



## **FMB RETIREMENT SERVICES**

### **FIRM DISCLOSURE BROCHURE**

#### **ADV PART 2A**

2659 Townsgate Road, Suite 246  
Westlake Village, CA 91361  
805.446.4494 Phone  
805.446.4499 Fax  
[www.fmbretirement.com](http://www.fmbretirement.com)

Dated September 5, 2013

#### **ITEM 1 – COVER PAGE**

This ADV Part 2A Firm Brochure provides information about the qualifications and advisory business practices of FMB Retirement Services. FMB Retirement Services is a Registered Investment Advisor with the United States Securities and Exchange Commission ("SEC") under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). However, such registration does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 805.446.4494 or by email at [info@fmbwealth.com](mailto:info@fmbwealth.com).

The information in this brochure has not been approved or verified by the SEC or by any state securities authority. The oral and written communications of an Advisor provide you with information about which you determine to hire or retain an Advisor.

Additional information about FMB Retirement Services is also available on the SEC's website at: [www.Adviserinfo.sec.gov](http://www.Adviserinfo.sec.gov).

## **ITEM 2 – MATERIAL CHANGES**

In 2010, the SEC amended the format of the disclosure document (“brochure”) that we provide to prospective clients and clients engaging FMB Retirement Services (“FMBRS”) for advisory services. This brochure dated September 5, 2013 is our amended and most current Brochure, retiring our March 1, 2013 brochure.

This section, “Item 2 – Material Changes” will only point out changes that have been made to a prior brochure and provide you with a summary of any material changes.

There have been no material changes from our prior Brochure dated March 1, 2013.

Please review FMB Retirement Services’ Brochure carefully for additional important disclosures and information.

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## **ITEM 4 – ADVISORY BUSINESS**

FMB Retirement Services (“FMBRS”) was created in May, 2012 in the form of a related SEC-registered investment Advisor to FMB Wealth Management under the common ownership of Debra and Thomas Fields.

FMBRS is a boutique Advisory firm and limited scope 3(21) fiduciary, full scope 3(21) fiduciary or 3(38) fiduciary for qualified plans, located in Westlake Village, California. FMBRS is designed to offer suitable clients asset allocation services, consolidated reporting and periodic recommendations pursuant to retirement investment objectives chosen by the clients. FMBRS will not hold or act as custodian for FMBRS client’s accounts.

FMBRS coordinates the financial affairs of a limited number of clients by implementing a comprehensive retirement plan consulting process. We are a fee-only company, specializing in long-term investment strategy and dynamic portfolio design. We only take new clients when we believe that we can add value to those clients' financial situations. We primarily use passive, low-cost strategies for investments and a consultative and collaborative approach to investing.

FMBRS' clients are offered customized choices and solutions that will assist them with reaching their goals and reinforcing their values. These solutions are developed and delivered in close consultation with the clients as well as with other trusted advisors in a highly collaborative environment. In every aspect of our work, we make an uncompromising commitment to provide world class client service and strive to meet every client's highly individualized retirement needs.

### **A. ADVISOR BACKGROUND**

FMBRS is a privately owned Registered Investment Advisor (RIA) registered with the U.S. Securities and Exchange Commission (SEC) ([www.sec.gov](http://www.sec.gov)). The principal owners are Thomas W. Fields and Debra A. Fields. While Debra A. Fields serves as FMBRS’ Director, Secretary, Treasurer, and is a principal owner, and maintains her CFP® designation, she does not offer investment advice or advisory services to clients. FMBRS works closely with, and is affiliated by common ownership with, FMB Wealth Management (also a SEC-Registered Investment Advisor).

#### **Advisory Personnel:**

**Thomas W. Fields**, CFP®, Director, President, Chief Compliance Officer

**Year of Birth:** 1960

**Designations:** CFP® (Certified Financial Planner)

**Licenses:** Series 7, 24, 63  
California Life, Health and Disability Insurance licensed

**Education:** BA Math, Occidental College, 1982  
CFP® Certified Financial Planning Board of Standards, 1987

**Business** Registered Representative in the Securities Industry from 1987 - 2012  
**Background:** Registered Representative with Independent Financial Group, 2005 - 2012  
President/FMB Wealth Management, 2001 - present  
President/FMB Retirement Services, 2012 - present

### **Reportable**

**Disclosures:** Mr. Fields was notified in November, 2011 that he was a named respondent in a FINRA arbitration claim against his former broker-dealer, Independent Financial Group, LLC. FMBRS has reviewed the issues raised and determined that the claims were without merit and not material to a current or future FMBRS client or RIA activity. However, FMBRS believes that any potentially material disclosure should be made and thereby includes disclosure of this matter in this Brochure.

