

Baystate Fiduciary Advisors, Inc.

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3.2015

This brochure provides information about the qualifications and business practices of Baystate Fiduciary Advisors, Inc. as well as its supervised person(s)/investment advisor representative(s). If you have any questions about the contents of this brochure, please contact us at 866-411-401k and/or gandonian@bfa401k.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Baystate Fiduciary Advisors, Inc. and Gregg Andonian CFP®, AIF® also is available on the SEC's website at www.adviserinfo.sec.gov.

Gregg Andonian CFP®, AIF® is an investment advisor representative of Baystate Fiduciary Advisors, Inc.. The registration as an investment advisor should not imply a certain level of skill or training.

Material Changes

As of the 3.2015 annual update changes have been made to the following sections:

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- Investment Discretion (page 15)

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- Description of any legal or disciplinary events against our firm or a management person
 - o Criminal or civil action is a domestic, foreign or military court
 - o Pending criminal proceeding involving investment-related business
 - o Ever found to have been involved in a violation of an investment-related statute or regulation
 - o Subject of any order, judgment, or decree from violating any investment-related statute, rule, or order
- An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority against our firm or a management person
 - o Found to have caused an investment-related business to lose its authorization to do business
 - o Found to have been involved in a violation of an investment-related statute or regulation and was subject the subject of an order by the agency or authority applicable to our firm or any management person
 - Denying, suspending, or revoking the authorization of our firm to act in an investment-related business
 - Barring or suspending our firm with an investment-related business
 - Otherwise significantly limiting our firm's investment-related activities
 - Imposing a civil money penalty of more than \$2,500
- A self-regulatory organization (SRO) proceeding in which our firm or management person
 - o Found to have caused an investment-related business to lose its authorization to do business
 - o Found to have been involved in a violation of the SRO's rules and subsequently barred/suspended/expelled from membership or otherwise limited from investment-related activities or fined more than \$2,500

- Registration as a broker-dealer
- Registration as a futures merchant, commodity operator, commodity advisor or associated person of any of the foregoing
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Advisory Business

- **Description of our advisory firm**
 - Baystate Fiduciary Advisors, Inc. is a flat fee-for-services registered investment advisory firm that generates 100% of its revenue from investment and fiduciary advisory services to the qualified plan marketplace (i.e. 401k, 403b plans)
 - We were established as a corporation in 2002 and the principal owner is Gregg Andonian CFP®, AIF® who is also an investment advisor representative of the firm
- **Types of advisory services we offer**
 - BFA, Inc. provides the following services to (3) primary markets, the higher education ERISA 403b space, the non-profit 403b space and the for-profit 401k space:
 - Fiduciary support in order to assist plan sponsors in mitigating their exposure to fiduciary liability through the implementation of globally accepted fiduciary standards of excellence by :
 - Assisting in the organization of an investment committee
 - Training of the committee members as to their ERISA fiduciary obligations
 - Drafting/templates of various fiduciary documents for sponsor counsel review
 - Investment Policy Statement
 - Investment Committee By-Laws
 - Investment Committee Member Acknowledgement
 - Provider benchmarking documentation/process
 - Annual fee/expense disclosure to assist with 408(b)2
 - Annual Self-Assessment of Fiduciary Excellence as prescribed by the Foundation for Fiduciary Studies
 - Quarterly monitoring reports and minutes
 - Maintaining of electronic files of fiduciary related items
 - Participant education and guidance
 - Quarterly educational support to assist participants understand and determine their retirement outcomes
 - We do not sell ancillary retail products nor engage participants in any form of financial transactions
- **Amount of assets under advisement (both discretionary and non-discretionary)**
 - We have approximately \$2.3 billion in assets under advisement on a non-discretionary basis
 - We manage \$0 assets on a discretionary basis

Fees and Compensation

- **Description of our fee schedule**
 - We charge an annual flat dollar amount for services
 - The annual flat dollar amount is paid in quarterly installments at the beginning of each quarter
 - We engage our clients through a written engagement letter and the annual flat dollar fee remains fixed for a 3 year period
 - Our fee schedule does not exceed \$25,000/yr unless the client and BFA, Inc. agree for a higher fee based upon issues such as travel and/or additional service requirements beyond our normal scope
- **Description as to how we invoice**
 - The following are methods in which we receive our flat dollar quarterly advisory fee
 - Direct invoice to the plan sponsor
 - Directive from plan sponsor to record keeper/provider to pay our fee from disclosed charge collected from participant accounts
 - Directive from plan sponsor to record keeper/provider to pay our fee from an available ERISA budget/Plan Expense Reimbursement Account which derives its funding from the underlying revenue sharing component of the expense ratio's associated with the fund offering
 - Any combination of the above
- **Description of any other fees a client may experience in connection with our services**
 - There are no other fees that a client would incur for the services we provide
- **Description as to when we invoice and any applicable refunds**
 - If a plan sponsor terminates our relationship in a quarter when we have already received our quarterly advisory fee we will refund the full quarter advisory fee to the plan sponsor
- **Do we accept variable asset-based compensation**
 - No, we do not accept variable compensation based upon the value of plan assets
 - Our advisory fee is based upon services provided and not the value of plan assets

