

RETIREMENT ASSET ADVISORY, INC.

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This brochure provides information about the qualifications and business practices of Retirement Asset Advisory, Inc. If you have any questions about the contents of this brochure, please contact us at 817-563-3400. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Retirement Asset Advisory, Inc. is available on the SEC website at www.advisorinfo.sec.gov.

Retirement Asset Advisory, Inc. is a registered investment advisor, however as with all registered investment advisors, registration does not imply a certain level of skill or training.

Material Changes

The last annual update of this brochure was in January 2014. Since then we have added disclosures about our affiliated entities, an insurance broker and a retirement plan administrator. Please see Other Financial Industry Affiliations for details. We have also added disclosures about a revenue sharing arrangement between Fidelity and our affiliated retirement plan administrator. Please see Brokerage Practices for details.

In addition to the material changes described above, there are certain other revisions set forth in this Part 2A of Form ADV. Thus, we recommend that you review this brochure in its entirety.

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ADVISORY BUSINESS

Retirement Asset Advisory (“RAA” or the “Firm”) has been in business since 1995. The principal owners are William D. Worley, President and John D. Cole, Vice-President. RAA has two affiliated businesses which together provide a full suite of services to retirement plans and individuals. Following is a discussion of the products and services RAA provides to clients.

Retirement Plans

RAA offers investment advice to plan sponsors on both a discretionary and non-discretionary basis. Sponsors of plans that fall under The Employee Retirement Income Security Act (“ERISA”) may elect to avail themselves of RAA’s services at two levels:

- Section 3(38) provides for a plan sponsor to delegate the responsibility and liability of selecting and monitoring investments to the Firm. In this case, RAA is presumed by definition to have discretion and control over the plan’s assets and management and is a fiduciary of the plan itself.
- Under ERISA Section 3(21), the Firm provides investment only recommendations to a plan sponsor who then has the discretion to implement or disregard the advice. In this case, the Firm is a fiduciary with regard to the information it provides but does not act as a fiduciary of the plan itself. RAA provides nondiscretionary services under Section 3(21) to plan sponsors.

Additionally, RAA may offer plan sponsors annual review, monitoring of funds and general consulting to plan sponsors.

All such work, whether under 3(38), 3(21), or on a consulting basis with retirement plans contains:

- Review of the plan documents
- Review of the investment objectives or Investment Policy Statement (if appropriate)
- Determination if current investments align with the stated objectives
- Recommendations as to investment changes

Individuals

RAA offers the following services to individuals:

- Recommendations regarding the selection of suitable investment;
- Ongoing monitoring and reports related to such investment’s statistical comparisons to established benchmarks;
- Asset allocation modeling;
- Retirement planning concepts;
- Retirement plan distribution strategies.

RAA anticipates that it will, from time to time, offer other advice and services in the realm of financial planning including providing clients with financial calculations related to projecting future account values and calculations necessary to establish current savings requirement to meet future financial goals.

After ascertaining client investment objectives and tolerance for risk, we tailor our recommendations to fit their individual needs. Using this approach, RAA and its client forge an agreement for a course of action, an investment strategy including specific investment options. From time to time the agreement may include the prohibition not to invest in certain securities or types of securities.

As of **December 31, 2014**, RAA manages client assets of **\$274,400,000** on a non-discretionary basis and assets of **\$6,650,000** on a discretionary basis.

FEES AND COMPENSATION

RAA's basic fee schedule is comprised of three formats:

Assets Under Management

An annual fee of .25% to 1.25% (25 to 125 basis points) is charged on the market value of assets under management. Fees are negotiable based on:

- the dollar value of assets,
- expected level of activity,
- expected task difficulty in providing contracted investment advisory services and
- frequency of reporting requirements.

The asset fee will be charged on a monthly or quarterly basis and calculated on an average daily account balance of a period-ending balance, depending on the type of account. The fee is calculated and billed to the client at the end of each period. Fees for these accounts are deducted from the client's account.

A client investment advisory contract with asset related charges may be canceled at any time, by either party, for any reason upon delivery of a written notice of intent to sever the relationship with 30 days prior notice. Asset-based fees for the next billing would reflect a fee adjustment for the actual number of days in the remaining contract period, that is, to the contract cancellation date.

Flat Fee

A flat fee may also be negotiated and charged on a quarterly basis in arrears.

Hourly Fee

An hourly fee of \$110 may be negotiated for specific investment advisory services on a project-by-project basis. Hourly fees are negotiable based on the extent and difficulty of a proposed engagement. RAA will provide each client with an estimate of the expected number of hours to complete an engagement. Hourly fees are due at the time of the completion and delivery of the investment advisory services to the client. Hourly and flat fee engagements require only written notice (no 30-day prior notice) and would be adjusted to reflect the number of hours already completed on an hourly contract or the percentage of completion of a flat fee project terminated by a client.

In the event RAA terminates an hourly or flat fee engagement, no fee will be charged to the client. RAA does not refund investment advisory fees since no fees are collected in advance of services performed. RAA clients can expect to pay mutual fund expenses, as many of the recommended investments are offered through mutual funds. Mutual fund expenses will vary and will run between .10% and 2.00% per year. These expenses are detailed in each mutual fund prospectus. Mutual fund prospectuses are provided by RAA to all RAA clients. Please read the mutual fund prospectus prior to making a mutual fund purchase.

