

# EAGLE STRATEGIES

## EAGLE STRATEGIES LLC Firm Disclosure Brochure Form ADV Part 2A

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This brochure provides information about Eagle Strategies LLC. If you have any questions about the contents of this brochure, please call us at (888) 695-3245 or email at [eagleoperations@newyorklife.com](mailto:eagleoperations@newyorklife.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Eagle Strategies LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



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## **Item 2    Material Changes**

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The summary of material changes was included in Eagle's previous annual update to Form ADV Part 2A.




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## Item 4 Advisory Business

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### I. FIRM DESCRIPTION

Eagle Strategies LLC (“Eagle”) is an indirect wholly owned subsidiary of New York Life Insurance Company (“NYLIC”), a mutual insurance company that has been in existence for over 165 years. Other affiliates of Eagle include New York Life Insurance and Annuity Corporation (“NYLIAC,” together with NYLIC “New York Life”), which offers both fixed and variable insurance products and annuities, and NYLIFE Securities LLC (“NYLIFE”), a registered broker-dealer. Eagle is also affiliated with New York Life Investments Management LLC (“NYLIM”), which offers a variety of mutual funds. Through Eagle and its affiliates, an Eagle client has access to a broad range of financial services. Eagle is an investment advisor registered with the SEC. Registration does not imply a certain level of skill or training.

Eagle’s predecessor, Eagle Corp., was founded on July 7, 1988. Eagle offers a variety of services through its investment advisor representatives (“IARs”). Eagle IARs are also New York Life insurance agents and registered representatives of NYLIFE.

### II. ADVISORY SERVICES OFFERED<sup>1</sup>

Eagle provides clients with the following financial planning services and investment advisory programs. In addition to the programs listed below, Eagle also offers other programs as described in Eagle’s Wrap Fee Brochure.

#### a. Financial Planning Services

Eagle offers financial planning services to individuals, closely held or private businesses and trusts. To prepare a financial plan an Eagle IAR will meet with the client to gather information about the client’s financial situation and objectives. Based on the information a client provides, Eagle IARs can work with a variety of software programs to perform the financial planning analysis.

The financial plan provides general advice to help the client achieve his or her financial objectives. Depending on the client’s needs and goals, the plan may cover a variety of topics, including a net worth analysis, cash flow planning, goal planning (*e.g.*, education), investment planning, retirement planning and asset allocation. In some cases, recommendations regarding the purchase or sale of securities may be made. The precise nature and coverage of a financial plan will vary depending on which and how many topics a client chooses.

A financial plan is based on a client’s situation at a certain point in time; Eagle does not conduct continuous or periodic reviews. The client should consider whether to ask for such reviews on a periodic basis or when his or her financial condition or objectives change. An additional fee is typically charged for such services.

Financial plans and the other advisory services described below may also contain general advice about the need for insurance, annuities or similar financial products. Eagle IARs are also New York Life

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<sup>1</sup> Eagle also offers wrap-fee programs as detailed in Eagle’s Wrap Fee brochure. Note that not every IAR is licensed or qualified to sell every product or program.



insurance agents and registered representatives of NYLIFE and acting in these capacities can assist a client to implement recommendations contained in a plan by offering to sell insurance products and annuities issued by New York Life and registered products available through NYLIFE. Some of those registered products may include proprietary mutual funds managed by NYLIM and distributed by NYLIFE Distributors LLC, another Eagle affiliate. It will be more profitable to Eagle and its affiliates if a client purchases proprietary products from us. When making such sales, the Eagle IAR will be acting solely in his or her role as a New York Life agent or NYLIFE registered representative. A client may implement, some, all, or none of the recommendations contained in a financial plan, and may also choose to implement recommendations through Eagle, its affiliates or another financial institution

If a client chooses to buy a New York Life product, the Eagle IAR, in his or her capacity as a New York Life Agent and/or NYLIFE registered representative will receive a commission and other forms of direct and indirect compensation from New York Life or its affiliates. Such compensation is in addition to any fee a client may pay to the Eagle IAR for financial planning services or fees the IAR may earn under the investment advisory programs described below. Also, certain Eagle IARs may broker the products of outside insurance companies. Clients should be aware that Eagle IARs have an incentive to recommend products or services that may result in additional compensation.

#### **b. Financial Seminars**

Eagle and its IARs may hold seminars at which attendees are offered general investment and retirement planning advice. IARs will not offer individualized advice at seminars. Examples of topics covered include the objectives of retirement planning and wealth management.

#### **c. Fee Based Hourly Advice**

Eagle IARs can provide fee-based hourly advice to clients when assisting them with advisory services outside of an established financial plan. Examples of permitted services include:

- Advice on various topics including but not limited to:
  - Goal planning
  - Social Security decisions
  - Budgeting
  - Debt reduction
  - Mortgage payment decisions
  - Liability coverage
  - Major purchase decisions
  - Charitable strategies
- Supporting the client when working with the client's other professionals (i.e. attorneys, tax professions, etc.) on business or financial topics, such as:
  - Business succession planning
  - Wills and trusts
  - Family Foundations
  - Transfer and legacy planning



The fee based hourly advice process includes a pre-meeting where IARs outline their role and services to be provided during the hourly fee engagement. During this pre-meeting process, clients sign the Hourly Fee Form and agreement (which includes the hourly fee rate). The client signed Hourly Fee Form is then sent to Eagle Strategies for approval.

#### **d. Investment Advisory Programs**

Eagle offers several different investment advisory programs (“Programs”) to clients. The IAR assists the client in completing Program documentation, and provides ongoing services as outlined below for each Program. On an annual basis, the Eagle IAR generally contacts the client to update the client’s current financial situation, risk tolerance, time horizon and investment restrictions (if any).

Clients are encouraged to review additional disclosure documents and/or the specific program agreement for background on a particular Program, including more information on Program advisers, managers, services, fees, account termination policies and other important disclosures.

#### **e. Lifetime Wealth Portfolio Programs – Representative Directed Program**

Eagle sponsors the following Programs, which are collectively referred to as “Lifetime Wealth Portfolio Programs” or “LWP Programs”; Representative Directed; Mutual Fund Advisory; Separately Managed Account; and Unified Management Account. This brochure only discusses the Representative Directed Program in which the client elects to pay transaction fees.

ETFs, mutual funds, and equity securities within LWP accounts (“Accounts”) are held through a brokerage account at NYLIFE. Transactions in these Accounts are placed with National Financial Services, LLC (“NFS”), the clearing brokerage firm. Assets in these Accounts are also custodied at NFS. See Item 15 for more detail.

**Insurance.** As part of the LWP Programs, a client may receive an “insurance analysis”, which may include but would not be limited to protecting the client’s “human capital”, a present value projection of a client’s future earning potential. Eagle IARs may provide a life insurance recommendation to protect all or a portion of a client’s human capital, or for other generally recognized insurance needs, such as estate planning, cash needs at death, or business succession planning. Clients who are retired or near retirement may also receive a recommendation to purchase an immediate annuity for income. The cash surrender value of the life insurance purchased and the value computed for the immediate annuity (“annuity value”) also serve as a fixed income component of their portfolio (this is referred to as “associating” a product and is discussed in more detail below).

The IAR acts solely in his or her capacity as an insurance agent of New York Life when discussing, recommending or selling insurance or annuity products and will receive compensation from New York Life for the sale of such products. A client is not required to purchase a New York Life insurance policy to protect a client’s human capital or a New York Life annuity for income, but only clients who purchase a New York Life product will receive the benefits of having those products “associated with an LWP account, as further described below. Receiving a recommendation for life insurance does not guarantee the client will be underwritten for, or issued, a policy. Not all insurance or annuity products or LWP accounts are eligible for associating.



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**Associating an insurance policy or annuity contract.** If a client purchases a New York Life insurance policy and associates it with an LWP account, then the IAR, in conjunction with the client, can adjust the portfolio while considering the cash or annuity value of the associated product, and any changes in that value. The investment management services are not provided directly to the insurance or annuity, rather the insurance value or annuity value is taken into account when advising on the associated LWP account.

No advisory fees are assessed on the cash value of any associated life insurance policies. The client pays a separate premium (non-advisory) to cover the cost of any insurance product purchased in connection with the LWP Programs. Commissions paid to the insurance agent are within the limits set by New York State Insurance Law Section 4228.

**Representative Directed Program.** The Representative Directed program is segmented into three program classifications that are accessible to Eagle IARs who meet the necessary qualifications. These three programs are: Guided Portfolios (GP), Representative as Adviser (RaA) and Representative as Portfolio Manager (RaPM). GP and RaA are non-discretionary programs, while RaPM, the Eagle IAR maintains discretionary authority. For the RaPM program, the Eagle IAR selects the securities for the account's portfolio. For the RaA program, the client selects the securities with the IAR. For the GP program, the client selects the securities with the IAR based on a specific asset allocation model.