The claims against the parties in this case, including Mr. Fields, were settled by Independent Financial Group, LLC's counsel. Mr. Fields was not a party to the settlement discussions or ultimate settlement agreement. FMBRS firmly believes that Mr. Fields would have been successfully dismissed from all claims, but was not given the opportunity to be heard or defend his position. The dispute was settled July, 2013. The details of this case can be found on FINRA's BrokerCheck system or the Investment Advisor's Public Disclosure site (IAPD). Clients can access IAR disciplinary history by clicking on the BrokerCheck link, which is [www.finra.org/brokercheck](http://www.finra.org/brokercheck) or the IAPD link, which is [www.Adviserinfo.sec.gov](http://www.Adviserinfo.sec.gov).

Mr. Fields has not been involved in a disclosure event where he was found liable in any civil, self-regulatory organization, or administrative proceeding; and has not been the subject of a bankruptcy petition.

### **Other Business**

**Activities:** Thomas W. Fields is licensed to sell insurance products. He receives commissions for insurance-related product sales through individual insurance companies.

Mr. Fields also receives management fees for providing pension fiduciary services and other investment advisory services through affiliated Advisor, FMB Wealth Management.

**Grant E. Blindbury**, CFP®, Director

**Year of Birth:** 1979

**Designations:** CFP® (Certified Financial Planner)

**Licenses:** Series 7, 66  
California Life, Health and Disability Insurance licensed

**Education:** BA Business, UCLA, 2001  
CFP® Certified Financial Planning Board of Standards, 2008

**Business** Registered Rep/Independent Financial Group, 2005 - 2012

**Background:** Consultant-Director/FMB Wealth Management, 2001 - present  
Director/FMB Retirement Services, 2012 – present

**Reportable**

**Disclosures:** Grant E. Blindbury has not been involved in a disclosure event where he was found liable in any civil, self-regulatory organization, or administrative proceeding; and has not been the subject of a bankruptcy petition.

**Other Business**

**Activities:** Grant E. Blindbury is licensed to sell insurance products. He may receive commissions for insurance-related product sales.

Mr. Blindbury receives management fees for providing advisory services through FMB Retirement Services and affiliated Advisor, FMB Wealth Management.

Mr. Blindbury reports directly to Thomas W. Fields. You may contact Mr. Fields at 805-446-4494.

**Evan Z. Miller**, CFP®, Director

**Year of Birth:** 1979

**Designations:** CFP® (Certified Financial Planner)

**Licenses:** Series 7, 66  
California Life, Health and Disability Insurance licensed

**Education:** BA Business Economics, UCLA, 2001  
CFP® Certified Financial Planning Board of Standards, 2008

**Business** Rep/Independent Financial Group, 2005 - 2012

**Background:** Consultant-Director/FMB Wealth Management, 2001 - present  
Director/FMB Retirement Services, 2012 – present

**Reportable**

**Disclosures:** Mr. Miller has not been involved in a disclosure event where he was found liable in any civil, self-regulatory organization, or administrative proceeding; and has not been the subject of a bankruptcy petition.

**Other Business**

**Activities:** Evan Z. Miller is licensed to sell insurance products in California. He may receive commissions for insurance-related product sales.

Mr. Miller receives management fees for providing advisory services through FMBRS' affiliated Advisor, FMB Wealth Management.

Mr. Miller reports directly to Thomas W. Fields. You may contact Mr. Fields at 805-446-4494.

**Jeremy J. Fields, AIF®**, Investment Advisor Representative

**Year of Birth:** 1988

**Designations:** AIF® (Accredited Investment Fiduciary®)

**Licenses:** Series 65

**Education:** University of San Diego, 2007 - 2010

**Business**

**Background:** Investment Advisor Representative / FMB Wealth Management, 2012 - present

**Reportable**

**Disclosures:** Jeremy J. Fields has not been involved in a disclosure event where he was found liable in any civil, self-regulatory organization, or administrative proceeding; and has not been the subject of a bankruptcy petition.

**Other Business**

**Activities:** Jeremy J. Fields is also an Investment Advisor Representative with, and receives management fees for providing advisory services through, FMB Wealth Management; FMBRS' affiliated Advisor.

Jeremy J. Fields reports directly to Thomas W. Fields. You may contact Mr. Thomas Fields at (805) 446-4494.

**Use of Professional Designations:**

**Certified Financial Planner (CFP®).** The Certified Financial Planner™, CFP® and federally registered CFP® marks (collectively, the "CFP® marks") are professional certification marks



granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP® Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP® Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP® Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP® Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

**Accredited Investment Fiduciary (AIF®).** The AIF® (ACCREDITED INVESTMENT FIDUCIARY®) professional designation is the first and only designation that demonstrates knowledge and competency in the area of fiduciary responsibility. With the media awash with stories of financial scandals, investors are demanding that investment advisors embrace a higher standard of practice than ever before. The AIF® professional designation and certification is issued by the Center for Fiduciary Studies, and the training is the best way for investment fiduciaries and professionals to absorb the Prudent Practices, their legal underpinnings and how to apply them within existing fiduciary policies and procedures.

