

## ITEM 1. COVER PAGE

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FORM ADV PART 2A- Narrative Brochure

This brochure provides information about the qualifications and business practices of Innovative Investment Fiduciaries, LLC. If you have any questions about the contents of this brochure, please contact us at 856-786-4300. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Innovative Investment Fiduciaries, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Innovative Investment Fiduciaries, LLC is 159814.

Innovative Investment Fiduciaries, LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## ITEM 2. MATERIAL CHANGES

There are no material changes to report

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## ITEM 4. ADVISORY BUSINESS

### A. Description of Advisor and Owners

Innovative Investment Fiduciaries, LLC (“Advisor” or “We”) is approved as a registered investment adviser by the U.S. Securities and Exchange Commission, Washington, D.C.. Mark William Sulpizio is Managing Member and Chief Compliance Officer of the firm. Mr. Sulpizio owns ninety-nine (99%) percent of the equity of the firm. The firm is not publicly owned or traded. There are no indirect owners of the firm or intermediaries who have any ownership interest in the firm. The firm manages each client’s plan on an individualized basis. Clients may impose restrictions on their accounts. The firm does not participate in wrap programs. The firm expects to manage in excess of \$100,000,000 in assets within 120 days of approval of this application. Mark William Sulpizio, Theresa Ann Procida and Nicole Marie Offerman are all Investment Adviser Representatives (IARs) of the firm.

Advisor offers its clients investment advice, investment management services, financial planning services, and tax planning. We do not provide accounting services. No fee will ever be payable more than six months in advance. Stand-alone fee based financial planning is also available to the client.

### B. Types of Services

Advisor offers consulting, investment advisory and discretionary investment management services for employer-sponsored retirement plans. Advisor may also assist plan sponsors (“Sponsor(s)”) with enrollment and/or providing investment education to plan participants and beneficiaries. Advisor provides these retirement plan services (“Retirement Plan Services” or “Services”) through its IARs and may charge a fee for the Retirement Plan Services, as described in this Form ADV Part II- Retirement Services Brochure (“ADV”) and the Retirement Plan Consulting Agreement or Retirement Plan Investment Management (in either case, “Agreement”).

Retirement Plan Services are ERISA Fiduciary Services, ERISA Section 3(38) Investment Management Fiduciary Services or ERISA Non-fiduciary Services. ERISA Non-fiduciary Services are educational and ministerial services that may be performed only so that they would not be considered fiduciary activity under the Employee Retirement Income Security Act of 1974, as amended (ERISA). When delivering ERISA Fiduciary Services or ERISA Section 3(38) Fiduciary Services, Advisor will perform those services to the plan as a fiduciary under ERISA Section 3(21)(A) and will act in good faith and with the degree of diligence, care and skill that a prudent person rendering similar services would exercise under similar circumstances.

When providing any ERISA Fiduciary Services, Advisor will solely be making recommendations to the Sponsor and the Sponsor retains full discretionary authority or control over assets of the plan. ERISA Section 3(38) Fiduciary Services are designed to allow the plan fiduciary to delegate responsibility for managing, acquiring and disposing of plan assets and Advisor will, when performing those services, exercise discretionary authority or control over assets of the Plan.

Sponsor may engage the Advisor to perform the Retirement Plan Services by completing a Retirement Plan Information Form to provide information about the plan, including options available through the plan, plan objectives, investment objectives, investment risk tolerance, demographics about plan participants, and third-party service providers. Advisor will provide Sponsor a copy of this Form ADV Part II and the Agreement for review. The Agreement describes the terms of the arrangement between Advisor and the Sponsor, including a description of the Retirement Plan Services and the fees to be charged by Advisor. By signing the Agreement, the Sponsor represents that Sponsor has received sufficient information and determined that the Retirement Plan Services selected are: (i) necessary for the operation of the plan and (ii) reasonable and appropriate based upon the compensation to be paid for the Services. Sponsor must sign and submit the Agreement to Advisor before Advisor performs any Retirement Plan Services.

In addition to the foregoing, the advisor offers consulting, investment advisory and discretionary investment management services to clients other than employer sponsored retirement plans. With regard to this category of client, Advisor conducts a thorough interview with a new client and then presents a proposal of how it would manage the client's investments, considering the client's goals, resources, time horizon, objectives, attitudes, tolerance and capacity for risk. The proposal will usually include recommended investment instruments that may be used to implement the approach, including:

**Equities** An equity or "stock" is ownership of a corporation that is represented by shares that are a claim on the corporation's earnings and assets. An investor's equity in the corporation is usually the ratio of shares the investor possesses relative to the number of outstanding shares issued by the corporation. Equities are usually traded on an exchange or in the over-the-counter (OTC) market. Consequently, an investor can typically sell their stock relatively quickly and easily, unless the stock is illiquid.

**Mutual Funds** A mutual fund is a professionally managed, diversified portfolio of securities that pools the assets of many investors for a common objective. Each of the investors in a mutual fund has an interest in the fund's entire pool of securities. Mutual fund shares generally can be purchased or sold as needed, based on the fund's current net asset value (NAV) per share. Mutual funds can include actively managed funds as well as index funds that track a particular index.

**Bonds** A bond is a loan made by an investor to the issuer of the bond. A bond is an interest bearing or discounted government or corporate security that obligates the issuer to pay the bondholder a specified sum of money, usually at specific intervals, and to repay the principal amount of the loan at maturity. The bondholders do not have corporate ownership privileges in the issuer, as shareholders do. These products are known as "fixed-income-securities".

