

# **New England Financial®**

A MetLife Company

**Financial Planning Services  
New England Securities, Corp.  
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This brochure provides information about the qualifications and business practices of New England Securities, Corp. If you have any questions about the contents of this brochure, please contact us at 617-578-7009. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about New England Securities, Corp. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ***Item 2 Material Changes***

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Pursuant to SEC rules, this Item summarizes the specific material changes that have been made to this New England Securities Corp. ("NES", "the Firm," "we," "our," or "us") Form ADV disclosure brochure ("Firm Brochure") since its last annual update of the Firm's Brochure on 3/31/2011.

When required or appropriate, we will also provide clients interim summary updates of material changes to our Firm Brochure.

Clients may ask for a copy of our current Firm Brochure, which includes all material changes since the previous Firm Brochure, or a summary of material changes to the previous Firm Brochure at any time, without charge by contacting 617-578-7009 or mwooley@metlife.com.

There are no Material Changes to report for this filing period.

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## **Item 4 Advisory Business**

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NES is a Massachusetts corporation and is registered as an investment adviser (“IA”) with the Securities and Exchange Commission (“SEC”). NES has conducted its advisory business since 1984. Its principal place of business is 1095 Avenue of the Americas, New York, NY 10036. NES is also registered as a broker-dealer (“B/D”) with the SEC and various states. As a B/D and IA, NES is regulated by the SEC, the Financial Industry Regulatory Authority (“FINRA”), other U.S. regulatory agencies, as well as applicable state agencies. Since NES is not registered as a broker-dealer or investment adviser outside of the United States, NES, its investment adviser representatives (“IARs”) and its financial planners (each a “Financial Planner”) are not authorized to provide advisory services to persons located outside of the United States.

NES is a wholly owned subsidiary of New England Life Insurance Company (“NELICO”). NELICO is wholly owned by MetLife Insurance Company (“MLIC”), which is wholly owned by MetLife Inc. (“MetLife”). NES, together with other affiliates (see Item 10 – Other Financial Industry Activities and Affiliations -- for additional information), provides a wide array of financial products and services to its clients. When appropriate, NES’s IA or B/D representatives may recommend that a client purchase one or more financial products or services to assist the client in meeting his/her insurance, investment or other financial objectives. Typically, the products or services recommended will consist of or include products or services sponsored, issued, sold, distributed, advised, or serviced by NES and/or its affiliates.

NES Financial Planners are IARs who have been approved to provide financial planning services to clients. In addition to the financial planning and related advisory services described in detail in this Brochure, NES also offers other advisory services, including investment advisory programs in which clients are offered investment advice, portfolio monitoring, brokerage and/or custodial services for a single bundled or “wrap fee.” If you want more information about the other advisory services available through NES, ask your IAR.

### **I. Financial Planning Services in General**

Financial planning is an advisory service that is designed to help clients establish a direction for their financial lives, understand the interplay of a broad spectrum of financial areas, and understand the importance of periodically making adjustments to help reach their goals and objectives. A financial plan is generally designed to provide a personalized presentation of a client’s current financial situation, as well as recommendations based on an analysis of the data input into the financial plan. Areas that may be covered during the financial planning process include financial position, risk management, wealth accumulation, asset allocation, tax planning, business planning, retirement planning, education planning, investment planning, special needs planning, and estate planning, among others.

### **II. Financial Planning Services Available Through NES**

#### **A. In General**

##### **1. Nature of Financial Planning Services**

NES offers financial planning advice that covers broad categories of securities, insurance, annuities, banking, trust services, and other financial investments, products, and services. Financial Planners provide investment advice that includes strategies the client should consider, but they do not make specific product recommendations or provide analyses of particular securities, annuities, insurance, banking products, trust services or other products. Financial Planners only make recommendations as to categories of investments or other products and identify

product subcategories that are appropriate for the client (e.g., a growth-oriented mutual fund).

