing plans and other ERISA accounts, trusts, estates, and business entities.

There is no minimum account size for clients retaining financial planning services.

Methods of Analysis, Investment Strategies, and Risk of Loss

PlanMember Advisor Programs

PSEC utilizes strategic asset allocation, i.e. a top-down approach, in the management of client portfolios. Portfolios are primarily constructed using mutual funds, which are an investment vehicle that provides diversification in a cost-effective manner. Within each investment program, clients can generally pick from a series of five portfolios (labeled I through V) that graduate risk from conservative to aggressive. One typically finds higher equity allocations in the more aggressive portfolios, and higher fixed-income allocations in the more conservative portfolios.

PSEC's investment process can be divided into 3 main parts:

First, PSEC develops a broad, intermediate to long-term view of the global economy and financial markets, emphasizing evaluation of current economic conditions relative to the historic business cycle, prospects for economic growth, the direction of monetary and fiscal policy, factors influencing inflation and interest rates and other special economic and political factors that could impact the financial markets. The goal of this process is to identify key emerging economic trends and quantify their potential impact on financial markets.

Once a high-level view of the economy and financial markets has been formulated, PSEC develops its strategy for each managed portfolio. Such strategy may increase or decrease expected portfolio risk, or shift into or out of investments based on their perceived attractiveness. Examples of possible strategic moves include raising or lowering equity exposure, increasing or decreasing fixed-income maturities and emphasizing or deemphasizing corporate bonds over U.S. government bonds.

The final step in our portfolio construction translates PSEC's investment strategy into specific mutual fund weightings. Adjustments to the strategy can be made depending on strengths and weaknesses of the individual mutual funds being used. Since some of PSEC's products are limited to a single fund company or a specific set of funds, a meaningful deviation from the desired strategy may occur. These deviations usually occur due to incomplete asset class coverage or to avoid what PSEC perceives to be a problematic mutual fund.

After PSEC's process has been completed and the portfolios have been allocated according to the investment strategy, PSEC begins a monitoring process to identify if and when another portfolio reallocation or rebalancing should occur. Decisions to change portfolio weightings rely on Strategic Rebalancing Events (SREs). These events can be classified into the following categories (but are not exclusive).

1. **Economic Circumstances:** A Quarterly Economic Framework published by PSEC provides the basic overview of the economy and financial markets. This overview is updated on a continuous basis and focuses on recent events that might affect the current forecasts of key economic and market variables.
2. **Financial Market Disparities:** Trends can have unusual effects on the normal relationships among financial asset classes. For example, growth stocks widely outperformed value stocks in the late 1990s. This disparity was corrected in the early 21st century. Through analysis we make portfolio weighting decisions that can take advantage of these disparities.
3. **Drift-based Repositioning:** Over time, variable performance among individual mutual funds will cause funds to move away from their target weighting. When the drift materially changes the overall portfolio structure, decisions will be made as to either allow the drift to continue or to rebalance the portfolio. Because existing client portfolios will drift over time while the model allocations for new contributions and new clients will remain the same, the Investment Department monitors both sets of allocations in an effort to keep the structure of the PlanMember portfolios in line with their objectives. The Investment Department may update the model allocations to match the drift, which would cause new clients and new contributions to match the existing drifted portfolios.
4. **Ad Hoc Repositioning:** Events affecting the unique character of individual mutual funds can trigger an SRE. Examples would be abnormal performance and changes in portfolio managers or objectives.

Advanced Asset Management Advisors (AAMA)

When constructing portfolios, AAMA takes the following criteria into consideration:

- Industry and Sector value relative to historical P/E ratios
- Industry and Sector earnings momentum
- Style and Sector relative performance
- Target Style and Sector weightings
- Mutual fund portfolio composition
- Mutual fund relative strength
- Total portfolio measurements

The PlanMember Strategist Program includes nine model allocations from AAMA. Three of the models include allocations to international equity funds and the other five do not. The AAMA portfolios are implemented using funds from various mutual fund companies of AAMA's choosing. AAMA portfolios are reallocated and rebalanced in a periodic basis based on AAMA's analysis of the factors listed above. All changes to portfolio allocations are implemented within the risk portfolio of the portfolio selected by the investor.