The Representative Directed program allows Eagle IARs to work with their clients in recommending and selecting mutual funds, exchange-traded funds, and/or equities (collectively, "securities") appropriate for the client's account based upon the client's investment risk and return objective for the portfolio ("Portfolio Objective"). Within the Representative Directed Program, Eagle generally offers individual equity securities that have 3 or more stars based on Morningstar's rating criteria. In certain instances, other criteria may be used.

Eagle offers one share class for each fund available on the Representative Directed platform. For certain of the mutual funds on the Representative Directed platform, Eagle will make available only load-waived Class A shares, even though the fund company also offers institutional class shares of that fund. In the event that a client qualifies to purchase institutional shares of such fund, a client may wish to speak to the fund company about how they may purchase these shares; however, these clients would not get the benefit of Eagle's Program advisory services.

Eagle IARs who participate in the RaA and RaPM programs may place conditional orders, such as stop or limit orders, on behalf of certain clients. In certain instances, the IAR may place trades orders for the same security for other managed account customers. An account may not receive as favorable price as would be the case if the trade had been made at the time that the IAR placed orders for its other clients. Therefore, the process may negatively impact on the performance of the account.

**Selection and Review Process of Available Securities.** Eagle selects the securities (mutual funds, ETFs and equities) available in the Representative Directed Program ("Available Securities"). The Investment Research and Due Diligence department ("IRDD") evaluates Available Securities on behalf of Eagle. Available Securities may participate in the program if they are on Eagle's Available List. Available Securities may be terminated if Eagle changes the status to "Terminate."

Among others, Eagle reviews the following factors to determine which Available Securities are offered in the Program:



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- Program needs (such as whether there are a sufficient number of Available Securities available in an asset class);
  - Client demand; and
  - The Fund's minimum account size.

**Available List.** The process for considering securities for the Available List in the Representative Directed Program includes an evaluation of various qualitative and quantitative factors. These may include personnel depth, turnover and experience; investment process; business and organization characteristics; and investment performance. IRDD may use an algorithm – a rules-based scoring mechanism (in-house or third-party) – that incorporates various qualitative and quantitative factors and ranks each Investment Product in a third party database. For ETFs, the screen can include factors such as liquidity, review of expense ratios, the length of time fund has been in existence. For individual equities, criteria may be different and can include an external analyst rating and the market capitalization. (Not all Available Securities reviewed for the Available List are required to be subject to this algorithm.) In certain instances, Available Securities that do not meet the initial screening criteria may be considered on an adhoc basis and may be added to the Available List by the Head of Eagle Investment Products. For example, a new fund that does not have a long track record may be considered if the portfolio managers and/or fund family have a well-established track record.

IRDD, along with third-party research provider, periodically reviews Available Securities on the Available List to determine whether they continue to meet the Available List standards.

**Changes in Status from Available List to Hold List.** Eagle may determine that an Available Security that no longer meets the criteria for the Available List be moved to the Hold List. Hold status indicates that, in reviewing an Investment Product, IRDD has identified specific areas of the security's business that (a) merit further evaluation by IRDD and (b) may, but are not certain to, result in the Available Security moving to a status of "Terminate." Putting an Available Security on Hold signifies a concern with the security. Clients may continue to hold and make additional contributions to their assets in the Available Security; however IARs may not initiate new investments for new clients on Hold status. The duration of a Hold status depends on how long IRDD needs to evaluate the Available Security. Eagle will notify program clients regarding the status changes on a quarterly basis.

**Changes in Status to Terminate.** Eagle may determine that an Available Security no longer meets the criteria of the Available or Hold List and therefore the Available Security will no longer be recommended in Eagle's Programs. We notify affected clients of these status changes. Clients cannot retain a "Terminated" security in an account and must select a replacement or a replacement will be selected from the Available List, if you wish to retain the Program's benefits in respect of the affected assets.

In some circumstances, you may be able to retain Terminated securities in another advisory program or in a brokerage account subject to the regular terms and conditions applying to that program or account. Ask your Eagle IAR about these options.

Eagle generally specifies a replacement Available Security for a Terminated security. In selecting the replacement security, IRDD generally looks for an Available Security in the same asset class, and with similar attributes and holdings to the Terminated security. The replacement security will typically be on the Available List.

**Calculating Performance of Client Accounts.** Performance is calculated by Envestnet in the following manner:





- Performance history is calculated using a time-weighted rate of return and is shown net of management fees. For performance periods greater than one year, the return is annualized to show the average annual return over the period.
- Performance history is calculated on an account level, as well as on a household level. A household is any combination of client accounts that the client has requested to be reported on in a combined manner. Reporting is done on the account level in addition to the household level (i.e. not instead of).
- Eagle does not validate performance information with a 3<sup>rd</sup> party, but Eagle does contract with a 3<sup>rd</sup> party to provide performance information for each Eagle account.

Currently, Eagle reviews Envestnet's performance calculations for all LWP accounts.

**Rebalancing Process.** Clients can select a rebalancing frequency of either quarterly, semi-annually, or annually. The rebalancing date will be based on the anniversary date of the last rebalancing action or rebalancing review. For new accounts, the rebalancing date will be based on the anniversary of the account opening date. Envestnet assesses accounts on the designated rebalancing date to determine if a rebalance is required.

Accounts in the GP program are required to be assessed for rebalancing on at least an annual basis. If a rebalance is required, Envestnet will rebalance the account to bring all of the individual asset allocations back to within the defined parameters, based on the account's portfolio objective.

Clients with accounts in the RaA and the RaPM programs may elect to have their accounts rebalanced. The rebalancing assessment will consider the account's risk parity, program parameters (diversification and concentration) and security drift. If the portfolio falls outside of the defined portfolio objective risk score range, the action of rebalancing the account will bring the portfolio back to within the defined range. IARs are responsible for rebalancing accounts in the RaA and RaPM Programs.

In addition to the designated rebalancing date, Envestnet assesses accounts on a daily basis to determine if a rebalance is required based on the following parameters (please note that Envestnet does not assess accounts for rebalancing for market drift):

- 1) There are positions in the account that are not part of the model or Available List of securities
- 2) A client deposits or withdraws cash
- 3) A trade occurs in the account

**No Transaction Fee Funds.** In this program, clients have elected to pay transaction fees for each purchase and sale of all securities except "no transaction fee funds." "No transaction fee funds" generally have a higher expense ratio. Clients should consult with their Eagle IAR in determining which charge structure best suits their anticipated trading activity and which funds are suited for their needs.

Please reference the Eagle Strategies Wrap Fee Brochure (Appendix 1) for information regarding the Representative Directed Program where clients do not pay for transaction fees in addition to the advisory fee.

#### **f. Other Investment Advisory Programs**

Independent Advisers Group Corp. ("IAG"). Eagle, through its IARs, offers the Market Pace and Market Pace II Programs sponsored by IAG, a registered investment advisor. Both programs are non-discretionary, and are nearly identical except for the charge structure. In Market Pace, transaction costs



are paid for separately from other charges, while in Market Pace II, the transaction costs are included in the wrap fee. Please refer to the Eagle Strategies Wrap-Fee Brochure (Appendix 1) for more information about the IAG Market Pace II program. Clients should consider which charge structure best suits their anticipated trading activity.

Eagle and its IARs are responsible for gathering the client's financial information and assisting the client to complete the questionnaire and, when appropriate, communicating any changes to the client's financial information and/or situation to IAG. The IAR then provides mutual fund and ETF recommendations to clients based upon each client's circumstances and financial objectives. Upon the client's instruction, the IAR will invest the client's account in the selected securities. While the Eagle IAR does not make recommendations regarding individual equity or fixed income securities within these Programs, clients may be permitted to hold such individual securities in their Program accounts. Trades in this Program are processed through LPL Financial, a broker-dealer unaffiliated with Eagle. More information can be found in IAG's Form ADV Part 2A.

***SEI Investments ("SEI") Programs.*** Eagle offers the following Programs sponsored by SEI, a registered investment advisor. These programs are no longer available to new Eagle clients.

- ***Asset Management*** – Eagle provides allocation recommendations to clients based upon each client's circumstances and investment objectives. Eagle allocates client assets, on a non-discretionary basis, among no-load mutual funds offered through affiliates of SEI. When managing client accounts, IARs utilize model portfolio recommendations provided by SEI. The IAR provides the client with information about the SEI Funds that are available within account. The IAR explains the rebalancing guidelines utilized by SEI in the management of the portfolio. SEI is responsible for rebalancing the account pursuant to the standard variances established by SEI.
- ***Managed Assets*** – SEI performs due diligence on third party sub-advisers that are made available to clients through the Program. Based upon the client's personal circumstances and investment objectives, IARs, will assist clients in determining an appropriate asset allocation and investment strategy. SEI uses separately managed accounts and/or mutual funds to implement the selected strategy. The separately managed accounts and/or mutual funds are advised by SEI or one of its affiliates. The Program offers a feature called Integrated Managed Accounts Program (IMAP) in which the Sponsor selects a sub-adviser to serve as a manager for the entire managed account portfolio.

Clients with SEI clear and custody through an SEI affiliate. More information about these programs can be found in SEI's Form ADV Part 2A.