Holders of the AIF® mark have successfully completed this specialized program on investment fiduciary standards and subsequently passed a comprehensive examination. To qualify for the AIF® Designation, candidates must meet minimum criteria for Screening, Education and Training standards, Professional Development standards, and Relevant Industry Experience standards.

The AIF® training concludes with an examination in order to apply for and earn the AIF® Designation. The AIF® final exam is a proctored exam. The requirement for a proctor ensures the integrity of the examination process as one of the high standards for earning the AIF® Designation.

## **B. ADVISORY SERVICES**

The Employee Retirement Income Security Act of 1974, as amended (ERISA) requires employee benefit plan fiduciaries to act solely in the interests of, and for the exclusive benefit of, plan participants and beneficiaries.

FMBRS provides limited scope fiduciary services in compliance with ERISA § 3(21), full scope 3(21) fiduciary or 3(38) fiduciary for qualified plans and retirement services for Pensions, 401ks and other qualified retirement plan clients. Retirement Services is comprised of Investment Consulting, Advanced Planning and Relationship Management. Investment Consulting incorporates historical portfolio performance analysis, risk evaluations, and asset allocation.

FMBRS provides limited scope fiduciary services in compliance with ERISA § 3(21) as follows:

### **Level I (Limited Scope):**

#### **1. Strategic Planning and Investment Policy Services**

Meet with the Plan Sponsor to assist in developing an Investment Policy Statement (“IPS”). Alternatively, if the Plan has an existing IPS, the IAR will review the existing IPS and assist the Plan Sponsor to determine whether the Plan is performing consistent with the IPS and/or whether the IPS needs to be revised, based on an analysis of the Plan’s liquidity requirements, performance goals, and risk tolerance levels of the Plan, using information provided by the Plan Sponsor.

2. Assessment of Investments

Conduct an initial and/or periodic annual review of Plan investments and investment options including, without limitation, investment performance, fund expenses and style drift for investments offered by the Plan to participants; provide investment recommendations to the Plan Sponsor from time to time as deemed warranted by IAR for alternative investment options for the Plan to make available to its participants (which decision shall remain the sole and exclusive decision of the Plan Sponsor and/or their delegate).

**Level II (Full Scope): *(Includes All of the Above Plus the Following)***

3. Plan Review

Conduct a review of the Plan design and use best efforts to advise the Plan Sponsor whether the Plan is operating in accordance with Plan documents.

4. Plan Fee and Cost Review

Conduct a periodic annual review, using a third-party tool, of fees and costs charged to Plan by other service providers to assist Plan Sponsor with monitoring the reasonableness of fees and costs paid by the Plan.

5. Third Party Service Provider Liaison

Act as a liaison for the Plan and Plan Sponsor, on an as needed basis, when dealing with the trustee, custodian, plan actuary and other third party services providers to the Plan.

6. Participant Investment Information

The IAR will prepare information regarding allowable contributions and the choice of investments, which the Plan participant may implement at his/her sole discretion. Individual participant investment recommendations are not covered under this agreement.

7. Coordination with Other Consultants

Interact with outside advisors or tax, legal and accounting counsel as necessary and requested by the Plan Sponsor.

8. Participant Education and Communication

Coordinate investment education and enrollment for Plan participants. This does not include IAR performing onsite Plan participant meetings, providing individualized investment advice to Plan participants, or acting in a fiduciary capacity for Plan participants.

**ERISA Section 3(38) FMBRS Managed Vision Portfolios:**

FMBRS designs, constructs, and maintains each Model Portfolio and serves as Model Portfolio Manager. FMBRS shall not render any investment advice as to the selection of funds, which decision shall be within the sole discretion of Client. FMBRS shall have the authority and discretion to initially select, add or remove any underlying mutual fund, however, provided that it is from the series selected by client, for purposes of rendering Fiduciary Services. In the event that any mutual fund not listed above shall be utilized for Model Portfolio purposes,

FMBRS IAR shall provide Client with a mutual fund prospectus and relevant information about fees and required disclosure items at least sixty days prior to the use of such mutual fund in any Model Portfolio. If Client does not object in writing to the use of such mutual fund in a Model Portfolio following the sixty day notice period, then Client shall be deemed to have provided consent to the use of such mutual fund.

Model Portfolios are not managed securities but rather asset allocation portfolios utilizing only the underlying mutual funds from the approved series of mutual funds designated by Client. The allocation of asset classes within each Model Portfolio to achieve each strategy shall be based on generally accepted investment theories and modern portfolio theory.

