

**Part 2A of Form ADV: *Firm Brochure***

**MonsterShares LLC**

***Doing Business As Pension Builders and Consultants***

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This brochure provides information about the qualifications and business practices of Pension Builders and Consultants. If you have any questions about the contents of this brochure, please contact us at 440-871-4015 or [darrin.farrow@pensionbuilders.com](mailto:darrin.farrow@pensionbuilders.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. Registration does not imply a certain level of skill or training.

Additional information about Pension Builders and Consultants also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 164400.

## **Item 2    Material Changes**

The SEC adopted "Amendments to Form ADV" in July, 2010. This Firm Brochure, dated 05/31/2012, is our new disclosure document prepared according to the SEC's new requirements and rules. As you will see, this document is a narrative that is substantially different in form and content, and includes some new information that we were not previously required to disclose.

After our initial filing of this Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

To obtain our firm brochure and brochure supplements (information regarding each of our financial advisors), our Code of Ethics, or our Privacy Policy, please visit our website at [www.pensionbuilders.com](http://www.pensionbuilders.com), e-mail us at [darrin.farrow@pensionbuilders.com](mailto:darrin.farrow@pensionbuilders.com), telephone us at 440-871-4015 or mail your request to the address below.

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<b>Item 3</b>	<b>Table of Contents</b>	<b>Page</b>
Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents	3
Item 4	Advisory Business	4
Item 5	Fees and Compensation	10
Item 6	Performance-Based Fees and Side-By-Side Management	16
Item 7	Types of Clients	16
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	17
Item 9	Disciplinary Information	18
Item 10	Other Financial Industry Activities and Affiliations	19
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	19
Item 12	Brokerage Practices	22
Item 13	Review of Accounts	23
Item 14	Client Referrals and Other Compensation	26
Item 15	Custody	26
Item 16	Investment Discretion	26
Item 17	Voting Client Securities	27
Item 18	Financial Information	27

## **Item 4    Advisory Business**

Pension Builders and Consultants is a DBA of MonsterShares LLC, and is an investment adviser with its principal place of business located in Ohio. MonsterShares LLC began conducting business in 2012. Darrin Farrow is the CEO and sole owner of the firm.

Pension Builders and Consultants offer clients a multi-disciplinary approach to addressing their financial, tax, estate and risk management planning needs. We do not specialize in any one type of service or focus on specific products. Our advisors tailor services to meet the individual needs of each client. Clients may request that we place limitations on the management of assets we manage on their behalf in specific areas of advisement, where we have noted.

*We offer the following services to our clients:*

### **FINANCIAL PLANNING**

Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist our clients in achieving their financial goals and objectives.

In general, the financial plans we offer may address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio. **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.

Our firm may provide the client with a one-time financial planning service that includes a written report of the areas reviewed, as noted above. We also offer modular financial plans. For example if the client is simply looking for college funding projections or a cash flow analysis, we will prepare a modular financial plan for the client specific to these topics.

The plan we develop for you will likely include general and specific recommendations for courses of action. For example, we may recommend that you obtain insurance or revise existing coverage, establish an individual retirement account, increase or decrease funds held in savings accounts or invest funds in securities. Pension Builders and Consultants may refer you to an accountant or attorney for development of tax or estate plans.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and

attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

Typically the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

### **CONSULTING SERVICES**

Clients can also receive investment advice on a more focused basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, budgetary planning or any other specific topic. As well, we may provide specific consultation and administrative services regarding investment and financial concerns of the client.

Our consulting services are offered on a one-time, ongoing, or periodic basis. The following provides examples of some of these non-discretionary investment advisory services.

- Investment Portfolio Analysis. We provide you with investment advice on a non-discretionary basis. Communications would be done through mail, telephone or e-mail. We may provide investment advice regarding:
  - asset allocation
  - investment portfolio construction
  - investment selection
  - investment adviser retention
  - other services as agreed upon by both parties
- Financial Counseling. We can help you design personal financial goals and objectives. We can also make recommendations on how your current financial resources are allocated.
- Review of Accounts. We can perform an annual review of your account(s) and if necessary, recommend changes to your investments. We will also make recommendations for the implementation of proposed changes if needed.
- Securities Research. We can provide research and advice regarding specific securities, industries and/or markets.
- Other Advisory Services Relating To Securities. We offer other advisory services as described in the client agreement that you sign with us.

### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions with our clients, we will determine the client's goals and objectives based on each client's particular circumstances.

We then develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss the client's prior investment history, as well as family composition and background.

Pension Builders and Consultants will manage client's advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Our clients may choose to impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. We require our clients to provide a written request for any restrictions in their accounts.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding a wide array of securities, mutual funds, variable annuities, debt instruments and real estate investment trusts.

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

## **PENSION CONSULTING SERVICES**

Pension Builders and Consultants will provide several advisory services separately or in a combination of services. While the primary clients for these services will be pension, profit sharing and 401(k) plans, we offer these services, where appropriate, to individuals, trusts, endowments, estates and charitable organizations. Our services are designed to assist the plan sponsor meet its management and fiduciary obligations to the plan members. Pension Consulting Services are comprised of four distinct services. Clients may choose to use any or all of these services.

### *Investment Policy Statement Preparation (hereinafter referred to as "IPS"):*

We will meet with the client (in person or over the telephone) to determine an appropriate investment strategy that reflects the plan sponsor's stated investment objectives for management of the overall plan. Our firm then prepares a written IPS detailing those needs and goals, including an encompassing policy under which these goals are to be achieved. The IPS also lists the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring of investment performance.

### *Selection of Investment Vehicles:*

We assist plan sponsors in constructing appropriate asset allocation models. We will then review various mutual funds (both index and managed) to determine which investments are appropriate to implement the client's IPS. The number of investments to be recommended will be determined by the client, based on the IPS.

### *Monitoring of Investment Performance:*

We monitor client investments continually, based on the procedures and timing intervals delineated in the Investment Policy Statement. Although our firm is not involved in any way in the purchase or sale of these investments, we supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

*Review of Executive Benefits:*

We will review the benefits provided by the current plan and offer recommendations, where applicable.

*Employee Communications:*

For pension, profit sharing and 401(k) plan clients with individual plan participants exercising control over assets in their own account ("self-directed plans"), we also provide quarterly educational support and investment workshops designed for the plan participants when the plan sponsor engages our firm to provide these services. The nature of the topics to be covered will be determined by us and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will not provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations. Specific advice may be given through software in accordance with Department of Labor.

We work with the sponsor to develop the scope of services to be performed and the fees that will be charged. The terms and conditions of the engagement are drawn up into a contract which requires sign-off by the plan sponsors.

### **THIRD PARTY MANAGERS PROGRAMS**

Pension Builders and Consultants also offer advisory management services to our clients. Our firm provides the client with an asset allocation strategy developed through personal discussions in which goals and objectives based on the client's particular circumstances are established. This asset allocation strategy is drafted into the client's Personal Investment Policy Statement ("PIPS").

Based on the client's individual circumstances and needs (as exhibited in the client's PIPS) we will then perform management searches of various unaffiliated registered investment advisers to identify which registered investment adviser's portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance, the opinion of each client and the investment philosophy of the selected registered investment adviser. As a client, you will receive separate documents from these third party managers regarding their services, a complete description of their programs, services, fees, payment structures and termination features in their separate disclosure brochures, investment advisory contracts, and account opening documents. We are available to meet with clients on a regular basis, or as determined by the client, to review the account.

Once we determine the most suitable investment adviser(s) for the client, we provide the selected adviser(s) with the client's PIPS. The adviser(s) then creates and manages the client's portfolio based on the client's individual needs as exhibited in the PIPS. Clients should refer to the asset manager's Firm Brochure or other disclosure document for a full description of the services offered. Client meetings are available on a regular basis, or as designated in the contractual agreement with the client and our firm, to review the account.