**Exchange-Traded Funds (ETFs)** An ETF is an investment company whose shares trade on a stock exchange. An ETF usually holds a portfolio of securities designed to track a particular market segment, index, commodity or basket of assets. Unlike mutual funds, an ETF experiences price changes throughout the day as the ETF's shares are bought and sold.

**Separately Managed Accounts (SMAs)** An SMA is a professionally managed investment portfolio that uses pooled money to buy investments directly owned by the account holder. Unlike a mutual fund or ETF, an SMA allows an investor to have direct ownership of the securities in the investor's account, which can provide opportunities for greater customization to reflect the investor's specific investment objectives, desired restrictions and tax consequences.

The firm does not offer any wrap fee programs.

## C. Investment Restrictions; Changes in Circumstances

A client may provide Advisor with any reasonable investment restrictions that should be imposed on the management of the client's portfolio. For example, a client may restrict the type or amount of securities to be purchased in the client's portfolio. A client should promptly notify Advisor of any changes in those restrictions or in the client's personal financial circumstances, investment objectives, goals and tolerance and capacity for risk. Advisor attempts to tailor its advisory services to the needs of its individual clients.

Advisor provides periodic reports to clients. These reports identify assets within the account and activity since the date of the last periodic report. These periodic reports will also remind clients of their obligation to inform Advisor of any changes or any restrictions that should be imposed on the management of the client's account. Advisor will also, through these periodic reports, inquire whether there have been any changes in a client's personal financial circumstances, investment objectives and tolerance and capacity for risk.

## D. Description of the Retirement Plan Services

### PLAN SPONSOR - ERISA 3(38) INVESTMENT MANAGEMENT FIDUCIARY SERVICES

#### SELECTION AND MONITORING OF THE PLAN'S DESIGNATED INVESTMENT ALTERNATIVES ("DIAs):

Investment Advisor will review the plan's investment objectives, risk tolerance and goals with the plan committee. If the plan does not have an investment policy statement ("IPS"), Investment Advisor will make recommendations to assist the plan committee to create an appropriate IPS. If the plan has an existing IPS, Investment Advisor will review it for consistency with the plan's objectives and recommend revisions to the plan committee to establish investment policies that are congruent with the plan's objectives. Once the IPS is approved by Sponsor, Investment Advisor will review the investment options available to the Plan and will select the Plan's DIAs that meet the criteria set forth in the IPS.

Investment Advisor will monitor the DIAs and will remove and replace investments that no longer meet the IPS criteria. IAR will, on a periodic basis and/or upon reasonable request, provide reports, to the Plan Fiduciary. Investment Advisor will not be responsible for selecting, monitoring, retaining or removing employer stock or investment options selected by Sponsor.

#### CREATION AND MAINTENANCE OF MODEL ASSET ALLOCATION PORTFOLIOS

Investment Advisor will select certain Designated Investment Alternatives ("DIAs") to create a series of risk-based Model Portfolios. Investment Advisor will apply generally accepted investment theories so that the Model Portfolios are designed with the objective to be reasonably diversified to minimize the risk of large losses and designed to provide varying degrees of long-term appreciation and capital preservation through a mix of equity and fixed income exposures to meet each of the risk-based categories. Investment Advisor will diversify, reallocate and rebalance the Model Portfolios and associated risk levels over time in accordance with generally accepted investment theories and consistent with the Plan's IPS. Investment Advisor may make changes to the underlying investments and/or the asset allocation percentages of the Model Portfolios and will communicate any instructions directly to the Platform Provider or Custodian. IAR will, on a periodic basis and/or upon reasonable request, provide reports, to the Plan Fiduciary.

#### QUALIFIED DEFAULT INVESTMENT ALTERNATIVE ("QDIA") MANAGEMENT

Based on the Plan's IPS or other guidelines established by the Plan, IAR will review the investment options available to the Plan and will select the Plan's QDIA(s) for Plan participants that fail to direct the investment of their accounts. Once IAR selects the QDIA(s), IAR will monitor the investments and if the IPS or other criteria require an investment to be removed, IAR will replace it with an appropriate alternative.

## PLAN SPONSOR - ERISA FIDUCIARY SERVICES

### RECOMMENDATIONS TO ESTABLISH OR REVISE THE PLAN'S INVESTMENT POLICY STATEMENT ("IPS"):

IAR will review with the Plan Fiduciary the investment objectives, risk tolerance and goals of the Plan. If the Plan does not have an IPS, the IAR will recommend investment policies to assist the Plan Fiduciary to establish an appropriate IPS. If the Plan has an existing IPS, IAR will review it for consistency with the Plan's objectives. If the IPS does not represent the objectives of the Plan IAR will recommend to the Plan Fiduciary revisions that will establish investment policies that are congruent with the Plan's objectives.

### RECOMMENDATIONS TO SELECT AND MONITOR THE DESIGNATED INVESTMENT ALTERNATIVES ("DIAS"):

Based on the Plan's IPS or other guidelines established by the Plan, IAR will review the investment options available to the Plan and will make recommendations to assist the Plan Fiduciary to select the Designated Investment Alternatives ("DIAs") to be offered to Plan participants. Once the Plan Fiduciary selects the DIAs, IAR will, on a periodic basis and/or upon reasonable request, provide reports, information and recommendations to assist the Plan Fiduciary to monitor the investments. If the IPS criteria require an investment to be removed, IAR will provide information, analysis and recommendations to the Plan Fiduciary to help evaluate replacing investment alternatives.