CLS Investment Management

CLS investment methodology revolves around risk budgeting. A "Risk Budget" is established for each account based on the Client's risk tolerance. Historical, standard deviation and other fundamental factors that impact the risk characteristics are analyzed for each available mutual fund. The process results in portfolios designed to take advantage of more attractive opportunities for investment while maintaining risk levels established by the Client's Risk Budget. The risk characteristics of mutual funds vary, even in the same asset class – some funds are much more volatile than others. While stock funds (equities) have historically been considered more risky than bond funds, as shown in the diagram below, some bonds such as emerging markets may have higher risk than more conservative equity investments. By viewing equities and bonds on the same risk continuum, CLS believes that they can enhance their ability to overweight favorable asset classes while keeping portfolio risk relatively constant even as the portfolio changes.

CLS portfolios are actively managed, but should not be confused with market timing or other more aggressive forms of tactical asset allocation. CLS portfolios are designed to control portfolio risk to the optimal extent possible.

The PlanMember Strategist Program includes five model allocations from CLS. The CLS portfolios are implemented using the CLS AdvisorOne mutual funds as their core, with funds from other fund companies for their satellite holdings.

The CLS portfolios are tactically managed based on the CLS proprietary valuation model. CLS portfolios are reallocated and rebalanced periodically at the discretion of CLS.

ICON Advisers

Focusing on valuation, relative strength and industry rotation to capture changing market themes, ICON relies on in-house research to provide portfolio solutions for financial advisers and the clients. Based on the fair value methodology of Benjamin Graham, the “Father of Securities Analysis,” the ICON quantitative valuation model has adapted and advanced Graham’s approach to today’s ever-changing market conditions. By combining valuation and relative strength to uncover leading market themes, ICON stresses industry exposure, thereby lessening the random risk associated with selecting individual securities. ICON has been implementing its unique money management since 1986.

As a disciplined, quantitative system designed to remove the emotion from investing, the ICON methodology:

- Computes value-to-price ratios (V/P) utilizing the fundamentals of finance – earnings, projected growth, risk, and interest rates
- Determines industries within market sectors that their system shows to be demonstrating leadership against the broader market
- Rotates among undervalued and overvalued industries, buying those believed to be on sale, selling those as seen overpriced.
- Selects individual securities that are underpriced relative to their estimated intrinsic value; filters out corporate noise and goes against the crowd when valuation dictates.
- Places no restrictions on market capitalization or simplistic value/growth characteristics; instead, seeks the best value identified by the system for the investment dollar.

The PlanMember Strategist Program includes six model allocations from ICON. The ICON portfolios are implemented using ICON mutual funds and are tactically managed based on the ICON proprietary valuation model. ICON portfolios are reallocated and rebalanced periodically at the discretion of ICON Advisers.

Russell Investments

Russell Investments is a pioneer in multi-manager investing and the creator of the Russell Indexes. Through decades of market cycles, Russell has honed its expertise and built an investment philosophy backed by a rich heritage consulting to some of the world’s most demanding institutional investors – many responsible for billion-dollar portfolios.

The PlanMember Strategist Program includes ten model allocations from Russell – consisting of five tax-managed portfolios. The Russell portfolios are implemented using Russell mutual funds and are strategically constructed using Modern Portfolio Theory as a foundation. The allocations are not tactically changed – they are only changed when the underlying capital market assumptions are changed. Russell portfolios will be evaluated for rebalancing on a semi-annual basis and rebalancing trades will occur if fund allocations are more than 3% outside of target allocations.

For all Strategists, Clients will retain full economic rights as owners of the Fund shares. Clients will receive any applicable proxy statements issued by the mutual funds (via the Strategist or its agent), for funds in Client's account and Clients will have the sole right to vote them at Client's discretion.