As your management adviser, we will monitor the performance of the selected registered investment adviser(s). If we determine that a particular selected registered investment adviser(s) is not providing sufficient management services to the client, or is not managing the client's portfolio in a manner consistent with the client's PIPS, we may suggest that the client contract with a different registered investment adviser and/or program sponsor. Under this scenario, our firm assists the client in selecting a new registered investment adviser and/or program. Alternately, we may determine that the selected registered investment adviser is not performing consistent with our expectations and select a new adviser and/or program sponsor without obtaining the client's prior consent. We will disclose the method of new manager selection in the client's contract. However, any move to a new registered investment advisor and/or program is solely at the discretion of the client.

### **AMOUNT OF MANAGED ASSETS**

Our firm provides you with the option of having your assets managed on a discretionary or non-discretionary basis. As of 11/01/2012, we were actively managing \$100 million of clients' assets on a discretionary basis plus and, on a non-discretionary basis, overseeing \$20 million of clients' assets being managed by third party managers.

## **Item 5 Fees and Compensation**

### **FINANCIAL PLANNING AND CONSULTING FEES**

Pension Builders and Consultants' Financial Planning fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client. We charge fixed and/or hourly fees for financial planning and consulting services. These fees are typically charged to clients who do not have an on-going supervisory management program with us and are generally a one time fee.

Our fees are determined as follows:

- Hourly rates – usually ranging from \$300 to \$500 per hour. Although the length of time it will take to provide a Financial Plan will depend on each client's personal situation, we will provide an estimate for the total hours at the start of the advisory relationship. The client is billed quarterly, in advance for all plans.
- Fixed fees - Infrequently, we may accept Financial Planning fees that are calculated and charged on a fixed fee basis. These services will be determined by the complexity and scope of the plan. All clients will sign a written contract, accepting the fee and the terms of the financial plan preparation prior to the commencement of the plan.
- Retainers – We may request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will never exceed \$1,200 for work that will not be completed within six months. Any unpaid balance is due upon completion of the plan.

All fee structures include preparation, analysis, meetings and phone calls with you, our time for meetings or phone calls with others (either with you or on your behalf). Our firm may waive or

reduce the financial planning or consulting fee if we are also managing your assets or have other relationships with the client. As well, for certain clients, we may offer a courtesy discount based upon the circumstances of the plan. These options are at the discretion of the Advisor performing the services and are typically handled on a case-by-case basis.

Our financial planning agreement offers clients the opportunity to receive an annual review of the financial plan. The fee for the service as well as the time period covered are both noted in the financial planning agreement. The first year fee and annual review fee covers all normal and usual planning time and expenses. Additional planning may be required when unforeseen circumstances occur. These events can be covered on an hourly basis, if desired and the client agrees to the hourly fees.

In the event that you terminate your financial planning and/or consulting agreement, the balance of any unearned fees will be returned to you in a timely manner. We determine these returned fees on a pro rata basis. If you terminate within five business days of entering into the agreement, we will provide a full refund.

Your Advisor may recommend that you purchase securities or insurance products based on the financial plan or consultation provided.

Management personnel and other related persons of our firm are licensed as registered representatives of a broker-dealer and/or licensed as insurance agents or brokers. In their separate capacity(ies), these individuals are able to implement investment recommendations for advisory clients for separate and typical compensation (i.e., commissions, 12b-1 fees or other sales-related forms of compensation). This may present a conflict of interest to the extent that these individuals recommend that a client invest in a security which results in a commission being paid to the individuals. Clients are not under any obligation to engage our representatives when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT FEES**

Our annual fees for Investment Supervisory Services are based upon a percentage of assets under management and generally range from 0.50% to 1.50%. These fees are based upon the complexity and portfolio size and are negotiated with the client prior to providing advisory services. All fees are detailed on the client's agreement.

The management fee is assessed on a quarterly basis. We determine the dollar amount of the fee by multiplying one-fourth of the annual percentage fee by the market value of the assets held in the client's account on the last day of the previous quarter. The fees are adjusted for partial quarters. (We use 360 days in a year and 90 days in a quarter.) This prevents you from being charged a full quarter when you open (or close) an account during a quarter.