In addition to possible brokerage custody and mutual fund expenses, RAA clients may also incur brokerage expenses. Brokerage expenses include expenses for purchase or sale of securities including stocks, bonds,

CDs, exchange traded funds (ETF) and certain mutual funds. Please refer to the fee schedule accompanying the custody and brokerage agreements.

RAA does not offer brokerage services but does have working relationships with various firms providing custody and brokerage services. RAA is not compensated by any custody or brokerage firm. Please refer to the section titled “Brokerage Practices” for discussion of compensation arrangements with an RAA affiliated entity.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Retirement Asset Advisory, Inc. does not accept performance-based fees.

TYPES OF CLIENTS

Retirement Asset Advisory, Inc. generally provides investment advice to individuals, pension and profit sharing plans, trust and estates.

RAA requires a minimum opening account value of at least \$50,000.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Open-end mutual funds make up the majority of the investments recommended by RAA. We choose mutual funds as our primary investment vehicle because they offer a broad array of diversified investment choices. We can choose from professionally managed investments which focus on the stock of large, midsize and small U.S. based companies as well as those based in foreign and emerging market countries. The same can be said of fixed income bond investment options.

Mutual fund investments also offer both managed and unmanaged index-based investment strategies with established track records. Mutual funds are also required to disclose financial performance information and other financial information that RAA is then able to quantify and analyze.

RAA is able to research available data to determine which mutual fund and mutual fund managers do the best job of delivering the highest return with the least amount of risk compared to their peers.

RAA uses mutual analytical tools from Morningstar, Russell, fi360 and Alliance Benefit Group as the basis for our investment research.

Although RAA engages in investment research to provide our clients investment recommendations that we believe moderates risk, it is not possible to eliminate risk while investing in securities. Please note that investing in securities always entails a risk of loss.

RAA does not recommend investments that are subject to loss of principal unless the client indicates a tolerance for risk. Each client completes a risk tolerance questionnaire followed by a discussion regarding risk prior to the beginning of the investment process.

DISCIPLINARY INFORMATION

Retirement Asset Advisory, Inc. has not been involved in any legal or disciplinary event.

OTHER FINANCIAL ACTIVITIES AND AFFILIATIONS

Additional services available to RAA clients through RAA affiliates include:

Insurance

William D. Worley conducts business through William D. Worley Insurance Broker, Sole Proprietor. Mr. Worley provides individual and group insurance to plan sponsors and individual clients as appropriate. Offering this service presents a conflict of interest between RAA and its clients, as the Firm may recommend insurance products to clients while presenting financial plans. Clients are not required to enact these recommendations through Mr. Worley, and understand that he benefits personally from any insurance products he sells.

Retirement Plan Administration

William D. Worley and John D. Cole, the executive officers of RAA, own and maintain positions with 401k Plus, Inc., a contract plan administrator, which provides consulting, actuarial and administrative services to approximately 400 qualified plan sponsors. The principals may spend as much as 100% of their time in these related activities. Both are salaried employees of 401k Plus, Inc. and share in the profitability of this entity.

401k Plus, Inc. also participates in revenue sharing with Fidelity, which acts as custodian and broker/dealer for many of the accounts RAA manages. Fidelity reimburses 401k Plus, Inc. for its recordkeeping function by providing 401k Plus, Inc. with a portion of the revenue “No Transaction Fee” (“NTF”) mutual funds pay Fidelity from their internal expenses. Thus, Fidelity pays 401k Plus, Inc. based on the plan assets which are held in Fidelity NTF Funds. This creates a conflict of interest between RAA and its clients, as RAA is in a position to recommend NTF or non-NTF funds, and an affiliate would garner added compensation as a result of the RAA recommendations. This conflict is mitigated through 401k Plus, Inc.’s credit of this payment against a plan’s administration and/or investment fee.

The above-referenced relationships define each principal executive’s relationship with various “Other Financial Industry Activities or Affiliations” As such, these individuals will be able to effect securities, insurance and pension consulting transactions for advisory clients and receive separate, yet customary compensation for effecting the transactions. No agency cross transactions are intended now or in the future with RAA. Full compliance and adherence to SEC Rule 206(3)-2 is practiced.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTION AND PERSONAL TRADING

Retirement Asset Advisory has adopted a Code of Ethics and is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940. Our firm’s Code of Ethics requires high standards of business conduct, compliance with federal and state securities laws reporting and recordkeeping of personal securities, transactions and holdings, reviews and sanctions. The Code is based on the principle that RAA owes a fiduciary duty to the firm’s clients to conduct their affairs in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the

firm and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility. RAA will provide a copy of the Code of Ethics to any client or prospective client upon request.

RAA or individuals associated with RAA may buy or sell securities identical to those recommended to customers for their personal accounts. RAA personnel are required to report all personal transactions to the CCO on a quarterly basis, and securities holdings on an annual basis. Participation by any RAA personnel in an IPO or private issue must be pre-approved by the CCO. RAA's personal investments are maintained by Fidelity Investments Brokerage Group and are available for inspection as required.