In developing financial plans and providing related advisory services as described in this Brochure, Financial Planners only utilize software packages and web-based programs that have been reviewed and approved by NES ("Approved Software"). The output from such Approved Software typically contains quantitative analyses, which may include asset allocation analysis, Monte Carlo simulations, and other related financial calculations, as well as investment advice. The degree of personalization of the advice will vary depending on the level of service that the client contracts to receive. Monte Carlo simulations are a technique used to approximate the probability of certain outcomes by running multiple trials, called simulations, using random variables.

## **2. Frequency and Updating of Financial Plans**

The financial planning and related advice that NES provides (your "Financial Plan") is based on your financial situation at a given point in time. Each Financial Plan is a "snapshot" of your financial life and is not meant to be an ongoing service. Your Financial Plan or any other written report provided by your Financial Planner will not be updated, nor will additional recommendations be made after the Financial Plan or report is delivered to you. Once the Financial Plan or report is delivered, it is entirely your decision whether to implement the advice fully, partially, or not at all. A client may choose to implement the advice with MetLife or any other company.

Periodically, you and your Financial Planner may agree that it is appropriate to revisit your Financial Plan and to reexamine your financial situation. In that case, you would not actually update your current Financial Plan. Instead, you would contract for a new financial plan by signing a new financial planning agreement. Each subsequent plan or "update" is considered a new Financial Plan.

## **3. Process**

The financial planning process typically begins with the Financial Planner gathering relevant data from the client. During the data gathering process, the Financial Planner assembles information regarding the client's assets, liabilities, income, expenses, future plans, risk tolerance, etc. Through conversation and data gathering, the Financial Planner will help the client determine realistic goals, needs and objectives. A preliminary version ("draft plan") of the plan may be provided to the client, showing the potential results of following the current course of action without any changes, based on the information the client and/or the client's authorized agents supplied to the Financial Planner. When provided by the Financial Planner, the draft plan affords the client the opportunity to make any corrections or changes to the draft plan, including revising underlying assumptions and/or data. After any necessary changes, the final plan is developed and subsequently reviewed with the client upon delivery.

Financial Planners conclude their role as financial planners for the client as soon as the Financial Plan is delivered to the client. It is important for clients to review their financial plans at least annually and more frequently in response to any material changes to their situation. Such changes may significantly affect the validity or utility of the recommendations in the Financial Plan.

## **4. Limitations on the Investment Advice**

Neither NES, nor any of its Financial Planners, agents, IARs, financial service representatives or employees, are authorized or permitted to provide legal, tax or accounting advice in connection with any services they provide. If you need this type

of advice, you should consult with your own personal attorneys, accountants, or tax advisors.

Since your Financial Plan is written based on data provided by you, the accuracy of any information provided by you is critical to the accuracy, appropriateness, and utility of the recommendations and other advice provided in the Financial Plan. Financial Planners rely on the completeness and accuracy of this information and do not verify it independently.

NES and your Financial Planner are not and will not become fiduciaries as defined under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the Internal Revenue Code of 1986, as amended ("The Code"). Nor will they provide investment advice as defined under ERISA and the Code, and accompanying regulations.

#### **B. Specific Service Offerings**

NES offers a variety of financial planning services described below. Based on the information provided by you or your authorized agent(s), you and your Financial Planner will determine which type of financial plan or related advisory service best suits your individual circumstances and needs. Some NES financial plans may be limited in availability.

##### **Types of Fee-Based ProAdvice Financial Plans**

<b>ProAdvice Signature®</b>	The ProAdvice Signature® plan provides a summary of the client's current financial status in relation to the achievement of financial goals and objectives. This basic plan includes an overview of the client's financial profile, a financial analysis, and automated recommendations based on an assessment of the client's current situation and goals.
<b>ProAdvice Select®</b>	The ProAdvice Select® plan provides an intermediate level of planning with greater ability to tailor the plan to the client's individual needs. The plan includes personalized recommendations based on the assessment and analysis of the client's current situation and goals.
<b>ProAdvice Select®/Situational</b>	Clients may choose to limit the scope of a ProAdvice Select® plan to up to three planning areas which may include Investment Planning, Retirement Planning, Retirement Distribution Planning, Estate Planning, Progress Report or Other Goal Planning, as described below. A ProAdvice Select®/Situational plan provides a presentation of the client's current financial situation in relation to the client's goals for the areas selected.
<b>ProAdvice Master®</b>	The ProAdvice Master® plan is a cash-flow based financial plan which provides a detailed and personalized presentation of the client's current financial situation, alternatives, as well as customized recommendations, based on the analysis of the data and the client's stated goals and objectives.