***Independent Portfolio Consultants, Inc. ("IPC").*** Effective May 1, 2012, Eagle no longer offers the Eagle Managed Assets Program ("EMAP") sponsored by IPC (a registered investment advisor) to new clients. Under this program Eagle and IPC acted as co-advisors.

Eagle, through its IARs, will now be offering the Independent Managed Assets Program ("IMAP") also sponsored by IPC. Under this program, Eagle will be acting as a solicitor. As such, Eagle refers clients to IPC. Eagle is responsible for initial contact, but does not act as the investment adviser. If a client elects to invest in the IMAP program, IPC will act as the sole investment adviser. Eagle receives a referral fee from IPC.



Additionally, clients already participating in IMAP may also participate in the Multiple Strategy Portfolios Program ("MSP") sponsored by IPC. IMAP is a separately managed accounts program, and MSP is a mutual fund asset allocation program. More information regarding IPC can be found in the IPC's IMAP Disclosure Brochure.

**g. Brinker Solicitor Programs**

Eagle acts as a solicitor, which means it refers clients to programs sponsored by Brinker, a registered investment advisor. Eagle is responsible for initial and ongoing client contact, but does not act as the investment adviser. If a client selects one of these programs, Brinker will act as the sole investment adviser. Eagle receives a referral fee from Brinker. More information about the Brinker programs can be found in Brinker's Form ADV Part 2A.

**h. Niemann Solicitor Programs**

Eagle acts as a solicitor, referring clients to programs offered by Niemann Capital Management, Inc. ("Niemann"), a registered investment advisor. Eagle is responsible for initial and ongoing client contact, but does not act as an investment adviser. Fidelity is the custodian of assets managed by Niemann for clients introduced by Eagle. Once the client has selected an investment strategy, Niemann acts as the investment manager on a discretionary basis. Clients are referred to Niemann's Form ADV Part 2A for more information about this program. Effective May 1, 2013 this program is closed.

**i. Frontier Asset Management Program**

Eagle acts as a solicitor, which means it refers clients to programs sponsored by Frontier Asset Management ("Frontier"), a registered investment advisor. Eagle is responsible for initial and ongoing client contact, but does not act as the investment adviser. If a client selects one of these programs, Frontier will act as the sole investment adviser. Eagle receives a referral fee from Frontier. More information about the Frontier program can be found in Frontier's Form ADV Part 2A.

**j. Eagle Retirement Plan Program**

Eagle offers consulting and advisory services to sponsors of qualified, employer-sponsored retirement plans that are designed to assist plan sponsors of employee benefit plans. Eagle may also assist plan sponsors with enrollment and/or providing investment education to plan participants and beneficiaries. The Eagle Retirement Plan Program allows IARs to charge an asset-based fee for providing fiduciary, non-fiduciary and non-advisory consulting services under the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Eagle offers two programs: the Eagle Retirement Plan Consulting Program (CP) and the Eagle ERISA Investment Manager Program (EIMP).

**CP.** Eagle will perform the following services as an ERISA fiduciary under Section 3(21) of ERISA solely with respect to its rendering of the services to assist the plan sponsor with the investment selection and monitoring of the investment options available through the Plan:



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- a. Advise the plan sponsor regarding the selection and monitoring of the investment options that the plan sponsor decides are to be made available to Plan participants through the Plan based on criteria established by Eagle with additional modifications to the criteria established by the plan sponsor. The criteria established by Eagle states that investment options must meet a 3 year fi360 Fiduciary Score of 0 to 50 to be selected by the Eagle IAR. The investment option recommendations should also include a minimum of three investment alternatives: a money market fund, a bond fund, and a domestic large cap equity fund. The criteria and methodology that is in this program is different than the methodology that Eagle uses in other investment advisory programs. Therefore, the Investment Options that are recommended may not necessarily be funds that are approved and available by Eagle in other investment advisory programs.

Based upon these criteria, Eagle will generate (at least annually) a recommended list of potential unaffiliated mutual fund investment options for the Plan for selection by the Sponsor primarily utilizing a third party (fi360) database. The recommendation shall, in part, be based on screening performed using fi360; the plan sponsor (and not Eagle) shall be ultimately responsible for selecting unaffiliated mutual funds that will actually be made available to Plan participants through the Plan.

- b. Eagle IARs and the Sponsor shall meet quarterly to review and update (if necessary) the investment options.

As part of this Program, Eagle may provide the following non-fiduciary services:

- Participant Education and Enrollment Services
- Plan Sponsor Support Services

**EIMP.** In order to establish a relationship with Eagle, the process begins with the completion of a client Profile. The purpose of the Profile is to collect certain information concerning plan design, plan objectives and third-party service providers. The client will also be presented with a copy of the Retirement Plan Services Program Agreement for review. Once the client, in the exercise of its fiduciary duty to the Plan, selects the services to be provided by Eagle and has determined the same to be necessary for the operation of the plan and the compensation paid to be reasonable, the client must sign the Program Agreement and submit it to Eagle before any services are rendered.

Eagle may provide the following ERISA fiduciary services:

- Assist the plan fiduciaries in selecting a discretionary investment manager (Manager) from among Managers that Eagle has evaluated to serve as an "investment manager" as defined under Section 3(38) of ERISA. Eagle has currently three managers available in the program: Loring Ward, Brinker and Morningstar. Eagle IARs may make recommendations that are, among other things, based upon the Manager's style and process and adherence to style and guidelines; manager specific impact; survey data; and fee analysis. The plan fiduciaries will have the final approval on the hiring and/or retention of any Manager recommended by Eagle.
- Assist the plan fiduciaries with collecting and evaluating information relating to the ongoing review of the Manager selected and retained by the plan fiduciaries, including tools and reports provided by the Plan's Manager and/or service providers to assist the Sponsor in evaluating the



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reasonableness of the Manager's fees and to benchmark the Manager's overall performance vis-à-vis applicable, recognized industry indices. Eagle IAR may recommend the replacement of an underperforming Manager, but will not make any recommendations to alter the investments or model portfolios.

As part of this Program, Eagle may provide the following non-fiduciary services:

- Participant Education and Enrollment Services
- Plan Sponsor Support Services
- Proposal Review Support Services
- Vendor Due Diligence Support Services

### **III. TAILORING SERVICES TO CLIENT NEEDS**

All of Eagle's advisory services are based upon each client's individual financial outlook and objectives. Eagle IARs gather this information, often using an IPQ. In order to tailor its advice to the individual needs of clients, Eagle may review the client's investment objectives, risk tolerance, investment amount, liquid net worth, human capital, retirement goals and insurance goals. The recommendations made will depend on the information provided by the client. For example, depending on his or her answers a client may be placed in a more or less aggressive portfolio.

Clients with accounts that are managed on a discretionary basis may place reasonable restrictions on the management of those assets.

### **IV. WRAP FEE PROGRAMS**

Eagle acts as both the wrap fee program sponsor and the portfolio manager in the LWP RaPM Program, Eagle does not act as portfolio manager in any programs which are not wrap fee programs but are otherwise similar to the programs described in this brochure. Eagle receives all the client fees for its services provided in the programs described in this brochure.

### **V. MANAGEMENT OF CLIENT ASSETS**

As of December 31, 2012, Eagle has Advisory Assets of \$2,648,517,712, of which \$2,309,632,819 are Regulatory Assets Under Management. Eagle acts as a solicitor for \$1,105,366,855.

## **Item 5 Fees and Compensation**

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### **I. COMPENSATION AND SCHEDULE OF FEES**

#### **a. Financial Plans**

Fees for financial plans vary based upon a variety of factors including:

- the complexity of issues involved
- the IAR's experience
- the client's net worth



- the client's planning needs

Planning fees are negotiable but generally range from \$0 to \$25,000. In some instances, more than one Eagle IAR may receive a portion of the agreed upon fee.

#### **b. Financial Seminars**

In some instances, fees may be charged for attendance at financial seminars. Fees vary, but are generally in the range of \$35 per attendee. These fees include the costs of any written materials provided at the seminar, advertisements, and other expenses related to the cost of providing the seminar.

#### **c. Fee-Based Hourly Advice**

The hourly fee in general ranges from \$100 to \$400 per hour and each engagement should not exceed 12 hours.

#### **d. Investment Advisory Programs**

Fees for the investment advisory programs are set forth below; all fees are negotiable unless otherwise noted.

<b>Program</b>	<b>Advisory Fee</b>	<b>Negotiable?</b>	<b>Other information</b>
Representative Directed	Annual fee of 0.15% - 2.15% of account size and \$10 per trade if the client chooses to pay for transaction fees.	Yes	
SEI AMP	Annual fee of 0% – 1.25% of account size.	Yes	This program is currently closed to new accounts.
SEI MAP	Annual fee of 0.6% to 2.2% of account size.	Yes	This program is currently closed to new accounts.
IAG Market Pace	Annual fee of 0.015% - 1.90% of the account size and, depending on the security, either \$5, \$10, or \$26.50 per trade	Yes	In Market Pace, clients also pay ticket charges for purchase and sale transactions.
EIMP	Annual fee of 0.05% - 0.80% of plan assets	Yes	
CP	Depending on plan size, annual fee of \$0 - \$100,000	Yes	

No advisory fees are assessed on the cash value or annuity value of any associated life insurance policies.