### RECOMMENDATIONS TO SELECT AND MONITOR QUALIFIED DEFAULT INVESTMENT ALTERNATIVE(S) ("QDIA"):

Based on the Plan's IPS or other guidelines established by the Plan, IAR will review the investment options available to the Plan and will make recommendations to assist the Plan Fiduciary to select the Plan's QDIA(s) for Plan participants that fail to direct the investment of their accounts. Once the Plan Fiduciary selects the QDIAs, IAR will provide reports, information and recommendations, on a periodic or upon reasonably requested basis, to assist the Plan Fiduciary to monitor the investments. If the IPS criteria require an investment to be removed, IAR will provide information and analysis to assist the Plan Fiduciary to evaluate replacement investment alternatives.

### RECOMMENDATIONS TO ALLOCATE AND REBALANCE MODEL ASSET ALLOCATION PORTFOLIOS ("MODEL PORTFOLIOS"):

Based on the Plan's IPS or other investment guidelines established by the Plan, the IAR will review the investment options available to the Plan and will make recommendations to assist the Plan Fiduciary to create and maintain Model Portfolios. Once the Plan Fiduciary approves the Model Portfolios, the IAR will provide reports information and recommendations, on a periodic basis, designed to assist the Plan Fiduciary to monitor the Plan's investments. If the IPS criteria require an investment to be removed, the IAR will provide information and analysis to assist the Plan Fiduciary to evaluate replacement investment alternatives to be included in the Model Portfolios. Upon reasonable request the IAR will make recommendations to the Plan Fiduciary to rebalance the Model Portfolios to maintain their desired allocations.

### RECOMMENDATIONS TO SELECT AND MONITOR INVESTMENT MANAGERS:

Based on the Plan's IPS or other guidelines established by the Plan, IAR will review the potential investment managers available to the Plan and will make recommendations to assist the Plan Fiduciary to select one or more investment managers. Once the Plan Fiduciary approves the investment manager, IAR will provide, on a periodic basis, reports, information and recommendations to assist the Plan Fiduciary to monitor the Plan's investment managers. If the IPS criteria require an investment manager to be removed, IAR will provide information and analysis to assist the Plan Fiduciary to evaluate replacement investment managers.

## PLAN SPONSOR – ERISA NON FIDUCIARY SERVICES

### Assistance with Plan Governance and Committee Education, Including:

Determining Plan Objectives and Options Available Through the Plan

Reviewing Retirement Plan Committee Structure and Requirements

Reviewing Participant Education and Communication Strategy, Including ERISA 404(c) Requirements

Responding to Participant Requests for Additional Information

Maintaining Retirement Plan Committee records

Attending Periodic Meetings with Retirement Plan Committee (Upon Request by Plan Sponsor)

<b>Assistance with Plan Fiduciaries' Vendor Management (Service Provider Selection/Review), Including:</b>
Reviewing Fees and Services and Identifying Procedures to Track the Receipt and Evaluation of ERISA 408(b)(2) Disclosures
Providing Periodic Benchmarking of Fees and Services to Assist Review for Reasonableness
Reviewing ERISA Spending Accounts or Plan Expense Recapture Accounts (PERAs)
Generating and Evaluating Service Provider Requests for Proposals (RFPs) and or Requests for Information (RFIs)
Support with Contract Negotiations
Service Provider Transition and/or Plan Conversion
<b>Investment Education for Plan Fiduciaries Concerning:</b>
Investment Policy Statements
Assessment of Overall Investment Structure of Plan (i.e., types and number of asset classes, model portfolios, etc.)
Review of the Plan's Investment Options
Review of Qualified Designated Investment Alternatives (QDIA)
Search and Review of Investment Managers

## **E. Potential Additional Retirement Services Provided Outside of the Agreement:**

In providing Retirement Plan Services, Advisor and its IARs may establish a client relationship with one or more plan participants or beneficiaries. Such client relationships develop in various ways, including, without limitation:

- 1) as a result of a decision by the participant or beneficiary to purchase services or products from Advisor or its affiliates not involving the use of plan assets;
- 2) as part of an individual or family financial plan for which any specific recommendations concerning the allocation of assets or investment recommendations relate exclusively to assets held outside of the plan; or
- 3) through an Individual Retirement Account rollover ("IRA Rollover").

If Advisor is providing Retirement Plan Services to a plan, IARs may, when requested by a plan participant or beneficiary, arrange to provide services to that participant or beneficiary through a separate agreement that excludes any investment advice on plan assets (but may consider the participant's or beneficiary's interest in the plan in providing that service). If a plan participant or beneficiary desires to affect an IRA Rollover, IAR will obtain a written acknowledgement from the plan participant. Any decision to affect the rollover or about what to do with the rollover assets remains that of the participant or beneficiary alone.

## **F. Assets Under Management**

As of March 20, 2013, the firm managed \$308,729 on a discretionary basis, representing one account and \$124,839,588 on a nondiscretionary basis representing 37 accounts.