Performance-Based Fees

- **Do we accept performance-based fees**
 - No, we do not accept performance-based fees (i.e. when there is a level of performance established and anything beyond that thresholds yields increase compensation)

Types of Clients

- **Description of the types of clients we provide investment advice to**
 - BFA, Inc. provides fiduciary and investment advisory services to (3) primary markets in the qualified plan space:
 - Higher Education ERISA 403b plans
 - Non-Profit ERISA 403b plans
 - For-Profit 401k plans
- **Do we have any minimum requirements to work with a given client**
 - We do not have any minimum requirement to work with a given plan sponsor

Methods of Analysis, Investment Strategies and Risk of Loss

- **Description of analytics utilized and methodology**
 - BFA, Inc. subscribes to the analytic methodology created by the Foundation for Fiduciary Studies which can be found at www.fi360.com
 - The premise of the analytics is that on a quarterly basis 11 different thresholds on every mutual fund in the marketplace is sent via an electronic feed from Morningstar (www.morningstar.com) to fi360
 - Each mutual fund is then benchmarked against both its peer group and index for each of the 11 thresholds
 - If the fund is deficient in a given threshold then points are assessed against the fund
 - If enough points are assessed against the fund to take it outside of the top quartile on a comparative measure against its peer group then the fund is placed upon a Watch List
 - If a fund remains on the Watch List for a number of consecutive periods we will entertain replacement of the fund with the investment committee
 - We believe in these analytics primarily due to the factor that committee members at all levels of expertise can understand and grasp the various factors so prudent decisions can be made in the best interest of the plan participants
- **Description of any applicable investment strategy utilized**
 - Since we are dealing with selecting/monitoring an investment offering to be utilized for allocation purposes in participant directed plans (i.e. each participant controls their own personal allocation) we focus upon creating a diversification of asset categories in the range of 12-16 asset classes
 - We will then look to screen/identify (1) fund per the plan's investment policy statement for each of the selected asset classes
 - Above and beyond the build-out of individual funds/asset classes to enable all plan participants at any point in their accumulation stage to prudently allocate on their own we also look to provide allocated accounts such as Target Date, Balanced or Managed Accounts for those participants that would rather hand off the task of allocation
- **The typical type of security we recommend**
 - We tend to recommend mutual funds as the type of security for our plan sponsors
 - We do not utilize individual stock/bond securities beyond, when applicable, company stock as part of the plan investment offering
 - The plan may offer a "brokerage window" which would enable participants to access various mutual funds and/or securities beyond the "core offering" but we do not advice on those accounts

Disciplinary Information

- **We have no applicable description of any legal or disciplinary events against our firm or a management person**
 - Criminal or civil action is a domestic, foreign or military court
 - Pending criminal proceeding involving investment-related business
 - Ever found to have been involved in a violation of an investment-related statute or regulation
 - Subject of any order, judgment, or decree from violating any investment-related statute, rule, or order

- **We have no administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority against our firm or a management person**
 - Found to have caused an investment-related business to lose its authorization to do business
 - Found to have been involved in a violation of an investment-related statute or regulation and was subject the subject of an order by the agency or authority applicable to our firm or any management person
 - Denying, suspending, or revoking the authorization of our firm to act in an investment-related business
 - Barring or suspending our firm with an investment-related business
 - Otherwise significantly limiting our firm's investment-related activities
 - Imposing a civil money penalty of more than \$2,500

- **We have no self-regulatory organization (SRO) proceeding in which our firm or management person**
 - Found to have caused an investment-related business to lose its authorization to do business
 - Found to have been involved in a violation of the SRO's rules and subsequently barred/suspended/expelled from membership or otherwise limited from investment-related activities or fined more than \$2,500

Other Financial Industry Activities and Affiliations

- Baystate Fiduciary Advisors, Inc. is intent on avoiding any form of conflict of interest and for this reason has no:
 - o Registration as a broker-dealer
 - o Registration as a futures merchant, commodity operator, commodity advisor or associated person of any of the foregoing
- In January 2014 Gregg Andonian, the principal/CCO and IAR of Baystate Fiduciary Advisors became a dually registered investment advisor representative by joining LPL Financial's RPCP program in order to provide additional support to sponsors.
- As a registered investment advisor representative of LPL Financial's corporate RIA there are resources/tools to further enhance the deliverables to plan sponsors. Note that there is no affiliation with LPL broker/dealer through this arrangement.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

