

PART 2 OF FORM ADV: FIRM BROCHURE

Item 1 Cover Page

**A. Adviser Information**

Name of Investment Adviser: Emeriti Retirement Health Solutions

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Date of this brochure: March 16, 2015

**B. Required Statements; Additional Information**

This brochure provides information about the qualifications and business practices of Emeriti Retirement Health Solutions. If you have any questions about the contents of this brochure, please contact us at (845) 567-6666. 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 Emeriti Retirement Health Solutions also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**C. Disclaimer Regarding Registered Status**

Emeriti Retirement Health Solutions is a registered investment adviser. Registration does not imply a certain level of skill or training.

**Item 2 Material Changes**

This brochure includes the following material changes since the last annual update of our brochure in March 2014:

There were no material changes

**Item 3 Table of Contents**

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## **Item 4 Advisory Business**

### **A. General Description of the Emeriti Program**

Emeriti Retirement Health Solutions ("Emeriti") is a not-for-profit corporation established under the laws of Illinois and section 501(c)(3) of the Internal Revenue Code. Emeriti was established for the purpose of assisting colleges, universities and other higher education-related, tax-exempt institutions ("Member Organizations" or "Members") in coping with the rising costs of retiree healthcare by offering them the opportunity to participate in a defined contribution, retiree healthcare benefits program ("Program") that it has designed. Members are limited to nonprofit colleges and universities and to qualifying higher education-related, tax-exempt organizations, which are identified at Item 7 of this brochure. Emeriti was established in 2004 and first registered as an investment adviser in 2005.

As a non-stock, not-for-profit corporation, Emeriti does not have any owners, including any principal owners. Emeriti's governance structure is comprised of its board of trustees ("Board of Trustees"), executive officers and an advisory council. The advisory council is comprised of representatives of Member Organizations and experts in the area of health policy and employee benefits.

Under the Program, Member Organizations adopt a retiree medical plan and two related, tax-qualified trusts, one to receive employer (Member Organization) contributions and the other to receive voluntary employee contributions (an optional feature). Institutions become Members in the Program by signing a membership contract and adopting a plan. The Member Organizations' employees, former employees and retirees (collectively "Participants") are eligible to participate in the plans once adopted, in accordance with eligibility rules selected by the Member from options presented to it in the plan adoption agreement. Contributions to the trusts are deposited in individual accounts established for each Participant and distributed, mainly at retirement, to make premium payments for one of the health insurance options available under the Program or to reimburse the qualified medical expenses of the Participant and his or her eligible family members. Members also have the option of adopting a separate plan and related trust to provide fully-insured health benefits for key employees (which trust would receive Member Organization contributions only). Prior to their distribution, assets are invested in investment alternatives provided under the Program. Participants direct the investment of their account balances among the investment alternatives.

Emeriti is the general administrator of the Program. Its business consists primarily of marketing the Program to eligible institutions, providing Members with model plan documents, assisting in the membership process, providing educational assistance to Participants, and contracting with and overseeing the Program's service providers. These third-party service providers, none of which are affiliated with Emeriti, include health insurers, administrators to provide recordkeeping and related services, a financial institution to provide trust services, and an investment manager. Currently, Aetna serves as the primary insurance carrier, and HealthPartners is the Program's insurance carrier in Minnesota. The Teachers Insurance and Annuity Association of America and affiliated companies (collectively "TIAA") provides trust, recordkeeping and investment management services. The remaining services, which relate to the disbursement of premiums and reimbursements for qualified medical expenses from participant accounts, are performed by the Savitz Organization ("Savitz"). Emeriti may terminate service provider contracts and change providers in accordance with the terms of its contracts with each provider and the member contract with each Member Organization.

## **B. and C. Types of Advisory Services Offered**

The majority of Emeriti's activities do not involve the provision of investment advice. Emeriti does not have management or supervisory authority over any plan assets. It does not issue periodicals or special reports about securities, by subscription or otherwise. It does not provide a timing service.

Certain services that Emeriti provides, however, could be deemed impersonal investment advice. For example, Emeriti selects the range of underlying federally-registered investment alternatives for the Program, monitors their suitability for the Program pursuant to a written investment policy, develops and distributes with other service providers written education materials regarding the investment alternatives which are sent to Participants or accessed on Emeriti's website, and conducts on-campus meetings for Members' administrators and Participants.