## ITEM 5. FEES AND COMPENSATION

### A. Individual Advisory Fees

Advisor will generally provide clients with investment advisory services in exchange for an asset based fee computed on the value of managed assets. The fee will be specified in the agreement as mutually agreed upon with the client and the advisor. Our fees are assessed in arrears or in advance, either monthly or quarterly or as agreed to by us and the client. Our fee schedule is stated below and is computed on the average daily balance of the client's portfolio during the preceding period or the balance of the portfolio on the last day of the preceding period. It is payable in advance or in arrears not less than 30 days following the end of the period. The periodic fee is charged at the applicable percentage of the specified annual rate. The initial fee is prorated from the date of the agreement with the client to the end of the first period.

The advisory relationship may be terminated by you or us in accordance with our agreement. Fees for a partial period after termination of the agreement will be prorated from the first day of the month or quarter to the effective date of termination.

We may change any or all fee schedules with 30 days prior written notice to clients.

Clients receiving services may pay more or less than a client may otherwise pay if purchasing the services separately or through another service provider. There are several factors that determine whether the cost would be more or less, including but not limited to the size of the trades, the specific investments, and the actual cost of services purchased elsewhere. In light of the specific services offered by the advisor, the fees charged may be more or less than those of other similar service providers.

All fees paid to advisor for services are separate and distinct from the fees and expenses charged by mutual funds, variable annuities, and exchange-traded funds to their shareholders. These fees and expenses are described in each investment's prospectus. These fees will generally include a management fee, other expenses, and possible distribution fees. If the investment also imposes sales charges, a client may pay an initial or deferred sales charge. The services provided by advisor may, among other things, assist the client in determining which investments are most appropriate to each client's financial condition and objectives and to provide other administrative assistance as selected by the client. Accordingly, the client should review both the fees charged by the funds, the fund manager, your other service providers, and the fees charged by advisor to fully understand the total amount of fees to be paid by you and to evaluate the services being provided.

The fees also do not include direct fees and costs associated with managers of SMAs, such as investment management fees of the selected managers and overlay management fees. These fees will be displayed as a separate charge from our fees on a client's fee statement. The client will receive a specific quote of these fees prior to investment in an SMA.

In addition, the fees charged by us do not include any commissions or other fees charged by a broker/dealer or custodian retained by you to implement our advice or to otherwise hold your portfolio securities. See item 12 below for additional information regarding brokerage practices.

Various vendors, product providers, distributors and others may provide non-monetary compensation by paying some expenses related to training and education, including travel expenses, and obtaining professional designations. Advisor might receive payments to subsidize his own training programs. Certain vendors may invite advisor to participate in conferences, online training, or provide it publications that may further its investment advisor representatives and employees' skills and knowledge. Some may occasionally provide the advisor with gifts, meals and entertainment of reasonable value consistent with industry rules and regulations.



## ASSET BASED FEE SCHEDULE FOR INVESTORS

All fees are negotiable.

<b><u>Market Value of Portfolio</u></b>	<b><u>Fee</u></b>
Up to \$1,000,000	Up to 2.00%
More than \$1,000,000 but less than \$5,000,000	Up to 1.75%
More than \$5,000,000	Up to 1.00%

We do not require an account minimum for management of assets invested in mutual funds or ETFs. However, there is a minimum annual fee of \$1,000 at the highest fee tier in the current fee schedule. Clients with less than \$100,000 in portfolio assets who choose our services at a minimum annual fee of \$1,000 may be able to find similar services at a more favorable pricing arrangement. Fees are negotiable in our sole discretion, and we may, in our sole discretion, waive the required minimum fee. We require a minimum value of managed assets of \$500,000 for an SMA, subject to our discretion to waive the minimum.

For multiple accounts maintained with us, we may aggregate the total account for fee purposes.

We may be engaged to provide comprehensive wealth management, financial planning and administrative services for an increased fee. Due to the unique character of each client's needs for the combination of services, we are unable to create a meaningful sample fee structure. Each client's needs will be assessed, and the advisor and the client will come to an agreement as to the fee charged for these services as well as the method and frequency of payment. The fee may be on an hourly basis, a fixed fee basis charged by the month or quarter, based on the amount of assets under management or any other fee calculation method mutually agreed to by us and the client.

### **Financial Planning and Consulting Services (Stand-Alone)**

We may provide clients with financial planning and consultation services, including general business consulting services. We will charge a fee (fixed fee and/or hourly) for these services in certain instances through the use of independent contractor reporting with whom we have entered into a contractual relationship. Our financial planning fees are negotiable, but generally range from \$500 to \$5,000 on a fixed fee basis and \$175 to \$300 on an hourly basis, depending upon the level and scope of the services required.

### **Comprehensive Reporting**

Our fee to report any assets held by a client that are not being provided our asset management services will be an annual fee of 0.25% of the outside assets being reported. Advisor has no liability for the accuracy, timeliness or completeness of information provided by third parties. In the event that the client seeks to transfer outside assets under our management, our normal fee schedule for investment management services will be imposed and the reporting fee over those same assets will cease.

## B. Retirement Plan Service Fees

Fees for the Retirement Plan Services ("Fees") are negotiable and will be specified in the Agreement between Sponsor and Advisor. A description of the different types of fees for retirement plan services appears in the fee schedule below.