FMBRS shall modify asset allocation within the Model Portfolio based on its professional judgment. FMBRS shall re-balance Model Portfolio at its discretion based on conformance to its investment policy for proprietary investment bands. FMBRS may allow for some deviation from the investment policy (depending on the size of the position) based upon level of deviation of the asset class and other factors.

#### **ERISA Section 3(38) Qualified Default Investment Alternative (“QDIA”) Services:**

FMBRS will provide QDIA management services by creating and managing the Model Portfolio that allocates the assets of individual accounts for participants who are automatically enrolled in the Plan but who fail to make an investment election. The Model Portfolio will be constructed so as to achieve varying degrees of long-term appreciation and capital preservation through a mix of equity and fixed income exposures offered through mutual funds as designated above by Client. FMBRS shall diversify, reallocate and rebalance the QDIA Model Portfolio and associated risk levels over time in accordance with generally accepted investment theories.

In providing QDIA Services, FMBRS shall act as an ERISA fiduciary and will serve as an “investment manager” as defined in ERISA Section 3(38) only with respect to the assets of a participant’s account which have been defaulted into the QDIA. The Client retains the sole responsibility to provide notices to participants as required under ERISA Section 404(c)(5).

In providing Fiduciary Services under this Agreement, FMBRS has no responsibility to provide any Fiduciary Services with respect to the following types of assets: employer securities, real estate (but excluding real estate funds ), participant loans, non-publicly traded securities or assets; other illiquid investments, or brokerage window programs (collectively, “Excluded Assets”). FMBRS shall have no authority or responsibility to provide Fiduciary Services with respect to voting proxies for securities held by the Plan or take other action related to the exercise of shareholder rights regarding such securities.

FMBRS does not act as, nor will FMBRS agree to assume the duties of, a trustee of the Plan or as Plan Administrator (as such term is defined under ERISA). FMBRS has discretion only with respect to investments in the Model Portfolio but no discretion to interpret the Plan documents, to determine eligibility or participation under the Plan, or to take any other action with respect to the management, administration or any other aspect of the Plan. Further, FMBRS does not serve as a custodian for the Plan and does not take custody of Plan assets.

#### **Non-Fiduciary Services:**

FMBRS may coordinate for a suite of services, performed by various non-affiliated service providers, for the management and investment of Plan assets. Clients may select among various services including investment management services by Agreement, custodial record keeping and third party administration services provided under agreement between Client and respective service providers, and services rendered by Advisor to Clients as agreed among them.

FMBRS may provide other Non-Fiduciary Services as agreed to in writing with Clients.

FMBRS acts as a fiduciary of Plans under Sections 3(21)(A)(i) and 3(38) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and under the Investment Advisors Act of 1940 (the "Act").

In performing any other services from time to time, including Non-Fiduciary Services, FMBRS provides consulting or administrative support to Clients and acts solely as an agent of Clients (whether or not Client is acting as Plan Administrator) and acts solely at the direction of Clients and is not acting as a Fiduciary of the Plan. When FMBRS has been granted discretionary power and authority to act as an investment manager for the Plan, FMBRS may be a fiduciary.

Custody of Plan assets will be maintained with an independent custodian selected by Clients and approved by FMBRS. Generally, the independent custodian will be one of the following: TD Ameritrade Institutional ("TDA"), a division of TD Ameritrade, Inc. and member of FINRA, SIPC and NFA, Charles Schwab Institutional, Nationwide Retirement, Transamerica Retirement Services, Great West Retirement Services, Lincoln Financial Group, American Funds or Paychex. FMBRS will not have custody of any assets. Clients will be solely responsible for paying all associated fees, charges and expenses by the respective custodian. FMBRS will not have any liability with respect to custodial arrangements or the acts, conduct, or omissions of the chosen custodian. Clients authorize FMBRS to instruct the custodian on Clients' behalf to provide FMBRS and IAR with copies of all periodic statements and other reports that the custodian sends to Clients.

The sole standard of care imposed on FMBRS in performing the Fiduciary Services is to act with the care, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims, provided, however, that nothing in the executed Agreement limits any responsibility that FMBRS may have to Client to the extent such limitation would be inconsistent with applicable laws, including securities laws.

FMBRS has not completed, nor will it complete, any independent due diligence, nor investigations. FMBRS relies solely on the facts presented by Clients.

FMBRS uses passively managed index mutual funds and Exchange Traded Funds (ETF's) from various asset classes to achieve diversification. Many of the funds used are from Dimensional Fund Advisors (DFA). These funds are purchased and held at an independent third-party discount stock brokerage firm or qualified retirement plan custodian.

For participant-directed Defined Contribution pension plans held with qualified custodians, IAR will review and analyze all available investment options.

