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This Brochure provides information about the qualifications and business practices of ValMark Advisers, Inc. If you have any questions about the contents of this Brochure, please contact us at 330-576-1234 or [www.valmarksecurities.com](http://www.valmarksecurities.com).

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

ValMark Advisers, Inc. is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information that you may use to determine whether to hire or retain them.

Additional information about ValMark Advisers, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated 3/30/2012 is a new document prepared according to the SEC’s new requirements and rules.

This year, the only material change resulted from the addition of language regarding qualified retirement plan services that are offered through ValMark Advisers, Inc. in Item 4, Part V. The update more fully describes the types of services and how they are offered.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further offer to provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested anytime by contacting your personal investment advisor representative or by contacting ValMark Advisers, Inc. at 330-576-1234. Our Brochure is also available on our web site [www.valmarksecurities.com](http://www.valmarksecurities.com), also free of charge.

Additional information about ValMark Advisers, Inc. is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with ValMark Advisers, Inc. who are registered, or are required to be registered, as investment adviser representatives of ValMark Advisers, Inc.

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## **Item 4 Advisory Business**

### **I. Description of ValMark Advisers, Inc.**

ValMark Advisers, Inc., founded in 1997, is a registered investment advisory firm under the Investment Advisers Act of 1940 and is an affiliate of ValMark Securities, Inc., a member of the Financial Industry Regulation Authority (FINRA) and Securities Investor Protection Corporation (SIPC). ValMark Advisers, Inc. and ValMark Securities, Inc. together are licensed to operate in all 50 states, and its affiliated agencies are licensed in a number of states as life and variable insurance agencies. The firm's principal owners are: ValMark Investments, LLC. (parent company) and Lawrence J. Rybka, President and Director. The firm utilizes a professional investment committee consisting of individuals with significant industry experience. The Committee assists in making strategic investment decisions for ValMark investment programs.

ValMark Advisers, Inc. offers its services primarily through individual investment advisory representatives ("IAR"), who are also registered representatives of ValMark Securities, Inc. IARs are independent financial consultants who often operate their own financial service organizations, who have clients who need access to certain advisory services available through ValMark. ValMark provides back-office support to these IARs and their clients who also become ValMark's clients. For its services, IARs share a portion of their compensation with ValMark. (For simplicity, hereafter, when referring to the services provided by ValMark Advisers, Inc. or by its IARs, a reference will be made simply to "ValMark".)

ValMark Advisers, Inc. also offers sub-advisory and consulting services to outside organizations. These advisory and consulting services routinely involve portfolio modeling and/or allocation services as well as consulting services related specifically toward the use of exchange traded funds. Users of ValMark's sub-advisory and consulting services include banks, trust companies, investment companies, and non-affiliated registered investment advisors. ValMark primarily offers these services in regards to the management of portfolios utilizing exchange traded funds ("ETFs"). For these services, ValMark often uses the non-registered marketing moniker of ValMark Investment Alliance™.

ValMark offers to its clients a full menu of advisory options and the opportunity to invest in many types of investments including equity securities, corporate debt securities, certificates of deposit, municipal securities, investment company securities and United States government securities. In addition, clients have the opportunity to open an account with TOPS™ or The Optimized Portfolio System, which is ValMark's goal-based asset allocation program which uses, primarily, Exchange Traded Funds as its investment vehicles. Clients may opt to retain ValMark's investment consulting services in an account using no-load or advisor class mutual funds from unaffiliated mutual fund companies. When suitable, ValMark may also recommend clients consider a managed account program wherein clients' assets are allocated to several asset classes. Clients may select a managed account program wherein assets are allocated to different fund choices or assets may be invested with different portfolio managers for separate account investment management. Finally, ValMark offers clients financial planning services.

### **II. The Optimized Portfolio System (TOPS™) from ValMark:**

#### **A. Description of TOPS™ and Exchange Traded Funds**

ValMark provides Clients with the opportunity to invest using "The Optimized Portfolio System" ("TOPS™"). TOPS™ is ValMark's own goal-based asset allocation program which invests, primarily, in Exchange Traded Funds ("ETFs"). An Exchange Traded Fund ("ETF") is most often an investment portfolio that holds all or a representative sample of the individual securities held in an index. ETFs trade on exchanges throughout the day, are priced constantly, and trade at the current market price which may be different from the ETF's net asset value. When ETFs are not available or not optimal for a particular asset category, other investments may be chosen.

The TOPS™ program is offered through the Investment Adviser Representatives of ValMark as well as selected Registered Investment Advisors (“RIA”) that maintain a relationship with ValMark. Each RIA not affiliated with ValMark is screened and evaluated to ensure that they carry out business in a way that exemplifies the culture and business ethics reverberated by ValMark. Typically any such firm has another business relationship with a ValMark affiliate company.

#### **B. TOPS™ Process**

The TOPS™ Program allows a client to select an asset allocation strategy which has the level of risk acceptable to him/her; to diversify investment assets amongst many ETF asset classes; and to pursue a strategic asset allocation investment strategy over a targeted time horizon of at least five years. An IAR of ValMark, or approved RIA, will meet with each client in the TOPS™ program to review the client's personal and financial information including, but not limited to, the Client's goals and objectives, investment risk tolerance (the extent to which an investor is willing to accept more risk in exchange for the possibility of a higher return), financial net worth, earning capacity, tax status, and investment experience. The respective IAR of ValMark and the Client will most often develop an investment strategy and asset allocation profile utilizing one of seven distinct model portfolios available through the TOPS™ program.

