

## **MODEL WEALTH PORTFOLIOS (MWP) ACCOUNT AGREEMENT**

This Account Agreement ("Agreement") is entered into by and among LPL Financial LLC ("LPL"), a registered investment advisor and broker/dealer, the LPL Investment Advisor Representative indicated in Section V of the Account Application attached hereto ("IAR"), and the client indicated in Section I the Account Application ("Client"), pursuant to which Client will open an account ("Account") with LPL and IAR for the purpose of participating in the Model Wealth Portfolios Program ("Program") through which IAR and LPL as an investment advisor will purchase and manage specified assets of the Client. A description of the services to be provided and the parties providing the services are set forth below.

### **1. MODEL WEALTH PORTFOLIOS PROGRAM**

The Program offers clients the ability to participate in a professionally managed asset allocation program.

An Account will be opened through which Client will authorize LPL and IAR on a discretionary basis to purchase and sell mutual funds and exchange-traded funds ("ETF") pursuant to an investment objective chosen by the Client and to liquidate previously purchased securities. Exchange-traded notes ("ETN") and closed end funds may also be purchased in an Account. Client understands that the investment objective selected for the Account in the Account Application is an overall objective for the entire Account and may be inconsistent with a particular holding and the Account's performance at any time. Client understands that achievement of the stated investment objective is a long-term goal for the Account.

IAR will obtain the necessary financial data from Client, assist Client in determining the suitability of the Program and assist Client in setting an appropriate investment objective. IAR will initiate the steps necessary to open an Account and select a model portfolio designed by LPL's Research Department or third party investment strategist ("Portfolio Strategist") consistent with the Client's stated investment objective. The Portfolio Strategist is responsible for selecting the securities within a model portfolio and for making changes to the securities selected. The Portfolio Strategist provides the model portfolio to LPL and LPL makes the decisions on how to implement the model. Client understands and agrees that IAR may choose more than one model portfolio to be managed within a single account. Client grants IAR discretion to choose among the available models designed by the Portfolio Strategists.

Once the IAR has selected a model portfolio and the Program minimum has been reached, LPL will purchase mutual funds, closed-end funds, ETFs or ETNs in amounts appropriate for the model portfolio selected. Checks for funds to be invested in the Account should be made payable to LPL Financial LLC.

LPL will review the Account to determine if rebalancing is appropriate based on the frequency selected by the Client at account opening or as altered by the Client or IAR from time to time. The choices for frequency of rebalancing review are quarterly (four times per year), semiannually (two times per year) or annually (once per year). The Account will be reviewed on the frequency selected to determine if rebalancing is necessary. At each rebalancing review date, the Account will be rebalanced if at least one of the account positions is outside a range determined by the Overlay Portfolio Manager (as defined below), subject to a minimum transaction amount established by LPL in its discretion. In addition, LPL may review the account for rebalancing in the event that the Portfolio Strategist changes the model portfolio. LPL may delay placing rebalancing transactions for non-qualified accounts by a number of days, to be determined by the Overlay Portfolio Manager, in an attempt to limit short-term tax treatment for any position being sold. Transactions in securities in the Account (e.g., for rebalancing, liquidations, deposits or tax harvesting) may be subject to the issuer's frequent trading policy.

During any month that there is activity in the Account, Client will receive a monthly account statement showing account activity as well as positions held in the Account at month-end. If Client so elects in the Account Application, Client will not receive a confirmation of the transactions that occur within Account, and confirmation details of the transactions will be displayed on the brokerage statement. Client may request to receive confirmation statements by contacting his or her IAR and may rescind the election at any time upon written notice to LPL. The Client will also receive from LPL detailed quarterly performance reports describing account performance and positions. To the extent permissible by state and federal law, LPL may elect to deliver account information electronically.

The minimum account size varies depending on the model portfolio(s) selected. The lowest model portfolio minimum account value is \$25,000. Client may make cash additions to the Account at any time and may withdraw Account assets on notice to IAR, subject to Section 9 below. Additional deposits will be invested in securities consistent with the current target allocation for the model portfolio, but such deposits (or a portion thereof) may remain in cash until certain conditions are met related to trade size and position deviation from the target allocation. LPL may accommodate requests by Client or IAR for all or a portion of the assets in the Account to remain allocated to cash for a period of time. Client acknowledges that customized model portfolio requests, liquidation requests in connection with withdrawals, and changes to the model portfolios or investment objective selected may take up to 5 business days to process, and, in certain circumstances, may take longer.

Client understands that cash awaiting investment or reinvestment will be treated as follows: If the Account is eligible, the Account's cash balance will be automatically invested in an interest-bearing Federal Deposit Insurance Corporation ("FDIC")-insured cash account as described in the applicable Disclosure Booklet, which is available from IAR. FDIC insurance is subject to FDIC limits. LPL receives a fee equal to a percentage of the average daily deposit balance in the insured cash account. If Client does not want to have the cash balance automatically invested in an insured cash account, Client may speak to IAR to request to have the cash balance automatically invested in a tax exempt money market fund, if the Account meets the account minimum.

Account activity with respect to the insured cash account will appear on account statements. For each statement period, account statements will reflect deposits to and withdrawals from the insured cash account, the closing balance of the insured cash account at each bank at which funds are held, and the interest earned on insured cash account balances. For additional information on Client's insured cash account, Client should refer to Disclosure Booklet available from IAR.

If the Account is not eligible for the insured cash account, the cash balance will be invested in a money market fund. The money market fund utilized in the Program may pay 12b-1 fees higher than other money market funds. LPL may also receive compensation for its recordkeeping services to the fund. In addition,

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LPL may receive compensation based on the amount of assets invested in a money market fund in connection with LPL's marketing support programs. The IAR does not receive any portion of this payment.

In the event Client withdrawals cause the Account asset value to fall below the required minimum, Client understands this Agreement may be subject to immediate termination under the provisions of Section 9. Client understands that the Program is designed as a long-term investment vehicle and that asset withdrawals may impair the achievement of Client's investment objectives.

Client retains the right to pledge securities held in the Account. To effect the pledge, positions designated by the Client will be withdrawn from the Account whereupon the Client will be responsible for completing the pledge of the collateral. LPL will not continue to manage any positions that have been withdrawn. Following the withdrawal, unless directed by the Client to suspend trading or terminate the Account under the provisions of Section 9, LPL will review for rebalancing the Account.

LPL reserves the right to accept, reject or renew this Agreement in its sole discretion and for any reason.

## 2. APPOINTMENT OF LPL AS OVERLAY PORTFOLIO MANAGER (OPM)

Client hereby appoints LPL to act as Overlay Portfolio Manager ("OPM"). As OPM, LPL will have full discretion to invest in accordance with the model portfolios provided by the Portfolio Strategist or to select other investments. For those model portfolios designed by a Portfolio Strategist other than LPL, Client understands and acknowledges that LPL, and not such Portfolio Strategist, is making the investment decisions for the Account.

## 3. TRADING AUTHORIZATION AND REBALANCING INSTRUCTIONS

Client hereby grants LPL or its IAR complete and unlimited discretionary trading authorization with respect to the purchase and sale of mutual funds, closed-end funds, ETFs and ETNs in the Account and the sale of previously purchased securities. Client hereby appoints LPL and IAR as Client's agents and attorneys-in-fact with respect to this trading authorization. Client also authorizes IAR to select the model portfolio in which Program assets will be invested and authorizes LPL to effect the rebalancing instructions on the frequency selected by the Client or IAR or as determined by LPL. Client may authorize IAR to alter the rebalancing review frequency from time to time.

As OPM, LPL coordinates the trades among the various securities and model portfolio(s) of the Account. After the Account is opened, and upon deposit of funds or securities by Client, LPL will invest the assets based on the model portfolio(s) selected. It generally will take up to 5 business days from the date the Account is fully funded for all assets to be fully allocated across the model portfolio(s). In certain cases, it may take longer to allocate assets, for example, depending on the ability of LPL to liquidate the securities transferred into the Account.

Client also authorizes LPL, at the request of the IAR, to perform tax harvesting. In such case, proceeds of tax-related transactions may be held in cash until appropriate wash sale periods have expired. Once the wash sale period has expired, the related proceeds will be invested according to the current targeted allocation for the model portfolio. In order to permit trading in a tax-efficient manner, Client further expressly grants LPL or IAR, the authority to select specific tax lots when liquidating securities within the Account.

Other than as described in Sections 6 and 17, LPL and IAR are not authorized to withdraw or transfer any money, securities or property either in the name of Client or otherwise. Client understands that IAR is prohibited from taking personal possession of Client securities, stock powers, monies or any other personal or real property in which Client may have an interest. In addition, Client understands that IAR may not lend to or borrow from Client any monies or securities. Client further agrees not to enter into any other business relationship with IAR including, but not limited to, helping to capitalize or finance any business of IAR.

Client understands that Portfolio Strategists, LPL, IAR and their affiliates may perform advisory and/or brokerage services for various other clients, and that they may give advice or take actions for those clients that differ from the advice given or the timing or the nature of any action taken for the Account. In addition, each of the parties may, but are not obligated to, purchase or sell or recommend for purchase or sale any security which each of the parties or any of their affiliates may purchase or sell for their own accounts or the account of any other client. Client also understands that cash awaiting investment or reinvestment will be invested in an ICA or money market fund at the discretion of LPL or IAR and that certain fees and expenses shall be incurred in connection with the ICA or money market fund.