<b>1. ANNUAL FEE FOR SERVICES:</b>
% of Plan assets, ranging from .05% to 1.00% of assets under management
Hourly Rate; and /or
Flat Fee, including any one-time plan conversion or transition fee

<b>2. TO BE PAID:</b>
by Record keeper directly from Plan assets, accounts or investments
Billed to Plan Sponsor
Monthly
Quarterly
In advance
In arrears

<b>3. FEE CALCULATION</b>
The initial Fee will be prorated based upon the number of days remaining in the initial quarterly or monthly period from the date of execution of the Agreement. The initial Fee will be based upon the market value of the plan assets at the close of business on the last business day, first business or average of the initial period. Thereafter, the periodic portion of any annual asset-based Fees will be based upon the market value of the plan assets at the close of business on the last business day, first business day or average of the previous calendar period (without adjustment for anticipated withdrawals by plan participants or beneficiaries or other anticipated or scheduled transfers or distributions of assets).

<b>4. CALCULATION OF TERMINATION FEE</b>
If the Agreement is terminated prior to the end of a period, INVESTMENT ADVISOR will be entitled to a quarterly fee, prorated for the number of days in the period prior to the effective date of termination, and for asset-based fees, based on the market value of the plan assets at the close of business on the effective date of termination. Any unearned fee collected in advance will be promptly refunded.

Sponsors receiving Retirement Plan Services may pay more or less than a client might otherwise pay if purchasing the Retirement Plan Services separately or through another service provider. There are several factors that determine whether the costs would be more or less, including, but not limited to, the size of the plan, the specific investments made by the plan, the number of locations of participants, the Retirement Plan Services offered by another service provider, and the actual costs of Retirement Plan Services purchased elsewhere. In light of the specific Retirement Plan Services offered by Advisor the Fees charged may be more or less than those of other similar service provider.

All fees paid to Advisor for Retirement Plan Services are separate and distinct from the fees and expenses charged by mutual funds, variable annuities and exchange traded funds to their shareholders. These fees and expenses are described in each investment's prospectus. These fees will generally include a management fee, other expenses, and possible distribution fees. If the investment also imposes sales charges, a client may pay an initial or deferred sales charge. The Retirement Plan Services provided by Advisor may, among other things, assist the client in determining which investments are most appropriate to each client's financial condition and objectives and to provide other administrative assistance as selected by the client. Accordingly, the client should review both

the fees charged by the funds, the fund manager, the plan's other service providers and the fees charged by Advisor to fully understand the total amount of fees to be paid by the client and to evaluate the Retirement Plan Services being provided.

No increase in the Fees will be effective without prior written Notice. While not necessarily related to the Services, various vendors, product providers, distributors and others may provide non-monetary compensation by paying some expenses related to training and education, including travel expenses, and attaining professional designations. Advisor might receive payments to subsidize its own training programs. Certain vendors may invite Advisor to participate in conferences, on-line training or provide it publications that may further its IARs and employees' skills and knowledge. Some may occasionally provide Advisor gifts, meals and entertainment of reasonable value consistent with industry rules and regulations.

## ITEM 6. PERFORMANCE – BASED FEES

Advisor does not charge performance-based fees.

## ITEM 7. TYPES OF CLIENTS

Advisor's clients generally include individuals, business entities, trusts, estates and charitable organizations. We may impose an account minimum of \$500,000 for investment management services. We may, in our sole discretion, charge a lesser management fee and/or waive or reduce our minimum asset requirement based upon a variety of criteria, ( i.e., existing financial planning client, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account compensation, negotiations with you, etc. )

Retirement Plan Services are available to clients that are sponsors or other fiduciaries to Plans, including 401(k), 403(b) and 401(a) plans. Plans include participant directed defined contribution plans and defined benefit plans. Plans may or may not be subject to ERISA. Advisor does not require a minimum asset amount for retirement plan consulting services.

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

### Methods of Analysis

With respect to retirement plans, Advisor will apply generally accepted investment theories so that its investment choices for the Plan are made with the objective to reasonably diversify Plan assets to minimize the risk of large losses and to provide varying degrees of long-term appreciation and capital preservation through a mix of equity and fixed income exposures to meet the risk-based categories identified in the Plan's investment policy statement ("IPS"). Advisor will diversify, reallocate and rebalance the investments and associated risk levels over time in accordance with generally accepted investment theories and consistent with the Plan's IPS. Advisor may make changes to the underlying investments and/or the asset allocation percentages of any Model Portfolios and will communicate any instructions directly to the Platform Provider or Custodian.

Advisor employs numerous philosophies and tools in our investment analysis and due diligence process. We may utilize any or all of the following:

**Fundamental Analysis** is security analysis grounded in basic factors such as company earnings, balance sheet variables and management quality. These factors are used to predict the future value of an investment. Information such as interest rates, GNP, inflation and unemployment may be used to forecast the direction of the economy and therefore the stock market. Close attention is paid to fundamentals in order to determine the —fair value— of various sectors.

**Technical Analysis** is employed in various formats in order to gauge market sentiment. It is the practice of using statistics to determine trends in security prices and make or recommend investment decisions based on those trends. Technical analysis focuses on matters such as trade volume, demand, and volatility to help determine the market forces at work on a certain security or on the securities market as a whole.

We utilize **Quantitative Analysis** to easily combine and quantify various characteristics of a large number of investments in order to determine which of the group require further analysis.

**Qualitative Analysis** is also used to weigh the unique characteristics of an individual investment and the risk and return expectations of various capital markets. Third party money managers will have their own methods of analysis, investment strategies and unique investment risks that you should review and consider before investing.