After the appropriate TOPS™ portfolio has been selected, based upon the Client's needs and objectives, the Client's assets will be invested in ETFs in accordance with the selected portfolio. Clients will receive from the account custodian confirmations or transaction summaries for all activities conducted in the client's TOPS™ account and/or monthly account statements, along with and internet access to view his/her account. Quarterly performance statements are also provided to the IARs, who may share these with the Clients. Clients' accounts will be rebalanced, generally, annually.

#### **C. TOPS™ Added Services**

From time to time, it may become necessary for a client who is invested in the TOPS™ program to implement their portfolio strategy using investments and/or allocations that are outside of the seven distinct model portfolios. Routinely, high net worth clients are placed into portfolios that contain individually selected municipal bonds to take advantage of the favorable tax treatment. When clients are placed into portfolios containing municipal bonds, they are required to sign an Investment Policy Statement that outlines the investment strategy and the recommendation of individually selected municipal bonds. In order to implement the municipal bond strategies, the TOPS™ program often consults with an experienced municipal bond broker. The recommendations of the experienced municipal bond broker are then evaluated by the TOPS™ staff and implemented upon approval.

Clients may also be placed into a portfolio, for example, to maintain a legacy stock position or maintain a higher than normal amount of cash equivalents. These situations vary upon each client and are documented through notes with the respective IAR. All deviations from basic portfolio allocations must be approved by ValMark senior staff.

#### **D. TOPS™ Fees**

In exchange for services provided by ValMark and the account custodian, each Client agrees to pay annually a set percentage of the total assets held in the Client's TOPS™ account. Further explanation regarding the fees associated with TOPS™ are provided in the TOPS™ Investment Advisory Agreement that each Client signs before participating in the TOPS™ program.

Advisory fees are collected from the Client's account quarterly, in advance, and are based upon the aggregate market value of the assets in the Client's TOPS™ account at the close of business on the last business day of the preceding calendar quarter. The fees payable by a Client including custodial, administrative and advisory fees, will not exceed these established percentages:

<b>Avg. Acct. Balance</b>	<b>Total Annual Fee May Not Exceed</b>
\$50,000 to \$500,000:	2.50%
\$500,001 to \$1,000,000:	2.25%
\$1,000,001 to \$2,000,000:	1.75%
\$2,000,001 and above:	1.25%

The total advisory fee includes compensation for both ValMark and the designated IAR or RIA firm. The specific breakdown of these fees will be outlined on the advisory agreement pertaining to each account. The client will not pay additional trading costs associated with purchasing and/or selling securities. Trading fees will be paid by ValMark. Advisory fees will not be refunded for clients who surrender/transfer their account out of the TOPS™ program after the 10<sup>th</sup> business day of each quarter. As significant time and cost is involved in the setup and closing of client accounts, partial quarterly fees will be retained by ValMark as compensation for overall services rendered. For a refund of fees for an account closed within the first 10 business days of the quarter, a letter of request should be submitted to the IAR or RIA firm within 30 days of account closing. Client should refer to the TOPS™ Wrap Fee Program Disclosure to see the TOPS™ Program fees payable to ValMark Advisers, Inc. It also contains other account opening and servicing details.

#### **E. Strategic Allocation Portfolios Maintained By: TD Ameritrade Trust Company**

ValMark sub-advises a series of Collective Investment Funds for which TD Ameritrade Trust Company acts as trustee and custodian. The TD Ameritrade Trust Company Strategic Allocation Portfolios (SAPs) represent a total of ten funds available only for qualified retirement and governmental plans as described in IRC section 401(a), e.g. 401(k), Profit Sharing, Cash Balance, Money Purchase Pension Plans, and governmental 457 plans. These ten funds are comprised of six risk based and four target date funds which allow plan participants to elect a fund based on their individual risk tolerance or their target retirement date. The SAPs are available to most any plan throughout the country as they trade via CUSIPs on the National Securities Clearing Corporation (NSCC). As disclosed in the fund summary documents, ValMark receives compensation for its work as a sub-advisor in the amount of 0.12% of account assets annually. A portion of the sub-advisory compensation may be shared with certain non-fiduciary individuals/organizations involved in attaining new client relationships. Additionally this 0.12% sub-advisory fee will be offset for ValMark IARs who service plans which offer any of the ten SAPs.

#### **F. TOPS™ ETF Portfolios Maintained By: Northern Lights Variable Trust**

ValMark serves as advisor for 8 funds within the Northern Lights Variable Trust ("NLVT"). NLVT is an independent variable trust consisting of funds managed by multiple different advisors. ValMark's role in advising the variable trust ETF portfolios involves full portfolio management and assistance in marketing and/or servicing client relationships. For three of the funds, notated as "Protected" funds, ValMark has hired the services of Milliman, Inc. as sub advisor. Milliman, Inc. is a Registered Investment Adviser with a specific expertise in hedging financial risk for insurance companies and insurance related products. ValMark receives a fee equal to 0.10% of assets annually to provide services to the funds. Please reference the fund prospectus(es) for additional information.

#### **G. TOPS™ Linked Annuity from Jefferson National Monument Advisor**

The TOPS™ program enables investors to receive the investment benefits of an annuity contract by linking approved low cost annuities to new and/or existing TOPS™ investment accounts. ValMark serves as the Advisor to the TOPS™ ETF Portfolios available within the Jefferson National Monument Advisor

(JNMA) annuity. The JNMA annuity is a unique flat-fee annuity contract, designed specifically for investors working with a fee-based advisor.