## **C. CLIENT NEEDS**

IARs conduct initial discovery meetings with each potential advisory client to discuss their financial needs, personal goals, risk tolerance and overall investment objectives in depth. It is beneficial to the client for each client to provide accurate and candid information and promptly inform their IAR of any material changes in their circumstances as soon as a change occurs so their IAR can re-evaluate their portfolio to see if adjustments to the advisory account portfolio are necessary. Clients may impose restrictions on investing in certain securities or types of securities in most advisory programs.

## **D. WRAP PROGRAMS**

FMBRS and its associated IARs do not offer or participate in wrap fee programs.

## **E. CLIENT ASSETS UNDER MANAGEMENT**

As of December 31, 2012 (our fiscal year end) FMB Retirement Services, Inc. had 11 clients, and managing \$32,308,491 on a discretionary basis.

## **ITEM 5 – FEES AND COMPENSATION**

### **A. COMPENSATION FOR ADVISORY SERVICES**

#### **Calculation of Fees:**

In general, FMBRS fees are calculated in two ways:

- Asset-based: expenses are based on the amount of assets in the plan and generally are expressed as percentages or basis points.
- Flat rate: fixed charge that does not vary, regardless of plan size. Fees may be calculated using one or any combination of these methods. Plan related expenses can also be charged as one-time fees or ongoing expenses. One-time fees are typically related to start-ups, conversions (moving from one provider to another) and terminations of service. Ongoing fees are recurring expenses relating to continuing plan operation.

Fees charged in the Investment Advisory Agreement are expressed at an annual rate (i.e., the rate used each quarter is a portion of the annual rate based on the number of calendar days in that quarter). The Actual Fee charged may be higher or lower than the cost of similar services offered through FMBRS or other financial advisory firms.

#### **Fee Schedule:**

*Level I (Limited Scope/ERISA Section 3(21) Accounts):*

<u>Assets Under Management</u>	<u>Annual Fee</u>
On the first \$1,000,000	0.50%
On the next \$1,000,000	0.40%
On the next \$3,000,000	0.35%
On the next \$5,000,000	0.30%
On all amounts thereafter	0.25%

***Level II (Full Scope/ERISA Section 3(21) Accounts):***

<u>Assets Under Management</u>	<u>Annual Fee</u>
On the first \$1,000,000	0.70%
On the next \$1,000,000	0.60%
On the next \$3,000,000	0.50%
On the next \$5,000,000	0.35%
On all amounts thereafter	0.25%

A Minimum Annual Fee of \$5,000 applies with either Level I or Level II schedule.

***ERISA Section 3(38) Services Accounts:***

<u>Value of Managed Accts</u>	<u>Quarterly Fee</u>	<u>Annualized Fee</u>
First \$1 million	0.3125%	1.25%
\$1 million to \$2.5 million	0.2500%	1.00%
\$2.5 million to \$5 million	0.2000%	0.80%
\$5 million to \$10 million	0.1750%	0.70%
\$10 million and over	0.1250%	0.50%

Onsite investment education and enrollment for Plan participants is \$1,000 per day. Online investment education and enrollment for Plan participants is no additional cost.

***ERISA Section 3(38) Services Managed Vision Accounts:***

<u>Value of Managed Vision Accts</u>	<u>Annualized Fee</u>
Under \$10 million	0.25%
\$10 million and over	0.20%

**Billing and Payment Procedures:**

Amounts are calculated based on rates charged, which are identified in the respective FMBRS Investment Advisory Agreement and as applied to relevant information (for example, amount of assets). Certain calculations may be estimates based on information provided by the Client, and may vary as circumstances change. These expenses do not include any Third Party Administrator (TPA) fees which will be billed separately from the TPA firm.

**One Time Start-Up/Conversion Expenses:**

FMBRS does not charge their clients start-up or conversion fees. However, some accounts may be subject to a one time start-up or conversion expense by the clients' chosen Custodian. Start-up and conversion expenses are based on each individual customized account. Please refer to the FMBRS Investment Advisory Account Agreement for any applicable start-up/conversion expense that may apply.

**Service Provider Termination Expenses:**

Some accounts may be subject to termination expenses. Some of these expenses may include, but are not necessarily limited to, certain investment product expenses such as: contract termination charges, back-end load, a product termination fee, service provider termination charge, or service contract termination charge. Clients should refer to the applicable FMBRS Investment Advisory Account agreement and/or product offering material for any termination expense that may apply.

**B. BILLING METHOD**

Fees are payable quarterly in arrears. Payments are due and will be calculated on the last day of each calendar quarter based on the value of the Account assets under management as of the close of business on the last business day of that quarter, as valued by TDA, Charles Schwab or other custodian used. The first payment will be assessed pro-rata in the event the Agreement is executed at any time other than the first day of the calendar quarter. The payment will be deducted from Clients' accounts based on prior approval from the client as set forth in their specific client service agreement.