Emeriti also coordinates with the investment manager (TIAA) to provide annual reviews of the performance of investment alternatives offered under the Program for Member Organizations and relevant persons acting as the fiduciaries for their plans. Currently, the Program utilizes "lifecycle" mutual funds, as well as a money-market fund and a fund invested in U.S. Treasury instruments ("income fund"), which are, collectively, the core investment alternatives for the plans formed under the Program. TIAA is the investment manager for these funds. In addition, Emeriti provides Member Organizations the opportunity to include additional investment alternatives from a menu of mutual funds. Certain of these additional investment alternatives are managed by TIAA; others are managed by third-party investment managers that are not affiliated with either TIAA or Emeriti. Members remain fiduciaries under the Employee Retirement Income Security Act of 1974 ("ERISA") (or, as applicable for certain "governmental plans", under state trust law), and, as such, are responsible for monitoring the suitability and performance of the investment alternatives on behalf of their plans and Participants. Emeriti's investment-related services are not tailored to individual Members, plans or Participants.

In accordance with its written investment policy, the Board of Trustees has delegated the review of the Program's investment alternatives to a finance committee composed of Board members, which is advised by Emeriti staff, written reports from the investment manager (TIAA), and third-party analysis of the investment alternatives and peer group mutual funds. Emeriti staff reviews investment alternative performance on an ongoing basis, typically quarterly, and the finance committee undertakes its review no less than annually.

Emeriti also provides impersonal investment advice to Participants with respect to their account balances in their plan's trusts. The nature of this advice is further described at Item 8, below. Each Participant has two account balances, including a balance in the trust holding employer contributions made on his or her behalf and a balance in the trust holding his or her voluntary contributions. The investments of the employee's voluntary contributions are considered participation interest securities. A participation interest is a security representing a Participant's undivided percentage interest in the overall assets of the voluntary contribution trust. When a Participant makes a contribution to the voluntary contribution trust, the Participant in effect "purchases" a participation interest in the trust. Further explanation of the participation interests is available in the SEC no-action letter referenced in Item 7, below.

#### **D. and E.    Wrap Fee Programs and Discretionary Management**

Emeriti does not participate in a wrap-fee program or provide discretionary asset management services to Members or Participants in the Program.

## **Item 5 Fees and Compensation**

### **B. Compensation for Advisory Services; Payment of Fees**

In exchange for its activities under the Program, including those activities that could be deemed to involve the provision of impersonal investment advice, Emeriti receives compensation from both Members and Participants. Members are charged an initial, fixed enrollment fee of \$25,000 ("Membership Fee") upon joining the Program. This fee is in exchange for services and support relating to the commencement of Program participation, including the provision of model plan documents, the initial support services provided to Members in the set up and management of their plans, the initial provision of Participant education, and various other services. The Membership Fee is invoiced after the membership contract is signed. The initial contract is for a five-year period. A Member is able to terminate the contract prior to the end of the term only for the reasons set forth in Section 8(a) of the membership contract, including an unremedied breach of the contract by Emeriti, or a good-faith determination, supported by a written opinion of counsel, that a failure to terminate the contract would result in a breach of the Member's fiduciary duties under ERISA. If there is a need to terminate the contract, the Member may make provisions for termination assistance from Emeriti, the fees for which are identified in the membership contract.

In addition, each Participant is charged an annual administrative fee ("Account Fee") of \$5 per month. (Prior to October 1, 2010 the fee was \$4 per month.) The Account Fee is in exchange for administrative support provided to the Member's benefit-eligible population and ongoing Participant education. Members may elect to pay these per-Participant Account Fees in whole or in part on the Participants' behalf by making the election to do so in their plan's adoption agreement. A Member directs the plan trustee and record keeper to debit the Participant portion of the Account Fee, if any, from the Participants' accounts in the plan at the end of each month. Participants with no account balance in the plan are able to choose to pay their portion of the Account Fee, if any, by electronic transfer from a designated checking account.