Client acknowledges that all dividends paid by the funds in the Account will be automatically reinvested. In no event will LPL or IAR be obligated to effect any transaction for Client which it believes would violate any applicable state or federal law, rule or regulation, or the rules or regulations of any regulatory or self-regulatory body. This trading authorization is a continuing one and shall remain in full force and effect and be relied upon until LPL and IAR have received a copy of a written termination notice, which writing will be deemed to terminate this Agreement effective upon receipt.

## 4. PROXIES AND OTHER SHAREHOLDER INFORMATION

Client understands and agrees that Client retains the right to vote all proxies that are solicited for securities held in the Account. LPL and IAR are hereby expressly precluded from voting proxies for securities held in the Account and will not be required to take any action or render any advice with respect to the voting of proxies. LPL will provide Client with proxy materials prepared by the funds held in the Account.

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Neither LPL nor IAR shall be obligated to render any advice or take any action on behalf of Client with respect to any legal proceedings, including bankruptcies, involving securities or other investments held in the Account, or the issuers thereof. Client hereby retains the right and obligation to take action with respect to legal proceedings relating to securities held in the Account.

Client hereby designates LPL, as a broker/dealer and investment advisor, to receive all prospectuses, annual reports and disclosure statements for securities held in the Account. Client retains the right to rescind this designation by notifying LPL in writing. Client may request prospectuses and reports from his or her IAR.

### 5. CLIENT AUTHORITY/ERISA

If Client is a corporation, the party executing this Agreement on behalf of Client represents that execution of this Agreement has been duly authorized by appropriate corporate action. If this Agreement is entered into by a trustee or other fiduciary, including but not limited to someone meeting the definition of fiduciary under the Employee Retirement Income Security Act of 1974 ("ERISA") of an employee benefit plan subject to ERISA (an "ERISA Plan"), such trustee or other fiduciary represents and warrants that Client's participation in the Program is permitted by the relevant governing instrument of such plan, and that Client is duly authorized to enter into this Agreement. Client agrees to furnish IAR and LPL with such document, as they shall reasonably request with respect to the foregoing. Client further agrees to advise LPL and IAR of any event that might affect this authority or the validity of the Agreement. If Client is an ERISA Plan, Client additionally represents and warrants that the person executing and delivering this Agreement on behalf of Client is a "named fiduciary" (as defined under ERISA) who has power under the ERISA Plan to appoint LPL and IAR to provide their respective services under this Agreement. If Client is an ERISA Plan, Client shall obtain and maintain during the term of this Agreement any bond required by ERISA or other applicable law with respect to fiduciaries and shall include LPL within the coverage of such bond.

LPL provides services under this Agreement as an investment advisor under the Investment Advisers Act of 1940 (the "Advisers Act"). To the extent that LPL and IAR have or exercise discretionary authority under this Agreement with respect to the management of assets of (or otherwise provide "investment advice" under this Agreement as defined under Section 3(21) of ERISA to) an ERISA Plan, LPL and IAR will be deemed a "fiduciary" as such term is defined under Section 3(21) of ERISA with respect to such advisory services. Unless specifically agreed to in writing, LPL does not serve as an "investment manager," as such term is defined under Section 3(38) of ERISA.

### 6. FEES AND CHARGES

As a participant in the Program, Client will pay an annualized fee ("Account Fee"). The maximum Account Fee is set forth in Schedule A attached hereto. The Account Fee is negotiable, is based on the value of assets in the Account, including cash holdings, and is payable quarterly in advance. For purposes of calculating Account Fees and providing quarterly performance reports as described in Section 1, the account quarter will begin on the first day of the month in which the account is accepted by LPL. The Account Fee will be as stated in the Account Application.

If IAR has earned commissions on the assets (cash or securities) within the past two years, Client may be entitled to a credit for a portion of the Account Fee by indicating in the Account Application.

The initial Account Fee is due at the beginning of the quarter following execution of this Agreement and will include the prorated fee for the initial quarter in addition to the standard quarterly fee for the upcoming quarter. Subsequent Account Fee payments are due and will be assessed at the beginning of each quarter based on the value of the account assets under management as of the close of business on the last business day of the preceding quarter as valued by an independent pricing service, where available, or otherwise in good faith as reflected on Client's quarterly portfolio evaluation report. Additional deposits and withdrawals will be added or subtracted from portfolio assets, as the case may be, which may lead to an adjustment of the Account Fee. All Account Fees will be deducted from the Account pursuant to the authorization granted under Section 17.

Client authorizes LPL to deduct all Account Fees from the Account unless other arrangements have been made for an Account pursuant to Section 17. All such fees and charges will be noted on Client's statements.

Client may also incur certain charges imposed by LPL or third parties other than IAR in connection with investments made through the Account, including among others, the following types of charges: mutual fund 12b-1 fees, subtransfer agent fees, networking fees, omnibus processing fees, fund management fees and administrative servicing fees, certain deferred sales charges on previously purchased mutual funds and other transaction charges and service fees, IRA and Qualified Retirement Plan fees, administrative servicing fees for trust accounts, and other charges required by law or imposed by exchanges or regulatory bodies. LPL and IAR may receive all or a portion of certain of these fees. Further information regarding charges and fees assessed by the funds held in the Account are available in the appropriate prospectus.

Mutual funds may also charge a redemption fee if a redemption is made within a specific time period following the investment. The terms of any redemption fee are disclosed in the fund's prospectus. Decisions regarding the sale of mutual funds in the Account may be made by LPL without regard to whether a client will be assessed a redemption fee.

Client understands that LPL and IAR, in connection with the performance of their respective services, shall be entitled to and will share in the Account Fees payable hereunder. If a model portfolio of a Portfolio Strategist other than LPL is selected, a portion of the Account Fee is paid to such Portfolio Strategist. Unaffiliated Portfolio Strategists may pay LPL a portion of the costs associated with the use of technology necessary for the Portfolio Strategist to perform its services under the Program.

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LPL shall not be compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of the Client. Client acknowledges and agrees that the fees and charges in effect for the Account shall continue until thirty (30) days after LPL has notified the Client in writing of any change in the amount of the fees and charges applicable to the Account, at which time the new fees and charges will become effective unless the Client notifies LPL in writing that the Account is to be closed.

### 7. CONFLICTS OF INTEREST

LPL is appointed by Client as custodian of the Account assets and as the sole and exclusive broker/dealer with respect to processing securities transactions for the Account. LPL and IAR will make every attempt to obtain the best execution possible. LPL may aggregate transactions for Client with other clients to improve the quality of execution. The Account Fee described above represents compensation for the asset management and quarterly reporting services provided.

Client should be aware that certain mutual funds held in the Account charge fees such as 12b-1, subtransfer agent fees, networking fees and omnibus processing fees, a portion of which may be received by LPL and IAR. The amount of such fees is described in the mutual fund's prospectus under fund expenses and is also reflected on the fund's financial statements. To the extent that such 12b-1 fees may be received from mutual funds held in a non-retirement account, LPL may retain the entire amount received.

Client understands that certain model portfolios available in the Program are designed by LPL and by Fortigent, LLC, an affiliate of LPL and an investment advisor registered with the Securities and Exchange Commission under the Advisers Act. Therefore, LPL and/or its affiliated companies may have a financial benefit if an IAR recommends a model portfolio designed by LPL or Fortigent, LLC, because LPL and its affiliate will retain a greater portion of the Account Fee than if a model portfolio designed by an unaffiliated Portfolio Strategist is selected.

The IAR recommending the Account to Client receives compensation as a result of the Client's participation in the Program. 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 paid separately for investment advice, brokerage and other client services. Therefore, the IAR may or may not have a financial incentive to recommend the Account over other programs and services. Because the portion of the Account Fee retained by the IAR may vary depending on the Portfolio Strategist fee associated with a model portfolio, the IAR may have an incentive to one model portfolio over another model portfolio.

LPL does not receive compensation for directing orders in the mutual funds for execution. LPL may receive compensation for directing orders in equity securities, ETFs and ETNs to particular broker/dealers or market centers for execution (for example, when liquidating previously purchased securities). In addition, LPL may receive compensation based on the amount of the assets invested in the money market fund available for investment in the Account in connection with LPL's marketing support programs. The source and nature of compensation, if any, received in conjunction with trades or the money market fund for the Account will be furnished upon written request to LPL.

LPL credits to the Account funds belonging to Client such as dividends, interest, redemptions, and proceeds of corporate reorganizations on the day such funds are received by LPL. These funds come to LPL from issuers and various intermediaries in which LPL is a participant, such as the Depository Trust Company ("DTC"). Information regarding when LPL credits Account with funds due the Account, when those funds are available to the Account, and/or when Client begins earning interest on the funds is available from LPL.