Managed Account Command Program

The PlanMember Securities Rep Directed Product (PRDP) includes five (5), objectives-based models within each strategy, as described below. The five models are described in brief below.

Benchmark Blends	<u>Style 1 Benchmark Blend</u>	<u>Style 2 Benchmark Blend</u>	<u>Style 3 Benchmark Blend</u>	<u>Style 4 Benchmark Blend</u>	<u>Style 5 Benchmark Blend</u>
	% Allocation	% Allocation	% Allocation	% Allocation	% Allocation
LTBL13	7%	5%	2%		
LBBOND	73%	56%	40%	23%	
S&P 500 TR	12%	23%	33%	42%	50%
RSL 2000	2%	5%	8%	12%	19%
MSCI WORLD EX US	6%	11%	17%	23%	31%
	100%	100%	100%	100%	100%

STYLE 1 – Conservative portfolios invest primarily in bonds and cash instruments, with a small allocation to equities for inflation protection.

STYLE 2 – Income & Growth portfolios invest primarily in bond and cash instruments, with a moderate allocation to equities for potential growth.

STYLE 3 – Balanced portfolios invest primarily in equities to provide growth, with a moderate allocation to bonds and cash instruments for stability.

STYLE 4 – Growth portfolios invest primarily in equities to provide growth, with a small allocation to bonds and cash instruments for volatility reduction.

STYLE 5 – Aggressive portfolios invest in equities to seek maximum potential growth. Equities may include stocks of small capitalization and international firms to increase return potential.

LTBL13 = BC SHORT T-BILL 1-3 MOS The Index is designed to measure the performance of public obligations of the U.S. Treasury that have a remaining maturity of greater than or equal to 1 month and less than 3 months.

LBBOND = BC AGGREGATE BOND The Barclays U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market.

SP500T = S&P 500 TR A market capitalization-weighted index of 500 widely held U.S. stocks often used as a proxy for the stock market.

R2000 = RSL 2000 The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 8% of the total market capitalization of that index.

MSXUS = MSCI WORLD EX US a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets excluding the United States.

The Models are intended to align with the different phases of the investor life cycle, from wealth accumulation, to transition into retirement and ultimately, the management and distribution of income. Each of the Models contains specific investment selections. Disclosures relating to the specific investment selections are contained herein and should be reviewed in detail by each Client. The Client and his/her Advisor Representative are responsible for selecting the appropriate Model for the Client.

Risks

Investing involves risk. The investment return and principal value will fluctuate and, when redeemed, the investment may be worth more or less than the original purchase price.

By its nature, asset allocation looks to the long-term. After the client's short-term cash needs and emergency fund is evaluated, investment and insurance strategies are designed to help the client achieve his or her financial goals.

While there is risk in all investments, some carry a greater degree of risk or higher costs. There is no guarantee that the investment strategy selected for the client will result in the client's goals being met, nor is there any guarantee of profit or protection from loss. For those investments sold by prospectus, clients should read the prospectus in full.

PSEC is disclosing those risks and opportunities for our investment strategy or for particular types of securities used.

- High yield, high risk bonds generally involve more credit risk. These securities may also be subject to greater market price fluctuations than lower yielding higher rated debt securities. Fixed income investments are subject to interest rate risk and values may decline in an increasing interest rate environment.
- Lower-rated bonds are subject to greater fluctuations in value and risk of loss of income and principal. Investing outside the United States entails additional risks, such as currency fluctuations, as more fully described in the prospectus.

The return of principal for the bond holdings is not guaranteed. Fund shares are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings.