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

All investments involve risk and investment performance can never be predicted or guaranteed. The values of the account will fluctuate (perhaps significantly) due to market conditions, manager performance and other factors. Using any benchmark or index in connection with the investment management services is no promise that the performance of the plan's particular investments will experience the same results, including the results shown on the various reports that are delivered as part of the Services.

Advisor may use or provide to Sponsor data or information provided by third parties when providing investment management services. While Advisor reasonably believes that the information or data is reliable, it does not promise that it is accurate, current or consistently available.

Sponsor is responsible for all the tax liabilities arising from any transactions, including any liabilities arising from the failure to maintain the qualified status of a retirement plan receiving the Services.

## **Material Risks**

Investing in securities involves risk of loss that a client should be prepared to bear. The value of any security may fluctuate due to economic, political, or other events that affect securities markets generally. Fluctuations in value may also occur due to the characteristics of a particular instrument, or of the company that issues it.

You may obtain from your investment advisor representative a copy of any prospectus containing a description of the mutual fund's or ETF's, investment objectives, and related risks, and a copy of any brochure describing an applicable SMA's investment objectives and related risks. We structure the client's portfolio based on the style and objectives agreed to by the client, and the amount of risk and volatility the investor client is willing and able to assume. Each client should agree to an investment strategy that is consistent with their investment objectives, investment experience, and time horizon, among other things.

Additional risks that may have an adverse effect on a client's investments include the following:

**Equity Risks** The risk of investing in an equity is that the price of the shares will decrease. This can be caused by a number of factors, including, but not limited to, financial deterioration of the overall economy, financial deterioration of the particular company, change in government policies that affect the company's sector, turnover in management, lawsuits or legal proceedings filed against the company, and other unfavorable publicity about the company. The sale of equities can result in tax consequences to the investor. Some corporations pay a dividend to investors, which is a distribution of earnings to the shareholders. A company can elect to not pay dividends, which could also adversely affect the stock price of the company. Another risk in investing in equities is that some equities lack liquidity. That is, there is not a significant market demand for these shares, or the shares are not readily transferable. Consequently, an investor of such equities may not be able to sell or transfer their interest, even if they need the money or the price of the equity is falling rapidly.

**Mutual Fund Risks** The risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax-inefficient, and therefore investors may pay capital gains taxes on fund investments, while not having yet sold the fund.

**Bond Risks** The primary risk of investing in a bond, whether it is a government or corporate bond, is if the issuer will not be able to make its agreed upon periodic payments (such as interest payments) and/or that it will not return the principal to the note holder when it is due. An issuer could also fail to make timely and/or complete payments on the principal or agreed upon periodic payments. Among other things, any failure to make payments could be due to the financial condition of the issuer. Another risk in corporate bonds is that note holders do not have equity privileges in the issuer; rather, they are simply creditors of the issuer. Consequently, they cannot vote or otherwise affect corporate decisions.

**ETF Risks** The performance of an ETF may not reflect the performance of the indexed or market segment it was created to track. ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs requires more frequent portfolio reporting by the regulators, and are thereby more susceptible to actions by hedge funds that could have a negative effect on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk, depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral. Further, the use of leverage, that is, employing the use of margin, generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risks. Volatility and liquidity can negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

**SMA Risks** The risks of investing through an SMA include the quality and experience of the portfolio management team and its ability to create value by investing in securities that have positive growth.

**Concentrated Holding Risk** There is an inherent risk for clients who have their investment portfolios heavily concentrated in a single security, industry or sector, geographic location, investment manager or instrument. Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

**Risks Related to Certain Investment Strategies** Client investments may be made through third party managers who follow alternative strategies such as option trading, hedging, and derivatives that may involve specific risks. Clients will receive the prospectus or brochures of any third party investment managers before those strategies are implemented. Advisor may use or provide to you data or information provided by third parties when providing investment management services. While advisor reasonably believes that the information or data is reliable, it does not promise that it is accurate, current, or consistently available.

You are responsible for all the tax liabilities arising from any transactions.

## ITEM 9. DISCIPLINARY INFORMATION

There are no current legal or disciplinary events that are material to a client's or prospective client's evaluation of Advisor's advisory business or the integrity of its management.

## ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Mr. Sulpizio and Ms. Procida are the owners of Innovative Benefit Planning, LLC, Cinnaminson, New Jersey, ("Innovative Benefits") which is an insurance, executive benefits and qualified plan consulting firm. They and Ms. Offerman are employees of Innovative Benefits and each may receive fees from Innovative Benefits. This presents a potential for a conflict of interest as the opportunity to receive fees, rather than a particular client's needs, may incent them to recommend the services of Innovative Benefits. No client is under any obligation to use the services of Innovative Benefits and the decision about whether to do so is solely that of the clients.

Mr. Sulpizio, Ms. Procida and Ms. Offerman, each in their individual capacity, is also a licensed insurance agent and may recommend the purchase of certain insurance-related products on a commission basis. The recommendation that a client purchase an insurance commission product presents the potential for a conflict of interest, as the receipt of commissions may provide an incentive to recommend non-securities investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any insurance commission products from any of these agents. Clients are reminded that they may purchase insurance products recommended by them through other, non-affiliated insurance agents.