As an investor into the TOPS™ managed ETF investment program, investors have the option of investing into the JNMA annuity within their TOPS™ investment account. When a JNMA annuity is linked to a TOPS™ account, the following services are added:

- 1) Tax Deferral
- 2) Opportunity for access to:
  - a. The TOPS™ ETF Portfolios
  - b. The TOPS™ Protected ETF Portfolios
- 3) Investment Advisor Representative Oversight
- 4) Consolidated Statements and Performance Reporting

All investors into the JNMA annuity through the TOPS™ investment program will be required to complete a TOPS™ Investment Policy Statement. The Investment Policy Statement will indicate the initial allocation of assets among the JNMA annuity and the TOPS™ managed ETF investment account. While both the investment selection within the JNMA annuity and the TOPS™ managed ETF investment account will be invested according to the TOPS™ ETF Portfolios prospectus and TOPS™ Wrap Brochure respectively, the allocation of assets between the JNMA annuity and the TOPS™ managed ETF investment account will not be automatically adjusted. Investors should review the allocation between the JNMA annuity and the TOPS™ managed ETF investment account periodically with their advisor to ensure that the mix is appropriate.

In order to invest into the JNMA annuity within the TOPS™ program the following restrictions exist:

- 1) Investors must have a TOPS™ account held at Pershing, LLC.
- 2) Investors must maintain a balance of at least \$100,000 or 20% of account value, whichever is greater, in a TOPS™ ETF allocation within the Pershing account. (This balance is in addition to the amount that will be invested into the JNMA annuity.)
- 3) Investors must have 100% of their JNMA account invested into one of the available TOPS™ ETF Portfolios at all times. If assets are allocated outside of the TOPS™ ETF Portfolios, the JNMA annuity will be dropped from the TOPS™ program and de-linked from the Pershing account and the oversight of ValMark and its investment advisor representatives.

When investing inside the JNMA annuity, investors should select the lower cost Class 1 share class of the TOPS™ ETF Portfolio. If the Class 2 shares are selected, investors may incur additional charges at the fund level. When selecting the Class 1 share class, investors will be charged a \$49.95 transaction charge for their initial purchase into the JNMA annuity. Additionally the flat fee for the JNMA annuity is \$20.00 per month. Please see the prospectus for the JNMA annuity for further details.

As Advisor to the TOPS™ ETF portfolios within the JNMA annuity, ValMark is compensated from the funds. The fee is equal to 0.10% of assets within each fund. This fee for advisory services is in addition to the flat fee charged for direct advisory services to each investor within the TOPS™ investment program.

### **III. ValMark ACCESS™ – ValMark Advisers, Inc.**

ValMark is the sponsor of “ValMark ACCESS™” (“ACCESS™”). ACCESS™ is an investment advisory program designed to allow the IARs of ValMark to create and monitor goal-based asset allocation portfolios for their clients. In exchange for these services, the IARs are able to assess an advisory fee which is calculated as a percentage of account assets. ACCESS™ accounts are established and held at either Schwab Institutional, a division of The Charles Schwab Corporation, or Pershing LLC. ACCESS™ is primarily designed to utilize mutual funds, individual bonds, and select money managers. However, accounts are able to hold other securities, such as individual stocks, upon approval by ValMark.

After the appropriate ACCESS<sup>™</sup> portfolio has been selected, based upon the Client's needs and objectives, the Client's assets will be invested in accordance with the selected portfolio. Clients will receive from the account custodian transaction summaries and/or monthly account statements for all activities conducted in the client's ACCESS<sup>™</sup> account along with internet access to view his/her account. Quarterly performance statements are provided to IARs, who may share them with clients for review purposes. Clients' accounts may be rebalanced, generally, annually.

In exchange for services provided by ValMark and the account custodian, each Client agrees to pay annually a set percentage of the total assets held in the Client's ACCESS<sup>™</sup> account. Further explanation regarding the fees associated with ACCESS<sup>™</sup> accounts are provided in the ACCESS<sup>™</sup> Investment Advisory Agreement that each Client signs before participating in the ACCESS<sup>™</sup> program.

Advisory fees are collected from the Client's account quarterly, in advance, and are based upon the aggregate market value of the assets in the Client's ACCESS<sup>™</sup> account at the close of business on the last business day of the preceding calendar quarter. The fees payable by a Client including custodial, administrative and advisory fees, will not exceed an established percentage:

<b>Avg. Acct. Balance</b>	<b>Total Annual Fee May Not Exceed</b>
\$50,000 to \$500,000:	2.50%
\$500,001 to \$1,000,000:	2.25%
\$1,000,001 to \$2,000,000:	1.75%
\$2,000,001 and above:	1.50%

The client will pay additional trading costs such as brokerage trading costs associated with purchasing and/or selling securities. The schedule of costs for each security custodian (i.e. Schwab or Pershing) will vary. Likewise, the transaction costs for different securities will vary. The full transaction fee schedule is available through the IAR.

Advisory fees will not be refunded for clients who surrender/transfer their account out of the ValMark ACCESS<sup>™</sup> program after the 10<sup>th</sup> business day of each quarter. As significant time and cost is involved in the setup and closing of client accounts, partial quarter fees will be retained by ValMark as compensation for overall services rendered. For a refund of fees for an account closed within the first 10 business days of the quarter, a letter of request should be submitted to the IAR or RIA firm within 30 days of account closing.

Client should refer to the ACCESS<sup>™</sup> Program Brochure for details on fees payable to ValMark.