- There are tax consequences for short-term trading wherein capital gains are taxed as ordinary income. Additionally, some Funds charge short-term trading fees that are more fully disclosed in the Fund families' prospectus.
- Small cap and Mid-cap investments may have additional risk, including greater price volatility.
- While diversification through an asset allocation strategy is a useful technique that can help to manage overall portfolio risk and volatility, there is no certainty or assurance that a diversified portfolio will enhance overall return or outperform one that is not diversified. An investment made according to one of these asset allocation models neither guarantees a profit nor prevents the possibility of loss.
- Money market funds have relatively low risks, compared to other mutual funds (and most other investments). By law, they can invest in only certain high-quality, short-term investments issued by the U.S. Government, U.S. corporations, and state and local governments. Money market funds try to keep their net asset value (NAV), which represents the value of one share in a fund, at a stable \$1.00 per share. However, the NAV may fall below \$1.00 if the fund's investments perform poorly. Investor losses have been rare, but they are possible. Money market funds pay dividends that generally reflect short term interest rates, and historically the returns for money market funds have been lower than for either bond or stock funds.

Investment portfolio rebalancing is subject to market risk, primarily that the value of redeemed and purchased shares may vary during the rebalancing process, resulting in gains or losses to your account. To avoid rebalancing market risk you may notify your registered representative to move your account to a non-managed program with a static asset allocation as PlanMember will not periodically rebalance such accounts.

Disciplinary Information

An investment advisor must disclose material facts about any legal or disciplinary event that is material to a client's evaluation of the advisory business or of the integrity of its management personnel.

2010. NASD Rules 2110, 3010-PlanMember outsourced its mutual fund breakpoint determinations to a third party vendor. Due to a software programming error PlanMember's vendor failed to take certain B shares into consideration when determining PlanMember's customers' breakpoints. As a result, the Firm's customers (39 accounts) were overcharged for their mutual fund purchases. During this period, the firm did not have in place a system or procedures for supervising the vendor's breakpoint determinations. The Firm's decision to outsource breakpoint determinations to a third party did not relieve the Firm of its ultimate responsibility for the outsourced activity. During the relevant period, PlanMember failed to have in place adequate policies and procedures to monitor the outside vendor's compliance with the terms of its agreement with the Firm, and to assess the outside vendor's continued fitness and ability to perform the outside activities. The Firm failed to properly supervise its outside vendor to ensure that it was adequately carrying out the outsourced functions.

Without admitting or denying the findings, PlanMember Securities Corporation consented to the described sanctions and to the entry of finding, therefore it was censured and fined \$20,000.

2008. SEC Rule 17A-3, NASD Rules 2830(M)(1), 3110 – PlanMember Securities Corp. received checks from public customers for payment of direct retail transactions for Investment Company shares; some of the checks were not transmitted by either the end of the third business day following a receipt of a customer's order to purchase such shares or by the end of one business day following receipt of a customer's payment for such shares, which ever was the later date. With respect to some of the checks, the Firm failed to maintain adequate books and records to evidence the date on which a registered representative both received the check from the customer and forwarded the check to the Firm's main office.

Without admitting or denying the findings, PlanMember Securities Corporation consented to the described sanctions and to the entry of finding, therefore it was censured and fined \$5,000.

Other Financial Industry Activities and Affiliations

PSEC is not, but IA Representatives of the firm are licensed as securities salespersons ("Registered Representatives") and insurance agents, and are in the business of selling securities and insurance products. The sale of these products account for approximately 50% of time allocated.

IA Reps of PSEC are associated with PlanMember Securities Corporation, a dual registrant, as Registered Representatives. PSEC is a general securities broker/dealer having membership in the Financial Industry Regulatory Authority. PSEC is a wholly-owned subsidiary of PlanMember Financial Corporation, a diversified financial services company engaged in the design and sale of investment products. We may recommend securities, asset management, or insurance products. If clients purchase these products through us, we will receive the normal commissions or fees. Thus, a conflict exists between our interests

and those of advisory clients. The client is under no obligation to purchase products recommended, or to purchase products either through PSEC.

IA Reps of the firm are licensed with several life, disability, and other insurance companies. Insurance products offered by these companies may be recommended. If clients purchase these products through us, we receive the normal commissions. Thus a conflict of interest exists between our interests and those of advisory clients. The client is under no obligation to purchase products recommended, or to purchase products either through us or through these insurance companies.