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The amount of compensation Eagle and/or the Eagle receives varies between programs and/or between options or sub-advisers selected within a program. This leads to a potential conflict of interest, as Eagle and/or the Eagle IAR may have an incentive to recommend certain options over others.

Eagle pays IARs a portion of the annual fee for the IAR's services related to the Eagle Retirement Plan Program. The portion of the annual fee payable to the IAR ranges from between 35% and 90% of the total fee received by Eagle, depending on a number of factors. On average, IARs are paid 60% of the fees received by Eagle. If you would like further information on the current level of compensation your IAR is being paid relating to your account, please call 1-888-695-3245.

## **II. BILLING METHOD**

### **a. Financial Planning**

Clients are billed for financial planning fees, which are payable to Eagle. Clients are billed 100% upon signing the Financial Planning Agreement, 50% upon signing the Agreement with the remainder due upon delivery of the written financial plan, or for financial planning agreement fees greater than \$5,000, the fees may be paid in equal installments beginning upon the execution of the Agreement and last payment due upon delivery of the written financial plan to the client.

### **b. Seminars**

Attendees make the payment at or prior to the time of the seminar.

### **c. Fee Based Hourly Advice**

Fees are paid in monthly installments based on the hours worked during the previous month.

### **d. Lifetime Wealth Portfolios – Representative Directed**

Fees are paid monthly, in advance, directly from the client's account.

### **e. Investment Advisory Programs**

Advisory fees are deducted on a monthly or quarterly basis directly from the client's account. Clients with accounts at Niemann may opt to be billed rather than have fees deducted from their account. From time to time, Eagle may allow direct billing in other accounts.

### **f. Eagle Retirement Plan Programs – CP and EIMP**

In these programs, clients may specify whether to pay the program fees directly or may authorize the plan's record keeper or custodian to pay Eagle from plan assets.

## **III. OTHER FEES AND EXPENSES**



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Depending on the Program and the elections made by clients, there may be additional fees. Certain account services (ex: wire transfers, liquidation, custodial fees) or account maintenance features may involve fees, expenses or costs. Mutual fund redemption fees may be incurred in connection with a liquidation, rebalancing or reallocation. Clients may also pay small account fees, custody fees, and/or transaction fees. Clients will also pay any fees imposed by mutual funds or ETFs held within an account (for example, 12b-1 fees or ongoing advisory fees). Mutual funds and ETFs may also pay certain advisory fees. Please refer to the prospectus for the underlying fund for more information.

**Account Services.** Account services provided in connection with the account – such as wire transfers, check disbursements, custodial fees, or other account maintenance features – may involve fees, expenses and other costs.

**Mutual Fund and Exchange-Traded Fund Fees.** If a mutual fund or ETF is held in an account, such funds will have their own internal fees and expenses. These funds may also incur redemption fees. Fees paid to Eagle for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and exchange traded funds to their shareholders. These fees and expenses are described in each fund's investment prospectus; please refer to the prospectus for more detail. These fees will generally include a management fee, other fund expenses, and possible distribution fees. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund or exchange traded fund directly, without the services of Eagle. In that case, the client would not receive the services provided by Eagle, which are designed to assist the client in determining which mutual fund(s) or exchange-traded fund(s) are appropriate to the client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by Eagle to fully understand the total amount of fees to be paid by the client and the costs of the advisory services being provided.

**Retirement Account Fees.** The clearing brokerage firm or its affiliates may also have certain charges related to retirement accounts such as IRAs.

**Small Account Fee.** Eagle reserves the right to charge Representative Directed accounts a monthly small account fee of \$6.75 if the account balance is below \$25,000.

For additional information about brokerage practices, see Item 12, below.

#### **IV. PREPAYMENT OF ADVISORY FEES**

##### **a. Financial Planning**

The client may terminate the Financial Planning Agreement by providing written notice to his/her IAR or to Eagle Strategies. If the client terminates the agreement more than five (5) business days after its effective date, Eagle will be entitled to compensation for advice already provided and the remainder of the fees will be refunded to the client. If Eagle or the IAR terminates prior to the delivery of the financial plan, the client will receive a full refund of any fees paid under the agreement. Eagle will refund all fees if the plan is not completed within nine months from the effective date of the Financial Planning Agreement, unless an extension is agreed to.





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**b. LWP**

Fees for Eagle LWP client accounts are deducted from the investment portion of the client account, monthly in advance. The reported cash value of any associated insurance will not be included in the calculation of the Advisory Fee, though associated annuity products will be included. The first month's Advisory Fee is calculated based on the period-ending balance for the month, and is prorated based upon the number of days in the month in which the Account was open, funded and allocated. In the event that the account is terminated, Eagle returns a portion of the fee based on the number of days during the final month for which the Account was open.

**c. Eagle Retirement Plan Program**

**CP.** Fees will be paid annually in advance or if paid quarterly thirty days of each quarter-end. If Sponsor elects to direct the Recordkeeper to pay the Fees to Eagle, Sponsor agrees to provide such authorization to the Recordkeeper within thirty (30) days of signing the CP agreement.

**EIMP.** Fees will be billed quarterly in arrears. The initial Fee is prorated based upon the number of days remaining in the initial quarterly period from the date of execution of the Program Agreement, based upon the market value of the Plan assets at the close of business on the last business day of the initial quarterly period. Thereafter, the quarterly portion of the annual Program Fees will be based upon the market value of the plan assets at the close of business on the last business day of the previous calendar quarter (without adjustment for anticipated withdrawals by plan participants or beneficiaries or other anticipated or scheduled transfers or distributions of assets). If the Program Agreement is terminated prior to the end of a quarter, Eagle is entitled to a quarterly fee, prorated for the number of days in the quarter prior to the effective date of termination, based on the market value of the plan assets at the close of business on the effective date of termination.

**d. IAG**

Fees for client accounts at IAG are billed quarterly in advance. If the account is closed within the first six months by the client or as a result of withdrawals bringing the account value below required minimum, IAG may retain the pre-paid quarterly account fee for the current quarter and rebill all transactions in the account at normal and customary brokerage rates. Please refer to the IAG disclosure documents for further information about refunds of pre-paid advisory fees in the event an account is terminated prior to the end of the billing period.

**e. SEI**

Fees for client accounts at SEI are billed quarterly in arrears. Please refer to the SEI disclosure documents for information about refunds of pre-paid advisory fees in the event an account is terminated prior to the end of the billing period.

**V. OTHER COMPENSATION FOR THE SALE OF SECURITIES & OTHER INVESTMENT PRODUCTS**

Eagle IARs receive direct and indirect compensation in connection with the advisory offerings described herein. The compensation varies depending on the exact fee negotiated with the client. In addition, IARs (i) receive a greater share of the advisory fee and (ii) become eligible for attendance at conference



where the IAR has met certain sales goals, including sales goals while acting in the IAR's other roles as an insurance agent and/or a registered representative. In some cases, a combined insurance and investment sale will result in increased eligibility for these programs. Eagle may receive direct and indirect forms of compensation related to the sales of securities or other investment products to clients.

Additionally, Eagle IARs are eligible for additional compensation and other benefits by earning council credits. Eagle IARs may receive double council credits for selling LWP products whereas they receive single council credits on the sale of non-LWP advisory products. This creates a conflict for the IAR to recommend LWP products instead of non-LWP advisory programs. Eagle addresses this conflict by disclosing it.

Eagle's affiliates may receive compensation if their proprietary products (for example, Mainstay Mutual funds) are included in an investment account.

When a client purchases an associated life insurance policy, the Eagle IAR receives additional compensation (including commissions, service fees, allowances for expenses, benefits, and other compensation programs) in her or his capacity as an insurance agent of New York Life. This compensation is governed and limited by Section 4228 of the New York State Insurance Laws. Eagle IARs may also receive incentive awards for the sale of insurance products from time to time. Clients have the option of purchasing recommended products through other brokers or agents who are not affiliated with Eagle. However, the purchase of non-New York Life insurance and annuities will not be "associated" with and taken into consideration in the formulation and management of an LWP portfolio.