Securities held in the Account which are in "street name" or are being held by a securities depository are commingled with the same securities being held for other client's of LPL. Client ownership of these securities is reflected in LPL's records. Client has the right at any time to require delivery of any such securities which are fully paid for. The terms of many bonds allow the issuer to partially redeem or "call" the issue prior to the maturity date. Certain preferred stocks are also subject to being called by the issuer. Whenever any such security being held by LPL is partially "called," LPL will determine, through a random selection lottery process as prescribed by DTC, the ownership of the securities to be submitted for redemption without regard to unsettled sales. In the event that such securities owned by Client are selected and redeemed, the Account will be credited with the proceeds. Should Client wish not to be subject to this random selection process, Client must instruct LPL to register and deliver the securities to Client. Delivery will be effected provided that Client's securities are unencumbered or have not already been called prior to the receipt of Client's instructions. If Client takes delivery of the securities, they are still subject to call by the issuer and they will no longer be considered assets in the Account for management purposes. The probability of one of Client's securities being called is the same whether they are held by Client or by LPL for Client.

Consistent with the overriding principle of best execution, LPL directs orders in equity securities and ETFs to exchanges and market makers based on an analysis of their ability to provide rapid and quality executions. In an effort to obtain best execution, LPL may consider several factors, including price improvement opportunities (executions at prices superior to the then prevailing inside market on OTC or national best bid or offer for listed securities), whether it will receive cash or non-cash payments for routing order flow and reciprocal business arrangements.

In certain cases a model portfolio may consist only of mutual funds or ETFs within the same fund family or within affiliated fund families. In such a model portfolio, the Portfolio Strategist will select only those funds within the fund family or affiliated fund families. Because mutual funds or ETFs in a model portfolio may be affiliated with the Portfolio Strategist that designs the model portfolio, an investment in the affiliated fund generates compensation to the Portfolio Strategist or its affiliates, including, among other types of compensation, fund-level management fees, in addition to the portion of the Account Fee it receives.

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### 8. LIMITATION OF LIABILITY

Neither LPL, IAR nor any of their officers, directors, employees, or affiliates shall be liable for any loss incurred with respect to the Account, except where such loss directly results from such party's negligence or misconduct. Client acknowledges that neither LPL, IAR nor their employees are agents of each other or of any of their affiliates, and that no party shall be liable for any act or omission of another party or their agents or employees. Nothing in this Agreement shall in any way constitute a waiver or limitation of any rights which Client may have under federal or state securities laws (or ERISA, if Client is a qualified plan under ERISA).

Client further understands that there is no guarantee that Client's investment objectives will be achieved. Neither LPL nor IAR shall have any liability for Client's failure to inform IAR in a timely manner of any material change in Client's financial circumstances which might affect the manner in which Client's assets are allocated, or to provide IAR with any information as to Client's financial status as IAR may reasonably request.

Client also understands that IAR and LPL do not provide tax, accounting or legal advice. Client acknowledges that certain ETFs may be subject to unique tax consequences such as K-1 tax reporting and tax treatment for collectibles. In making tax, accounting or legal decisions, Client will consult with and rely on Client's own advisors and not IAR or LPL, and IAR and LPL shall have no liability therefore.

LPL is a member of the Securities Investor Protection Corporation ("SIPC"). SIPC provides protection for the Account for up to \$500,000, including \$100,000 for claims for cash. The account protection applies when a SIPC member firm fails financially and is unable to meet obligations to securities customers, but it does not protect against losses from the rise and fall in the market value of investments. More information on SIPC, including obtaining a SIPC Brochure, may be obtained by calling SIPC directly at (202) 371-8300 or by visiting [www.sipc.org](http://www.sipc.org).

### TO CONNECTICUT, MARYLAND, AND NEBRASKA RESIDENTS:

Because the standard of conduct imposed on investment advisers under the Connecticut, Maryland and Nebraska securities laws may differ from the standard imposed under other state securities laws, Connecticut, Maryland and Nebraska residents may be provided additional rights of action in circumstances other than those described in this Section.

### 9. ASSIGNMENT/TERMINATION

This Agreement may not be assigned or transferred in any manner by any party without the consent of all parties receiving or rendering services hereunder; provided that LPL may assign this Agreement upon consent of Client in accordance with the Advisers Act. LPL may assign a substitute IAR to service the Account under certain circumstances, including but not limited to, in the event of termination or retirement of an IAR who provides advisory services on the premises of a bank or credit union.

This Agreement may be terminated by any party effective upon receipt of written notice to the other parties ("Termination Date"). LPL will deliver securities and funds held in the Account as instructed by Client unless Client requests that the Account be liquidated. LPL will initiate instructions to deliver funds and/or securities within two weeks of Client's written request. If the Account is liquidated as a result of a termination notice, LPL will have a period of 72 hours to begin liquidations unless special circumstances apply. Proceeds will be payable to Client upon settlement of all transactions in the Account. The Client will be entitled to a prorated refund of any pre-paid quarterly Account Fee based upon the number of days remaining in the quarter after the Termination Date. Client understands and agrees that after the Termination Date, the Account may be converted to a brokerage account at LPL. In a brokerage account, Client is charged a commission for each transaction and the IAR has no responsibility to provide ongoing investment advice.

If the Account is closed within the first six months by Client or as a result of withdrawals which bring the Account value below the required minimum, LPL reserves the right to retain the pre-paid quarterly Account Fee for the current quarter in order to cover the administrative cost of establishing the Account which may include costs to transfer positions into and out of the Account, data entry costs to open the Account, costs associated with reconciling of positions in order to issue quarterly performance reports, and the cost of re-registering positions.

Client understands and agrees that, in the event of Client's death or incapacity during the term of this Agreement, LPL's authority under this Agreement shall remain in full force and effect until such time as LPL has been notified otherwise in writing by the authorized representative of Client or Client's estate.

Termination of the Agreement will not affect the liabilities or obligations of the parties from transactions initiated prior to termination.

### 10. CONFIDENTIALITY

LPL and IAR will keep Client information confidential and will not use or disclose it to others without Client's prior consent except as described in LPL's privacy policy below.

Client acknowledges, understands and agrees that for our mutual protection, LPL may electronically record telephone conversations. Client agrees not to record any telephone conversation without express written authorization of LPL and the individual(s) engaged in the conversation.

### 11. SEVERABILITY

If any provision of this Agreement shall be held or made non-enforceable by a statute, rule, regulation, decision of a tribunal or otherwise, such provision shall be automatically reformed and construed so as to be valid, operative and enforceable to the maximum extent permitted by law or equity while most nearly

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preserving its original intent. The invalidity of any part of this Agreement shall not render invalid the remainder of this Agreement and, to that extent, the provision of this Agreement shall be deemed to be severable.

### 12. VALUATION

In computing the market value of any security or other investment in the Account, each security listed on a national securities exchange shall be valued, as of the valuation date, at the closing price on the principal exchange on which it is traded. Any other security or investment in the Account shall be valued in a manner determined in good faith by LPL to reflect fair market value. For any assets purchased within the Account, the cost basis is the actual purchase price. For any assets transferred into the Account, original purchase price is used as the cost basis to the extent such information was submitted by Client or a prior service provider to LPL. It is Client's responsibility to advise LPL immediately if the cost basis information is portrayed inaccurately. Statement calculations and figures should not be relied upon for tax purposes.

### 13. GOVERNING LAW

This Agreement shall be construed under the laws of The Commonwealth of Massachusetts in a manner consistent with the Advisers Act and the rules and regulations of the Securities and Exchange Commission thereunder.

### 14. RECEIPT OF DISCLOSURE DOCUMENTS

Client acknowledges receipt of LPL's Model Wealth Portfolios Program Form Brochure and IAR's Brochure Supplement as required by Rule 204-3 under the Advisers Act. Client understands the investment approach, related risk factors, and the fees associated with investing in the Account. This Agreement will not take effect until LPL has accepted the Account. The disclosure documents, including any amendments or information related thereto, may be sent to Client at Client's postal or electronic mail address of record. Client agrees to receive such disclosure documents and related information electronically, including through web access.

### 15. ENTIRE AGREEMENT/AMENDMENT

This Agreement represents the entire agreement between the parties with respect to the subject matter contained herein. This Agreement may be amended by LPL upon thirty days notice to all parties.

### 16. ACCOUNT APPLICATION

The Account Application, incorporated herein by reference and made a part of this Agreement, must be completed in full by IAR and Client and the accuracy of its contents is hereby acknowledged by Client. Client further acknowledges that it is Client's responsibility to provide LPL and IAR with updated information as necessary and that LPL and IAR have the right to rely on this information. By signing the Account Application, Client agrees to the terms and conditions of this Agreement. LPL may accept the Account electronically.

Important information about procedures for opening this Account: To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. Client is required to provide the following information, among other items, on the Account Application: name, address, date of birth and other information that will allow LPL to confirm Client's identity. In addition, IAR may also ask to see a valid driver's license or other identifying documents.

