

# LPL FINANCIAL RETIREMENT PLAN CONSULTING PROGRAM BROCHURE

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

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

## ITEM 1 COVER PAGE

## ITEM 2 MATERIAL CHANGES

This Brochure contains changes from the last annual update of this Brochure dated March 31, 2011. The following is a summary of the material changes. Item 4 of the Brochure was updated to note that from time to time LPL and/or IAR may make the Plan or Plan participants aware of and may offer services available from LPL and/or IAR that are separate and apart from the services provided under RPCP. Item 5 was updated to provide more information about the RPCP Fee as shared between LPL and IAR based on the agreement between LPL and IAR. Item 14 was updated to provide further information regarding the types of reimbursement LPL may receive from product sponsors, including that LPL may receive marketing and educational support payments from retirement plan product sponsors to assist training and educating financial advisors.

## ITEM 3 TABLE OF CONTENTS

ITEM 1	COVER PAGE .....	1
ITEM 2	MATERIAL CHANGES .....	1
ITEM 3	TABLE OF CONTENTS .....	1
ITEM 4	ADVISORY BUSINESS.....	2
ITEM 5	FEES AND COMPENSATION .....	4
ITEM 6	PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....	4
ITEM 7	TYPES OF CLIENTS.....	5
ITEM 8	METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	5
ITEM 9	DISCIPLINARY INFORMATION .....	5
ITEM 10	OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....	6
ITEM 11	CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	7
ITEM 12	BROKERAGE PRACTICES .....	8
ITEM 13	REVIEW OF ACCOUNTS .....	8
ITEM 14	CLIENT REFERRALS AND OTHER COMPENSATION.....	8
ITEM 15	CUSTODY.....	9
ITEM 16	INVESTMENT DISCRETION.....	9
ITEM 17	VOTING CLIENT SECURITIES.....	9
ITEM 18	FINANCIAL INFORMATION.....	10
	Brochure Supplements for Certain LPL Financial Employees:.....	10

# **LPL FINANCIAL RETIREMENT PLAN CONSULTING PROGRAM FORM BROCHURE**

## **ITEM 4 ADVISORY BUSINESS**

### **Introduction**

LPL Financial LLC ("LPL") is an investment advisor registered with the Securities and Exchange Commission ("SEC") pursuant to the Investment Advisers Act of 1940. LPL has provided advisory services as a registered investment advisor since 1975. Note that registration as an investment advisor with the SEC does not imply a certain level of skill or training. As of December 31, 2011, LPL managed approximately \$80,000,000,000 of client assets on a discretionary basis and approximately \$3,450,000,000 of client assets on a non-discretionary basis. LPL is owned 100% by LPL Holdings, Inc., which is owned 100% by LPL Investment Holdings Inc., a publicly held company.

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

### **Types of Advisory Services**

LPL offers various types of advisory services and programs, including wrap programs, mutual fund asset allocation programs, advisory programs offered by third party investment advisor firms, financial planning services, retirement plan consulting services, investment research, and other customized advisory services. This Brochure provides information about LPL and its retirement plan consulting services.

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

### **Retirement Plan Consulting Services**

Under LPL's Retirement Plan Consulting Program ("RPCP"), IARs assist clients that are trustees or other fiduciaries to retirement plans ("Plans") by providing fee-based consulting and/or advisory services. IARs perform one or more of the following services, as selected by the client in the client agreement:

- Assistance in the preparation or review of an investment policy statement ("IPS") for the Plan based upon consultation with client to ascertain Plan's investment objectives and constraints.
- Acting as a liaison between the Plan and service providers, product sponsors or vendors.
- Ongoing monitoring of investment manager(s) or investments in relation to the criteria specified in the Plan's IPS or other written guidelines provided by the client to IAR.
- Preparation of reports describing the performance of Plan investment manager(s) or investments, as well as comparing the performance to benchmarks.
- Ongoing recommendations, for consideration and selection by client, about specific investments to be held by the Plan or, in the case of a participant-directed defined contribution plan, to be made available as investment options under the Plan.
- Training for the members of the Plan Committee with regard to their service on the Committee, including education and consulting with respect to fiduciary responsibilities.