While the prospect of receiving additional compensation from the sale of other products creates an incentive to recommend products based on the compensation expected to be received rather than client needs, Eagle addresses this conflict and other conflicts in this brochure in a variety of ways, including the following:

- Eagle IARs are trained to put the interest of the clients first as part of their fiduciary duty. Eagle's Code of Ethics also addresses their conduct.
- Eagle discloses potential conflicts in this Form ADV Disclosure Brochure and other disclosure documents so that clients can make informed decisions. While Eagle IARs are trained to make recommendations that they believe are in the best interests of their clients, the ultimate decision belongs to the clients. Clients are therefore encouraged to ask questions, read all available disclosure materials, consider all their options and take other steps to make educated decisions.
- For the LWP Programs, the initial recommendation as to the type and amount of insurance policy or annuity to purchase is generated through the use of objective measures developed by Ibbotson, an investment advisor affiliated with the Morningstar family of companies. In addition, the value of any insurance or annuity product associated with an LWP program is not taken into account in determining the advisory fee that either Eagle or the IAR receives.
- Proprietary mutual funds utilized in the Programs outlined herein may be offered and/or managed by New York Life Investments Management LLC and distributed through NYLIFE Distributors (both affiliates of Eagle). Investment in affiliated mutual funds generates additional



compensation to Eagle's affiliates, but Eagle and the IAR receive no portion of this compensation.

- For LWP Program accounts held with NFS, Eagle receives additional revenue streams up to 0.32% on the sale of no transaction fee mutual funds and on Fidelity money market sweep funds through a revenue sharing arrangement and 12b-1 fees on certain funds. Eagle ensures that the IAR and/or Sub-Advisor making the recommendation do not participate in the revenue sharing and so have no incentive to recommend those funds over others. NYLIFE receives compensation based on the amount of assets it holds with NFS, including the assets held in LWP Program Accounts. NYLIFE receives a revenue share on MainStay Sweep Money Markets held within LWP accounts.
- In the Representative Directed Program and IAG, as described above, clients can choose to pay transaction fees for the purchase or sale of exchange traded funds and equity securities. Such clients would also pay transaction fees for the purchase or sale of mutual funds for which the clearing firm assesses a transaction fee. For products for which the clearing firm assesses a transaction fee, clients who elect to pay transaction fees will pay for each transaction in the account (the "Transaction Fee"). Eagle retains the Transaction Fee to help cover its overhead costs, and Eagle pays an asset based fee to the clearing firm. Since Eagle receives transaction based fees and pays an asset based fee, Eagle has an incentive to recommend a client place more transactions, thereby increasing the transaction fees received while paying the same asset based fee. Eagle addresses this conflict by not sharing any portion of the Transaction Fee with the Eagle IAR who recommends a particular securities transaction.

## Item 6 Performance-Based Fees and Side-by-Side Management

Performance-based fees are fees based on a share of capital gains or on capital appreciation of the assets of a client. Eagle and its IARs do not accept performance-based fees.

## Item 7 Types of Clients

Eagle provides investment advisory services to many different types of clients, including individual investors, pension and profit sharing plans, Traditional and Roth IRAs, SEP and SIMPLE IRAs, trusts, estates, charitable organizations, corporations and other business entities.

Each Program has minimum account size requirements, which range from \$25,000 to \$1 million. Eagle and/or its Program partners have the option to waive account minimums. Account minimums for each Program are as follows:

Program	Minimum Account Size
SEI Asset Management Program	\$150,000
SEI Managed Account Program	\$500,000 to \$1,000,000 depending on portfolio
Representative Directed Program	\$25,000
IAG MarketPace— qualified accounts	\$50,000
IAG MarketPace— non-qualified accounts	\$100,000
EIMP	None



CP	None
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Accounts that fall below the stated requirement minimum may be charged an additional fee. Additionally, Eagle has established minimum ongoing account values ("maintenance values") for accounts. Accounts that are invested below the maintenance value for a specified period of time may be terminated.

Certain Programs also require that clients meet a minimum net worth or minimum income requirement in order to open an account.

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

### I. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

#### a. Financial Planning

Among other options, Eagle IARs may use one of the following programs to perform the financial planning analysis: eMoney Advisor (Wealth Management Solutions), Emerging Information Systems Inc. (NaviPlan) or Sungard Expert Solutions (Advisor Series). A client should discuss with the Eagle IAR the method used to prepare a financial plan.

#### b. Representative Directed Program

For the non-discretionary program the Eagle IAR provides the client with a personalized investment proposal, which may include securities recommended by the IAR. Such recommendations will be consistent with the client's portfolio strategy. The portfolio strategy takes into consideration the client's investment and investment return objectives and risk tolerance. Upon the client's instruction, the IAR will invest the client's account in the selected securities. Each client's precise strategy will differ based on the client's goals and preferences and the IAR's recommendations.

For the discretionary program, the Eagle IAR creates a model portfolio which is approved by Eagle.

Eagle's affiliates may periodically acquire confidential information about the funds available on the Representative Directed platform.

For all other investment advisory programs, please refer to the program disclosure documents for a description of the investment strategies and methods of analysis employed by the advisers.

For all programs, investing in securities involves a risk of loss that clients should be prepared to bear. Unlike mutual funds and exchange traded funds, risks relating to investing in equity securities include non-diversification - if your security depreciates in value you may not have the ability to offset the depreciation by having other securities to offset the loss, and volatility - individual equities are generally more volatile than mutual funds or ETFs.

### II. MATERIAL RISKS



Generally accounts managed through a tactical approach to asset allocation will trade more frequently and may incur greater trading costs than a strategic approach. Accounts managed with a tactical approach may have a more volatile performance than those using a strategic approach, but may outperform in some market cycles. Conversely, accounts managed through a strategic approach generally trade less frequently and may have lower trading costs. Performance for accounts using a strategic approach may be less volatile and may under-perform tactical approach in some market cycles.

When using an active management style, returns may be reduced by the cost of hiring a professional fund manager and the cost of buying and selling investments in the fund. Managers using a passive management style normally have lower operating costs than actively managed funds because these funds do not need to retain active professional managers, and because their holdings are not as frequently traded.

In any investment account, frequent trading can affect investment performance through increased brokerage costs, transaction costs and tax inefficiencies.

### **III. RISKS ASSOCIATED WITH SPECIFIC SECURITIES**

With any investment product – including those available in Eagle’s programs – there is a risk of loss. Clients participating in these programs should be able and prepared to bear the risk of loss in the event that the overall market and/or the specific products purchased should decline in value.

Clients purchasing individual stocks should be aware of the greater volatility associated with those products. Clients purchasing mutual funds and ETFs should refer to the relevant prospectus for more information about the risks of investing in a particular fund. Clients purchasing ETFs should understand that the market price of ETFs may be at, above or below its net asset value, and that the ETF’s performance may not be exactly that of its underlying index.

## **Item 9 Disciplinary Information**

Eagle does not have any material disciplinary information to report.

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

### **I. BROKER-DEALER REGISTRATION**

Eagle is not registered as a broker-dealer. Certain management persons of Eagle are also registered representatives of NYLIFE, its broker-dealer affiliate. All Eagle IARs are registered representatives of NYLIFE.

### **II. REGISTRATION AS A FUTURES COMMISSION MERCHANT, COMMODITY POOL OPERATOR OR A COMMODITY TRADING ADVISOR**

Neither Eagle nor any of its management persons are registered as a Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Advisor.



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### III. MATERIAL RELATIONSHIPS WITH RELATED PERSONS

Eagle is an indirect wholly owned subsidiary of New York Life Insurance Company, a New York mutual life insurance company. Eagle is also an affiliate of NYLIAC and NYLIFE Insurance Company of Arizona (together with New York Life Insurance Company and NYLIAC, "New York Life"). New York Life's principal business is the sale of individual and group life insurance and annuity contracts. Eagle's IARs, acting in their capacity as agents of New York Life, may receive compensation for the sale of insurance products offered by New York Life.

Eagle is affiliated with the following broker-dealers, which are indirect wholly-owned subsidiaries of New York Life Insurance Company.

**NYLIFE Securities LLC** is a registered broker-dealer. All IARs of Eagle are also registered representatives of NYLIFE and, acting in their capacity as registered representatives of NYLIFE, receive commissions or other compensation for the sale of products offered through NYLIFE. A client that engages Eagle to provide advisory services under its LWP programs will also open a NYLIFE brokerage account through which trades in the account are processed. The actual trades take place at NFS, the clearing broker-dealer. A potential conflict exists because Eagle works through an affiliate to open the LWP accounts.

**Transfer between Eagle and an affiliated brokerage accounts** - From time to time Eagle may journal securities from your Eagle account to your NYLIFE Securities brokerage account. Eagle does not provide advice on any securities in your NYLIFE Securities brokerage account.

**NYLIFE Distributors LLC** is a registered broker-dealer. In its capacity as a broker-dealer, NYLIFE Distributors LLC is the principal underwriter of all the proprietary mutual funds managed or administered by its affiliate New York Life Investments Management LLC. NYLIFE Distributors LLC is also the principal underwriter for variable insurance and variable annuity contracts issued by NYLIAC.

Eagle is a wholly owned subsidiary of NYLIFE LLC, which in turn is a wholly owned subsidiary of New York Life Insurance Company.

Eagle is affiliated with a number of registered investment advisers, some of whom are an adviser or Sub-adviser to the Mainstay mutual funds. Potential conflicts may arise because investments in affiliated mutual funds generate additional management fees and other compensation to Eagle's affiliates. This conflict is mitigated because Eagle and the IAR receive no portion of this compensation. A listing of the registered investment advisers that are affiliated with Eagle can be found in Eagle's ADV Part 1. Currently, Eagle's investment adviser affiliates do not provide investment advisory services directly to Eagle clients.