#### **IV. Fee Based Third Party Money Management Programs Offered Through ValMark**

##### **A. Overview of Money Management Services Available**

For clients who wish to obtain money management services beyond those available from TOPS<sup>™</sup> or ACCESS<sup>™</sup> ValMark has established relationships with third party entities to provide various money management services.

Depending on the money management program selected, ValMark's role may vary. In some instances, ValMark's role may be limited to referring the client to a third party investment advisor as a solicitor and providing clients with the account opening documents. ValMark will make such referrals when information provided by the client causes ValMark to believe such referrals are suitable.

ValMark has reviewed the advisor's strategies for money management that ValMark refers clients to as a solicitor. However, clients should be aware that ValMark is not affiliated with the third parties involved, does not custody the accounts opened, and does not control the daily investment management of securities held in these accounts, and that with some money management programs the client may be authorizing the third party investment advisor to act with discretion (i.e. execute trading decisions without



first consulting client). Client should become familiar with the specific features of any managed account program before selecting such program.

Each money management program generally involves different custodial, administrative, and fee arrangements, and may require certain minimum initial account investments. Account minimums and advisory fees charged are negotiable at the discretion of ValMark or the third party registered investment advisors involved. Further information regarding any investment management program is described in the Form ADV Part 2A of the third party advisors involved in each program. For each managed account program recommended, advisory clients will receive a copy of Form ADV Part 2A or other disclosure brochure document as allowed by law from ValMark and any other advisor(s) involved in a managed account program. For managed account wrap fee programs (i.e. programs that charge clients a single fee for any investment advisory service and brokerage services incurred), the client will also receive the Form ADV Part 2A of the underlying manager selected by the client and the wrap fee program disclosure document of any advisor sponsoring the wrap program. ValMark does not provide any managed account programs offering timing services.

For money management programs where ValMark serves as the solicitor, clients will be provided the third party investment advisory firm's ADV Part 2A as required by Rule 204-3 of the Investment Advisers Act, and ValMark's investment advisory agreement (collectively "Solicitor's Disclosure Statement"), which meets the disclosure requirements as required under Rule 206(4)-3 of the Investment Advisers Act. The Solicitor's Disclosure Statement provides, among other things, disclosure regarding the affiliation, if any, between ValMark and the third party investment advisory firm, the terms of the solicitation agreement between ValMark and the third party investment adviser (including the amount of compensation to be paid to ValMark for the solicitation), and the additional cost to the Client, if any, resulting from the solicitation. As a solicitor, ValMark is limited in the services it is authorized to provide and may not take any action that may cause the client to believe it renders advisory services for the client's account on behalf of a third party investment advisor. As disclosed further below when applicable, ValMark may provide certain administrative services for third party investment advisors and may receive administrative service fees for these services. For these programs, ValMark will be serving as a non-discretionary investment advisor for the client, and each client will have to execute an investment advisory agreement with ValMark for the services it provides. Additionally, the client will have to execute another agreement with the third party investment advisor for services the advisor provides. ValMark will have no or limited authority to change the terms and conditions of the managed account programs described and will not be consulted before transactions are executed by third party advisors in client's accounts. Money management programs substantially the same as, or similar to, those recommended by ValMark may be available elsewhere at a lower fee.

#### **B. ValMark Investment Adviser Responsibilities (IAR) Responsibilities**

For certain managed account programs, ValMark IARs may provide some or all of these additional services:

- assist clients in identifying their investment objectives and recommend initial asset allocations;
- coordinate communications between the third party investment advisor and the client;
- receive and review account statements sent to ValMark and the client; and
- meet with clients, generally annually, to review their accounts and recommend allocation or other account adjustments when appropriate.

#### **C. List of available third party money management programs:**

Forward Management, LLC (formerly Accessor Capital Management)  
1111 Third Avenue, Suite 2200  
Seattle, Washington 98101  
(800) 999-6809  
(ValMark serves as a solicitor)

Aris Wealth Services, Inc. -- Wealth Manager, Wealth Registry, and Asset Builder  
270 Walker Drive  
State College, PA 16804-9958  
(800) 378-6777  
(ValMark serves as a solicitor)

Brinker Capital, Inc. -- Core Program, Managed Portfolios Program, Destinations Program, Crystal Strategy I Program, and United Managed Program  
1150 First Ave., No. 501  
King of Prussia, PA 19406  
(610) 879-5500  
(ValMark serves as a solicitor)

Investnet Asset Management, Inc. -- Private Wealth Management Account Solutions Program and Private Wealth Management Mutual Fund Solutions Program  
35 East Wacker Drive, Suite 1600  
Chicago, IL 60601  
(312) 827-2800  
(ValMark serves as a solicitor)

Manning & Napier Advisory Advantage Corporation  
1100 Chase Square  
Rochester, NY 14604  
(585) 325-6880  
(ValMark serves as a solicitor)

SEI Investments Management Corporation – Asset Allocation Program and Managed Accounts Program  
One Freedom Valley Drive  
Oaks, PA 19456  
(610) 676-1000  
(ValMark serves as a solicitor)

## **V. Qualified Retirement Plan Services Offered Through ValMark**

ValMark also provides retirement plan advisory services to Sponsors of participant account directed Plans covered by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). There is no plan size minimum; however, plans typically are \$500,000 or greater. Open architecture retirement plan services are provided in conjunction with an administration and recordkeeping service provider and generally a broker-dealer or investment advisory firm. The Plan Sponsor enters into both (i) an Investment Advisory Agreement with ValMark, and (ii) separate services agreement(s) with each service provider, e.g. administrative, recordkeeping, third-party money manager.