# **LPL FINANCIAL RETIREMENT PLAN CONSULTING PROGRAM FORM BROCHURE**

- Assistance in enrolling Plan participants in the Plan, including conducting an agreed upon number of enrollment meetings. As part of such meetings, IARs may provide participants with information about the Plan, which may include information on the benefits of Plan participation, the benefits of increasing Plan contributions, the impact of pre-retirement withdrawals on retirement income, the terms of the Plan and the operation of the Plan.
- Assistance with investment education seminars and meetings for Plan participants. Such meetings may be on a group or individual basis, and may include information about the investment options under the Plan (e.g., investment objectives, risk/return characteristics, and historical performance), investment concepts (e.g., diversification, asset classes, and risk and return), and how to determine investment time horizons and assess risk tolerance. Such meetings do not include specific investment advice about investment options under the Plan as being appropriate for a particular participant.
- Assistance at client's direction in making changes to investment options under the Plan.
- As part of the ongoing investment recommendation service set out above, assistance in identifying investment options in connection with the "broad range" requirement of Section 404(c) of the Employee Retirement Income Security Act of 1974 ("ERISA").
- As part of the ongoing investment recommendation service set out above, assistance in identifying an investment fund product or model portfolio in connection with the definition of a "Qualified Default Investment Alternative" ("QDIA") under ERISA.
- Assistance with the preparation, distribution and evaluation of Request for Proposals, finalist interviews, and conversion support in connection with vendor analysis and service provider support.
- Preparation of comparisons of Plan data (e.g., regarding fees and services and participant enrollment and contributions) to data from the Plan's prior years and/or a benchmark group of similar plans.
- Assistance in identifying the fees and other costs borne by the Plan for, as specified by client, investment management, recordkeeping, participant education, participant communication and/or other services provided with respect to the Plan.

If the Plan makes available publicly traded employer stock ("company stock") as an investment option under the Plan, IARs do not provide investment advice regarding company stock and are not responsible for the decision to offer company stock as an investment option. In addition, if participants in the Plan may invest the assets in their accounts through individual brokerage accounts, a mutual fund window, or other similar arrangement, or may obtain participant loans, IARs do not provide any individualized advice or recommendations to the participants regarding these decisions. Furthermore, IARs do not provide under RPCP individualized investment advice to Plan participants regarding their Plan assets.

LPL provides advisory services under RPCP as an investment advisor under the Investment Advisers Act of 1940. In addition, if client elects to engage LPL and IAR to perform ongoing investment monitoring and ongoing investment recommendation services in the client agreement, such services will constitute "investment advice" under Section 3(21)(A)(ii) of ERISA. Therefore, LPL and IAR will be deemed a "fiduciary" as such term is defined under Section 3(21)(A)(ii) of ERISA in connection with those services. Clients should understand that to the extent LPL and IAR are engaged to perform services other than ongoing investment monitoring and recommendations, those services are not "investment advice" under ERISA and therefore, LPL and IAR will not be a "fiduciary" under ERISA with respect to those other services.

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

# **LPL FINANCIAL RETIREMENT PLAN CONSULTING PROGRAM FORM BROCHURE**

## **ITEM 5 FEES AND COMPENSATION**

Under RPCP, clients pay LPL a fee ("RPCP Fee") for advisory and/or consulting services. LPL shares at least 90% of the RPCP Fee with the IAR based on the agreement between LPL and the IAR. The RPCP Fee may be based on a percentage of the assets held in the Plan (up to 1.00% annually), on an hourly basis (up to \$400 per hour), or on a flat rate basis, as negotiated between the Plan and the IAR. The RPCP Fee will be payable to LPL in advance or in arrears on the frequency (e.g., quarterly, monthly, etc.) agreed upon among the client, the IAR, and LPL. If asset based fees are negotiated, the RPCP Fee payment generally will be based on the value of the Plan assets as of the close of business on the last business day of the period as valued by the custodian of the assets. However, if the RPCP Fee is paid by the Plan or the client through a third party service provider, such fee will be calculated as determined by the provider. If the RPCP Fee is paid prior to the services being provided, the Plan will be entitled to a prorated refund of any prepaid fees for services not received upon termination of the client agreement among the client, LPL and the IAR.

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

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

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

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

Clients should understand that the RPCP Fee client negotiates with IAR may be higher than the fees charged by other investment advisors or consultants for similar services. This is the case, in particular, if the fee is at or near the maximum fees set out above. The IAR is responsible for determining the fee to charge each client based on factors such as total amount of assets involved in the relationship, the complexity of the services, and the number and range of supplementary advisory and client-related services to be provided. Clients should consider the level and complexity of the consulting and/or advisory services to be provided when negotiating the fee with IAR.