### IV. SELECTION OF OTHER ADVISERS

Eagle makes available other investment advisers including the Sub-Managers on its platform. Eagle does not receive direct compensation from these advisers. However, Eagle does receive an increased share of the advisory fee from certain of these advisers in certain cases (generally when Eagle's business with them hits certain assets under management targets). This compensation is described in more detail under Item 14(A), below. These compensation relationships create a conflict of interest and provide an



incentive to Eagle to recommend certain advisers over others. As described earlier in this document, Eagle performs initial and periodic due diligence on the Sub-Managers to help mitigate these potential conflicts.

Eagle also has wholesaling relationships with certain of the Sub-Managers, whereby Eagle pays the Sub-Managers an additional fee in return for training, education and sales assistance.

Because advisory fees for Eagle and the IAR differ by program and manager, Eagle may have an incentive to recommend one manager over another.

In some cases, Eagle (or its affiliates) has other business relationships with certain outside advisers. Eagle contracts with Morningstar Investment Services Inc. ("MIS") and Ibbotson Associates, Inc. ("Ibbotson") (and/or their affiliates) for a variety of other services. These include due diligence services in connection with the LWP Programs, the provision of data and other performance information, and methodology for mapping clients to a particular risk profile. Ibbotson also was engaged to help develop the process of taking a life insurance policy into consideration in connection with an investment portfolio. The information and methodology are used in other programs in which MIS and Ibbotson are Program Sponsors. This could lead to potential conflicts of interest. Eagle addresses these conflicts by disclosing them to you.

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

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### **I. CODE OF ETHICS PURSUANT TO SEC RULE 204A-1**

The Eagle Strategies Code of Ethics ("The Code") sets forth the standards of business conduct for Eagle personnel defined as Access Persons under SEC guidelines, and serves as an ethical blueprint for ensuring that all Eagle clients are treated fairly. The Code emphasizes the core values of the Eagle organization, Eagle's commitment to compliance with securities laws, and protection of material nonpublic information. The Code also sets forth commitments to which all Eagle IARs are expected to adhere. The Code of Ethics is one of the tools Eagle uses to mitigate some of the conflicts of interest set forth herein.

Eagle will provide a Code of Ethics to all clients and prospective clients upon written request to:

Eagle Strategies LLC  
Attn: Eagle Securities Standards  
51 Madison Avenue  
New York, NY 10010

### **II. RECOMMENDATIONS INVOLVING SECURITIES IN WHICH EAGLE HAS A MATERIAL FINANCIAL INTEREST**

An Eagle financial plan may not recommend specific products offered by New York Life. But Eagle anticipates that Eagle IARs may, in their capacity as sales representatives for New York Life, offer their products after presentation of a financial plan or other advisory service. The financial planning client is



free to decide whether to carry out any of the plan recommendations and is free to implement some or all the recommendations through any other duly licensed person or financial service institution selected by the client.

An Eagle IAR or a Sub-Manager may recommend an affiliated mutual fund or a fund advised by an affiliate of Eagle. In the Representative Directed Program the client may choose not to purchase that product.

### **III. CONFLICTS IN CONNECTION WITH PERSONAL TRADING**

From time to time, the Eagle IAR or a Sub-Manager may also recommend the sale or purchase of securities which New York Life, an affiliate or an Eagle IAR (or a Sub-Manager) is purchasing or selling from its own accounts. At times New York Life or an affiliate may sell a security, while the Eagle IAR or the Sub-Manager recommends the purchase of that same security (or vice versa).

A conflict could arise where the Sub-Manager, the affiliate or the IAR takes an action with a security that disadvantages a client purchasing or selling the same security. For IARs, Eagle's Code of Ethics specifies personal securities transaction procedures designed to prevent unethical trading practices, and includes prohibitions on trading on knowledge about client transactions. Eagle also monitors the personal trading activities of access persons to identify instances in which these policies may have been violated.

### **IV. CONFLICTS IN CONNECTION WITH TIMING OF PERSONAL TRADING**

From time to time, Eagle's IARs may own the same securities that are being bought or sold in client accounts. Eagle's Code of Ethics specifies personal securities transaction procedures designed to prevent unethical trading practices. In addition, Eagle monitors the accounts of IARs who are access persons to ensure that the IAR did not make a trade in a security within 7 days before or after one of the IAR's clients makes a trade in the same security.

## **Item 12 Brokerage Practices**

### **I. SELECTION OF BROKER-DEALERS**

In selecting NFS to act as the clearing broker-dealer for the LWP accounts, Eagle weighed several criteria including its ability to provide best execution, its level of service, the reasonableness of its cost, the quality of its executions and its overall reputation, operational strength and technological sophistication. Eagle does not receive any research or other soft dollar benefits in connection with its referral of clients to specific broker-dealers. Affiliates of Eagle have other business relationships with NFS and its affiliates related to the sale of insurance.

### **II. BROKERAGE FOR CLIENT REFERRALS**

Eagle does not recommend broker-dealers based on client referrals from third parties.

### **III. DIRECTED BROKERAGE**





In Eagle's LWP Programs, mutual fund, ETF and equity transactions are generally effected through the brokerage firms designated by the client in the Investment Management Agreement. Currently, the Agreements specify NYLIFE as the introducing broker-dealer and NFS as the clearing broker-dealer. NFS is also the custodian of the client's assets. In directing the use of a particular broker for LWP, it should be understood that NYLIFE may receive additional compensation based on volume discounts and that Eagle will receive a revenue share on any no transaction fee funds held in the account. Clients should refer to the Brokerage Account Agreement for additional information regarding custodian services, fees, and other important disclosures.

In the other Investment advisory programs, clients are required to direct the use of the broker dealer designated by the applicable Program Sponsor (which may also be the Program Sponsor or an affiliate of such) for all Program transactions. In directing the use of a particular broker in order to participate in a specific Program sponsored by Brinker, SEI, Niemann or IAG, it should be understood that Eagle does not have authority to negotiate commissions on a trade-by-trade basis or obtain volume discounts, and best execution may not be achieved.

Clients should refer to disclosure documents provided by Program Sponsors for additional information on these relationships. Clients who hold securities in their account that are not managed by Eagle or the Program Sponsor should refer to the applicable Program documentation for complete information on commissions charged to the client's account when the client directs trades in such securities.

In the Representative Directed Programs Clients have an option to pay for brokerage transaction and have a lower advisory fee or they may pay a higher advisory fee and the Financial Advisor will pay for the brokerage transactions. If you elect to pay for transaction fees, a portion of that fee goes to the Clearing Brokerage Firm; the amount the Clearing Brokerage Firm receives may vary. The remainder of the transaction fee (if any) will be kept by NYLIFE Securities to cover administrative and other costs. You should take into consideration the amount of transactions that you anticipate placing when deciding whether to pay for transaction fees or have your Financial Advisor pay for the transaction fees while you pay a higher fee.

Not all advisers require their clients to direct brokerage.

#### **IV. AGGREGATION OF TRADES ACROSS MULTIPLE CLIENT ACCOUNTS**

The Sub-Managers and other investment advisers participating in the various programs may aggregate trades; clients should refer to the respective disclosure brochures to learn more.

For Representative Directed accounts, the following policies apply:

**Block Trading** *(For the Representative as Portfolio Manager Program only):* IARs may place discretionary trades for multiple accounts simultaneously within the RaPM program. When a block trade occurs, Envestnet creates the allocation files based on the trade executions and then sends the allocation files to NFS after market close. If there is a partial fill on a block, Envestnet will allocate the trades into the client accounts on a pro rata basis.



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**Global Trading** (For the Guided Portfolios and Representative as Adviser programs): Global trading is permitted for orders of all open ended mutual funds in both the GP and RaA programs.

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## Item 13 Review of Accounts

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### I. PERIODIC REVIEWS

Generally, the Eagle IAR contacts the client at least annually to review each client's current financial situation, risk tolerance and time horizon, as well as verify their current profile information is current and accurate and update account restrictions (if applicable). Financial planning clients will not receive a periodic review of their financial plan unless they reach out to their IAR.

Eagle Strategies determines the policies and reports for monitoring accounts participating in the Representative Directed and the IAG Market Pace Programs. Such reports differ between programs. Examples of reports include a concentrated positions report and a risk return report. These reports are monitored by a team reporting to the Corporate Vice President of Eagle Securities Standards.

For clients participating in the other investment advisory programs, the periodic reviews will differ based on the practices of the outside adviser. Please refer to that adviser's Form ADV Part 2A for more information.

On an annual basis, the Managing Partner or a designated person reviews a sample of files for each IAR.

### II. NON-PERIODIC REVIEWS

In the event of a client complaint or other concern, Eagle will review relevant accounts.