Plan Sponsors authorize ValMark IARs to recommend the selection, addition, removal and/or replacement of funds available for purchase by Plan participants. Recommendations must be consistent with any written investment policy approved by the Plan Sponsor and provided to ValMark along with any requirements under ERISA. Based upon the ValMark IAR’s evaluation of each fund’s performance the Plan Sponsor will determine the appropriateness and continued suitability of available investment options. At least annually, ValMark IAR will meet with Plan Sponsor and review the Plan’s investment options to determine ongoing appropriateness. If an existing fund is no longer suitable as an investment option, ValMark IAR will assist in the transition to the replacement option if requested by Plan Sponsor.

ValMark IAR is responsible for monitoring the relevant data on the performance of each investment option and providing the Plan Sponsor, through the record keeper or administrator, with services described in the advisory agreement.

## **VI. Fee-Based Planning**

### **A. Description of Fee-Based Planning**

In addition to fee based asset management, ValMark also provides comprehensive fee based planning services to its clients. ValMark will work with its clients to understand their current financial situation, their financial goals and dreams, and their understanding of and comfort with various financial strategies and/or products. Based upon the information obtained from the client, ValMark will work closely with the client to develop a comprehensive written financial plan that may include specific advice in one or more of the following topic areas:

- Financial Planning
- Estate Planning
- Succession Planning
- Education Planning
- Charitable Planning
- Life Insurance Analysis
- 529 & College Savings Plans
- Retirement Plan Analysis, including reviews of 401(k) Plans, 403(b) Plans, and IRAs
- Group Plan Analysis, including but not limited to Pension Plans, Profit Sharing Plans, Keogh Plans

ValMark's recommendations to the client may include specific financial and investment strategies as well as specific product recommendations, including equity, fixed income and insurance products.

### **B. Fees for Planning Services**

ValMark has several fee structures for the services set forth above. The specific fee structure utilized in any given situation shall be fully discussed with the client and disclosed in the Investment Advisory Agreement for Financial Planning which the client signs with ValMark prior to the commencement of any services. Some of the possible fee structures are:

- **Hourly Fees** – ValMark may charge an hourly fee for its services which may vary depending upon the needs of the client and the complexity of the plan. The exact hourly rate, as well as the work to be performed by ValMark, will be specifically disclosed in the Investment Advisory Agreement and agreed to by the client.
- **Negotiated Flat Fee** – ValMark may charge a flat fee for its services typically ranging from \$250 to \$50,000 or more depending on the needs of the client and the complexity of the plan. The flat fee negotiated between ValMark and the client, as well as the work to be performed by ValMark, will be specifically disclosed in the Investment Advisory Agreement and agreed to by the client.
- **Asset Based Fee** – ValMark may charge a fee for its services based upon a percentage of the overall value of the estate, retirement plan or other component for which ValMark is providing planning services. These fees may range from ¼% to 1 ½% or more of the total assets in issue depending on the total value of the assets, the needs of the client, and the complexity of the plan. The exact asset based fee negotiated between ValMark and the client, as well as the work to be performed by ValMark, will be disclosed in the Investment Advisory Agreement.

For review of completed financial plans in future years, the Investment Advisor may charge some portion of the original fee charged, up to 100% of the original fee, for such reviews.

Details regarding the payment of the planning fee by the client shall be set forth in the Investment Advisory Agreement. A portion of the planning fee may be due and payable at the time the Investment Advisory Agreement is signed with the balance of the fee due as portions of the plan are completed and

delivered to the client. ValMark clients will not be charged more than an initial fee of \$500 for any financial or estate plan that is expected to exceed 6 months for completion, nor will they be charged in advance for any subsequent portion of a planning engagement.

The Investment Advisory Agreement by and between ValMark and the client may be canceled at any time by providing written notice to the other party of their desire to cancel the agreement. In the event that the client wishes to cancel the planning services prior to any services being performed by ValMark, any advance payments shall be fully refunded to the client upon request. If the client cancels the agreement after ValMark has begun the services requested in the agreement, the client shall be charged for the services completed and the remainder of any advance payments, if any, shall be refunded to the client.

### **C. The TOLI Expert System™**

The TOLI Expert System™ is an intensive analytical process that was developed by ValMark to address the complex tax, trust and legal issues involved in the ownership of life insurance inside irrevocable insurance trusts.

Through ValMark's distinctive five-step process the Investment Adviser Representative (IAR) will first enter into an engagement agreement with the client. The TOLI Expert Engagement Agreement™ will specifically outline for the client the services to be provided by the IAR, establish the scope of the engagement and clarify the role that each party will play in the process including the IAR, the grantor of the trust, the client (generally the trustee of the trust), as well as the grantor's/client's attorney(s) and/or accountant(s). The trustee of the trust will generally be the client and may not be the IAR.

Next, the IAR will work with the grantor to complete ValMark's Life Insurance Design Questionnaire®. The questionnaire is an analytical tool designed to help the grantor establish quantifiable specifications for the insurance that will be purchased as part of the plan as well as the structure of the plan.

Upon completion of the Life Insurance Design Questionnaire®, the IAR will prepare the Life Insurance Policy Management Statement™ to provide clear and specific direction to the trustee on how to optimize the life insurance policies held in trust and clarify the specific duties of the trustee and each of the grantor's/trustee's advisors, including their attorney(s) and accountant(s).