<b>ProAdvice Master<sup>®</sup>/Situational</b>	Clients may choose to limit the scope of a ProAdvice Master <sup>®</sup> plan to up to three planning areas including Retirement Planning, Investment Planning, Estate Planning, Business Continuity Planning, Employee Benefits Planning, and/or Other Goal Planning. A ProAdvice Master <sup>®</sup> /Situational plan provides a detailed and personalized presentation of the client's current financial situation in relation to the areas selected. This plan includes customized recommendations based on an analysis of the data and the client's stated goals and objectives.
<b><i>Situational Planning Topics</i></b>	
<b>Retirement Planning</b>	Projects the estimated retirement needs and expenses at a specified retirement date. The analysis may be focused on accumulation as well as distribution of retirement assets. The analysis considers current assets designated for retirement, estimated social security benefits and other funding sources, such as employer pension plans. Illustrations provide the client with various alternatives available, based upon factors such as different retirement dates, additional or alternative savings and investment strategies, and risk tolerance.
<b>Retirement Distribution Planning</b>	Focuses solely on the distribution of retirement assets and not on accumulation. The analysis projects the estimated distribution of retirement income for a specific period of time for clients who are at or near retirement. The analysis considers current assets designated for retirement, estimated social security benefits, and other funding sources such as employer pension plans. Illustrations provide the client with various alternatives available, based upon factors such as different retirement dates, additional or alternative savings and investment strategies, and risk tolerance. The Retirement Distribution Plan is available only as a stand-alone ProAdvice Select <sup>®</sup> /Situational plan and may not be combined with other situational modules.
<b>Investment Planning</b>	Includes an examination of the client's current financial situation, which may include: net worth, income and expenditures, investment risk tolerance, and risk management analysis. An asset allocation is provided as are other illustrations which together may provide the client with alternative strategies available based on the client's time horizon and risk tolerance.

<b>Estate Planning</b>	Involves an analysis of a client's goals and objectives for the distribution of his or her property. This analysis includes an examination of the client's current gross estate and the distribution of property based upon the client's current estate plan. Projected estate taxes and related settlement costs based upon various assumptions are considered. The analysis explores alternatives for minimizing settlement costs such as titling assets, using trusts, gifting strategies and charitable planning. An examination of possible funding sources for providing liquidity may also be included.
<b>Business Continuity Planning</b>	Incorporates an analysis of the available methods of transferring ownership and operational control of a closely held business based upon various assumptions. This analysis examines the client's current business situation and explores alternatives to satisfy the client's objectives while minimizing transition costs (e.g., using trusts, gifting strategies, buy-sell agreements). An examination of possible funding sources to facilitate the transfer of the business and provide liquidity to meet related estate planning objectives may also be included.
<b>Employee Benefits Planning</b>	May include an analysis of both nonqualified and qualified (i.e., tax sheltered) retirement plans for businesses and other employee benefits such as group insurance policies, bonus plans and split dollar arrangements. Analysis of nonqualified employee benefits plans include a review of available methods for providing nonqualified retirement, death and/or disability benefits to key employees, based upon various assumptions. This analysis explores alternatives to attract, reward and retain employees for both profit and non-profit entities, consistent with the client's objectives. Review of qualified employee benefits plans provides an analysis of the tax sheltered retirement arrangements available under current tax law. This analysis examines available options based upon factors such as corporate demographics and the client's objectives. Finally, funding sources such as life insurance and investment products, may be examined for the purpose of providing benefits to employees. This plan does not provide analysis of, or, advice on, the underlying investments held within qualified plans.
<b>Other Goal Planning</b>	Includes a review of the capital required to meet a specified goal (e.g. education, major purchase) and analyzes current assets designated for the specified goal. Alternate strategies may be illustrated, based on the client's time horizon, funding options and risk tolerance.