### III. REGULAR REPORTS PROVIDED TO CLIENTS

Clients in the LWP Programs receive quarterly performance reports from Eagle. These reports include performance information, current portfolio composition, and reinvested and paid earnings with respect to the client's holdings. These reports are mailed directly to clients and posted to the Internet ([www.nylifesecurities.com](http://www.nylifesecurities.com)) on a quarterly basis. In addition, the client receives confirms, monthly statements and quarterly transaction history reports from the custodian.

Clients in the IAG Programs receive detailed quarterly and annual performance reports from IAG describing account performance and positions. In addition to the quarterly performance reports, the broker-dealer utilized by IAG transmits to clients trade confirmations and account statements showing all transactions, positions, and all deposits and withdrawals of principal and income. The account statements are sent monthly when the account has had activity or quarterly if there has been no activity.

Within the Brinker Programs, Brinker prepares and provides quarterly reports on performance to clients. These reports include information with respect to the client's securities holdings as well as a report on the performance of the clients account as compared to various industry indices. These reports are sent directly to clients on a quarterly basis. Eagle typically uses these reports to review manager and account



performance with the client. In addition, the client receives monthly statements and trade confirmations from the custodian.

Clients with accounts through Niemann receive quarterly reports on performance. These reports include information with respect to the client's securities holdings as well as a report on the performance of the clients account as compared to various industry indices. These reports are sent directly to clients on a quarterly basis. Eagle typically uses these reports to review manager and account performance with the client. In addition, the client receives monthly statements and trade confirmations from the custodian, unless the client makes separate arrangement with the custodian to receive confirmations more or less frequently.

For those clients participating in the SEI Programs, each client will receive monthly statements from the SEI Private Trust Company indicating holdings. A quarterly report, indicating market value, cash flows, gains and losses, asset allocation, and performance as it relates to market indices, is also available if the investor elects to receive it. Annually, the client will receive a tax report for the account.

Financial Planning clients will receive no regular reports from Eagle. If the client wishes, he/she can contract with Eagle for the Eagle IAR to update the financial plan for an additional fee.

Eagle Retirement Plan Program clients will receive no regular reports from Eagle.

All reports described herein are written.

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

### **I. ECONOMIC BENEFITS PROVIDED BY THIRD PARTIES FOR ADVICE RENDERED TO CLIENTS (INCLUDES SALES AWARDS OR OTHER PRIZES)**

Eagle is a party to cash solicitation agreements with Brinker Capital and Niemann Capital Management. Eagle and its IARs receive compensation pursuant to these agreements for introducing clients to the investment advisers and for providing certain ongoing services. This compensation is typically equal to a percentage of the investment advisory fee charged by that investment adviser; such compensation may differ depending on the individual agreement with each investment adviser. The IAR may have an incentive to recommend one of these investment advisers over the other. Additional disclosure, including applicable Forms ADV and solicitor disclosure documents, will be provided to the client at the time of solicitation in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940.

Program Sponsors may pay Eagle a fee that is dependent on total Eagle assets within the applicable Program. This fee typically ranges from 0% to 0.05% of Program assets, is payable to Eagle on a quarterly basis, and serves as compensation for allowing the applicable Program to be offered through Eagle's IARs. The fees may be used for any purpose including covering certain marketing and administrative services that Eagle may incur in connection with these activities. Eagle does not share these fees with its IARs.

For LWP accounts held with NFS, Eagle receives additional revenue streams on the sale of no transaction fee mutual funds through a revenue sharing arrangement. This creates a potential conflict of interest. In



addition, NYLIFE Securities, an affiliate of Eagle, receives additional compensation based on the amount of assets it holds with NFS, including the assets held in Lifetime Wealth Portfolios Accounts.

Certain non-profit institutions may compensate IARs for conducting seminars concerning charitable giving. In the event that persons who have attended such seminars purchase products through the IARs to effectuate charitable gifts, the IARs may receive additional compensation on the sale of Eagle advisory products or the sale of insurance or annuity products. As the IARs are receiving compensation for conducting the seminars and for the sale of products to persons who elect to make charitable contributions, such arrangements create a potential conflict of interest. Eagle addresses this conflict by disclosing it on this Form ADV Part 2A and the IAR's Form ADV Part 2B.

Clients should be aware that the receipt of additional compensation itself creates a conflict of interest. Eagle addresses such conflicts through disclosure.

## **II. COMPENSATION TO NON –ADVISORY PERSONNEL FOR CLIENT REFERRALS**

Eagle has entered into one solicitor relationship with whom it pays up to 49% of the advisory fee.

### **Item 15 Custody**

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For clients in the LWP program, NFS will serve as the custodian. Clients will receive account statements from NFS and should carefully review such statements. Eagle will be considered to have custody of a limited number of client accounts, specifically those accounts with (i) an associated insurance policy (ii) where Eagle has a power of attorney to debit a client's Eagle account in order to make a premium payment on an associated life insurance policy. Eagle recommends that such clients carefully compare the Quarterly Performance Report that they receive from Eagle with the Brokerage Account Statements that they receive from NFS.

### **Item 16 Investment Discretion**

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Eagle may have investment discretion over client accounts in the Representative Directed Program described in this brochure. In order for Eagle to have discretion, the client must sign an addendum to the agreement authorizing Eagle to have discretion. In addition, certain program partners and appointed sub-advisers take discretion over client accounts. In these cases, the client makes a direct grant of discretion to the relevant co-advisor or sub-advisor. In those circumstances, the client's funds are held with a qualified custodian, and the client receives appropriate reporting of all transactions in the account.

In certain limited instances, Eagle may permit an IAR to hold a power of attorney or act as a trustee over a family member's Eagle account or other account with a New York Life affiliate. This is the only circumstance in which an Eagle IAR is permitted to exercise discretionary authority over client assets.

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

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#### **I. VOTING POLICIES AND PROCEDURES**



As a matter of firm policy and practice, Eagle does not have authority to and does not vote proxies on behalf of advisory clients or participate in any legal proceedings involving investments in client accounts. Eagle does not provide advice to clients regarding the clients' voting of proxies. Sub-Advisers or Managers utilized within the various Programs, except for Loring Ward, may vote proxies, where applicable, on behalf of the client. Clients are encouraged to review the applicable Program disclosure document and Client Services Agreement for further information. Eagle will send all proxy and legal proceeding related documents it receives to the client so that the client may act upon the materials.

## **II. CLIENT VOTING OF SECURITIES**

Eagle does not have authority to vote client securities. Except where the client authorizes a Sub-Adviser or Sub-Manager to vote proxies on behalf of a client, the client will receive their proxies or other solicitations directly from the custodian or transfer agent. Eagle will not advise clients on the voting of proxies and clients should not contact Eagle or IARs with questions about a particular solicitation. Furthermore, Eagle will not advise or act on behalf of the client in legal proceedings involving companies whose securities are held or previously were held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements.

## **Item 18 Financial Information**

### **I. BALANCE SHEET**

A copy of Eagle's most recent audited financial statement is attached.

### **II. FINANCIAL CONDITION REASONABLY LIKELY TO IMPAIR ABILITY TO MEET CONTRACTUAL COMMITMENTS TO CLIENTS**

Eagle is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients.

### **III. BANKRUPTCY PETITIONS DURING THE PAST TEN YEARS**

Eagle has never filed a bankruptcy petition.

## **Item 19 Requirements for State-Registered Advisers**

Eagle is federally registered with the Securities and Exchange Commission. Eagle is not a state-registered adviser.

# **Eagle Strategies LLC**

(An affiliate of New York Life Insurance Company)

## **Statement of Financial Condition**

**December 31, 2012**

**Eagle Strategies LLC**  
(An affiliate of New York Life Insurance Company)  
**Index**  
**December 31, 2012**

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## Report of Independent Auditors

To the Board of Managers  
and Member of  
Eagle Strategies LLC

We have audited the accompanying financial statement of Eagle Strategies LLC (the "Company"), which is comprised of the Statement of Financial Condition as of December 31, 2012.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of Eagle Strategies LLC at December 31, 2012 in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers LLP".

March 20, 2013

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PricewaterhouseCoopers LLP, PricewaterhouseCoopers Center, 300 Madison Avenue, New York, NY 10017  
T: (646) 471 3000, F: (813) 286 6000, [www.pwc.com/us](http://www.pwc.com/us)



**Eagle Strategies LLC**  
(An affiliate of New York Life Insurance Company)  
**Statement of Financial Condition**  
**December 31, 2012**

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**Assets**

Cash	\$	52,731
Investments		4,056,881
Financial planning fees receivable		106,901
Wrap fees receivable		1,034,818
Other receivables		842
Federal income taxes receivable from New York Life Insurance Company		69,667
Prepaid expenses		139,704
Prepaid commission expense		1,278,170
Fixed assets, net of accumulated depreciation of \$2,500,392		89,852
Deferred tax asset		265,665
Total assets	\$	<u>7,095,231</u>

**Liabilities and Member's Equity**

Commissions payable	\$	907,932
Deferred fee income		1,593,230
Deferred investment fee plan		668,599
Other accrued liabilities		58,334
Payable to New York Life Insurance Company		2,524,556
Payable to NYLIFE Securities LLC		3,854
Total liabilities		<u>5,756,505</u>
Total member's equity		<u>1,338,726</u>
Total liabilities and member's equity	\$	<u>7,095,231</u>

The accompanying notes are an integral part of these financial statements.