Once everyone's duties have been outlined, the IAR will create a detailed report called The Comprehensive Market Analysis™. This report compares and evaluates various insurance products from several different vendors utilizing common specifications. The purpose of this report is to thoroughly and logically evaluate each of the insurance products available to the client and assist the client in determining which of those products are most likely to meet their long term needs and objectives.

Finally, after the client has evaluated the insurance products available and purchased the appropriate products, the IAR enters into a written agreement with the client called The Policy Assurance Protocol™. The purpose of this agreement is to assure that the insurance policies are managed and maintained in a manner that is consistent with the intent of the grantor(s) and will produce the optimum benefit for the beneficiaries.

Fees for the TOLI Expert System™ are negotiated on an individual basis and will vary depending upon the specific needs of each client and the complexity of the matter. The specific fee charged for these services will be disclosed in The TOLI Expert Engagement Agreement™ entered into between ValMark, its IAR and the client.

### **VII. Assets Under Management**

As of 12/31/2011 our assets under management were \$1,605,696,887 of which \$1,261,652,878 was managed on a discretionary basis and \$344,044,009 was managed on a non-discretionary basis.

## **VIII. Educational and Business Standards for Investment Advisor Representatives**

Each IAR of ValMark must be properly registered in each state in which they offer advisory services. Additionally, each IAR of ValMark is a Registered Representative of ValMark's affiliate broker-dealer, ValMark Securities, Inc., and an associated person of the Financial Industry Regulatory Authority ("FINRA").

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

When ValMark acts as a solicitor, ValMark will receive a portion of the advisory fees charged by a third party investment advisor.

Where ValMark acts as an investment advisor representative, ValMark will receive a separate advisory fee. Advisory fees, which may be negotiable, are specified in the client's advisory agreement with ValMark, and as applicable, in the Third Party Money Manager application. Compensation for these managed accounts is based on the amount of assets under management. Fees will be deducted from the accounts in accordance with and as agreed to in the investment account opening application and contract. These fees will generally be billed quarterly, in advance and automatically debited by the custodian as authorized by the Client in the application or contract. Accounts initiated or terminated during the calendar quarter will be charged (a prorated fee). Upon termination of any account, any prepaid, unearned fees will be handled in accordance with the applicable manager's description of services.

For programs investing in mutual funds and similar investments, advisory fees are in addition to management fees charged by mutual fund management companies and transaction and administrative fees charged by third party advisors and custodians. Except for the TOPS™ platform, ValMark's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to ValMark's fee, and ValMark shall not receive any portion of these commissions, fees, and costs.

For discretionary accounts ValMark has the authority to determine, without obtaining specific client consent beyond what is disclosed in the advisory agreement, the securities to be bought or sold, the amount of securities to be bought or sold, or the broker to be used in executing the purchases. ValMark does not, however, have the authority to determine the commission rates to be paid in connection with the charges associated with buying or selling securities.

ValMark does not custody any of its advisory accounts, and the advisory fees paid to ValMark are forwarded from the account custodian or third party advisor.

No transaction based commissions or sales commissions are paid to any individual. Our brokerage practices are discussed in more detail in Item 12, Brokerage Practices.

We act as an agent for our clients and do not engage in principal transactions or transactions where we are paid for order flow, or any such activities that raise other conflict issues.

ValMark's IARs are also registered representatives of ValMark Securities, Inc. ("VSI"), a registered broker-dealer and, as such, may effect securities transactions through VSI on behalf of their clients. In such instances, the related persons may receive commissions, markups, markdowns, 12b-1 fees or other sums for any securities transactions placed through VSI. Clients are advised that they are not required to effect their securities transactions through VSI and may use any broker-dealer they desire. For securities transactions placed through VSI, commissions for securities paid pursuant to a prospectus will be the

same. However, commissions or fees for other securities transactions may be higher or lower if placed through VSI than if placed through another broker-dealer. VSI provides related persons/registered representatives with due diligence, compliance information and regulatory review. Furthermore, all securities transactions made on behalf of a Client and placed through VSI are reviewed and approved by VSI supervisory principals as required by FINRA.

#### **Item 6 Performance-Based Fees**

ValMark does not charge any performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client).

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

ValMark provides portfolio management services primarily to individuals, including through trusts, estates, 401(k) plans, and IRAs, high net-worth individuals, corporate pension and profit-sharing plans, corporations or other businesses, charitable institutions, foundations, banks, governmental agencies and endowments.

##### **A. TOPS™ Accounts**

In order for clients to open an account in ValMark's TOPS™ program, the client must generally invest a minimum of \$100,000. This minimum does not apply to related persons of ValMark. For related persons of ValMark, and certain of their family members, the minimum investment amount required to open a TOPS™ account is \$50,000. Certain circumstances may develop where accounts less than \$100,000 are accepted.

##### **B. ACCESS™ Accounts**

In order for clients to open an account in ValMark's ACCESS™ program, the client must generally invest a minimum of \$50,000. Certain circumstances may develop where accounts less than \$50,000 may be accepted.

##### **C. Managed Accounts**

Certain third party asset management programs utilized by ValMark may have minimum investment requirements. In all such cases, the minimum investment amount would be specifically disclosed in that third party asset manager's Form ADV, Part 2A Brochure.

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

##### **Methods of Analysis:**

ValMark employs various methods of research when analyzing investment markets and available investment opportunities. Individual stock positions are rarely purchased within a ValMark advisory account. However, if individual stock positions are purchased, fundamental analysis is considered an appropriate format to review the merits of purchasing a stock. Fundamental analysis is a method of evaluating a security that entails attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysis attempts to study everything that can affect the security's value, including macroeconomic factors, such as the overall economy and industry conditions, and company-specific factors, such as financial condition and management. Primarily, ValMark utilizes investment company products and similar products. When performing analysis on investment companies, ValMark attempts to verify the consistency and

appropriateness of the investment strategy. ValMark has extensive experience in working with investment company products, specifically Exchange Traded Funds.