### 17. AUTHORIZATION TO DEBIT ACCOUNT

Client hereby authorizes LPL to debit all Account Fees payable pursuant to Section 6 directly from the Account. It is agreed by Client and LPL that the Account Fee will be payable, first, from free credit balances, if any, in the Account, and second, from the liquidation or withdrawal (which the Client hereby authorizes) by LPL of the Client's shares of the money market fund or ICA, as the case may be. LPL reserves the right to liquidate at any time a portion of the other assets in the Account to cover the Account Fee or other charges. Certain accounts may establish procedures to pay the Account Fee directly rather than through a debit to the Account. Any different method of billing Account Fees may result in the imposition of additional charges to cover the administrative costs of billing.

### 18. NOTICES

All written notices to any party under this Agreement shall be sent to such party by first class mail or facsimile transmission at the address set forth on the Account Application or such other address as such party may designate in writing to the other.

### 19. ARBITRATION

Client agrees to direct any complaints regarding the handling of the Account to IAR and the LPL Legal Department in writing.

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

- All parties to this agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.
- Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.
- The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.

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- The arbitrators do not have to explain the reason(s) for their award, unless, in an eligible case, a joint request for an explained decision has been submitted by all parties to the panel at least 20 days prior to the first hearing date.
- The Panel of Arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.
- The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.
- The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this agreement.

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

No person shall bring a putative or certified class action to arbitration, nor seek to enforce any predispute arbitration agreement against any person who has initiated in court a putative class action; or who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until: (i) the class certification is denied; or (ii) the class is decertified; or (iii) the customer is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this agreement except to the extent stated herein.

MODEL WEALTH PORTFOLIOS SCHEDULE A - FEES

	MAXIMUM FEE (ANNUALLY)
\$ Value of assets under management .....	2.50%

For Retirement Accounts, 12b-1 fees paid to LPL by mutual funds held in the Account will be credited to the Account. Such credits will be reflected on monthly account statements and quarterly performance reports. No portion of the 12b-1 fees for Retirement Accounts may be utilized for the benefit of LPL or the IAR. For the purposes of this Schedule A, a Retirement Account is an account of a Client that is an ERISA plan or a plan otherwise subject to Section 4975 of the Internal Revenue Code.

Facts	What Does LPL Financial Do with Your Personal Information?
Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	<p>The types of personal information we collect can include:</p> <ul style="list-style-type: none"> <li>▪ Social Security number</li> <li>▪ Income</li> <li>▪ Assets</li> <li>▪ Investment experience</li> <li>▪ Account transactions</li> <li>▪ Retirement assets</li> </ul> <p>When you are <i>no longer</i> our customer, we will continue to hold your information and share it as described in this notice.</p>
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons LPL Financial chooses to share; and whether you can limit this sharing.

Reasons We Can Share Your Personal Information	Does LPL Financial share?	Can you limit this sharing?
<b>For our everyday business purposes</b> Such as to process and service your transactions, report on transactions, maintain your account(s), respond to court orders, regulatory and legal investigations, or report to credit bureaus.	Yes	No
<b>For our marketing purposes</b> We do not share information with our affiliates or other non-affiliated third parties to offer you products and services without your consent.	No	No
<b>For joint marketing with other financial companies</b> Federal and certain state laws give us the right to share your information with banks, credit unions, retirement plans and other financial institution programs with which you are a customer and where a formal agreement exists between us and them to provide or market financial products or services to you. However, we will not share your information with these financial companies for marketing purposes if your financial advisor is not affiliated with them without your consent, but we may share information with these financial companies where necessary to service your accounts.	Yes	No
<b>For clients of financial institutions and LPL Financial</b> If you are a customer of a bank, credit union, or other financial institution program with which we have a joint marketing agreement (such as under a bank or credit union investment services program) and your financial advisor with whom you work pursuant to that program terminates his or her relationship with us, we will permit your financial advisor to take your personal information with them or retain copies unless your bank, credit union, or other financial institution program does not approve of such transfer. For these types of programs, the Protocol described on next page will not apply.  <b>Please do not send in the Privacy Choices Notice form as it is not applicable to your account relationship with us.</b>	No	No

Reasons We Can Share Your Personal Information	Does LPL Financial share?	Can you limit this sharing?
<p><b>For clients of independent advisors and LPL Financial</b></p> <p>If your financial advisor terminates his or her relationship with us and moves to another brokerage or investment advisory firm ("New Firm"), we or your financial advisor may disclose your personal information to the New Firm, unless you instruct us not to. If you do not want us or your financial advisor to disclose your personal information to the New Firm, and if you do not want your financial advisor to retain copies of your personal information when your financial advisor terminates his or her relationship with us, you may request that we and/or your financial advisor limit the information that is shared with the New Firm by filling out the Privacy Choices Notice which is attached to this Privacy Notice and mailing it to: Privacy Management; c/o Compliance Department, LPL Financial, 9785 Towne Centre Drive, San Diego, CA 92121-1968. You can withdraw your opt-out choice at any time by contacting us in writing at the address provided above.</p> <p>If your primary address is in a state that requires your affirmative consent to share your personal information with the New Firm (such as California, Massachusetts, Maine, Alaska, New Mexico, North Dakota, or Vermont), then you must give your written consent before we will allow your financial advisor to take any of your personal information to that New Firm.</p> <p>Please be aware that LPL Financial has entered into the Protocol for Broker Recruiting (Protocol) on September 4, 2008 with certain other brokerage firms, and if LPL Financial remains a signatory to the Protocol as of the effective date of your advisor's termination from LPL Financial, then LPL Financial will permit your financial advisor to take your name, address, phone number, e-mail address, and the account title of the accounts serviced (or additional information as permitted if the Protocol is amended) while your financial advisor was associated with LPL Financial if your advisor joins one of these Protocol brokerage firms.</p>	Yes	Yes

<b>Questions?</b>	Go to <a href="http://www.lpl.com">www.lpl.com</a>
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Who Is Providing This Notice?
<p>LPL Financial LLC and its Affiliates (collectively LPL Financial). Our affiliates include the following entities:</p> <ul style="list-style-type: none"> <li>▪ <i>Independent Advisors Group Corporation</i></li> <li>▪ <i>PTC Holdings, Inc.</i></li> <li>▪ <i>LPL Insurance Associates, Inc.</i></li> <li>▪ <i>The Private Trust Company, N.A.</i></li> </ul> <p>We do not share information among our affiliates for marketing purposes.</p>

What We Do
<p><b>How does LPL Financial protect my personal information?</b></p> <p>To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.</p> <p>We train our employees in the proper handling of personal information. We require companies that help provide our services to you to protect the confidentiality of personal information they receive.</p>
<p><b>How does LPL Financial collect my personal information?</b></p> <p>We collect your personal information, for example, when you:</p> <ul style="list-style-type: none"> <li>▪ Open an account</li> <li>▪ Enter into an investment advisory account</li> <li>▪ Apply for insurance</li> <li>▪ Tell us about your investment or retirement portfolio</li> <li>▪ Seek advice about your investments</li> </ul> <p>We also collect your personal information from others such as credit bureaus, affiliates, or other companies.</p>

Other Important Information
<p><b>Information for Vermont and California Customers</b></p> <p>In response to a Vermont regulation, if we disclose personal information about you to nonaffiliated third parties with whom we have joint marketing agreements, we will only disclose your name, address, other contact information, and information about our transactions or experiences with you.</p> <p>In response to a California law, we automatically treat accounts with California billing addresses as if you do not want to disclose personal information about you to nonaffiliated third parties except as permitted by the applicable California law. We will also limit the sharing of personal information about you with our affiliates to comply with all California privacy laws that apply to us.</p>

Securities offered through LPL Financial, a Registered Investment Advisor, member FINRA/SIPC.

Not FDIC/NCUA Insured	Not Bank/Credit Union Guaranteed	May Lose Value	Not Guaranteed by Any Government Agency	Not a Bank/Credit Union Deposit
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**Mail-In Form****Privacy Choices Notice**

(To be used by clients of LPL Financial *independent* advisors only, not clients of advisors associated with a bank or credit union)

If you would like to limit the personal information that your financial advisor could disclose or take if he or she moved to another brokerage or investment advisory firm and terminated the relationship with LPL Financial, please complete and mail the following form to:

Privacy Management  
c/o Compliance Department  
LPL Financial  
9785 Towne Center Drive  
San Diego, CA 92121-1968

- ☐ Limit the personal information about me that my financial advisor could disclose or take if he or she moves to another brokerage or investment advisory firm and terminates the relationship with LPL Financial. However, I understand that LPL Financial may disclose my name, address, telephone number, email, and the account title of the accounts serviced by my advisor to the new brokerage or investment advisory firm as allowed under federal and certain state laws.