**Limited Negotiability of Advisory Fees:** Although Pension Builders and Consultants has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts;

portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

***Fees Billed in Advance or Arrears:*** Our advisory fees are charged in one of two ways as agreed upon with the client:

- *In advance:* Advisory fees are billed in advance at the beginning of each calendar quarter based upon the asset value (market or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account equity at the end of the previous quarter.
- *In arrears:* Advisory fees are billed in arrears at the end of each calendar quarter based upon the asset value (market or fair market value in the absence of market value), of the client's account at quarter-end.

When authorized by the client, fees are debited from the account in accordance with the terms set forth in the Client Management Agreement. When calculating fees, we pay careful attention and review them on a regular basis. However, the custodian holding your assets will not determine whether the fee was properly calculated. You are also responsible for confirming that the fee we submit to the custodian is accurate. We do not provide you with a billing notification. We rely on the fact that the fees deducted are reported on your custodial statements for your review.

Typically, the management fee is deducted directly from your accounts, but, in limited circumstances, we may bill clients directly for their fees. Clients who do not have direct debiting of fees will receive an invoice for their fee from our firm.

## **PENSION/PROFIT SHARE/IRA CONSULTING FEES**

Pension Builders and Consultants offers several fee options for our pension plan sponsor clients. We may be compensated based on an annual percentage of plan assets or a per participant fee for services involving ongoing reviews, or we may be compensated by an hourly fee basis. Alternatively, these different types of fees may also be combined as appropriate for the different types of services requested by the client.

When our fees for Pension/Profit Share/IRA Consulting Services are based on a percentage of assets under advisement, the following schedule applies:

**Hourly Fees:** Our minimum fee is \$400 per hour. Clients should note that the services provided to clients will vary greatly from client to client, therefore, no two client's fees will generally be the same. Fees may be billed in advance or in arrears and are calculated as agreed in the client's contract. In special circumstances, fee paying arrangements may be negotiated and paid differently than noted. The above referenced terms are disclosed in the client agreement signed with the plan sponsor.

**Basis Points:** Based on the asset levels in the plan at dates designated in the agreement fees generally range per the below table:

<u>Assets Under Management</u>	<u>Annual Fee</u>
\$0 to \$20,000,000	10-100 bps
\$20,000,001 to \$40,000,000	5-50 bps
\$40,000,001 and above	3-25 bps

Retainers – We may request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will never exceed \$1,200 for work that will not be completed within six months. Any unpaid balance is due upon completion of the plan.

The plan sponsor may terminate the written agreement they signed with us within five days of the execution date without penalty. After that time, either party can terminate the agreement at any time by sending the other party a written notice. Both parties remain liable for and held to any transactions initiated before the agreement was terminated. Upon termination, we will deliver a final billing statement for unbilled work performed prior to termination, and the plan sponsor will have 30 days to pay the invoice. We will pro-rate and credit back to you any unused portion of the billing period if you are billed in advance and terminate our agreement after the first five days. When we calculate the credit, we will subtract any work not yet billed but performed prior to termination. All fees are based on the scope of services provided, the plan sponsor's geographic location(s), the complexity of the engagement, the size of plan, and other relevant factors.

### **THIRD PARTY MANAGERS PROGRAM FEES**

Contractually, we are paid by the selected asset manager(s), based on a percentage of the client's assets under management with that manager. Accordingly, our fee, which typically ranges from 0.25% to 1.50%, depending on the size of the account, is included in the asset manager's annual management fee.

Pension Builders and Consultants does not control the fees or the billing arrangements of any selected asset manager. For a complete description of the fee arrangement including billing practices, minimum account requirements and account termination provisions, clients should review the independent investment adviser's Firm Brochure or other disclosure document.

***Fees Billed in Advance or Arrears:*** Our advisory fees are charged in one of two ways as agreed upon with the client:

- *In advance:* Advisory fees are billed in advance at the beginning of each calendar quarter based upon the asset value (market or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account equity at the end of the previous quarter.
- *In arrears:* Advisory fees are billed in arrears at the end of each calendar quarter based upon the asset value (market or fair market value in the absence of market value), of the client's account at quarter-end.

When authorized by the client, fees are debited from the account in accordance with the terms set forth in the Client Management Agreement.