Advisor may serve as sub-advisor to Main Street Investment Advisors, LLC (Main Street) while Main Street or another registered investment advisor may act as sub-advisor to Advisor for certain services, including ERISA Fiduciary Services, ERISA Section 3(38) Fiduciary Services or ERISA Non-fiduciary Services. This also presents a potential for a conflict of interest if one arrangement may produce a higher fee for the IAR or Advisor than another. We address this conflict by requiring that no sub-advisor may charge Sponsor more than the Fees specified in Sponsor's Agreement with Advisor. No client will be a client of both Main Street and Advisor. Both Advisor and Main Street conduct due diligence on their sub-advisors.

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

Advisor has adopted a written Code of Ethics in compliance with SEC Rule 204A-1. The code sets forth standards of conduct and requires compliance with federal securities laws. Our code also addresses personal trading and requires our personnel to report their personal securities holdings and transactions to the Chief Compliance Officer of the firm. We will provide a copy of our Code of Ethics to any client or prospective client upon request. Advisory representatives of the firm must act within the guidelines set forth in our Code of Ethics.

We or our IARs may buy or sell certain securities that are identical to those recommended to Sponsor for the plan's account. It is our express policy that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, and therefore, preventing employees from benefiting from transactions placed on behalf of advisory accounts. We or any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a Sponsor. As these situations may represent a conflict of interest, we have established the following restrictions in order to ensure our fiduciary responsibilities: A director, officer or employee of Advisor may not buy or sell securities for his or her personal portfolio(s) where the decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of Advisor shall prefer his or her own interest to that of the advisory client. 2) Firm maintains a list of all securities holdings for itself, and anyone associated with this advisory practice. These holdings are reviewed on a regular basis by Mark W. Sulpizio. 3) Firm requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices. 4) Any individual not in observance of the above may be subject to termination.

Advisor, our employees, and our independent contractor IARs, if any, benefit from the compensation paid to us, and may directly or indirectly receive a portion of the fees and other compensation paid by Retirement Plan Services clients. Those clients may also use other products or Retirement Plan Services available from or through us and in such case pay additional compensation. This practice creates a potential conflict of interest that may give us and our IARs an incentive to recommend Advisory Retirement Plan Services based on the compensation received.

We address these conflicts through disclosure in this ADV and additional disclosures concerning compensation we may receive, directly or indirectly. We will also offset or refund additional compensation when required by law. Moreover, we have adopted policies and procedures to address the suitability of investments and strategies offered to you.

It is important to note that clients are under no obligation to grant Advisor investment discretion. Clients should understand that the investment products, securities and services that an IAR may select as part of Retirement Plan Services are available to be purchased through broker-dealers, investment Advisors or other investment firms not affiliated with us.

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

## ITEM 12. BROKERAGE PRACTICES

### Recommendations Regarding Custodian

If you ask us to recommend a broker/dealer/custodian for execution and/or custodial services, we generally recommend that investment management accounts be maintained at Schwab Institutional. You may also direct us to use a particular broker/dealer/custodian of your choice. To engage us to provide investment management services, you will be asked to enter into a formal investment advisory agreement with us, describing the terms and conditions under which we will manage your assets, and a separate custodial/clearing agreement with each designated broker/dealer/custodian. The factors that we consider in recommending Schwab Institutional (or any other broker/dealer/custodian to clients) include the provider's historical relationship with us, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by our clients must comply with our duty to obtain best execution, client may pay a commission that is higher than another qualified broker/dealer might charge to effectuate the same transaction where we determined, in good faith, that the commissioner transaction fee is reasonable in relation to the value of the brokerage and research services received.

In seeking best execution, the determining factor is not the lowest possible cost, but rather, whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker/dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, we may not necessarily obtain the lowest possible commission rates for your account transactions.

The brokerage commissions for transaction fees charged by the designated broker/dealer/custodian are exclusive of, and in addition to, our investment management fee. Our best execution responsibility is qualified if securities that we purchase for client accounts or mutual funds that trade at net asset value as determined at the daily market close.

### **Research and Additional Benefits**

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker/dealer / custodian, we may receive from Schwab Institutional (or another broker/dealer / custodian) without cost (and/or at a discount), support services and/or products, certain of which assists us to better monitor and service client accounts maintained at those institutions. Included within the support services that we may obtain are investment related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management related publications, discounted consulting services, discounted and/or gratis attendance at conferences, meetings and other educational and/or social events, marketing support, computer hardware and/or software, and/or other products used by us in our investment advisory business operations. As indicated above, certain of the support services and/or products that we may receive may assist us in managing and administering client account. Others do not directly provide that assistance, but rather assist us to manage and further develop our business enterprise. Our clients do not pay more for investment transactions effectuated and/or assets maintained at Schwab Institutional as a result of this arrangement. We make no corresponding promise to Schwab Institutional or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as a result of this type of arrangement.

Our Chief Compliance Officer, Mark Sulpizio, remains available to address any questions that you or an prospective client may have regarding this type of arrangement and any corresponding perceived conflict of interest, which this arrangement may create.

### **Referrals**

We do not receive referrals from broker dealers.

### **Directed Brokerage**

We do not generally accept directed brokerage arrangements. Under directed brokerage, a client requires that account transactions be effected through a specific broker dealer. In these client directed arrangements, the client will negotiate terms and arrangements for their account with that broker dealer and we will not seek better execution services or prices from other broker/dealers or be able to "batch" the client's transactions for execution to other broker/dealers with orders for other accounts managed by us. As a result, the client may pay higher commissions or other transaction quotes or greater spreads or receive less favorable net prices on transactions for the account than would otherwise be the case. Please note: In the event that the client directs us to effectuate securities transactions for the client's account through a specific broker/dealer, the client correspondingly acknowledges that that direction may cause the accounts to incur higher commission or transaction cost than the accounts would otherwise incur had the client determined to effectuate account transactions through alternative clearing arrangements that may have otherwise been available through us.