In order for your opt-out election to be effective, you must complete ALL of the following information:

**Customer 1:**

Name (Please print clearly) \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State/Zip \_\_\_\_\_

LPL Financial Account Number or SSN \_\_\_\_\_

Signature: \_\_\_\_\_ Date \_\_\_\_\_

**Customer 2:**

Name (Please print clearly) \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State/Zip \_\_\_\_\_

LPL Financial Account Number or SSN \_\_\_\_\_

Signature: \_\_\_\_\_ Date \_\_\_\_\_

ACCOUNT PACKET

MODEL WEALTH PORTFOLIOS (MWP)
PROGRAM FORM BROCHURE

LPL Financial LLC
75 State Street, 24th Floor, Boston, MA 02109
www.lpl.com (617) 423-3644

September 15, 2012

This program brochure provides information about the qualifications and business practices of LPL Financial ("LPL"). If you have any questions about the contents of this brochure, please contact your LPL financial advisor or LPL at 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 also is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 1 COVER PAGE

ITEM2 MATERIAL CHANGES

The following is a summary of certain changes made to this Brochure from the time of the annual update of the Brochure dated March 31, 2011 until the most recent annual update dated March 31, 2012. Item 4 has been updated to state that customized model portfolio requests, liquidation requests in connection with withdrawals, and changes to the model portfolios or investment objective selected may take up to 5 business days to process, and, in certain circumstances, may take longer. The "Fee Schedule" section under Item 4 was updated to provide more information about the Account Fee as shared between LPL and its investment advisor representatives. The "Participation or Interest in Client Transactions" section under Item 9 of this Brochure was updated to include information about the one-time set up fee LPL may charge to mutual fund product sponsors to add a new fund to its recordkeeping platform. The "Other Compensation" section of Item 9 of this Brochure was updated to provide further information regarding the types of reimbursement LPL may receive from product sponsors. This section of Item 9 was also updated to include information about benefits LPL receives on the short-term investment of cash in program accounts prior to the time the cash is invested for the account.

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ITEM 4 SERVICES, FEES AND COMPENSATION

Services

LPL offers various types of advisory services and programs, including wrap fee programs, mutual fund asset allocation programs, advisory programs offered by third party investment advisor firms, financial planning services, and retirement plan consulting services. This Brochure provides a description of the advisory services offered under LPL's Model Wealth Portfolios ("MWP") program. For more information about LPL's advisory services and programs other than MWP, please contact your IAR for a copy of a similar brochure that describes such service or program or go to www.adviserinfo.sec.gov.

The MWP program is a professionally managed mutual fund and exchange-traded fund ("ETF") asset allocation program in which LPL and its investment advisor representatives ("IARs") provide ongoing investment advice and management. The IAR obtains the necessary financial data from the client, assists the client in determining the suitability of the program and assists the client in setting an appropriate investment objective. The IAR selects a model portfolio of funds ("Portfolio") designed by LPL's Research Department or a third party investment strategist ("Portfolio Strategist") consistent with the client's stated investment objective. The IAR provides ongoing advice on the selection or replacement of a Portfolio based on the client's individual needs. The IAR may choose more than one Portfolio to be managed within a single MWP account. The MWP program also permits clients to select a third party investment advisor firm associated with an LPL registered representative, in lieu of an IAR, to provide the advisory services described in this brochure.

The Portfolio Strategist is responsible for selecting the mutual funds and/or ETFs within a Portfolio and for making changes to the funds selected. LPL has discretion to buy and sell securities in the account according to the Portfolio selected and liquidate previously purchased securities that are transferred into the

## ACCOUNT PACKET

# MODEL WEALTH PORTFOLIOS PROGRAM FORM BROCHURE

account. Exchange-traded notes ("ETN") and closed-end funds may also be purchased in an account. The client authorizes LPL and the IAR to have discretion by executing the Account Agreement and Application.

Except for LPL and Fortigent, LLC ("Fortigent"), the Portfolio Strategists are independent investment advisor firms. Portfolio Strategists provide LPL on an ongoing basis with a Portfolio that includes recommended asset allocations and funds. LPL enters into an agreement with the Portfolio Strategist for these Portfolio services. Except for LPL, the Portfolio Strategist does not have discretion from the client to implement the Portfolio and does not provide individualized investment advice to specific program clients. In certain cases, a Portfolio may consist only of mutual funds and/or ETFs within the same fund family or within affiliated fund families. In such a Portfolio, the Portfolio Strategist will select only those funds within the fund family or affiliated fund families.

LPL acts as the overlay portfolio manager ("OPM") in coordinating the trades in the account and performing tax harvesting services. LPL as the OPM is responsible for rebalancing accounts in accordance with the allocations in the Portfolio. LPL will review an account to determine if rebalancing is appropriate based on the frequency selected by the client at account opening or as altered by the client or the IAR from time to time. The choices for frequency of rebalancing review are quarterly (four times per year), semiannually (two times per year) or annually (once per year). At each rebalancing review date, LPL will rebalance the account only if at least one fund position is outside a pre-determined range, subject to a minimum transaction amount established by LPL in its discretion. In addition, LPL will review an account for rebalancing in the event that the Portfolio Strategist changes the allocation targets.

LPL, at the request of the client or IAR, performs tax harvesting. In such case, proceeds of tax-related transactions may be held in cash until appropriate wash sale periods have expired. Once the wash sale period has expired, the related proceeds will be invested according to the current targeted allocation for the Portfolio. In addition, LPL may delay placing rebalancing transactions for non-retirement accounts by a number of days, to be determined by LPL, in an attempt to limit short-term tax treatment for any position being sold. Under certain conditions, LPL also will accommodate requests for all or a portion of an account to remain allocated to cash for a period of time. Such customized requests, liquidation requests in connection with withdrawals, and changes to the Portfolio(s) or investment objective selected may take up to 5 business days to process, and, in certain circumstances, may take longer.

In connection with the program, LPL also acts as custodian to accounts, provides brokerage and execution services as the broker-dealer on transactions, and performs administrative services, such as quarterly performance reporting to clients.

### Fee Schedule

In the MWP program, clients pay LPL and its IARs an ongoing advisory fee ("Account Fee"). The Account Fee is negotiable between the client and the IAR and is set out in the Account Application. The Account Fee is a straight percentage based on the value of all assets in the account, including cash holdings. The maximum Account Fee is 2.50%. The Account Fee is paid to LPL, and LPL retains up to 0.58% for its administrative services and OPM services. For certain Portfolios designed by LPL, LPL retains an additional amount of up to 0.25% as a strategist fee for such Portfolio design services. For Portfolios designed by Portfolio Strategists other than LPL, LPL pays a portion of the Account Fee to the Portfolio Strategist. LPL shares between 90% to 100% of the remaining portion of the Account Fee with the IAR based on the agreement between LPL and the IAR. If a Portfolio designed by a Portfolio Strategist other than LPL is selected, the Portfolio Strategist will receive a portion of the Account Fee. The portion of the Account Fee paid to the Portfolio Strategist is negotiated between LPL and the Portfolio Strategist and ranges from 0% to 0.25%. The fee rates charged by Portfolio Strategists vary based on the Portfolio selected. The IAR when determining the Account Fee may factor in any Portfolio Strategist fee, and the Portfolio Strategist fee may result in a higher Account Fee to the client.

### How the Account Fee is Charged

LPL deducts the Account Fee and other fees and charges associated with an MWP account from the account. LPL calculates and deducts the Account Fee in the method described in the Account Agreement, unless other arrangements are made in writing. If a client wishes to be billed for the Account Fee, rather than a deduction directly from the account, the client needs to make a request to LPL through the IAR.

### Payment in Advance and Refund of Pre-Paid Fees

LPL deducts the Account Fee quarterly in advance. If the Account Agreement is terminated before the end of the quarterly period, LPL will pay the client a pro-rated refund of any pre-paid quarterly Account Fee based on the number of days remaining in the quarter after the termination date. However, if the account is closed within the first six months by the client or as a result of withdrawals that bring the account value below the required minimum, LPL reserves the right to retain the pre-paid quarterly Account Fee for the current quarter in order to cover the administrative costs of establishing the account (for example, the costs related to transferring positions in and out of the account, data entry in opening the account, reconciliation of positions in order to issue quarterly performance reports, and re-registration of positions). After the termination date, LPL may convert the account to a brokerage account. In a brokerage account, client is charged a commission for each transaction and LPL and the IAR have no responsibility to provide ongoing investment advice.

### Other Types of Fees and Expenses of LPL

In addition to the Account Fee, clients also pay LPL other miscellaneous administrative or custodial-related fees and charges that may apply to an MWP account. LPL notifies clients of these charges at account opening and makes available a list of these charges on its website at [www.lpl.com](http://www.lpl.com).

## ACCOUNT PACKET

# MODEL WEALTH PORTFOLIOS PROGRAM FORM BROCHURE

### Fees Charged by Third Parties

There are other fees and charges that are imposed by third parties other than LPL that apply to investments in MWP accounts. Some of these fees and charges are described below. In MWP, assets are invested in mutual funds or ETFs and, therefore, there are two layers of advisory fees and expenses for those assets. Client will pay an advisory fee to the fund manager and other expenses as a shareholder of the fund. In the case of mutual funds that are fund of funds, there could be an additional layer of fees. Client will also pay LPL and IAR the Account Fee with respect to those assets. The mutual funds and ETFs available in the program may be purchased directly. Therefore, clients could generally avoid an additional layer of fees by not using the advisory services of LPL and IAR and by making their own decisions regarding the investment.