<b>Progress Report</b>	Available to clients who have previously completed a ProAdvice Select or Master plan in the NaviPlan software; The plan illustrates how well the goals established in the original plan are being met through comparisons of current and previous net worth, cash flow and asset allocation mixes. Goal updates and changes in risk profile are not addressed.
<b><i>Supplemental Fee-Based Services</i></b>	
<b>ProAdvice Focus Advisory Services</b>	(Available through Senior Financial Planners only). ProAdvice Focus Advisory Services are appropriate for clients who wish to analyze a specific, clearly defined financial need or goal such as analysis of a net worth statement, debt management/restructuring, budget/cash flow analysis and/or to provide an update on a client's progress toward goals as compared to a financial plan previously delivered by the planner.
<b><i>Supplemental Complimentary Services</i></b>	
<b>Personal Financial View Website <sup>1</sup></b>	Along with your financial plan, you may also be offered a complimentary web-based service that allows clients to access investment-related information and reports regarding their financial holdings through a "Client Website" referred to as Personal Financial View (PFV). Some ProAdvice financial planning services may be integrated with PFV, which is provided through a third party web-based platform vendor, eMoney Advisor ("eMoney" or "eMoney Advisor"). Not all Financial Planners have access to this software. The use of PFV is subject to the client's acceptance of the Terms of Use which is included in the Financial Planning Services & Fee Agreement.

### ***Item 5 Fees and Compensation***

**Financial planning fees** depend upon a variety of factors, including the complexity of a client's individual financial circumstances and stated objectives, estimated time to complete the plan, regional fee differences and the fee range established by the individual Financial Planners for their clients (based in part on the planner's experience) and are not negotiable. Fees charged by an Financial Planner for the services described above may vary by client within the fee ranges set forth in this Item and could result in your Financial Planner charging other clients a

<sup>1</sup> NES and the NES Planner's obligations to the client are complete with respect to the financial plan once the NES Planner has delivered and explained the financial plan to the client. Other reports may be available to the client through the Client Website or provided by the NES Planner, and the provision of such reports by the NES Planner is at the sole discretion of the planner. Please note that such additional reports should not be construed as updated financial planning advice or an updated financial plan with respect to the delivered financial plan, and is not intended to create any obligation on the part of NES or the NES Planner to provide the client with ongoing investment advice, including advice regarding the delivered financial plan.

lower fee for comparable services. Clients should also be aware that other Financial Planners may provide comparable services for a lower fee than those available from your Financial Planner. Additionally, other investment advisers may provide comparable services at no cost or for a lower fee than those available through NES. All financial planning fees and fees for supplemental services are billed to clients. **There is no charge for a review and analysis of your insurance needs and the adequacy of your current insurance products.**

### **I. Financial Planning Fees and Timing of Payment**

Clients who contract for any ProAdvice Financial Plan or ProAdvice Focus Advisory Service may pay either a *flat fee* or an *hourly fee* for their financial planning services subject to mutual agreement between the Financial Planner and the client. *If the planner uses the flat fee billing method*, the rate to be used must be within the range specified below and is set forth on the signature page of the Agreement. When paying a flat fee, generally a minimum of 50% of the agreed upon fee is due at the time the financial planning agreement is signed. Any remaining balance is due upon delivery of the completed Financial Plan.

Some Financial Planners may offer the client the option of paying an hourly fee instead of a flat fee. *If the planner uses the hourly billing method*, the hourly rate to be used and estimated hours are specified on the signature page of the Agreement. Planners may establish their hourly billing rate at a specified hourly fee between \$100 and \$400 per hour, billable in increments of 15 minutes. The number of hours billed, which must be documented on the “Billing Worksheet,” must be at or above the minimum number of hours required to be billed for that service as described below. The Financial Planner may elect to collect a portion of the hourly fees up front. If a deposit is collected, it must not be less than \$100. If a deposit is collected, the remaining balance, as evidenced on the *Billing Worksheet*, must be collected upon delivery of the completed Financial Plan. If no deposit is collected, the entire amount billed as evidenced on the *Billing Worksheet*, must be collected upon delivery of the completed Financial Plan.