**Investment Strategies:**

ValMark primarily follows an investment policy of diversified model portfolios for clients. Across all advisory accounts, ValMark encourages its IAR's and clients to diversify assets across many different asset classes in an effort to help reduce portfolio volatility. While diversification\* has been successful over time in many different types of investment cycles, there is no guarantee that diversifying assets will lead to lower volatility.

\*Diversification – a portfolio strategy designed to reduce exposure to risk by combining a variety of investments, such as stocks, bonds, and real estate, which are unlikely to all move in the same direction. The goal of diversification is to reduce the risk in a portfolio. Volatility is limited by the fact that not all asset classes or industries or individual companies move up and down in value at the same time or at the same rate. Diversification helps to reduce both the upside and downside potential and allows for more consistent performance under a wide range of economic conditions.

**Risk of Loss:**

Investing in securities involves risk of loss that *Clients* should be prepared to bear. Equity based securities face the risk of lower valuations over time, as well as bankruptcy and total loss. Fixed income (debt) securities face the risk of default. Diversifying investments can help to reduce, but not eliminate, these risks. In particular situations, there may be circumstances that call for a concentrated position(s) inside of an account.

The ValMark strategy of diversifying assets in model portfolios does not involve trading daily. As such clients should not expect that ValMark will be able to correctly time and profit from daily investment market fluctuations.

ValMark makes use of ETFs extensively. While many ETFs are registered under the 1940 Investment Company Act as funds, many are instead registered as Unit Investment Trusts or similar vehicles. Clients should read the prospectus(es) or contact ValMark for additional information.

**Item 9 Disciplinary Information**

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of ValMark or the integrity of ValMark management. We have no such information to disclose.

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

The principal business of ValMark is as a Registered Investment Adviser. The principal executive officers of ValMark may also hold executive positions with other financial institutions, including ValMark Securities, Inc., a broker-dealer registered with FINRA, SIPC, and Executive Insurance Agency, Inc., an insurance agency. Approximately 80% of the time of these principal executive officers is spent on activities relating to these other positions.

ValMark has material relationships with ValMark Securities, Inc., a broker-dealer and sister corporation of ValMark, and Executive Insurance Agency, Inc., an insurance agency and ultimate parent of ValMark Securities, Inc. Related persons of ValMark may also act as agents of Executive Insurance Agency, Inc. and registered representatives of ValMark Securities, Inc.

ValMark has also entered into selling agreements with other Registered Investment Advisers to provide advisory services to clients of ValMark. All such relationships are disclosed in Item 4 – Advisory Business. ValMark IARs are authorized only to provide advisory services and work with advisory service providers and custodians that have been approved by ValMark.

Additionally, many ValMark related persons are insurance agents with Executive Insurance Agency, Inc. and possibly other insurance companies. Any insurance product placed through these related persons may generate standard and customary insurance commissions and other sums, a portion of which may be paid to the related persons. ValMark advises its clients that the receipt of commissions and other sums by its related persons for securities and insurance transactions may present a conflict of interest.

ValMark serves as advisor to the TOPS™ ETF Variable Insurance Trust funds. For these services, ValMark is paid compensation equal to 0.10% of assets within each fund. IARs of ValMark may recommend an insurance product that offers the TOPS™ ETF Variable Insurance Trust funds as investment options. In such situations, ValMark will receive compensation greater than assets placed in funds not advised by ValMark.

Certain ValMark officers and employees may also perform duties for Bosshard Investment Management Company (“Bosshard”), a separate legal entity not affiliated or under common control with ValMark. Bosshard is a state of Ohio registered, RIA; however, it does not provide its services to clients through the ValMark advisory platform. Currently Michael McClary, Chief Investment Officer, ValMark, and Otto Bosshard, Sr. Portfolio Advisor, ValMark, performs such duties with Bosshard.

#### **Item 11 Code of Ethics**

All personnel and associated persons of ValMark strive to meet the highest ethical standards of behavior. ValMark has adopted a formal Code of Ethics Policy pursuant to SEC Rule 204A-1, a copy of which is available to Clients or prospective Clients upon request. The objective of ValMark’s policy is to assure that all personnel and associated persons clearly understand the level of commitment that is required on behalf of the Clients of ValMark; to assure that Client interests always take priority over the interests of ValMark and its personnel; that personal securities transactions must avoid even the appearance of conflict with the interests of Clients; and that all applicable federal and state securities laws, including insider trading, are complied with.

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

**Soft Dollars:** ValMark does not make it a practice to accept or participate in soft dollar benefits if offered by brokerage firms.

**Trade aggregation:** ValMark will generally place trades individually through your accounts unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may, but are not obligated to, combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among our clients differences in prices and commission or other transaction costs. Under this procedure, transactions will be price-averaged and allocated among our client groups in proportion to the purchase and sale orders placed for each client account on any given day.

**Brokerage for Client Referrals:** ValMark has no significant incentive to select or recommend a particular broker dealer over another in the interest of receiving client referrals from a broker dealer or third party. In an effort to generally receive the most favorable execution for its clients, ValMark may focus on utilizing certain firms for execution services on a regular basis. It is ValMark’s belief that these firms provide the best overall execution services, including consultation and available research and technology services.