### **Other Revenue**

Management personnel and other related persons of our firm are licensed as registered representatives of a broker-dealer and, acting in that capacity, they can implement

transactions for our advisory clients. In so doing, these individuals may earn separate compensation in the form of commissions and/or 12b-1 fees (trail fees earned from the sale of mutual funds and/or ETFs). These commission fees represent more than half of our firm's annual revenue.

While these individuals endeavor at all times to put the interest of the clients first as part of Pension Builders and Consultants' fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations.

In some instances, depending on the size of the transaction, advisory fees may be discounted in certain circumstances and at our discretion, for commissions earned. Commissions will not be credited towards future advisory fees.

Notwithstanding the above, advisory fees will always be offset for commissions earned on securities transactions executed in pension, profit-sharing, 401k, IRA or other client accounts where to do otherwise would constitute a prohibited transaction under the provisions of ERISA or the Internal Revenue Code.

## **GENERAL INFORMATION**

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of **30** days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

***Mutual Fund Fees:*** All fees paid to Pension Builders and Consultants for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Wrap Fee Programs and Separately Managed Account Fees:*** Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed

the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "brokerage Practices" section (Item 12) of this Form ADV for additional information.

***ERISA Accounts:*** Pension Builders and Consultants may be deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. . As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Pension Builders and Consultants may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Pension Builders and Consultants' advisory fees or when exemptive relief is available.

***Advisory Fees in General:*** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

***Limited Prepayment of Fees:*** Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

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

Pension Builders and Consultants does not charge performance-based fees.

## **Item 7 Types of Clients**

Pension Builders and Consultants provide advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals (such as trusts, collective trusts and endowments)
- Investment companies(including mutual funds)
- Pension and profit sharing plans(other than plan participants)
- Charitable organizations
- Corporations or other businesses not listed above

Pension Builders and Consultants does not have minimum account size mandate requirements for our client accounts.

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

### METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis.** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Quantitative Analysis.** We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

**Qualitative Analysis.** We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

**Third-Party Money Manager Analysis.** We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### **INVESTMENT STRATEGIES**

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases.** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Risk of Loss.** Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal. We ask that you work with us to help us understand your tolerance for risk.

## **Item 9 Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

Investment adviser representatives of Pension Builders and consultants may also be registered representatives of Royal Alliance, an unaffiliated FINRA Member broker-dealer. These individuals, in their separate capacity, can effect securities transaction for which they will receive, separate, yet customary compensation. Clients should be aware that the receipt of additional compensation by Pension Builders and Consultants and its associated persons may create a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations.

In addition, certain investment adviser representatives of our firm are also licensed insurance agents. These individuals may be insurance agents for one or more insurance agencies. In their separate capacities as insurance agents, they may transact insurance or insurance-related investment products on behalf of clients, for which they will receive separate, yet customary compensation.

*As a client of Pension Builders and Consultants, you are under no obligation to engage these individuals when considering the purchase or sale of securities or insurance products. As well, there are no referral fee arrangements between our firm and any other firms for your business.*

Pension Builders and Consultants endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Pension Builders and Consultants and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Pension Builders and Consultants' Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any

particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [darrin.farrow@pensionbuilders.com](mailto:darrin.farrow@pensionbuilders.com), or by calling us at 440-871-4015.

Pension Builders and Consultants and individuals associated with our firm are prohibited from engaging in principal transactions.

Pension Builders and Consultants may, at times, effect an agency cross transaction for an advisory client, provided that the transaction is consistent with our firm's fiduciary duty to the client and that all requirements outlined in Sec. 206(3)-2 of the Investment Advisers Act of 1940 are met.

An agency cross transaction is a transaction where our firm acts as an investment adviser in relation to a transaction in which Pension Builders and Consultants OR any person controlled by or under common control with our firm, acts as broker for both the advisory client and for another person on the other side of the transaction.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.

3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
6. We have established procedures for the maintenance of all required books and records.
7. All clients are fully informed that related persons may receive separate commission compensation when effecting transactions during the implementation process.
8. Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
9. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
10. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
11. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
12. Any individual who violates any of the above restrictions may be subject to termination.

## **Item 12 Brokerage Practices**

For discretionary clients, Pension Builders and Consultants requires these clients to provide us with written authority to determine the broker-dealer to use and the commission costs that will be charged to these clients for these transactions.