### **II. Fees for Specific Types of Financial Plans**

	<b>Flat Fee Range</b>	<b>Minimum Billing Hours for Hourly Fees</b>
<b>ProAdvice Signature®</b>	\$300 to \$3,500	Minimum - 3 hours total fee may not exceed \$3,500
<b>ProAdvice Select®</b>	\$400 to \$5,000	Minimum - 4 hours total fee may not exceed \$5,000
<b>ProAdvice Select®/Situational</b>	\$200 to \$2,000	Minimum - 2 hours total fee may not exceed \$2,000
<b>ProAdvice Master®</b>	\$1,000 to \$20,000*	Minimum - 10 hours total fee generally may not exceed \$20,000*
<b>ProAdvice Master®/Situational</b>	\$1,000 to \$20,000*	Minimum - 10 hours total fee generally may not exceed \$20,000*

\* The fee may be up to \$50,000 with pre-approval by NES.

### **III. Fees for Supplemental Services**

<b>ProAdvice Focus Advisory Services</b>	\$100 to \$3,500*	Minimum - 1 hour total fee generally may not exceed \$3,500*
<b>Financial Planning Education Seminar Fees</b>	Flat fee to cover the cost of holding the seminar	Not available

\* The fee may be up to \$5,000 with pre-approval by NES.

### **IV. Refund of Financial Planning Fees**

You have the right to cancel your contracted services and receive a full refund of any fee or deposit paid by giving written notice to NES or your Financial Planner any time prior to the date on which you sign the Delivery Acknowledgement form to acknowledge your acceptance of the Financial Plan. After the date on which you sign the Delivery Acknowledgement form, you may receive a full refund of any fee paid at NES's sole discretion.

To the extent a deposit or fee has been provided by the client, NES may refund such deposit or fee if the Financial Plan is not delivered within 160 days from the date of such deposit. (Note: The relevant date is the date on the check, or the date the client signed the fee agreement if the deposit was made by credit card.)

NES or the Financial Planner may cancel the contracted services for any reason at any time by providing written notice to the client. In such an instance, the client may be entitled to a full refund of any fee or deposit paid subject to the conditions described above.

### **V. Fee Discounts**

If a client is a member of a group of ten (10) or more persons whose group has signed a Financial Planning Confirmation of Services or Corporate Client Agreement with NES, the financial planning fees set forth in the table above may be reduced.

### **VI. How NES Financial Planners are Compensated**

Financial Planners receive a portion of the advisory fees for providing financial planning services as described in this Item. They may also receive additional compensation related to the advisory services described in this brochure from these other sources:

#### **1. Wealth Management Services Incentive Program**

Your Financial Planner may also receive additional compensation from NES if you establish a new Wealth Management Services ("WMS") or Fund Management Services ("FMS") Account or make an additional deposit into an existing WMS or FMS Account. This incentive fee is \$100.00 per \$300,000.00 in qualifying account assets, which may be aggregated across multiple clients/accounts. Accordingly, your Financial Planner has an incentive to recommend that you establish a WMS or FMS Account or make an additional deposit to an existing WMS or FMS Account (versus establishing or making contributions to other advisory programs and/or products available through NES).

#### **2. Non-Advisory Compensation**

Your Financial Planner is also a broker-dealer registered representative of NES and an insurance agent of Metropolitan Life Insurance Company and/or other affiliated or unaffiliated insurance companies. Following completion of your Financial Plan, you may choose to implement your Financial Plan. Implementing your Financial Plan involves purchasing products and services, separate and apart from purchasing the Financial

Plan itself. You can implement your Financial Plan through NES or any unaffiliated financial institution of your choice by purchasing specific securities, insurance and/or other products. While you are under no obligation to purchase any products or additional services from, or through, NES or its affiliates, if you do purchase such products or services from, or through, NES, or any of its affiliates, *this will result in the payment of additional compensation to the Financial Planner in his/her capacity as a registered representative and/or insurance agent, as well as to NES and/or its affiliates.* This may require the completion and execution of separate applications and agreements, which include disclosures of conflicts of interest such as compensation and marketing arrangements.