### **C. Other Fees**

The Program's service providers charge additional fees, including a monthly account fee charged by TIAA for its administrative services, premiums for those Participants participating in health insurance options, investment management and associated fees that are disclosed in mutual fund prospectuses, and a monthly account fee for the provision of qualified medical expense reimbursement services, the processing of premium payments from accounts, and associated administration. These are fully disclosed as part of the membership contract and disclosures to Participants. Health insurance options and premium rates for each option will change annually after Emeriti's negotiation with insurers on behalf of Members and Participants. The premium rates depend on overall Program experience and vary by place of residence (by zip code) and age band. With respect to Participants' investments, there are no transaction fees charged (except those charged indirectly as part of the costs associated with the asset management of each investment alternative, which are disclosed in each mutual fund's prospectus).

#### **D. Fees Paid in Advance**

No fees are paid in advance, except the Membership Fee described above. The Membership Fee is negotiable in only rare instances; the Account Fees are not negotiable; and neither fee is refundable.

#### **E. Compensation from Sale of Securities**

Neither Emeriti, nor any Emeriti employee or other person supervised by Emeriti, accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds that are investment alternatives under the Program. Emeriti requires its employees and Board members to complete annual disclosure forms to disclose ownership, financial or other interests in entities or investments that would result in a conflict of interest, or the appearance thereof, for Emeriti or its Member Organizations, and it ensures that the conflicts are adequately addressed. See also Item 11, below.

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

Neither Emeriti, nor any of its employees or other supervised persons, accepts fees based on the assets of a Member's plan or Participant accounts within the plan, including any performance-based fees based on a share of capital gains or on capital appreciation of such assets. Therefore, neither Emeriti nor its employees or other supervised persons has any conflicts of interest that would arise in this context.

#### **Item 7 Types of Clients**

Emeriti's clients are (i) non-profit colleges, universities and higher-education-related institutions; (ii) the retiree health plans adopted by such institutions under the Program; and (iii) the individual Participants in the plans. As a condition of participating in the Program, Emeriti currently asks each Member Organization to contribute at least 0.5% of its annual payroll per year to fund the employer-contribution trust under the plan that the Member Organization adopts.

Emeriti operates under several no-action letters issued by the Securities and Exchange Commission in 2005, 2008 and 2009, which define the scope of institutions that may become Members of the Program. These include the following non-profit educational and education-related organizations, which meet criteria set forth in the no-action letters:

1. Colleges and universities,
2. Elementary and secondary schools that offer education at the pre-college level,
3. Teaching hospitals and medical research organizations committed to supporting medical schools in the advanced training of doctors, nurses and allied health professionals,
4. Libraries and museums,

5. Research and research support organizations committed to the advancement of knowledge in the arts, humanities, social sciences, natural sciences, learned professions, technology disciplines or field of teaching,
6. Certain educational associations, and
7. Charitable foundations whose mission of philanthropic support substantially embraces organizations in tax-exempt educational, research, and cultural fields.

The most recent no-action letter, dated September 2, 2009, which describes the applicable eligibility criteria for these institutions, can be obtained at

<http://www.sec.gov/divisions/corpfin/cfnoaction/2009/emeriti090309-2a3.htm>.

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

Emeriti does not implement any investment strategies, other than by selecting and monitoring investment alternatives for the Program and the investment managers for such investment alternatives. All investment alternatives are mutual funds registered under the Investment Company Act of 1940. The core investment alternatives, which are included in all Member Organization plans, are a series of lifecycle funds and money-market and income fund alternatives, each of which is managed by TIAA. Emeriti also makes available additional investment alternatives that each Member Organization may elect to utilize in the plan it establishes under the Emeriti Program. Certain of the additional investment alternatives are managed by TIAA, and others are managed by third-party investment managers who are not affiliated with either TIAA or Emeriti. (TIAA may receive a shareholder servicing or similar fee from investment alternatives managed by third-party investment managers, which would be disclosed in the fund prospectus.)

Key factors for selecting lifecycle investment alternatives included their automatic reallocation to more conservative assets as the target retirement date for each fund approaches, as well as the Participants' ability to split or mix their individual account balances among the various lifecycle funds. The money market and income fund alternatives were specifically chosen to offer Participants options for short-term deposits, consistent with the need to draw from assets to pay for insurance premiums and qualified medical expenses in retirement. These core investment alternatives are each money-market funds or diversified, federally-registered mutual funds the range of which is intended to permit Participants to select investment alternatives and portfolios that are suitable to their own time horizons and risk profiles. Similarly, the additional investment alternatives made available to Member Organizations are diversified, federally-registered mutual funds the range of which is intended to permit Member Organizations to enable their Participants to construct portfolios suitable to their own time horizons and risk profiles. Participants may self-direct their individual accounts and conduct transactions on a daily basis. The assets in the accounts of Participants who do not elect to make investment decisions are invested by default into the investment alternative designated by the Member Organization, which is typically the age appropriate lifecycle/target date fund, currently one of the TIAA lifecycle funds.