Our Chief Compliance Officer, Mark Sulpizio, remains available to address any questions that you or any prospective client may have regarding directed brokerage arrangements.

### **Order Aggregation**

To the extent that we provide investment management services to our clients, the transactions for each client account generally will be effected independently, 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 bunch orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among other clients the differences in prices and commissions or other transaction costs that might have been obtained had the orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed in each client account on any given day. We will not receive any additional compensation or remuneration as a result of this aggregation.



In relation to retirement plan accounts, Sponsor will select an independent outside third party “Qualified Custodian” to serve as custodian of the plan’s assets. An IAR, when appropriate, may recommend that a Plan use a certain retirement plan platform or service provider (such as a record keeper, administrator or broker-dealer).

## ITEM 13. REVIEW OF ACCOUNTS

### A. Periodic Review

Each advisory account is reviewed at least quarterly by our principals and/or by our investment advisor representatives. All investment supervisory clients are advised that it remains your responsibility to advise us of any changes in your investment objectives and/or financial situation. You (in person or by telephone) are encouraged to review financial planning issues (to the extent applicable) investment objectives and account performance with us on an annual basis.

### B. Ad Hoc Reviews

We may perform ad hoc reviews on an as needed basis if there have been material changes in the client's investment objectives or risk tolerance or capacity, or a material change in how we formulate investment advice or material changes in general market conditions.

### C. Content and frequency of performance reports

We will deliver a written report to each individual, non-retirement plan client, on a quarterly basis or at some other interval agreed to with the client, which will detail information on purchases and sales, contributions and withdrawals in the client's investment portfolio and the performance of the client's portfolio measured against appropriate pre-established goals or benchmarks. The client's independent custodian also provides regular account statements directly to the client. The custodian's statement is the official record of the client's account and supersedes any statements or reports created on behalf of the client by us.

We will contact you at least once a year to review our Retirement Plan Services. It is important that you discuss any changes in the Plan's demographic information, investment goals, and objectives with your IAR. Plans may receive written reports directly from their IAR based upon the services being provided, including any reports evaluating the performance of Plan investment manager(s) or investments.

## ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

### Client Referrals

Advisor may compensate other persons or organizations for client referrals. In each of those cases, Advisor enters into an agreement with the referral agent and pays the agent a portion of the Fee. Many states require that any referral agent also be registered as an investment advisor representative. At the time that the agent refers Sponsor to Advisor, the referral agent discloses to Sponsor both the arrangement with Advisor and the compensation to be received by the referral agent. Advisor and its IARs may also offer Advisory services on the premises of unaffiliated financial institutions, like banks or credit unions. If so, Advisor will have entered into agreements with the financial institutions to share compensation, including a portion of the Fee, with the financial institution for the use of the financial institution's facilities and for client referrals.

### Other Compensation

The IAR, Advisor and Advisor's employees may receive additional compensation from various vendors, product providers, distributors and others. These providers may provide non-monetary compensation by paying some expenses related to training and education, including travel expenses, and attaining professional designations. We might receive payments to subsidize our own training programs. Certain vendors may invite us to participate in conferences, on-line training or provide it publications that may further its IARs and employees' skills and knowledge. Some may occasionally provide us gifts, meals and entertainment of reasonable value consistent with industry rules and regulations.



## ITEM 15. CUSTODY

We and IAR will not serve as a custodian for plan assets in connection with the Retirement Plan Services. The Sponsor is responsible for selecting the custodian for plan assets. IAR and Advisor may be listed as the contact for the plan account held at an investment sponsor or custodian. The Sponsor for the plan will complete account paperwork with the outside custodian that will provide the name and address of the custodian. The custodian for plan assets is responsible for providing the plan with periodic confirmations and statements. Advisor recommends that Sponsors review the statements and reports received directly from the custodian or investment sponsor.

## ITEM 16. INVESTMENT DISCRETION

A client may agree to give advisor investment discretion. If a client grants us investment discretion, that authority will be granted through the investment management agreement and a limited power of attorney provided by the client's custodian. In those cases, we will exercise full discretion as to the nature and type of securities to be purchased and sold, and the amount of securities for those transactions. Investment limits may be designated by the client as outlined in the investment management agreement.

When providing any ERISA 3(38) Investment Management Fiduciary Services, Advisor exercises discretionary authority or control over assets of the Plan. Advisor will perform these services to the plan as a fiduciary under ERISA Section 3(38) and will act with the degree of diligence, care and skill that a prudent person rendering similar services would exercise under similar circumstances. This discretionary authority is specifically granted to Advisor by the Plan Sponsor, as specified in the Agreement. See also Item 4.

## ITEM 17. VOTING CLIENT SECURITIES

Advisor has no authority or responsibility to vote any security held by the plan or the related proxies. That authority is reserved by the Sponsor or Trustee of the Plan.

## ITEM 18. FINANCIAL INFORMATION

Advisor is not aware of any financial condition that is reasonably likely to impact Advisor's ability to meet its contractual commitments to its clients. Advisor is not required to provide a balance sheet because it does not require the prepayment of a Fee six months or more in advance. Neither we nor any of our IARs have ever filed a Petition in Bankruptcy.