As a result of such additional compensation being paid for the sale of products or services to implement the Financial Plan, a conflict of interest arises. In other words, the additional compensation gives Financial Planner and NES an incentive to recommend products and services to implement the Financial Plan based on the compensation received, rather than on a client's needs. However, to help mitigate these inherent conflicts of interest, Financial Planners only make recommendations as to categories of investments or other products and identify product subcategories that are appropriate for the client (e.g., a growth-oriented mutual fund) during the financial planning process.

#### ***Item 6 Performance-Based Fees and Side-by-Side Management***

NES does not pay performance based-fees to its Financial Planners with respect to the financial planning services described in this Brochure.

#### ***Item 7 Types of Clients***

The advisory services described in this Brochure are generally appropriate for a variety of clients including single or married persons, non-traditional couples who share goals, expenses and income, business owners, or business entities.

#### ***Item 8 Methods of Analysis, Investment Strategies and Risk of Loss***

As noted above, in developing financial plans, Financial Planners only utilize Approved Software.

This software uses information and assumptions provided by you and discussed during the financial planning process to prepare an analysis that illustrates your situation at a given point in time. The output from such Approved Software contains quantitative analyses which may include automated asset allocation, Monte Carlo simulations, and other related financial calculations. Projections may be made to illustrate future results, although it is important to realize that actual results will likely vary from those illustrated. The results of the analysis are evaluated by the Financial Planner and are used to formulate suitable recommendations based on your current situation.

The financial planning analyses are accompanied by recommendations as described more fully in Item 4.

There is no guarantee that the client's investment goals will be realized if a client follows all of the recommendations set forth in a Financial Plan. Due to the uncertainties involved in purchasing securities and/or insurance or other products, a client can still fail to achieve their goals even if they obtain a Financial Plan and fully implement the Financial Plan in accordance with the recommendations provided.

## ***Item 9 Disciplinary Information***

In June 2006, NES reached a settlement with the Office of the Mississippi Secretary of State (Business, Regulations and Enforcement Division) regarding information provided to the Division and supervision of its registered representatives. Pursuant to the settlement, NES agreed to conduct training on certain products to all registered representatives located in Mississippi. NES also agreed to pay an administrative penalty of \$50,000. It was alleged that NES furnished incorrect information to the Division and failed to adequately supervise its registered representatives.

In September 2006, NES and certain of its affiliates reached a settlement with the National Association of Securities Dealers (NASD) relating to allegations that NES and its affiliates: executed late trades; submitted inaccurate responses to NASD regulatory inquiries; failed to establish and maintain adequate supervisory systems and written procedures to prevent and detect late trading; failed to capture the time of customer mutual fund orders; failed to produce responsive emails in a timely fashion; and, failed to retain emails for the required time period. NES and affiliates agreed that an officer of NES and its affiliates would certify to the NASD that the firms (I) reviewed their procedures related to email retention, recording the time of mutual fund orders, and the productions of email in response to regulatory requests and late trading, and (II) established procedures designed to achieve compliance with laws, regulations and rules concerning these matters. NES and its affiliates also agreed to pay a fine of \$5,000,000.

In November 2006, NES reached a settlement with the NASD relating to the sale of 529 plans. Under the terms of the settlement, NES agreed to pay a fine of \$500,000 and agreed to pay \$376,000 in remediation.

In November 2009, NES and its affiliates reached a settlement with the Financial Industry Regulation Authority (FINRA) regarding the supervision of email correspondence, and the supervision of associated persons in outside business activities and private securities transactions. NES and its affiliates were fined \$1,200,000 jointly and severally. NES's portion of the fine was \$552,000.