**C. OTHER FEES AND EXPENSES**

No start-up fees are charged by FMBRS. The advisory fees are separate from brokerage transaction fees and other related costs and expenses in non-wrap accounts. Clients may also incur charges imposed by the third party custodian, brokers, third party money managers and other third parties. Such fees may include custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund transfer fees and other fees on brokerage accounts and securities transactions. FMBRS and its IARs do not receive any portion of these fees.

Mutual Funds and Exchange Traded Funds (ETFs) charge internal management fees which are disclosed in each of the individual fund's prospectus. Program advisory fees do not include certain charges such as 12b-1 (marketing) fees paid by mutual funds held in client's account, which may be retained by IAR as a registered representative. Notwithstanding the foregoing, no 12b-1 fees may be received by IAR with respect to any assets in a program account of a client which is an employee benefit plan subject to ERISA, an IRA or other account subject to the prohibited transaction rules of the Internal Revenue Code which are substantially the same as ERISA. The 12b-1 fees are included among normal mutual fund expenses and are reflected in



the fund prospectus.

#### **D. TERMINATION**

Management fees are payable in arrears. If a client terminates before the end of the quarter, no fee is assessed for that quarter.

#### **E. ADDITIONAL COMPENSATION**

IARs may receive commissions or other fees or compensation in relation to insurance products placed outside of this account. Additionally, any IARs/Supervised Persons registered with FMBRS are also IARs/Supervised Persons with affiliate RIA, FMB Wealth Management, and may receive investment advisory fee compensation from FMB Wealth Management.

**ERISA Accounts:** FMBRS is 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"). 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, FMBRS 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.

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

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$600 more than six months in advance of services rendered.

#### **ITEM 6 – PERFORMANCE FEES**

FMBRS does not charge performance based fees or fees based on capital gains or capital appreciation of client assets.

#### **ITEM 7 - TYPES OF CLIENTS**

FMBRS provides services to only pension and retirement plan accounts. The minimum initial account size managed by IARs through FMB is \$1,000,000. The minimum account size requirement can be waived by FMBRS.

#### **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:

***Long Term Diversified Asset Allocation.*** Rather than focusing primarily on securities selection, we attempt to create an appropriate ratio of securities suitable to the client's investment goals and risk tolerance based on a modern portfolio theory funded only with passive index funds.

A risk of a long term diversified asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

***Passive Index Mutual Fund Analysis.*** We look at the experience and track record of the manager of the fund 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 also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

***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 appropriately matched 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 advantages 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:**

Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

IARs work with advisory clients to determine appropriate allocation models and overall investment strategies during an initial in-depth discovery meeting. Clients are asked questions related to their values, interests, relationships, goals, current advisors and assets. Clients should discuss their objectives and risk tolerance with their IAR thoroughly. No assumption can be made that any particular strategy will provide better returns than other investment strategies.

### **Sources of Information:**

To help develop its strategies and recommendations, FMBRS uses commercially available services, specifically, financial publications and information services dealing with investment research and taxation. Such information may be obtainable in print, on computer media, via the internet, or via some other electronic means. Company prepared materials (particularly prospectuses) and research releases prepared by others are also utilized. As an investment advisor, FMBRS also has the opportunity to access information from a variety of experts, whether through personal visits, telephone calls, or at industry or related meetings. Independent, third party registered investment advisors may also be employed to provide additional expertise in unique situations.

Before participating in any investment, clients should carefully consider the risks associated with each investment by reviewing the respective prospectus, offering memorandum or disclosure brochure prepared by the issuing company. The various applicable mutual fund, annuity and private fund prospectuses serve as important sources of risk disclosure that should be read carefully. Investing in securities involves risk of loss that clients should be prepared to bear.

The following describes common characteristics of risk associated with specific types of investments that may be recommended by FMBRS in client accounts.

Mutual Funds: Each mutual fund has different risks and rewards. Generally, the higher the potential return, the higher the risk of loss. Investors may have to pay taxes on capital gains distributions received even if the fund goes on to perform poorly after the investor bought shares.

Money Market Funds: Although Money Market Funds have relatively low risks, the NAV may fall below \$1.00 if the fund performs poorly, therefore, losses are possible.

Fixed Income Securities: Fixed income investments tend to be more conservative than stocks, however, clients should be aware that bonds and bond funds do carry some degree of risk including but not limited to interest rate, credit, inflation, pre payment and reinvestment risks.

ETFs: Exchange Traded Funds (ETFs), like stocks and index funds can carry a significant amount of market risk. The appeal of an ETF is that it represents many assets or companies, like an indexed mutual fund, but unlike a mutual fund that prices Net Asset Value on a daily basis, ETFs can be traded at any time during trading hours, like a stock. Investing in ETFs involves volatility and risk of losses that Clients should be prepared to withstand.