BROKERAGE PRACTICES

RAA maintains both discretionary and non-discretionary accounts for its clients. For discretionary accounts, RAA determines the securities to be purchased, the timing of purchases and/or sales and the broker-dealer used to effect the transaction. RAA does not control commission rates charged by broker-dealers to clients.

RAA typically recommends that clients use either Charles Schwab & Co. or Fidelity Investments as brokers for establishing accounts. In both cases, RAA has an established relationship with these brokers, which allow clients to have access to a large group of no-load and NTF mutual funds. Other services such as stock and bond purchases and sales are available to clients at discounted rates. In general, both Fidelity's and Schwab's fee and commission structures are deemed to be extremely competitive by RAA. RAA recognizes that other brokers may have lower fees and/or better service but, in general Schwab and Fidelity represent substantial brokerage firms with above-average total packages. Research, when available from either Schwab or Fidelity, is typically provided without cost to RAA. RAA recognizes its duty to attain best execution for its clients, which it defines in terms of access to a wide range of open-end mutual funds, electronic trading capability, access to mutual fund research, competent staff, a financially stable broker dealer and accurate and timely reporting.

RAA receives no products, fees, prizes, commissions or other forms of remuneration for recommendation or establishing accounts for clients at Schwab or Fidelity.

RAA utilizes certain software packages from Schwab and Fidelity. RAA utilizes this software to expedite and simplify various account activities for client accounts. Both Schwab and Fidelity also provide RAA access to conferences, webinars, material on practice management, and other benefits both firms provide any investment manager with more than \$10 million in client assets held by these custodians.

RAA does not have any formal or informal arrangements or commitments to utilize research, research-related products and other services obtained from broker-dealers or third parties on a soft dollar commission basis. Soft dollars generally refers to arrangements where a discretionary investment advisor is allowed to pay for and receive research, research-related or execution services from a broker-dealer or third-party provider in addition to the execution of transactions, in exchange for the brokerage commissions from transactions for client accounts.

RAA will utilize commercially available and/or obtain additional information on the companies and mutual funds that may be recommended to clients. Typically, these services are purchased by the firm on a subscription basis.

RAA may accept client instructions for directing the client's brokerage transaction to a particular broker-dealer. Any client instructions to RAA are to be in writing. Appropriate disclosures will be made that for any directed brokerage arrangements, RAA:

- will not negotiate commissions;
- may not obtain volume discounts;
- may not aggregate directed transactions;
- commission charges will vary among clients;
- best execution may not be obtained.

REVIEW OF ACCOUNTS

All accounts are monitored on an ongoing basis and are sent written annual reports, except in circumstances where a client specifically requests and RAA agrees, to more frequent or less frequent written reports(e.g. annually or monthly). In general, only one level of service is provided for reviews and ongoing monitoring although extraordinary market conditions and/or client circumstances could trigger a special report and/or client contact. Clients of RAA will typically be assigned to the RAA professional responsible for acquiring the account. The RAA professionals are the principal owners, William D. Worley, President and John D. Cole, Vice-President.

Regular written reporting to clients will occur on a quarterly and annual basis except in special circumstances as described above. Reports comprise investment summaries, contributions and distributions records, time-weighted internal rates of return calculations, asset allocation modeling and rebalancing suggestions, if deemed appropriate. Clients also receive at least quarterly statements from their account custodian, and are reminded to compare their statements from RAA with these custodial statements.

CLIENT REFERRALS AND OTHER COMPENSATION

RAA does not accept any economic benefit including sales awards and prizes from someone who is not a client for providing investment advice to RAA's clients.

RAA does not compensate any persons, i.e., individuals or entities for the referral of advisory clients to the firm.

CUSTODY

RAA does not permit employees or the firm to accept or maintain custody of client assets. It is our policy that we will not accept, hold, directly or indirectly client funds or securities or have authority to obtain possession of them. However, the SEC deems our ability to deduct fees from a client's account as a form of custody. We are not authorized to have any access to funds or securities otherwise.

Each RAA client is asked to enter into a custody agreement with one or more firms to provide custody services. Each custody agreement details the related fees for service, if any.

INVESTMENT DISCRETION

RAA accepts discretionary authority to manage securities accounts on behalf of clients.

Upon occasion clients place restrictions on the scope of RAA's authority to manage assets. A common limitation is to restrict RAA's authority to purchase only open-end mutual funds or to purchase only mutual funds that are rated four or better by Morningstar. Restrictions, if any, are then included in writing in the RAA Investment Management Agreement.

VOTING CLIENT SECURITIES

RAA, as a matter of policy and practice, has no authority to vote proxies on behalf of advisory clients. Clients will receive their proxies directly from their custodian. Upon a client's request, RAA may offer assistance as to proxy matters but the client always retains the proxy voting responsibility.

FINANCIAL INFORMATION

RAA does not require or solicit prepayment of fees and therefore is not required to prepare financial condition disclosures. However, there are no financial conditions that will impair RAA's ability to meet contractual commitments to clients.