PSEC may exercise agreements with other Registered Investment Advisors and recommend other Advisors to clients. In such instances, PSEC may receive a portion of the account fee or commissions. In these instances, we will make available to the client a "Compensation Disclosure Statement" and the Investment Advisor Brochure for the other Advisor. The client is under no obligation to use the services of the other Advisor(s) recommended.

PSEC is affiliated by common ownership with PlanMember Services Corporation ("PSC"), a pension administration and recordkeeping company, registered with the SEC as a transfer agent. PSC will perform client level recordkeeping and plan administration for PSEC clients enrolled in the PlanMember Advisor and PlanMember Preference Programs and may receive fees for such services from the Fund Companies.

Code of Ethics, Participation or Interest In Client Transactions, and Personal Trading

PSEC maintains a Code of Ethics. The Code of Ethics sets forth standards of conduct expected of advisory personnel; requires compliance with federal securities laws; and, addresses conflicts that arise from personal trading by advisory personnel.

In summary, PSEC's Code of Ethics establishes rules of conduct for all access persons of PSEC and is designed to, among other things, govern personal securities trading activities in the accounts of access persons. The Code of Ethics is based upon the principle that PSEC and its access persons owe a fiduciary duty to PSEC clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm, and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

The Code of Ethics is designed to ensure that the high ethical standards long maintained by PSEC continue to be applied. The purpose of the Code of Ethics is to preclude activities that may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct. The excellent name and reputation of our firm continues to be a direct reflection of the conduct of each access person.

Clients may request a copy of the Code of Ethics by calling the PSEC Customer Service Center at (800) 874-6910.

Personal Trading

At times PSEC and/or its IA Reps may take positions in the same securities as clients, and we will try to avoid conflicts with clients. The firm and its IA Reps will generally be "last in" and "last out" for the trading day when trading occurs in close proximity to client trades. We will not violate our fiduciary responsibilities to our clients. Scalping (trading shortly ahead of clients) is prohibited. Should a conflict occur because of materiality (i.e. a thinly traded stock), disclosure will be made to the client(s) at the time of trading. Incidental trading not deemed to be a conflict (i.e. a purchase or sale which is minimal in

relation to the total outstanding value, and as such would have negligible effect on the market price), would not be disclosed at the time of trading.

Brokerage Practices

Selection or recommendation of broker/dealers

Because the principal and IA Reps of PSEC are also registered representatives, if clients freely choose to implement advice through us, the broker/dealer is one in the same. PSEC performs "due diligence" on mutual funds, limited partnerships, and insurance products. Only those investments that meet firm requirements will be on the PSEC "approved product list" and be offered for sale to clients.

Soft Dollar Practices

PSEC may receive compensation from a brokerage firm in the form of products or services ("soft dollars"). When a firm uses client brokerage commissions to obtain soft dollars, the firm receives a benefit by not having to produce or pay for such items. A firm may have an incentive to select or recommend a broker/dealer based on soft dollars received, rather than best execution for the client.

PSEC understands its duty for best execution and considers all factors in making recommendations to clients. These research services may be useful in servicing all PSEC clients, and may not be used in connection with any particular account that may have paid compensation to the firm providing such services. While PSEC may not always obtain the lowest commission rate, PSEC believes the rate is reasonable in relation to the value of the brokerage services provided.

Review of Accounts

The PlanMember Services Program composition of portfolios are under continuous review for purposes of rebalancing customer accounts to reach their specified allocation percentage as a result of evaluation of individual funds and financial market conditions. Additionally, periodic allocation shifts in customer accounts and new portfolio reallocations may be implemented. This active investment decision will depend on a change in the economy or as a result of market events. The composition of client portfolios are determined through a combination of qualitative and quantitative analysis and the use of a strategic asset allocation. Market conditions that might cause a wide variance in the specified asset allocation, or other factors could cause a more frequent review.