Use of Margin: Securities purchased on margin are used as the account custodian's collateral for the margin loan made to an advisory clients' account. If the securities in an account declines in value, so does the value of the collateral supporting the margin loan, and, as a result, the account custodian can take action, such as issue a margin call and/or sell securities or other assets in any of the accounts held with that custodian firm, in order to maintain the required equity in the account. It is important that Clients fully understand the risks involved in trading securities on margin.

## **MARGIN DISCLOSURE STATEMENT**

Margin risk includes the following:

- You can lose more funds than you deposit in the margin account.
- The account custodian can force the sale of securities or other assets in your account(s).
- The firm can sell your securities or other assets without contacting you.
- You are not entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call.
- The account custodian can increase its "house" margin maintenance requirements at any time and is not required to provide you advance written notice.
- You are not entitled to an extension of time on a margin call.

When clients execute transactions using margin, they must keep these important rules and conditions in mind. Clients with any questions or concerns are advised to contact your IAR, or FMBRS' Chief Compliance Officer, Thomas Fields.

## **ITEM 9 – DISCIPLINARY ACTION**

Registered investment Advisors are required to disclose all material facts regarding any legal or disciplinary events that would be considered material to clients' or prospective clients' evaluation and/or selection of an Advisor. FMBRS has no disciplinary history applicable to this item. However, we direct you back to Item 4A – Advisor Backgrounds – to review the disclosure events for firm principal, Thomas Fields.

As previously stated, the details of these cases can be found on FINRA's BrokerCheck system or the Investment Advisor's Public Disclosure site (IAPD). Client's can access IAR disciplinary history by clicking on the BrokerCheck link, which is [www.finra.org/brokercheck](http://www.finra.org/brokercheck) or the IAPD link, which is [www.Adviserinfo.sec.gov](http://www.Adviserinfo.sec.gov).

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

FMBRS' only business is as a Pension Account Registered Investment Advisor. This business accounts for the entirety of FMBRS' time. Many IARs/Supervised Persons are also IARs/Supervised Persons of FMB Wealth Management, FMBRS' affiliated advisor. Many IARs are also engaged in the insurance business as insurance agents or brokers.

IARs may receive insurance commissions if clients choose to implement recommendations offered through an insurance company. If a client chooses to make a commission-based purchase through an insurance company, this may present a conflict of interest to the extent the IAR may have a financial incentive to recommend products and services through any given insurance company in lieu of other financial institutions.

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

FMB has adopted a Code of Ethics that is designed to comply with the Investment Advisors Act of 1940, SEC Rule 204A-1 and federal securities laws. The Code of Ethics requires certain covered persons, including IARs/Supervised Persons, to adhere to the highest business standards and conduct their affairs with integrity and competence when dealing with the public, clients, prospects and employees. The Code of Ethics outlines acceptable and unacceptable activities for IARs. The Code of Ethics also requires IARs to report personal securities transactions to FMBRS on a quarterly basis and contains guidelines for how client transactions must be given preference over personal transactions by the IAR. A copy of the Code of Ethics is available to clients and prospects upon request by emailing Debra A. Fields at [debbie@fmbwealth.com](mailto:debbie@fmbwealth.com).

FMBRS and its IARs may invest in or otherwise own an interest in the same securities that are recommended to clients. This creates a potential conflict of interest. All IARs are required to place the interests of clients ahead of their own when making personal investments. In addition, FMBRS requires that client transactions be placed before IAR personal transactions. Personal trading by IARs is monitored by FMBRS. IARs may also buy or sell a specific security for their own account based on personal investment considerations, which the IAR does not deem appropriate to buy or sell for clients.

FMBRS does not make a market in any securities and does not buy or sell securities for its own account. No principal transactions with FMBRS shall be effected in the accounts by FMBRS. No agency-cross transactions (as such term is defined in Advisors Act Rule 206(3)-2(b)) for Client transactions will be executed by FMBRS.

## **ITEM 12 – BROKERAGE PRACTICES**

FMBRS requires the client to appoint TDA, Charles Schwab Institutional or other independent third-party discount stock brokerage firm as the custodian for their accounts. Trades are not aggregated. Trades are done on an individual basis to ensure proper execution.

## **ITEM 13 – REVIEW OF ACCOUNTS**

IARs are responsible for reviewing client advisory accounts at least quarterly, and then also for conducting a complete account annual review. Additional triggering events may include responses to client requests, market events or specific target dates. More frequent account reviews may occur as IAR or FMBRS may deem appropriate based on, but not limited to, size or value of account, portfolio positions or holdings, economic conditions and market conditions.