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

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

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

# **LPL FINANCIAL RETIREMENT PLAN CONSULTING PROGRAM FORM BROCHURE**

## **ITEM 7 TYPES OF CLIENTS**

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

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

If clients elect to engage an IAR to provide ongoing investment recommendations for a Plan, IARs may conduct analysis of mutual funds, exchange-traded funds ("ETFs"), collective investment trusts, annuity subaccounts and other securities using a technical/quantitative and/or fundamental/qualitative approach. The sources of information that an IAR may use to provide advice to Plans include the following: research conducted by the IAR, research materials prepared by LPL or third parties, statistical and/or analytical industry databases, financial newspapers and magazines, and vendor or company press releases.

LPL's Research Department makes recommendations regarding asset allocation, mutual funds, variable annuity subaccounts, and ETFs. IARs may or may not follow these recommendations in providing investment advice under RPCP. LPL Research also constructs asset allocation model portfolios for various investment objectives and provides recommendations on the funds to populate those models. In addition, LPL makes available to IARs providing investment recommendations in RPCP an investment analysis scorecard. The scorecard system is intended to identify suitable investments using a consistent process and monitor the investments on a periodic basis. The system takes into account historical data and uses a 12 point scoring system based on quantitative factors (e.g., style drift, performance, risk and risk-adjusted returns) and qualitative factors (e.g., operating expenses, manager tenure).

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

The trustees or other fiduciaries of a Plan may choose to select a number of different types of securities to make available to Plan participants, including mutual funds, collective investment funds, GICs, ETFs, annuity subaccounts or other securities. Each different type of security carries with it risks that are inherent in that specific type of security. Mutual funds, collective investment funds, ETFs and subaccounts may also invest in varying types of securities which carry these risks. Investing in securities involves the risk of loss that clients should be prepared to bear.

## **ITEM 9 DISCIPLINARY INFORMATION**

As an investment advisor and broker-dealer regulated by the SEC, LPL has been subject to the following SEC orders:

- The SEC found that LPL willfully violated Rule 30(a) of Regulation S-P, which requires broker-dealers and registered investment advisors to have written policies and procedures that are reasonably designed to safeguard customer records and information. The SEC ordered LPL to cease and desist from committing future violations of Rule 30(a), censured it for its conduct, and ordered it to pay the \$275,000 penalty (2008).
- The SEC found that LPL willfully violated Section 17(a)(2) of the Securities Act of 1933 and Rule 10b-10 under the Securities Exchange Act of 1934 in connection with the SEC's finding that LPL sold mutual fund shares as a broker-dealer without providing certain customers with breakpoint discounts. In connection with the SEC's order, LPL agreed to pay a fine of \$1,116,402 (2004).

# **LPL FINANCIAL RETIREMENT PLAN CONSULTING PROGRAM FORM BROCHURE**

LPL, as a broker-dealer, is a member of the Financial Industry Regulatory Authority ("FINRA") and has found to be in violation of FINRA's rules related to its brokerage activities. In particular, LPL consented to the following sanctions related to the following matters:

- LPL's procedures regarding its review of e-mail communications, resulting in a censure and fine of \$100,000 (2011).
- LPL's procedures on transmittals of cash and securities from customer accounts to third party accounts, resulting in a censure and fine of \$100,000 (2011).
- LPL's procedures on supervision of variable annuity exchanges, resulting in a censure and fine of \$175,000 (2010).
- Allegations that LPL failed to reasonably supervise a registered representative regarding his use of strategies and recommendations involving UITs, resulting in a censure and fine of \$125,000 (2008).
- LPL's procedures on supervision of variable annuity exchanges, resulting in a censure and fine of \$300,000 (2006).
- LPL's procedures regarding mutual fund Class B and Class C shares, resulting in a censure and fine of \$2,400,000 (2005).
- LPL's procedures on supervision activities of its registered representative in connection with wire transfers, resulting in a censure and fine of \$75,000 (2005).
- Allegations that LPL maintained revenue sharing programs in which mutual fund complexes paid a fee for preferential treatment, resulting in a censure and fine of \$3,602,398 (2005).
- Allegations regarding late filings to FINRA reporting obligations, resulting in a censure and fine of \$450,000 (2004).
- Allegations regarding failure to provide customers mutual fund breakpoint discounts, resulting in a censure and fine of \$2,232,805 (2004).