# **Eagle Strategies LLC**

(An affiliate of New York Life Insurance Company)

## **Notes to Statement of Financial Condition**

**December 31, 2012**

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### **1. Organization and Business**

Eagle Strategies LLC (the "Company") is a wholly-owned subsidiary of NYLIFE LLC (a wholly-owned subsidiary of New York Life Insurance Company, "NYLIC"). The Company is a Registered Investment Adviser. The Company provides financial planning and investment advisory services to clients through associated financial advisors who are registered with NYLIFE Securities LLC ("Securities"), an affiliated broker-dealer and wholly-owned subsidiary of NYLIFE LLC.

The Company, under a service agreement with Securities is billed by Securities for separately identifiable brokerage services, including clearing and custody services, provided to the Company through Securities nonaffiliated clearing broker in connection with the Company's investment advisory programs.

### **2. Summary of Significant Accounting Policies**

#### **Basis of Presentation**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement. Actual results could differ from those estimates.

#### **Investments**

At December 31, 2012, investments of \$4,056,881 consisted of \$3,975,157 in the New York Life Short Term Fund ("STIF") and \$81,724 of money market funds, equity securities and mutual funds in Lifetime Wealth Portfolio ("LWP") and non-affiliated managed accounts.

The STIF is a commingled fund managed by New York Life Investment Management LLC ("NYL Investments"), an indirect wholly-owned subsidiary of NYLIC, where all participants are subsidiaries or affiliates of NYLIC. The STIF is accounted for under the equity method of accounting.

LWP is an investment advisory program, offered through the Company, that provides professional money management by independent third party sub-advisors. The Company's money market funds, equity securities and mutual funds investments within the managed accounts are recorded at fair value. Investments carried at fair value are discussed in Note 3 - Fair Value Measurement.

#### **Fixed Assets**

Fixed assets are recorded at cost and depreciated using the straight-line method over estimated useful lives of three to ten years. Cost of assets sold or retired and the related amounts of accumulated depreciation are eliminated from the accounts in the year of disposal.

#### **Deferred Investment Fee Plan**

The Company maintains the Deferred Investment Fee Plan for Investment Adviser Representatives of Eagle Strategies LLC ("DIF Plan"), which is a non-qualified, unfunded plan that allows eligible financial advisors to defer a percentage of their wrap fee commissions. The Company records a liability for the deferrals and interest earned in the deferred investment fee plan liability on the Statement of Financial Condition.

**Eagle Strategies LLC**  
(An affiliate of New York Life Insurance Company)  
**Notes to Statement of Financial Condition**  
**December 31, 2012**

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**Income Taxes**

For U.S. federal income tax purposes, the Company is treated as a limited liability company whose federal taxable income or loss flows through to its parent, NYLIC, and is included in the group's U.S. federal consolidated income tax return. The consolidated income tax provision or benefit is allocated among the members of the group in accordance with a tax allocation agreement. The tax allocation agreement provides that the Company is allocated its share of the consolidated tax provision or benefit, determined generally on a separate company basis and may, where applicable, include the tax benefits of operating or capital losses utilizable in NYLIC's consolidated return. Intercompany tax balances are generally settled quarterly on an estimated basis with a final settlement within 30 days of the filing of the consolidated return. Current federal income taxes are charged or credited to operations based upon amounts estimated to be payable or recoverable as a result of taxable operations for the current year and any adjustments to such estimates from prior years.

State and local tax returns are generally filed separately. In those cases where the Company's results are included with NYLIC's state tax filings, the Company is charged or credited for state taxes paid by NYLIC only to the extent that the Company's income/loss increases or reduces NYLIC's state tax liability. However, in years where NYLIC's own income level requires it to pay a flat state tax and the Company's income/loss does not affect NYLIC's state tax liability, no state tax liability or benefit is allocated to the Company pursuant to the tax allocation agreement.

Deferred federal income tax assets and liabilities are recognized for expected future tax consequences of temporary differences between GAAP and taxable income. Temporary differences are identified and measured using a balance sheet approach whereby GAAP and tax balance sheets are compared. Deferred income taxes are generally recognized based on enacted tax rates and a valuation allowance is recorded if it is more likely than not any portion of the deferred tax asset will not be realized.

In accordance with the authoritative guidance related to income taxes, the Company determines whether it is more likely than not that a tax position will be sustained upon examination by the appropriate tax authorities before any part of the benefit can be recorded in the financial statements. The amount of tax benefit recognized for an uncertain tax position is the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement. Unrecognized tax benefits are included within other liabilities, and are charged to earnings in the period that such determination is made. The Company classifies interest and penalties related to tax uncertainties as income tax expense.

**Guarantees**

In the normal course of business, the Company enters into contracts that contain a variety of representations, warranties and indemnifications. The Company's maximum exposure under these arrangements is unknown, as this would involve potential future claims that may be made against the Company that have not yet occurred. However, based on experience, the Company expects the risk of loss to be remote.

**Eagle Strategies LLC**  
(An affiliate of New York Life Insurance Company)  
**Notes to Statement of Financial Condition**  
**December 31, 2012**

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**3. Fair Value Measurement**

The authoritative guidance related to fair value measurements and disclosures defines fair value and establishes a framework for measuring fair value that includes a three level hierarchy. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It establishes a framework for measuring fair value that includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the Statement of Financial Condition are categorized into the three levels of the fair value hierarchy based on the inputs to the valuation as follows:

- |         |   |
|---------|---|
| Level 1 | Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market.  |
| Level 2 | Fair value is based on observable inputs, other than Level 1 inputs, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other model driven inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. |
| Level 3 | Instruments whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions in pricing the asset or liability.   |

**Transfers Between Levels**

Transfers between levels may occur due to changes in valuation sources, or changes in the availability of market observable inputs, which generally are caused by changes in market conditions such as liquidity, trading volume or bid-ask spreads. The Company's policy is to assume the transfer occurs at the beginning of the period. During the year ended December 31, 2012, there were no transfers between levels.

**Determination of Fair Values**

The following is a description of the valuation methodologies used to determine fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy.

**Investments**

Investments carried at fair value include money market funds, equity securities and mutual funds held in managed accounts. Money market funds, equity securities and mutual funds fair value is based on quoted daily net asset values or securities reported closing prices and they are classified as Level 1 within the fair value hierarchy.

**Eagle Strategies LLC**  
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**Notes to Statement of Financial Condition**  
**December 31, 2012**

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**4. Fixed Assets**

Fixed assets are comprised of the following:

	<b>Cost at December 31, 2012</b>	<b>Accumulated depreciation at December 31, 2012</b>	<b>Net book value at December 31, 2012</b>
Furniture and fixtures	\$ 151,700	\$ (135,637)	\$ 16,063
Leasehold improvements	323,462	(286,958)	36,504
Computers and communication equipment	366,353	(342,172)	24,181
Computer software	1,748,729	(1,735,625)	13,104
	<u>\$ 2,590,244</u>	<u>\$ (2,500,392)</u>	<u>\$ 89,852</u>

**5. Related Parties Transactions**

The Company is party to a service agreement with NYLIC whereby NYLIC provides services to the Company. The Company is charged for certain services based upon separately identifiable actual costs incurred. The services include personnel, office space, other services, administrative and professional fees. The Company is also charged administrative expenses from NYLIC which are specifically identifiable to the Company or allocated by NYLIC principally through analyses of time spent on matters relating to the Company or pursuant to agreed upon formulas.

**6. Income Taxes**

At December 31, 2012, the Company has a deferred tax asset of \$265,665 attributable to the following temporary differences between the financial reporting and the tax basis of assets:

Depreciation	\$ 35,299
Net unrealized gain on investments	(3,644)
Deferred compensation	<u>234,010</u>
Deferred tax asset, net	<u>\$ 265,665</u>

The Company does not have any federal net operating loss carryforwards as they were fully utilized in the group's consolidated tax return.

A valuation allowance against the deferred tax asset is not considered necessary because it is more likely than not the deferred tax asset will be realized.

As a member of NYLIC's consolidated group, the Company's federal income tax returns are routinely audited by the Internal Revenue Service ("IRS") and provisions are made in the financial statements in anticipation of the results of these audits. The IRS has completed audits through 2007 and in 2012 began its examination of tax years 2008 through 2010. The Company believes that its recorded income tax liabilities are adequate for all open years.

**Eagle Strategies LLC**  
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The Company did not have any uncertain tax positions for the year ended December 31, 2012.

**7. Subsequent Events**

Management has performed an evaluation of subsequent events through March 20, 2013, the date the financial statement was available to be issued. On February 28, 2013 the Company received a capital contribution from its parent, NYLIFE LLC, in the amount of \$8 million. Management has determined that there are no other subsequent events that would require disclosures in the Company's financial statement through this date.