Clients will receive trade confirmations and periodic account statements from the custodian of their accounts. In addition, clients will receive quarterly portfolio performance reports from FMBRS. IAR may also provide additional reporting services to clients. Clients are encouraged to review and compare the account information (for example, market values, transactions, and advisory fees) in the reports and additional IAR reporting to the account statements received from the custodian.

### **Individual Portfolio Management:**

*REVIEWS:* While the underlying securities within the advisory 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 FMBRS' Compliance Department.

### **Third-Party Money Managers:**

*REVIEWS:* Clients who have these accounts should refer to the independent registered investment Advisor'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 Advisor.

### **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.

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

FMBRS pays client referral fee compensation to Solicitors according to the specific terms of each individual Solicitor Agreement for client referrals.

#### **ITEM 15 - CUSTODY**

FMBRS does not maintain custody of client assets at any time. TDA, Charles Schwab or other third-party custodian may act as custodians for client assets by client agreement. These custodians provide clients with monthly account statements and confirmations for each transaction. Clients are encouraged to review and compare the account information in the performance reports and additional IAR reports to the custodial statements.

#### **ITEM 16 - INVESTMENT DISCRETION**

IARs have the authority to manage investments on a discretionary basis as set forth in the advisory agreement. FMBRS and the IAR do not have the authority to withdraw funds or take custody of client funds or securities.

Clients may grant IAR discretionary authority to determine the securities and/or amount of securities to be bought or sold as set forth in the account agreement.

#### **ITEM 17 – VOTING CLIENT SECURITIES**

As a matter of firm policy, FMBRS and its investment advisory representatives 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.

Clients retain the right and responsibility to vote all proxies solicited for securities held in their account. FMBRS and its IARs are precluded from voting proxies on behalf of a client, and do not offer any consulting assistance regarding proxy issues to clients.

#### **ITEM 18 – FINANCIAL INFORMATION**

Investment Advisors are required to provide certain financial information or disclosures about their financial condition. FMBRS has no financial circumstances to report, and has no financial

commitment that would impair its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of any bankruptcy petition or proceeding at any time.

Under no circumstances do we require or solicit payment of fees in excess of \$500 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

## **ITEM 19 – PRIVACY POLICY**

Your relationship with FMBRS is based on trust and confidence. To fulfill its responsibilities to you, FMBRS requires that you provide current and accurate financial and personal information. You deserve to expect that FMBRS will protect the information you have provided in a manner that is safe, secure and professional. FMBRS and its employees are committed to protecting your privacy and to safeguarding that information.

### **Safeguarding Customer Documents:**

We collect non-public customer data in checklists, forms, in written notations, and in documentation provided to us by our customers for evaluation, registration, licensing or related consulting services. We also create internal lists of such data.

During regular business hours access to customer records is monitored so that only those with approved entitlements may access the files. During hours in which the company is not in operation, the customer records will be secured.

No individual who is not so authorized shall obtain or seek to obtain personal and financial customer information. No individual with authorization to access personal and financial customer information shall share that information in any manner without the specific consent of a firm principal. Failure to observe FMBRS procedures regarding customer and consumer privacy will result in disciplinary action and may include termination.

### **Sharing Non-Public Personal and Financial Information:**

FMBRS is committed to the protection and privacy of its customers' and consumers' personal and financial information. FMBRS will not share such information with any non-affiliated third party except:

- When necessary to complete a transaction in a customer account, such as with the clearing firm or account custodians;
- When required to maintain or service a customer account;
- To resolve customer disputes or inquiries;
- With persons acting in a fiduciary or representative capacity on behalf of the customer;
- With rating agencies, persons assessing compliance with industry standards, or to the attorneys, accountants and auditors of the firm;
- In connection with a sale or merger of FMBRS' business;



- To protect against or prevent actual or potential fraud, identity theft, unauthorized transactions, claims or other liability;
- To comply with federal, state or local laws, rules and other applicable legal requirements;
- In connection with a written agreement to provide investment management or advisory services when the information is released for the sole purpose of providing the products or services covered by the agreement;
- In any circumstances with the customer's instruction or consent; or
- Pursuant to any other exceptions enumerated in the California Information Privacy Act.

**Opt-Out Provisions:**

It is not a policy of FMB Retirement Services to share non-public personal and financial information with affiliated or unaffiliated third parties except under the circumstances noted above. Since sharing under the circumstances noted above is necessary to service customer accounts or is mandated by law, there are no allowances made for clients to "opt out".

If you decide to close your account(s) or become an inactive customer, we will adhere to the privacy policies and practices as described in this notice. We reserve the right to change this policy at any time and you will be notified if any changes do occur.

If you have any questions after reading this Privacy Policy, please contact us by writing to:

FMB Retirement Services 2659 Townsgate Road #246 Westlake Village, CA 91361
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