LPL, as a broker-dealer, is regulated by each of the 50 states and has been the subject to orders related to the violation of state laws and regulations in connection with its brokerage activities. For more information about those state events and other disciplinary and legal events involving LPL and its IARs, client should refer to Investment Advisor Public Disclosure at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or FINRA BrokerCheck at [www.finra.org](http://www.finra.org).

## **ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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

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

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

# **LPL FINANCIAL RETIREMENT PLAN CONSULTING PROGRAM FORM BROCHURE**

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

### **Code of Ethics and Personal Trading**

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

### **Participation or Interest in Client Transactions**

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

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

If the client decides to implement the RPCP services through an LPL advisory program or service, the IAR will provide client at the time of engagement with a Brochure, client agreement and other account paperwork that contain specific information about fees and compensation that the IAR and LPL will receive in connection with that program. The Brochures are also available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

If the client desires instead to engage IAR to provide brokerage services acting as a registered representative of LPL, LPL and IAR will receive brokerage-related compensation for those services, such as commissions and/or trail fees. LPL provides information regarding such brokerage compensation at the time of a brokerage transaction and also on its website at [www.lpl.com](http://www.lpl.com). When considering whether to implement a recommendation through IAR and LPL, clients should discuss with the IAR how LPL and IAR will be compensated.

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

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

# **LPL FINANCIAL RETIREMENT PLAN CONSULTING PROGRAM FORM BROCHURE**

## **ITEM 12            BROKERAGE PRACTICES**

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

## **ITEM 13            REVIEW OF ACCOUNTS**

To the extent services offered to the Plan include performance monitoring, IAR will review performance of investment manager(s) or investments selected by the Plan on a quarterly basis. If elected by the Plan, IAR will provide reports evaluating the performance of Plan investment manager(s) or investments, as applicable.

## **ITEM 14            CLIENT REFERRALS AND OTHER COMPENSATION**

### **Other Compensation**

The IAR, LPL and LPL employees may receive additional compensation from product sponsors. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings, client workshops or events, or marketing or advertising initiatives. Product sponsors may also pay for, or reimburse LPL for the costs associated with, education or training events that may be attended by LPL employees and IARs and for LPL-sponsored conferences and events. In particular, LPL may receive marketing and educational support payments of up to \$225,000, depending on the anticipated nature and scope of the events, from retirement plan product sponsors to assist training and educating financial advisors across LPL's brokerage and advisory platforms, including RPCP. Such support payments are not tied to the sales of any products or client assets in the products. IARs do not receive any portion of these payments. For a current and complete list of the retirement plan product sponsors that pay such marketing and educational support payments, please see [www.lpl.com](http://www.lpl.com) or ask your IAR.

The IAR recommending the RPCP program services to the client receives compensation as a result of the client's participation in the program. This compensation includes a portion of the RPCP Fee and also may include other compensation, such as bonuses, awards or other things of value offered by LPL to the IAR. In particular, LPL pays its IARs bonuses in different ways, for example, payments based on production, awards of stock options to purchase shares of LPL's parent company, LPL Investment Holdings Inc., reimbursement of fees that IARs pay to LPL for items such as administrative services, and other things of value such as free or reduced-cost marketing materials, payments in connection with the transition of my association from another broker-dealer or investment advisor firm to LPL, or attendance at LPL conferences and events. LPL pays IARs this compensation based on the IAR's overall business production and/or on the amount of assets serviced in LPL advisory relationships. The amount of this compensation may be more or less than what the IAR would receive if the client participated in other LPL programs or in services or programs of other investment advisors or consultants. Therefore, the IAR may have a financial incentive to recommend RPCP services over other programs and services.

To the extent permitted by applicable law, including ERISA, LPL has entered into referral agreements with independent third party investment advisers, pursuant to which LPL and IARs receive referral fees from the third party investment advisors in return for referral of certain clients. LPL refers clients to such firms as Brinker Capital, BTS Asset Management, Clark Capital, CLS Investments, Curian Capital, Flexible Plan, Foxhall Capital Management, GFWM, Hanlon Investment Management, Icon Advisers, ITS Asset Management, Meeder Advisory Services, Niemann Capital, Stadion, Portfolio Strategies, Potomac Fund, Rochdale Investment Management, Security Benefit, and Symmetry Partners. Because LPL is engaged by and paid by the third party investment advisor for the referral, any recommendation regarding a third party