## ***Item 10 Other Financial Industry Activities and Affiliations***

NES is registered with the SEC as an investment adviser and a broker-dealer. NES sells general securities (including stocks and bonds), mutual funds, and alternative investments (including REITs, interests in trust funds and registered limited partnerships), to the public. NES and its principal executive officers are principally engaged in the securities brokerage business. As part of this business, NES provides a broad range of securities brokerage services to customers, including persons who have enrolled in one of NES's investment advisory programs. NES effects securities transactions for these brokerage customers for compensation and may recommend that customers buy or sell securities or other investment products in which NES or its officers, directors, employees or registered representatives ("related persons") have a financial interest or may themselves purchase or sell. For example, NES may recommend that brokerage customers purchase, among other investments, variable annuity or variable life insurance contracts issued by NES's affiliate, New England Financial Corporation, or MetLife, Inc., its ultimate parent company.

### **A. Relationship with Affiliates**

As noted above, following completion of your Financial Plan, you may implement your Financial Plan. Implementing your Financial Plan involves purchasing products and services, separate and apart from the Financial Plan itself. You can implement your Financial Plan through NES or any unaffiliated financial institution of your choice. Your financial planning relationship with your Financial Planner terminates upon delivery and explanation of the Financial Plan to you. Any implementation of the recommendations in

your Plan made through your Financial Planner is done in his/her capacity as a registered representative of NES or one of its affiliates and/or an insurance agent of Metropolitan Life Insurance Company and/or other affiliated or unaffiliated insurance companies. In acting in these other capacities your Financial Planner is acting as a *salesman*.

While you are under no obligation to purchase any products or additional services from, or through, NES or its affiliates, if you do purchase such products or services from, or through, NES, or any of its affiliates, *this will result in the payment of additional compensation to the Financial Planner in his/her capacity as a registered representative and/or insurance agent as well as to NES and/or its affiliates*. Such compensation typically takes the form of commissions and other payment streams tied to the sale of products. As a result of such additional compensation being paid for the sale of products or services to implement the Financial Plan, a conflict of interest arises. In other words, the additional compensation gives Financial Planner and NES an incentive to recommend products and services to implement the Financial Plan based on the compensation received, rather than on a client's needs.

In addition, when your Financial Planner acts as a registered representative of an affiliated broker-dealer or as an insurance agent of an affiliated insurance company and sells securities or insurance products issued, sponsored, advised, underwritten, distributed, or serviced by NES or one or more of its affiliates, then one or more of NES's affiliates is receiving compensation in addition to the commission and/or other compensation paid to NES and your planner in connection with such securities or insurance products. Thus, your Financial Planner has a conflict of interest when recommending the sale of *affiliated* securities or insurance products as a registered representative or as an insurance agent.

For more information on the foregoing compensation arrangements and the conflicts raised thereby please the Investment Account Agreement and Disclosures or other applicable disclosure, which is provided to you prior to any sale of such products, and speak to your Financial Planner.

#### ***Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading***

##### **A. Confidentiality**

NES treats the information gathered during the financial planning process as strictly confidential and any such information will only be used in conformity with the terms and conditions set forth in a privacy notice that is provided to you. Information will be used only for business purposes related to the relationship the client has established with NES. The information obtained will not be disclosed to any unaffiliated third party unless such information is required by law or regulatory process, as authorized by the client in writing, or is otherwise disclosed in the Privacy Notice.

##### **B. Code of Ethics**

To help manage conflicts of interest, NES has adopted a code of ethics (the "Code") pursuant to an SEC rule. As a general summary, the Code, among other things, requires certain persons to observe guidelines regarding fiduciary responsibilities, and observe restrictions in the giving and receipt of gifts. The Code also requires certain persons of the Firm to periodically report certain personal securities holdings, accounts and transactions, including those of certain family (household) members, and periodically certify that they understand their obligations under the Code and the firm's Investment Adviser Compliance Manual. Some personnel who are authorized to provide specific advisory services are required to move their and/or their family (household) members' personal securities

accounts and other accounts under their control or beneficial ownership to a brokerage account at NES or one of its affiliates, and to observe blackout restrictions and other limitations with respect to those accounts. A copy of the Code will be made available to all clients and prospective clients upon request to NES. NES or its IARs may give advice or take action in performing their duties for other clients or for their own accounts that differs from the advice provided, or in the timing and nature of action taken, with respect to clients in the FMS Program. In addition, NES and its IARs may give advice or take action in performing their duties for one client in the Program that differs from the advice provided, or in the timing and nature of action taken, with respect to another client in the Program.