For Financial Plans, the account reviews are performed by the client's IA Rep. The Chief Compliance Officer and other designated compliance staff monitor the portfolios and financial plans for investment objectives and other supervisory review.

All clients receive standard account statements from investment sponsors and brokerage firms. PlanMember Services Program clients receive a written quarterly performance report from PSEC, Quarterly and Annual Statement; Quarterly Market Outlook and Portfolio Strategy Semi-annual Newsletters, Monthly Financial Market Update, and special reports on timely portfolio changes on an "as needed" basis. Annual Retirement Plan Reviews.

Notes about financial planning:

- Agreements that terminate upon delivery of the financial plan would not perform any periodic updates without a new Agreement being signed. No reviews are done because services are to deliver a long-term plan. We recommend that clients update plans annually, but would be done so under the terms of a new Agreement.

- Financial planners who do have a one-year Agreement may do regular quarterly or semi-annual reviews; or only update plans during the year at client request or as changes in the economy prompt the advisor to review accounts.

Client Referrals & Other Compensation

Referral Fees Paid

PSEC may compensate for client referrals. All solicitors agreements are in compliance with the Investment Advisers Act of 1940. In addition, all applicable federal and state laws will also be observed. All clients procured by solicitors will be given full written disclosures describing the terms and fee arrangements between the advisor and the solicitor prior to or at the time of entering into the advisory agreement.

Referral Fees Received

PSEC may exercise agreements with other Registered Investment Advisors and recommend other Advisors to clients. In such instances, PSEC may receive a portion of the account fee or commissions. In these instances, we will make available to the client a "Compensation Disclosure Statement" and the Form ADV for the other Advisor. The client is under no obligation to use the services of the other Advisor(s) recommended.

In instances of a "wrap fee" program, clients will receive a Wrap Fee Brochure (Form ADV Part 2A Appendix 1) disclosures. The regulatory filing of the brochure is prepared by the outside money manager.

Sales Awards

PSEC may offer sales contests to its registered representatives that provide additional incentives. PSEC may offer contests throughout the year that will be limited to those accounts on PSEC's custodial retirement plan platform and PSEC's consolidated statement service for non-retirement accounts. In offering a contest only on sales on these platforms, PSEC may offer sales contests that may provide the registered representative with an incentive to offer the products or services of only those product sponsors that are approved for sale through these platforms.

PSEC includes in the contest all approved products on the platform and does not restrict these contests to compensating sponsors only. Top PSEC registered representative achievers in these contests may receive PSEC sponsored trips, cash prizes, bonus commissions, loan forgiveness, product fee waivers, differential compensation or other nominal non-cash prizes. All contests are across the entire product line available on the platform. No contest is offered which will award the registered representative based upon the specific product being sold to one product sponsor over another. PSEC will not accept any business that is not deemed suitable for the investor.

Custody

PSEC is deemed to have custody of client funds solely because of the fee deduction authority granted by the client in the investment advisory agreement. However, PSEC promptly transmits all client funds by the next business day.

Clients will receive account statements at least quarterly from the broker-dealer or other qualified custodian. Client is urged to compare custodial account statements against statements prepared by PSEC for accuracy. Minor variations may occur because of reporting dates, accrual methods of interest and dividends, and other factors. The custodial statement is the official record of your account for tax purposes.

Investment Discretion

A limited power of attorney, limited to the power of executing trades on a non-discretionary basis will be obtained from clients. This limited power of attorney is obtained in order to manage portfolios on behalf of clients.

Voting Client Securities

PSEC does not vote proxies. It is the client's responsibility to vote proxies. Clients will receive proxy materials directly from the custodian. Questions about proxies may be made via the contact information on the cover page or the custodian directly.

Financial Information

An investment advisor must provide financial information if a threshold of fee prepayments is met; there is a financial condition likely to impair the ability to meet contractual commitments; or, a bankruptcy within the past ten years. PSEC does not have any disclosure items in this section.