# **LPL FINANCIAL RETIREMENT PLAN CONSULTING PROGRAM FORM BROCHURE**

investment advisor as part of a referral presents a conflict of interest. LPL addresses this conflict by providing the client with a disclosure statement explaining the role of LPL and IAR and the referral fee received by LPL and IAR. In addition, LPL may enter into other agreements with the third party investment advisers to whom LPL refers certain clients, pursuant to which LPL may provide (i) marketing services on behalf of the third party investment advisers to LPL representatives; or (ii) data technology services to integrate third party investment adviser account data on LPL's technology systems. To the extent permitted by applicable law, including ERISA, LPL receives fees for these services and such fees are typically based on the amount of assets referred by LPL to the third party investment adviser. The IAR does not share in these fees.

In some cases, the third party investment advisers pay additional marketing payments to LPL, its employees and/or IARs to cover fees to attend conferences or reimbursement of expenses for workshops, seminars presented to IARs clients or advertising, marketing or practice management.

## **Client Referrals**

LPL compensates other persons for client referrals. LPL enters into an agreement with such referral agents and pays them a portion of the RPCP Fee. The referral agent discloses to the client at the time of the solicitation the arrangement and the compensation to be received by the referral agent.

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

## **ITEM 15 CUSTODY**

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

For RPCP services, LPL may receive prepayment of fees for 6 or more months in advance.

## **ITEM 16 INVESTMENT DISCRETION**

Under RPCP, LPL and the IAR provides advisory and consulting services primarily on a non-discretionary basis, so that the client makes the decisions regarding the purchase and sale of securities and the investment options to be made available in the Plan. If advisory and consulting services are provided on a discretionary basis, clients will provide that authorization in writing to LPL and IAR. LPL and IAR do not exercise authority over the administration of the Plan. RPCP services do not include advice regarding the interpretation of the Plan documents, the determination of participant eligibility, benefits, or vesting, and the approval of distributions to be made by the Plan.

## **ITEM 17 VOTING CLIENT SECURITIES**

LPL does not accept authority to vote client securities in connection with RPCP services.

# **LPL FINANCIAL RETIREMENT PLAN CONSULTING PROGRAM FORM BROCHURE**

## **ITEM 18 FINANCIAL INFORMATION**

LPL is not required to include a balance sheet for its most recent financial fiscal year.

### **Brochure Supplements for Certain LPL Financial Employees:**

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

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

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

### **GEORGE BURTON WHITE**

#### **Educational Background and Business Experience**

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

#### **Disciplinary Information**

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

#### **Other Business Activities**

Mr. White is a registered representative of LPL, a registered broker-dealer and member of FINRA. Although Mr. White is a registered representative, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### **Additional Compensation**

# **LPL FINANCIAL RETIREMENT PLAN CONSULTING PROGRAM FORM BROCHURE**

As an employee of LPL, Mr. White receives a regular salary and bonus.

## **Supervision**

As Chief Investment Officer of LPL, Mr. White is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The LPL Investment Policy Committee is responsible for general oversight of LPL's advisory programs, including review of certain services and products offered through the programs. The advice provided by Mr. White also is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The Chief Compliance Officer – Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The telephone number for the Advisory Compliance Department is 1-800-877-7210.

## **JEFFREY NELSON KLEINTOP**

### **Educational Background and Business Experience**

Jeffrey Nelson Kleintop was born in 1969. He has a BS in Business Administration from the University of Delaware and an MBA from Pennsylvania State University. He is the Chief Market Strategist of LPL, and has served in that position since 2007. Prior to joining LPL, Mr. Kleintop was the Chief Investment Strategist at PNC Capital Markets.

### **Disciplinary Information**

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

### **Other Business Activities**

Mr. Kleintop is a registered representative of LPL, a registered broker-dealer and member of FINRA. Although Mr. Kleintop is a registered representative, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products. Mr. Kleintop is the author of the book *Market Evolution: How to Profit in Today's Changing Financial Markets*, which was published in 2006.

### **Additional Compensation**

As an employee of LPL, Mr. Kleintop receives a regular salary and bonus.

## **Supervision**

Mr. Kleintop's advisory activities primarily relate to the financial markets in general. He reports to Mr. White, the Chief Investment Officer of LPL. Any advice he provides to clients is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The Chief Compliance Officer – Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The telephone number for the Advisory Compliance Department is 1-800-877-7210.