### ***Item 12 Brokerage Practices***

The financial planning relationship terminates upon delivery and explanation of the Financial Plan to you. Any implementation through your Financial Planner is done in the planner's capacity as a registered representative of NES or one of its affiliates and/or an insurance agent of Metropolitan Life Insurance Company and/or other affiliated or unaffiliated insurance companies. NES provides advisory services other than financial planning that are described in other disclosure brochures in which NES's brokerage practices are described.

### ***Item 13 Review of Accounts***

NES oversees the financial planning services provided by its Financial Planners.

**Plan reviews and reviewers.** NES's corporate home office reviews most ProAdvice financial plans prior to delivery to the client. Additionally, a percentage of financial plans are reviewed after delivery to the client. Reviewers are part of a designated unit which is responsible for verifying plan accuracy and ensuring sound quality of advice based on the information presented to them for review. Reviewers have been trained in preparing and reviewing plans, and most have at least 3 years of industry experience and at least one designation that NES has deemed to be indicative of industry experience.

**Frequency of reviews.** Most plans are reviewed prior to delivery to the client. A percentage of all plans, generally 10%, are reviewed post-delivery on a periodic basis by a team of attorneys, compliance professionals, Financial Planning department members and local case design unit personnel. A percentage of plans are also reviewed quarterly to verify that the fee charged was appropriate based on the type of plan, the client's financial situation, and other relevant factors.

**Number of reviewers, titles and functions.** There are 6-10 reviewers with the title of "Case Consultant" or "Senior Case Consultant". The primary difference is that Senior Case Consultants generally have more experience and have earned at least one industry financial services designation or degree. Case Consultants prepare plans, review plans, and provide training on fee based financial planning software and quality of advice standards.

### ***Item 14 Client Referrals and Other Compensation***

An IAR of NES who is not an Financial Planner or an IAR of an unaffiliated investment adviser, may refer a prospective financial planning client to an approved Financial Planner in return for a portion of the fee that you pay for your Financial Plan, generally to a maximum of 50% of the fee. In this capacity, the IAR or unaffiliated adviser is acting as a "finder" or "solicitor." If a referral fee is to be paid for a plan referral, this compensation must be disclosed to the client. In addition, clients will be provided with copies of Part 2 of NES's Form ADV, a separate statement disclosing the nature of the marketing or referral arrangement (including compensation features), and any other document required to be provided under applicable law.

The fees that NES pays to third parties under these referral arrangements are not passed on to referred clients (*i.e.*, the client is not charged any additional fees or expenses as a result of the



referral arrangement) but depending on the circumstances, the existence of such marketing or referral arrangements may affect the amount of NES's overall fees.

As discussed in Item 10 above, NES is registered as a broker-dealer in addition to being an investment adviser and your Financial Planner also is a registered representatives and an insurance agent in addition to being an IAR. NES and your Financial Planner receive cash and non-cash compensation for selling securities and insurance products to implement your Financial Plan after the financial planning relationship with you has terminated with the delivery and explanation of your Financial Plan. A description of the cash and non-cash compensation that NES and your Financial Planner receive when acting in these sales-related capacities appears in the Investment Account Agreement and Disclosures or other applicable disclosure, which is provided to you prior to any sale of such products.

In addition, NES provides a variety of investment advisory services other than financial planning that are described in separate disclosure brochures.

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***Item 15 Custody***

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NES and your Financial Planner do not have custody of client funds or securities in connection with the financial planning services described herein.

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***Item 16 Investment Discretion***

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NES and your Financial Planner do not have investment discretion over client assets in connection with the financial planning services described herein.

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***Item 17 Voting Client Securities***

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NES and your Financial Planner do not exercise voting authority over securities in connection with the financial planning services described herein.

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***Item 18 Financial Information***

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NES and your Financial Planner do not have any financial information that is required to be disclosed under this item.