These clients must include any limitations on this discretionary authority in this written authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to us in writing.

Pension Builders and Consultants does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

As our firm does not have the discretionary authority to determine the broker-dealer to be used or the commission rates to be paid, clients must direct Pension Builders and Consultants as to the broker-dealer/custodian to be used.

Pension Builders and Consultants requests that clients direct us to place trades through broker. Pension Builders and Consultants has evaluated broker and believes that it will provide our clients with a blend of execution services, commission costs and professionalism that will assist our firm to meet our fiduciary obligations to clients.

We reserve the right to decline acceptance of any client account for which the client directs the use of a broker-dealer other than broker if we believe that this choice would hinder our fiduciary duty to the client and/or our ability to service the account. In directing the use of broker, it should be understood that Pension Builders and Consultants will not have authority to negotiate commissions or to necessarily obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients (who may direct the use of another broker-dealer).

Clients should note, while Pension Builders and Consultants has a reasonable belief that broker is able to obtain best execution and competitive prices, our firm will not be independently seeking best execution price capability through other Brokers. Not all advisers require clients to direct it to use a particular broker-dealer.

For clients in need of brokerage or custodial services, and depending on client circumstances and needs, we may recommend the use of one of several broker/dealers (including, but not limited to broker), provided that such recommendation is consistent with our firm's fiduciary duty to the client. Our clients must evaluate these broker-dealers before opening an account. The factors considered by Pension Builders and Consultants when making these recommendations are the broker-dealer's ability to provide professional services, our experience with the Brokers, the broker-dealer's, the broker-dealer's quality of execution services and costs of such services, among other factors. Clients are not under any obligation to effect trades through any recommended Broker.

As a matter of policy and practice, Pension Builders and Consultants does not generally block client trades and, therefore, we implement client transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, our clients may not receive volume discounts available to advisers who block client trades.

## **Item 13    Review of Accounts**

### **FINANCIAL PLANNING SERVICES**

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

**REPORTS:** Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

### **CONSULTING SERVICES**

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Consulting Services clients unless otherwise contracted for. Such reviews will be conducted by the client's account representative.

**REPORTS:** Consulting Services clients will not typically receive reports due to the nature of the service.

## **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT**

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: Darrin Farrow, CEO

**REPORTS:** In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide access to quarterly reports summarizing account performance, balances and holdings.

## **PENSION CONSULTING SERVICES**

**REVIEWS:** Pension Builders and Consultants will review the client's Investment Policy Statement (IPS) whenever the client advises us of a change in circumstances regarding the needs of the plan. Pension Builders and Consultants will also review the investment options of the plan according to the agreed upon time intervals established in the IPS. Such reviews will generally occur quarterly.

These accounts are reviewed by: Darrin Farrow, CEO

**REPORTS:** These client accounts will receive reports as contracted for at the inception of the advisory relationship.

## **SELECTION and MONITORING of THIRD-PARTY MONEY MANAGERS**

**REVIEWS:** These client accounts should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reviews provided by that independent registered investment adviser.

Pension Builders and Consultants will provide reviews as contracted for at the inception of the advisory relationship.

These accounts are reviewed by: Darrin Farrow, CEO

**REPORTS:** These clients should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reports provided by that independent registered investment adviser.

Pension Builders and Consultants does not typically provide reports in addition to those provided by the independent registered investment adviser selected to manage the client's assets.

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

It is Pension Builders and Consultants' policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is Pension Builders and Consultants' policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

## **Item 15 Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

Our firm does not have actual or constructive custody of client accounts.

## **Item 16 Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

**Third Party Managers:** We may use third party managers (or wrap fee program sponsors) for some or all of your assets. Their terms and conditions are described in their disclosure documents and/or agreement. We will continue to provide you with services relative to the selection of these managers. We will also continue to monitor and review the account's performance against your investment objectives and advise you when changes are recommended.

## **Item 17 Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

## **Item 18 Financial Information**

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. Pension Builders and Consultants have no such financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Pension Builders and Consultants has not been the subject of a bankruptcy petition at any time during the past ten years.