## **ANTHONY GINO VALERI**

### **Educational Background and Business Experience**

Anthony Gino Valeri was born in 1969. He has a BA from the University of California at San Diego. He is Senior Vice President, Market Strategist, at LPL and joined the LPL Research Department in 2002. He has been employed by LPL since 1994.

### **Disciplinary Information**

# **LPL FINANCIAL RETIREMENT PLAN CONSULTING PROGRAM FORM BROCHURE**

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

## **Other Business Activities**

Mr. Valeri is a registered representative of LPL, a registered broker-dealer and member of FINRA. Although Mr. Valeri is a registered representative, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

## **Additional Compensation**

As an employee of LPL, Mr. Valeri receives a regular salary and bonus.

## **Supervision**

Mr. Valeri reports up to Mr. White, the Chief Investment Officer of LPL. Any advice provided to clients by Mr. Valeri is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The Chief Compliance Officer – Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The telephone number for the Advisory Compliance Department is 1-800-877-7210.

## **JOHN J. CANALLY, JR.**

### **Educational Background and Business Experience**

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

### **Disciplinary Information**

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

### **Other Business Activities**

Mr. Canally is a registered representative of LPL, a registered broker-dealer and member of FINRA. Although Mr. Canally is a registered representative, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

### **Additional Compensation**

As an employee of LPL, Mr. Canally receives a regular salary and bonus.

### **Supervision**

Mr. Canally reports up to Mr. White, the Chief Investment Officer of LPL. Any advice provided to clients by Mr. Canally is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The Chief Compliance Officer – Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The telephone number for the Advisory Compliance Department is 1-800-877-7210.

## **DEREK SCHUG**

### **Educational Background and Business Experience**

# **LPL FINANCIAL RETIREMENT PLAN CONSULTING PROGRAM FORM BROCHURE**

Derek Schug was born in 1970. He has a BS in Economics from Vanderbilt University. He is a Vice President at LPL and joined the LPL Research Department in 2005. Prior to joining LPL, he worked at Columbia Management.

## **Disciplinary Information**

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

## **Other Business Activities**

Mr. Schug is a registered representative of LPL, a registered broker-dealer and member of FINRA. Although Mr. Schug is a registered representative, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

## **Additional Compensation**

As an employee of LPL, Mr. Schug receives a regular salary and bonus.

## **Supervision**

Mr. Schug reports up to Mr. White, the Chief Investment Officer of LPL. Any advice provided to clients by Mr. Schug is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The Chief Compliance Officer – Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The telephone number for the Advisory Compliance Department is 1-800-877-7210.

## **JOHN GUTHERY**

### **Educational Background and Business Experience**

John Guthery was born in 1968. He has a BA from Georgetown University and a MBA from Babson College. He is a Senior Vice President at LPL and joined the LPL Research Department in 1996. Prior to joining LPL, he worked at Liberty Financial.

## **Disciplinary Information**

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

## **Other Business Activities**

Mr. Guthery is a registered representative of LPL, a registered broker-dealer and member of FINRA. Although Mr. Guthery is a registered representative, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

## **Additional Compensation**

As an employee of LPL, Mr. Guthery receives a regular salary and bonus.

## **Supervision**

Mr. Guthery reports up to Mr. White, the Chief Investment Officer of LPL. Any advice provided to clients by Mr. Guthery is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The Chief Compliance Officer – Advisory

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Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The telephone number for the Advisory Compliance Department is 1-800-877-7210.

## **CHRISTOPHER ARTHUR**

### **Educational Background and Business Experience**

Christopher Arthur was born in 1976. He has a BS in Finance and Marketing from Susquehanna University and a MBA from Boston University. He is a Vice President at LPL and joined the LPL Research Department in 2005. Prior to joining LPL, he worked on the portfolio management team on State Street Global Advisor's passive international products.

### **Disciplinary Information**

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

### **Other Business Activities**

Mr. Arthur is a registered representative of LPL, a registered broker-dealer and member of FINRA. Although Mr. Arthur is a registered representative, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

### **Additional Compensation**

As an employee of LPL, Mr. Arthur receives a regular salary and bonus.

### **Supervision**

Mr. Arthur reports up to Mr. White, the Chief Investment Officer of LPL. Any advice provided to clients by Mr. Arthur is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The Chief Compliance Officer – Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The telephone number for the Advisory Compliance Department is 1-800-877-7210.

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