If client transfers into an MWP account a previously purchased mutual fund, and there is an applicable contingent deferred sales charge on the fund, client will pay that charge when the mutual fund is sold. If the account is invested in a mutual fund that charges a fee if a redemption is made within a specific time period after the investment, client will be charged a redemption fee. If a mutual fund has a frequent trading policy, the policy can limit a client's transactions in shares of the fund (e.g., for rebalancing, liquidations, deposits or tax harvesting). Decisions regarding the sale of mutual funds in an account may be made by LPL without regard to whether a client will be assessed a redemption fee. Clients can find more information regarding the fees and expenses of a mutual fund or ETF in the fund's prospectus, which is available upon request from the IAR or directly from the fund.

For those Portfolios consisting of mutual funds, LPL selects only no-load and load-waived mutual funds. In some cases, a mutual fund in MWP will charge shareholders an asset based sales charge or service fee (e.g., 12b-1 fee) that is paid to LPL. For retirement accounts, 12b-1 fees paid to LPL by mutual funds are credited to the account. A retirement account for purposes of this Brochure is an account held by plan subject to the Employee Retirement Income Security Act of 1974 ("ERISA") or an account otherwise subject to Section 4975 of the Internal Revenue Code (e.g., an individual retirement account or IRA). The receipt of 12b-1 fees presents a potential conflict of interest because it gives an incentive to LPL or an affiliated Portfolio Strategist to recommend mutual funds for non-retirement accounts based on the compensation received rather than on a client's needs. LPL does not share 12b-1 fees with IARs in the MWP program. Portfolio Strategists (other than LPL and its affiliates) do not share in this compensation.

### Important Things to Consider About Fees on a MWP Account

- The Account Fee is a single wrap fee for investment advisory services, the execution of transactions and other administrative and custodial services. Clients do not pay a commission or transaction charge to LPL for the execution of transactions in the account. The Account Fee may cost the client more than purchasing the program services separately, for example, paying an advisory fee plus commissions or transaction charges to a broker-dealer for each transaction in the account. Factors that bear upon the cost of the account in relation to the cost of the same services purchased separately include the:
  - o type and size of the account
  - o type of securities in the Portfolio (whether mutual funds or ETFs)
  - o historical and or expected size or number of trades for the account, and
  - o number and range of supplementary advisory and client-related services provided to the client.
- The Account Fee may be higher than the fees charged by other investment advisors for similar services. This is the case in particular if the Account Fee is at or near the maximum Account Fee set out above. The IAR is responsible for determining the Account Fee to charge each client based on factors such as total amount of assets involved in the relationship, the number, complexity and mix of the Portfolios, the Portfolio Strategist fee applicable to the Portfolios, and the number and range of supplementary advisory and client-related services to be provided to the account. Clients should consider the level and complexity of the advisory services to be provided when negotiating the Account Fee with IAR. Because the portion of the Account Fee retained by the IAR may vary depending on the Portfolio Strategist fee associated with a Portfolio, the IAR may have an incentive to select one Portfolio instead of another Portfolio.
- The IAR recommending the program to the client receives compensation as a result of the client's participation in the program. This compensation includes a portion of the Account 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 Financial 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's national conference or top producer forums 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 programs. Therefore, the amount of this compensation may be more than what the IAR would receive if the client participated in other LPL programs, programs of other investment advisors or paid separately for investment advice, brokerage and other client services. Therefore, the IAR may have a financial incentive to recommend a program account over other programs and services.
- The investment products available to be purchased in the program can be purchased by clients outside of an MWP account, through broker-dealers or other investment firms not affiliated with LPL.

## ACCOUNT PACKET

# MODEL WEALTH PORTFOLIOS PROGRAM FORM BROCHURE

### ITEM 5 ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

LPL requires a minimum account value for a program account to be opened. The minimums vary depending on the Portfolio selected. The lowest account minimum for a Portfolio is \$25,000. In certain instances, LPL will permit a lower minimum account size for a Portfolio. An account will not be invested according to the Portfolio until the minimum has been reached. The program is available for individuals, IRAs, banks and thrift institutions, pension and profit sharing plans, including plans subject to ERISA, trusts, estates, charitable organizations, state and municipal government entities, corporations and other business entities.

### ITEM 6 PORTFOLIO MANAGER SELECTION AND EVALUATION

In MWP, LPL and IAR are responsible for the overall investment advice and management services offered to clients, and the client selects the IAR who manages the account. LPL generally requires that individuals involved in determining or giving investment advice have at least two years financial planning, advisory or brokerage-related experience. Each IAR is also generally required to possess a FINRA Series 6, 7, 65, or 66 license. For more information about the IAR managing the account, client should refer to the Brochure Supplement for the IAR, which client should have received along with this Brochure at the time client opened the account.

LPL makes available Portfolios designed by LPL, Fortigent and unaffiliated Portfolio Strategists. LPL selects and reviews on an ongoing basis the Portfolio Strategists available on MWP. LPL may use information provided by the Portfolio Strategist and also may use independent, third party data sources when evaluating a Portfolio Strategist. Portfolio Strategist performance information is not calculated on a uniform and consistent basis. LPL does not review performance information to determine or verify its accuracy and does not calculate third party Portfolio Strategist performance. However, LPL provides clients with individual quarterly performance reports. Performance reports are distributed by LPL using third party performance reporting software. Client performance information is calculated on a uniform and consistent basis using a time weighted basis. Performance reports are reviewed for accuracy by LPL prior to delivery to clients and are intended to inform clients as to how their investments have performed for a period, both on an absolute basis and compared to investment indices.

It is important to note that Portfolio Strategists provide the Portfolios to LPL, and it is LPL that has discretion for trade implementation and execution in MWP accounts. Therefore, Portfolios submitted to LPL by Portfolio Strategists may represent activity that has already been implemented on behalf of other clients of the Portfolio Strategist. Because of this fact and because LPL (and not the Portfolio Strategist) has discretionary authority to implement trades, performance of an MWP account will differ from the performance of an Portfolio Strategist's discretionary accounts.

#### Affiliated Portfolio Strategist

Fortigent is a Portfolio Strategist that is an affiliate of LPL. LPL does not apply the same selection and review criteria to Fortigent as it does to unaffiliated Portfolio Strategists. Because Fortigent is under common ownership with LPL, LPL will have an indirect financial benefit if IARs recommend and select a Fortigent Portfolio, instead of a Portfolio designed by an unaffiliated Portfolio Strategist, because LPL's parent will benefit financially from the fees paid to Fortigent. Although this conflict is mitigated by the fact that the IAR does not share in the fee paid to Fortigent, clients should be aware of the potentially conflicting interests in evaluating the advice and services client receives.

#### LPL as a Portfolio Strategist

In MWP, clients may invest in Portfolios designed by LPL's Research Department. LPL's Research Department provides various types of advisory services. LPL Research provides research recommendations on asset allocation and mutual funds and ETFs. LPL Research provides investment advice on mutual fund selection and allocation through other LPL advisory programs, such as Optimum Market Portfolios and Personal Wealth Portfolios. LPL Research also reviews and recommends outside portfolio management firms for LPL's separately managed account wrap program, Manager Select.

Because LPL may retain more of the Account Fee if an LPL Portfolio is selected instead of a Portfolio of an unaffiliated Portfolio Strategist, LPL and its affiliates companies may have a financial benefit if IARs recommend and select an LPL Portfolio, instead of a Portfolio designed by an unaffiliated Portfolio Strategist. Although this conflict is mitigated by the fact that the IAR does not share in the fee paid to LPL for strategist services, clients should be aware of the potentially conflicting interests in evaluating the advice and services client receives.

LPL Research designs many types of Portfolios for MWP to meet the varying needs of clients. LPL Research uses the following investment strategies in designing mutual fund and ETF Portfolios. It is important to note that no methodology or investment strategy is guaranteed to be successful or profitable. Although these descriptions are written in terms of individual equities and/or bonds, they include mutual funds or ETFs whose portfolios consist of the type of equities or bonds referenced.

- *Diversified.* The Diversified investment strategy seeks to promote capital appreciation while taking a reasonable amount of risk to achieve that goal. The strategy is subject to minimal constraints, which allows for a relatively pure implementation of LPL Research's investment advice. In general, Diversified Portfolios should be considered by investors seeking investments in primarily stocks and bonds, along with the occasional non-traditional asset class to take advantage of potential market opportunities. These Portfolios will hold primarily traditional asset classes. Secondly, if a non-traditional asset class represents the investment that provides what LPL Research believes is the most appropriate means of taking advantage of a market opportunity, LPL Research will include those asset classes in the Portfolio. Diversified Portfolios tend to be steady in their number of positions and are intended to remain consistently diversified.

## MODEL WEALTH PORTFOLIOS PROGRAM FORM BROCHURE

- *Diversified Plus.* The Diversified Plus investment strategy seeks to promote capital appreciation by seeking an appropriate balance of return potential and risk control. Diversified Plus Portfolios are more suited to those investors who seek investment opportunities, regardless of asset class, and are comfortable holding esoteric investments. These Portfolios include any asset class — including alternative strategy asset classes that may incorporate strategies such as Absolute Return or Managed Futures. These Portfolios look both at traditional and non-traditional asset classes and may hold more esoteric investments, if LPL Research considers those asset classes the most appropriate opportunity. If many opportunities exist in the market, these Portfolios can be constructed using a wider array of asset classes and may include a larger number of targeted investments to gain desired exposures. Alternatively, if there are fewer opportunities, Diversified Plus Portfolios will be more concentrated in fewer holdings.