- We will provide a full copy of our Code of Ethics applicable to our daily practice as well as to our various credentials to any client or prospective client upon request:
 - o Accredited Investment Fiduciary® (AIF®)
 - The AIF designation certifies that the recipient has specialized knowledge of fiduciary standards of care and their application to the investment management process. To receive the AIF designation, individuals must complete a training program, successfully pass a comprehensive, closed-book final examination under the supervision of a proctor and agree to abide by the AIF Code of Ethics. In order to maintain the AIF designation, the individual must annually renew their affirmation of the AIF Code of Ethics and complete six hours of continuing education credits. The certification is administered by the Center for Fiduciary Studies, LLC (a Fiduciary360 (fi360) company).
 - o Certified Financial Planner® (CFP®)
 - CFP Board's *Code of Ethics and Professional Responsibility (Code of Ethics)* outlines the minimum standards of acceptable professional conduct for individuals authorized to use the CFP® certification marks. As a CFP® certificant, we have agreed to comply with all applicable laws and regulations, including CFP Board's *Code of Ethics*, and to act in an ethical and responsible manner in our professional activities. It's what sets us apart from many other financial planners in the field today and demonstrates that we are striving to serve in the interests of the public. At the foundation of the *Code of Ethics* are seven principles which express CFP® certificants' recognition of their responsibilities to the public, to clients, to colleagues and to employers. The principles are: integrity, objectivity, competence, fairness, confidentiality, professionalism and diligence.

- BFA, Inc. nor any related person recommend to clients, or buys or sells for client accounts, securities in which we or a related person has a material financial interest

Applicable Brokerage Practices

- BFA, Inc. provides an annual full disclosure to all clients of any soft dollar benefits we receive from a third party in connection with client securities transactions.
 - o These soft dollars occur when a mutual fund family
 - Pays for an educational conference/event for which we attend
 - Pays for an entertainment event for which we attend (i.e. sporting event)
 - o BFA, Inc. has a gift and entertainment policy that restricts the annual amount of soft dollars as described above allowed by any one fund family
- We do not consider, in selecting or recommending broker-dealers, whether we or a related person receives client referrals from a broker-dealer or third party
- We do not recommend, request or require that a client execute transactions through a specified broker-dealer nor does our business model utilize a broker-dealer for client transactions

Review of Accounts

- On a quarterly basis, we create a Fiduciary Score Report® for our clients and assists in the selection/monitoring of the underlying fund options within the qualified retirement plan.
 - o This report is a by-product of the globally accepted fiduciary standards of excellence generated from the Center for Fiduciary Studies and Fiduciary360 www.fi360.com
- The reports are sent electronically to the client/investment committee prior to the scheduled investment committee meeting for their review/comments
- The investment committee meeting materials/agenda is created and reviewed with the investment committee by Gregg Andonian AIF®, CFP® President/COO of Baystate Fiduciary Advisors, Inc.
 - o The standard items covered in the investment committee review are:
 - Fiduciary Score® of the underlying funds offered in the plan as it relates to the written Investment Policy Statement of the plan
 - Applicable funds to be considered for Watch List or Replacement List
 - Trends in the qualified plan space (i.e. design/participant education)
 - Review of plan statistics
 - Recap of prior meetings “to-do’s” and follow-up on outstanding items

Client Referrals and Other Compensation

- We do not directly compensate any person who is not one of our supervised persons for client referrals though we have and will introduce other qualified plan service providers (i.e. third party administrators, health & welfare specialists, non-qualified specialists) per client requests that we have vetted and who may have/may have not provided us with a referral in the past.

Custody

- Baystate Fiduciary Advisors, Inc. does not take custody of client funds or securities

Investment Discretion

- Baystate Fiduciary Advisors currently works in a non-discretionary 3(21) capacity with its clients
- Gregg Andonian, as a dually registered investment advisor representative under the LPL Financial corporate RIA may, as requested by the plan sponsor, engage as a 3(38) advisor with discretionary control over plan investments.

Voting Client Securities

- Baystate Fiduciary Advisors, Inc. has not accepted and will not accept, authority to vote client securities

Supervised person/Investment Advisor Representative data

- Gregg Andonian is the supervised person and/or investment advisor representative(s) of Baystate Fiduciary Advisors, Inc.
Gregg has specialized in the qualified plan marketplace for over 15 years and prior to his role as President/COO of Baystate Fiduciary Advisors, Inc. , Gregg served as a senior Vice President for qualified plan distribution/design for a Fortune 500 company following a 10+year career in the defined contribution marketplace. Gregg attended the University of Massachusetts, Amherst and has earned specialized credentials in the qualified plan/fiduciary space as well as being recognized as a national speaker on these topics.
Gregg has not had any disciplinary actions brought against him during his entire career nor does he maintain any other business activities along with not receiving any form of additional compensation from other sources.