Directed Brokerage: ValMark's investment advisor representatives are also registered representatives of ValMark Securities, Inc. and, as such, they may recommend the use of suitable products and services offered through ValMark Securities, Inc. ValMark advises its clients that they have the unrestricted right to decline to implement any advice as well as the right to select and use any broker they may choose.

If the client elects to have securities transactions placed through ValMark, commissions for securities paid pursuant to a prospectus will be the same. However, commissions or fees for other securities transactions may be higher or lower if placed through ValMark than if placed through another broker-dealer. No transaction based commissions or sales commissions are paid to any individual.

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

Advisory reviews will usually be conducted at least annually and according to our agreement with you. Significant changes in areas such as general market conditions, your investment objectives, your financial situation or Third Party Money Manager status may prompt more frequent review of your accounts. Reviews of investment accounts typically look at portfolio consistency with regard to your risk tolerance, tax situation, investment time horizon, performance objectives, and asset allocation instructions. Each sponsor to whom you are recommended for advisory services provides regular quarterly account reports. Reviews cover your account holdings, transactions, charges and performance as provided on sponsor statements and other account reports. If you receive financial planning advice on an ongoing basis the plan is also reviewed generally at least annually for adherence to goals. Reviews of your financial plan cover progress toward financial independence, anticipated distributions toward family legacy goals, anticipated distributions for social capital or charitable goals, as well as your other goals. In addition, accounts will be reviewed upon notice of changes in your circumstances as described above.

If you have investment advisory accounts, you are provided with monthly or quarterly account statements from the custodian, depending on the activity in the account. Statements generally include details of client holdings, asset allocation, and other transaction information. Account performance is compared to market indices which are used to evaluate performance. ValMark may provide additional quarterly performance reporting and/or special reports outlining activity in one particular area as circumstances dictate.

You must notify us of any discrepancies in the account or any concerns you have about the account.

ValMark is also responsible for the establishment of a compliance program and the general supervision over the activities of its staff. Our compliance program includes written policies and procedures designed to:

- Reasonably expected to prevent and detect violations of law by our advisory personnel.
- Analyze operations and create a system of controls to ensure compliance with applicable securities laws.
- Inform all Advisory personnel of ValMark's policies and procedures.
- Establish an internal review system designed to provide reasonable assurance that our policies and procedures are effective and being followed.

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

ValMark may receive compensation in addition to referral fees and investment advisory fees in connection with providing the advisory service programs described in this brochure. Additional compensation may consist of, but is not limited to, receipt of promotional incentives, sales and marketing allowances, investment research services, bundled statements, compliance guidance, and product education. In response to production levels within ValMark, IARs may be awarded points to qualify for incentive awards.

Clients of ValMark may also be clients of the broker dealer. Clients of this nature should be aware that ValMark maintains special compensation relationships with a variety of providers. These relationships may be termed “revenue sharing”, “special compensation”, “marketing allowances”, or “due diligence compensation.” ValMark in exchange for such payments furnishes the providers with support assistance in many forms, including increased access to representatives regarding marketing, product promotion, training, and education.

In addition, “Override” compensation is paid to ValMark Securities by some insurance carriers and other financial service providers. Override compensation is based upon such factors as aggregate policy premiums paid to a carrier from sales by all member offices and aggregate assets placed under financial management from sales by all member offices. The amount of compensation varies among products and carriers. ValMark’s complete special compensation disclosure can be viewed at [www.valmarksecurities.com](http://www.valmarksecurities.com).

In addition, ValMark may utilize the services of ValMark Securities Inc. for the implementation of securities transactions, Executive Insurance Agency, Inc. for the implementation of insurance transactions, or other Registered Investment Advisers or financial planners for the implementations of advisory services.

#### **Item 15 Custody**

ValMark does not have custody of client assets. Qualified custodians including, Pershing LLC, TD Ameritrade, Schwab, etc. send account statements direct to clients at least quarterly. We encourage clients to review these statements regularly for accuracy. For purposes of account reviews and client discussions, we prepare TOPS™ account summaries from our internal records that show holdings, activities and unrealized gains and losses. We advise our clients to check them against the custodial statements to ensure there are no material discrepancies. Approved Third Party Money Managers are deemed to have custody of the assets under their management, unless they utilize a separate named custodian.

#### **Item 16 Investment Discretion**

ValMark usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, ValMark observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, ValMark’s authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made. Investment guidelines and restrictions must be provided to ValMark in writing.

ValMark’s investment advisor representatives are also registered representatives of ValMark Securities, Inc. and, as such, they may recommend the use of suitable products and services offered through ValMark Securities, Inc. ValMark advises its clients that they have the unrestricted right to decline to implement any advice as well as the right to select and use any broker they may choose.

If the client elects to have securities transactions placed through ValMark, commissions for securities paid pursuant to a prospectus will be the same. However, commissions or fees for other securities transactions may be higher or lower if placed through ValMark than if placed through another broker-dealer.

### **Item 17 Voting Client Securities**

As a matter of firm policy and practice, ValMark does not exercise proxy voting on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients will receive their proxies or other solicitations directly from their custodian or transfer agent.

In connection to Strategic Allocation Portfolios, proxy voting will be performed by the administrator, TD Ameritrade.

In regard to TOPS™ Variable Insurance Trust funds, proxy voting will be conducted through a third party in accordance with procedures adopted by ValMark, and the procedure will include policies for mirror voting.

### **Item 18 Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about ValMark financial condition. ValMark has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.