LPL Research designs different versions of the Portfolios. For example, clients can choose either a strategic or tactical version for the Portfolios. The allocations in the strategic Portfolios are intended to help take advantage of market opportunities LPL Research believes will occur or persist throughout a 3 to 5 year time frame. Strategic Portfolios are intended for investors who take a longer term view or who are more tax sensitive. Tactical Portfolios are more flexible and are designed to help take advantage of short, mid, and long-term opportunities the markets present. LPL Research invests these Portfolios based on opportunities for as short as one week and as long as 5 years. Tactically managed Portfolios should be considered by clients who wish to take advantage of shorter-term market opportunities and are not opposed to the prospect of more frequent trading.

In addition, LPL Research designs alpha-focused Portfolios that are structured for more aggressive investors. There are downside risk aware Portfolios that are intended to be structured more conservatively to help provide more protection in the event of a down market. LPL Research designs Portfolios intended for investors who place a priority on income generation and Portfolios for investors seeking to minimize tax impacts. Such income generation versions may be available in investment objectives that are not typically focused on income. Because the Portfolios invest in mutual funds and ETFs and not directly in individual stocks and bonds, clients generally cannot restrict individual securities in a program account, for example, to invest in socially responsible companies. However, LPL Research designs Portfolios that invest in mutual funds that have socially responsible objectives.

### Types of Investments and Risks

The Portfolios may include different types of securities, such as mutual funds, closed end funds, ETFs and ETNs. Investing in securities involves the risk of loss that clients should be prepared to bear. Described below are some particular risks associated with some types of investments available in the program.

- *Alternative Strategy Mutual Funds.* Certain mutual funds available in the program invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes and potential illiquidity. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund's concentration in the real estate industry. These types of funds tend to have higher expense ratios than more traditional mutual funds. They also tend to be newer and have less of a track record or performance history.
- *Closed-End Funds.* Client should be aware that closed-end funds available within the program may not be readily marketable. In an effort to provide investor liquidity, the funds may offer to repurchase a certain percentage of shares at net asset value on a periodic basis. Thus, clients may be unable to liquidate all or a portion of their shares in these types of funds.
- *Exchange-Traded Funds (ETFs).* ETFs are typically investment companies that are legally classified as open end mutual funds or UITs. However, they differ from traditional mutual funds, in particular, in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly-traded companies. ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the "spread." The spread varies over time based on the ETF's trading volume and market liquidity, and is generally lower if the ETF has a lot of trading volume and market liquidity and higher if the ETF has little trading volume and market liquidity. Although many ETFs are registered as an investment company under the Investment Company Act of 1940 like traditional mutual funds, some ETFs, in particular those that invest in commodities, are not registered as an investment company.
- *Exchange-Traded Notes (ETNs).* An ETN is a senior unsecured debt obligation designed to track the total return of an underlying market index or other benchmark. ETNs may be linked to a variety of assets, for example, commodity futures, foreign currency and equities. ETNs are similar to ETFs in that they are listed on an exchange and can typically be bought or sold throughout the trading day. However, an ETN is not a mutual fund and does not have a net asset value; the ETN trades at the prevailing market price. Some of the more common risks of an ETN are as follows. The repayment of the principal, interest (if any), and the payment of any returns at maturity or upon redemption are dependent upon the ETN issuer's ability to pay. In addition, the trading price of the ETN in the secondary market may be adversely impacted if the issuer's credit rating is downgraded. The index or asset class for performance replication in an ETN may or may not be concentrated in a specific sector, asset class or country and may therefore carry specific risks.
- *Leveraged and Inverse ETFs, ETNs and Mutual Funds.* Leveraged ETFs, ETNs and mutual funds, sometimes labeled "ultra" or "2x" for example, are designed to provide a multiple of the underlying index's return, typically on a daily basis. Inverse products are designed to provide the opposite of the return of the underlying index, typically on a daily basis. These products are different from and can be riskier than traditional ETFs, ETNs and mutual funds. Although these products are designed to provide returns that generally correspond to the underlying index, they may not be able to exactly replicate the performance of the index because of fund expenses and other factors. This is referred to as tracking error. Continual re-setting of returns within the product may add to the underlying costs and increase the tracking error. As a result, this may prevent these products from achieving their investment

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objective. In addition, compounding of the returns can produce a divergence from the underlying index over time, in particular for leveraged products. In highly volatile markets with large positive and negative swings, return distortions are magnified over time. Because of these distortions, these products should be actively monitored, as frequently as daily, and may not be appropriate as an intermediate or long-term holding. To accomplish their objectives, these products use a range of strategies, including swaps, futures contracts and other derivatives. These products may not be diversified and can be based on commodities or currencies. These products may have higher expense ratios and be less tax-efficient than more traditional ETFs, ETNs and mutual funds.

### Voting Client Securities

In MWP, LPL and IARs do not accept authority to vote client securities. Clients retain the right to vote all proxies that are solicited for securities held in the account. Clients will receive proxies or other solicitations from LPL. If clients have questions regarding the solicitation, they should contact the contact person that the issuer identifies in the proxy materials or their IAR. In addition, LPL and IARs do not accept authority to take action with respect to legal proceedings relating to securities held in the account.

### ITEM 7 CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

The IAR obtains the necessary financial data from the client and assists the client in setting appropriate investment objectives for the account. The IAR obtains this information by having the client complete an Account Application which is a part of the Account Agreement. In quarterly communications, LPL asks clients to contact the IAR if there have been any changes in the client's financial situation or investment objective or if they wish to impose any reasonable restrictions on the management of the account or reasonably modify existing restrictions. Because the Portfolio Strategist's role is limited to providing Portfolios to LPL, and does not provide individualized discretionary advisory services to MWP clients, LPL generally does not communicate specific client information to Portfolio Strategists.

Clients should understand that the investment objective selected for the program in the Account Application is an overall objective for the entire account and may be inconsistent with a particular holding and the account's performance at any time. Client also should be aware that achievement of the stated investment objective is a long-term goal for the account.

### ITEM 8 CLIENT CONTACT WITH PORTFOLIO MANAGERS

LPL does not place any restrictions on a client's ability to contact and consult with IARs. Because the Portfolio Strategist's role is solely to provide Portfolios to LPL, and not to provide individualized discretionary advisory services to MWP clients, Portfolio Strategists generally are not available to be contacted or consulted by MWP clients.

### ITEM 9 ADDITIONAL INFORMATION

*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, 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).

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LPL, as a broker-dealer, is regulated by each of the 50 states and has been the subject to orders related to the violation of state laws and regulations in connection with its brokerage activities. 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).

### 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, REITs 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 Fortigent, a registered investment advisor and related person of LPL. LPL has retained Fortigent to provide Portfolios as a Portfolio Strategist on the MWP program.

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 for certain accounts offered 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 program accounts set up as individual retirement accounts and receives an annual maintenance fee for this service. PTC also provides personal trustee services to clients for a variety of administrative fiduciary service, which services may relate to a program account. PTC's IRA custodian and trustee services and fees are established under a separate engagement between the client and PTC.

### 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

From time to time, a purchase of mutual fund shares may be processed through the firm's proprietary account resulting in its being characterized as a principal transaction for certain reporting purposes. In every case, the shares will be purchased at the fund's net asset value, and no additional charges will be applied to such transactions as a result of the firm's use of a proprietary account. LPL does not otherwise engage in principal transactions with its clients in MWP. LPL's parent company, LPL Financial Holdings Inc., is a publicly traded company. LPL Financial Holdings Inc. stock may not be purchased in MWP accounts.

LPL performs recordkeeping and administrative services on behalf of mutual funds and receives compensation for the services based on positions held by MWP clients. These services include establishing and maintaining sub-account records reflecting the issuance, exchange or redemption of shares by each program account. The compensation LPL receives for these services may be paid based on MWP client assets in the fund (up to 0.25%) or number of positions held by MWP clients in the fund (up to \$20 per position). In addition, LPL may charge mutual fund product sponsors a one-time set up fee of up to \$5000 per mutual fund to add the fund to its recordkeeping platform. This compensation presents a potential conflict of interest to LPL, and LPL addresses the potential conflict by disclosing the compensation to clients. Unaffiliated Portfolio Strategists do not share in this compensation and therefore an unaffiliated Portfolio Strategist does not have a financial incentive to select one mutual fund over another because of this compensation. LPL does not share this compensation with IARs.

LPL makes available programs for cash in an MWP account to be automatically swept to a money market fund or an interest-bearing Federal Deposit Insurance Corporation ("FDIC")-insured deposit account. For more information about which types of accounts are eligible to use the different sweep options, please speak to your IAR.

For accounts that are set up for cash to sweep to a money market fund -- the available sweep money market funds typically pay higher 12b-1 fees than other money market funds. In addition, LPL receives compensation of up to 0.35% of the LPL client assets invested in the sweep money market funds for recordkeeping services it provides for the funds. LPL also receives up to 0.15% of the LPL client assets invested in the sweep money market funds in connection with marketing support services LPL provides to the money market fund sponsors.

For accounts that sweep to the multi-bank insured cash account program offered by LPL (the "ICA") -- LPL receives a fee equal to a percentage of the average daily deposit balance in the ICA. The fee paid to LPL may be at an annual rate of up to an average of 200 basis points as applied across all ICA deposit accounts

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taken in the aggregate; therefore, on some accounts, fees to LPL may be higher or lower than this amount. The compensation LPL receives with respect to the ICA may be higher than if a client invests in other sweep investment options.

LPL also makes available single-bank insured cash account programs. The banks sponsoring such programs may have an agreement with LPL for LPL IARs to offer advisory services on their premises. In the case of these single-bank programs, LPL may receive a fee from the bank of up to 0.50% of the LPL client assets deposited at the bank under the program for its sweep processing services. For additional information on the insured cash account program for your account, please see the applicable disclosure booklet available from IAR.

The compensation that LPL receives related to the insured cash account and the sweep money market funds is in addition to the Account Fee that LPL and IAR receive with respect to the assets in the sweep investment. This compensation related to the insured cash account and sweep money market funds presents a conflict of interest to LPL because LPL has a financial benefit if cash is invested in the insured cash account or the sweep funds. However, unaffiliated Portfolio Strategists do not share in this compensation and therefore an unaffiliated Portfolio Strategist does not have a financial incentive to allocate a Portfolio to cash instead of other holdings. In addition, LPL and Fortigent do not take into account this compensation when it makes decisions on a Portfolio's allocation to cash. LPL does not share this compensation with IARs.

### Review of Accounts

LPL provides clients with regular written reports regarding their accounts. LPL provides detailed quarterly performance reports describing account performance and positions. In addition, LPL transmits to clients account statements showing transactions, positions, and deposits and withdrawals of principal and income. IARs review monthly or quarterly accounts statements as well as quarterly performance reports. Portfolio values and returns shown in performance reports for the year-end time period may include mutual fund dividends paid out prior to December 31 but that were posted to the account within the first 2 business days of the subsequent year. The inclusion of such dividends in the year-end performance report may cause discrepancies between the report and the account statement client receives from LPL for the same period.

### Other Compensation

Unaffiliated Portfolio Strategists may reimburse LPL for costs associated with the use of technology necessary for the Portfolio Strategist to perform its services under the program. Portfolio Strategists also may reimburse LPL up to \$50,000 for the upfront technology development costs to make the Portfolio Strategist's Portfolios available on the program.

The IAR, LPL and LPL employees may receive additional compensation from product sponsors, such as a Portfolio Strategist. However, such compensation may not be tied to the sales of any products. 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 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. LPL also receives reimbursement from product sponsors for technology-related costs associated with investment proposal tools it makes available to its IARs for use with clients.

LPL as broker-dealer may receive compensation for directing orders in securities to particular broker-dealers or market centers for execution. The source and nature of compensation received in connection with trades for client accounts is available at [www.lpl.com](http://www.lpl.com) and can also be furnished upon written request. LPL does not share this compensation with IARs.

LPL may receive compensation in the form of earnings on its short-term investment of cash in program accounts prior to the time the cash is invested for the account (typically, not more than a business day). These earnings are generally known as "float." Cash in the account would typically result from contributions to the account or sales of securities in the account. LPL does not share this compensation with your IAR.

If a Portfolio is selected that only consists of mutual funds and/or ETFs within the same fund family or within affiliated fund families, the Portfolio Strategist will select only those funds within the affiliated fund families. Because mutual funds or ETFs in a Portfolio may be affiliated with the Portfolio Strategist that designs the Portfolio, an investment in the affiliated fund generates compensation to the Portfolio Strategist or its affiliates, including, among other types of compensation, fund-level management fees, in addition to any portion of the Account Fee it receives.

LPL and BlackRock Advisors, LLC ("BlackRock") entered into an agreement pursuant to which BlackRock agreed to contribute up to a fixed amount for upfront and ongoing technology costs incurred by LPL for the development involved in launching and operating ETF Portfolios on the program. BlackRock Investment Management, LLC, an affiliate of BlackRock, is one of the Portfolio Strategists with Portfolios that are available on the program. BlackRock is also affiliated with mutual funds and ETFs that may be included in the Portfolios it designs and those model portfolios designed by LPL or the other Portfolio Strategists.

Because LPL benefited from BlackRock's financial contribution to the technology development, the amount of which is significant to LPL, LPL's financial interests conflicted with its ability to use strictly objective factors in making the selection of a BlackRock affiliate as a Portfolio Strategist. Because of the agreement with BlackRock, LPL's financial interests also conflict with its ability to use strictly objective factors in selecting Portfolio Strategists (other than BlackRock) that have proprietary ETFs. However, LPL did not agree to guarantee that BlackRock's affiliated Portfolios will be used for any MWP client account. In addition, neither LPL nor the other Portfolio Strategists are required to include BlackRock-affiliated funds or ETFs in their Portfolios. The BlackRock affiliate is required to satisfy the same review as all other unaffiliated Portfolio Strategists. Although BlackRock has the right to consult with LPL about the identity of the other Portfolio Strategists, LPL has sole discretion to select Portfolio Strategists that are made available on MWP.

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### Client Referrals

LPL compensates other persons for client referrals for program accounts. LPL enters into an agreement with such referral agents and pays them a portion of the ongoing Account 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 offer advisory services on the premises of unaffiliated financial institutions, like banks or credit unions. LPL has entered into agreements with the financial institutions pursuant to which LPL shares compensation, including a portion of the Account Fee, 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 Account 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 IAR.

### Financial Information and Custody

LPL is a qualified custodian as defined in Rule 206(4)-2 and maintains custody of MWP client funds and securities in a separate account for each client under the client's name. LPL as a qualified custodian sends account statements showing all transactions, positions, and all deposits and withdrawals of principal and income. LPL sends account statements monthly when the account has had activity or quarterly if there has been no activity. Clients should carefully review those account statements.

### Brokerage Practices

In MWP, LPL requires that clients direct LPL as the sole and exclusive broker-dealer to execute transactions in the account. Clients should understand that not all advisors or program sponsors require their clients to direct brokerage. The fact that LPL is both the investment advisor and sole broker-dealer on the account presents a conflict of interest. By directing brokerage to LPL, clients may be unable to achieve the most favorable execution of client transactions. Therefore, directed brokerage may cost clients more money. However, clients should understand that LPL is not paid a commission or transaction charge for executing transactions in MWP accounts. In addition, in the case of mutual funds, execution is made at the net asset value of the fund.

LPL will aggregate transactions for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. LPL also will aggregate rebalancing transactions for an account with other program accounts. Due to the large number of accounts that may be involved in rebalancing transactions on a single day, LPL may effect transactions for some accounts on one day and for other accounts on the following day or days. In such case, LPL will have discretion to sequence the accounts involved in rebalancing transactions with the goal of treating all accounts equitably over time.

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### Brochure Supplements

Accompanying this Brochure are Brochure Supplements for individual employees of LPL. Note that although these individuals are responsible for investment advice provided by LPL, they are not IARs responsible for the ongoing individualized investment advice provided to a particular client. For more information about the IAR managing the account, client should refer to the Brochure Supplement for the IAR, which should have been provided by the IAR along with this Brochure at the time client opened the account. If client did not receive a Brochure Supplement for the IAR, the client should contact the IAR or LPL at [lplfinancial.adv@lpl.com](mailto:lplfinancial.adv@lpl.com).

### Brochure Supplements for Certain LPL Financial Employees:

George Burton White	LPL Financial LLC
Jeffrey Kleintop	75 State Street, 24th Floor, Boston, MA 02109
John J. Canally, Jr.	(617) 423-3644
Derek Schug	<a href="http://www.lpl.com">www.lpl.com</a>
John Guthery	
Christopher Arthur	
Anthony Valeri	LPL Financial LLC
Marcus Ehlers	9785 Towne Centre Drive, San Diego, CA 92121
	(800) 558-7567

September 15, 2012

This Brochure Supplement provides information about certain LPL 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 LPL 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 ongoing individualized investment advice provided to a particular client. For more information about the IAR managing the account, 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 client opened the account. If client did not receive a Brochure Supplement for the IAR, the client should contact the IAR or LPL at [lplfinancial.adv@lpl.com](mailto:lplfinancial.adv@lpl.com).

### 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

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.

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### 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 VALERI

#### Educational Background and Business Experience

Anthony 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

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.

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### 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.

## MARCUS EHLERS

### Educational Background and Business Experience

Marc Ehlers was born in 1960. He has a BA from the University of Iowa. He is Senior Vice President of Trading at LPL and joined LPL in 2010.

### Disciplinary Information

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

### Other Business Activities

Mr. Ehlers is a registered representative of LPL, a registered broker-dealer and member of FINRA. Although Mr. Ehlers 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. Ehlers receives a regular salary and bonus.

### Supervision

Any advice provided to clients by Mr. Ehlers 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

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.

## ACCOUNT PACKET

# MODEL WEALTH PORTFOLIOS PROGRAM FORM BROCHURE

### 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 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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