As described above in Item 4, Emeriti selects and monitors the investment alternatives it makes available to Member plans and Participants under a written investment policy that has been



approved by its Board of Trustees. Pursuant to that policy, the finance committee of Emeriti's Board of Trustees, advised by the Emeriti staff, reviews the investment alternatives no less than annually to ensure their continued suitability for the Program and that they remain individually and taken as a whole competitive in price, total return and overall performance with peer group mutual funds. The finance committee takes into account information assembled by Emeriti staff, written reports of TIAA and third-party research and reviews each investment alternative assessed against its peer group. The finance committee also take into account any other information it deems appropriate, including comments, if any, received from Member Organizations and Participants.

Member Organizations remain responsible as plan fiduciaries under ERISA (or, in the case of Member Organization's with "governmental plans", under state trust law) for reviewing the investment alternatives, including the core investment alternatives and any additional investment alternatives they may elect to make available to their plan Participants, and assessing their continued suitability for their plan Participants.

Plan Participants are responsible for choosing the investment alternatives in which to invest their plan account balances from among those made available by the Member Organization and are responsible for any investment losses. Investing in securities, including the investment alternatives and participation interests available under the Program, involves a risk of loss which each Participant should be prepared to bear. Risks associated with the mutual funds available under the Program are disclosed in each fund's prospectus.

## **Item 9 Disciplinary Information**

There are no material legal or disciplinary events, such as any criminal or civil action in a domestic, foreign or military court of competent jurisdiction, an administrative proceeding before the SEC or any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority, or any self-regulatory organization proceeding, involving Emeriti or any Emeriti management person.

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

Neither Emeriti nor any of Emeriti's management persons:

- is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer;
- is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associate person of the foregoing entities;
- has a relationship or arrangement material to Emeriti's advisory activities or clients with any related person;
- recommends or selects other investment advisers for its clients, other than as described in Items 4.A. and 8. Under their current contractual arrangement, TIAA, which serves as investment manager for the core investment alternatives and certain of the other available

additional investment alternatives also serves as the record keeper and trustee of plans in the Program. Excepting that Emeriti has adopted a plan under the Emeriti Program, and additionally, that certain Emeriti employees may have other retirement or retail accounts that are managed by TIAA (see Item 11.D., below), Emeriti does not have any other business relationships with TIAA or any other advisers. It receives no compensation directly or indirectly from TIAA or any other adviser that would create a material conflict of interest.

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

### **A. Code of Ethics**

Emeriti has adopted a Code of Ethics pursuant to SEC rules. Emeriti's Code of Ethics recognizes that Emeriti and its employees and related persons have a fiduciary duty with respect to Emeriti's clients, imposes a duty of confidentiality on Emeriti employees and related persons with respect to information of clients and prospective clients, prohibits its employees and related persons from receiving or soliciting gifts from clients or other persons, prohibits its employees or related persons from taking personal advantage of any business opportunity belonging to Emeriti, and prohibits its employees or related persons from using their position to influence clients to engage in any transaction that creates a personal benefit for such employee or related person.

Emeriti Board members and employees are required to complete a conflicts of interest disclosure form annually. Each member and employee is required to disclose any conflicts of interest arising from financial interests or arrangements or positions of authority he or she (or a family member) holds or acquires that may result, or appear to result, in a conflict of interest between him or her and Emeriti, its Members, or its unaffiliated service providers.

The Emeriti executive officers and Board have a process in place by which to address such conflicts. Emeriti also has a written whistleblower policy, which was approved by the Board. The policy has been provided to all employees and is intended to facilitate staff members to come forward and raise concerns regarding any behavior of a Board member, executive officer or employee of Emeriti that is perceived to be improper or inappropriate and to ensure the proper investigation of such concerns.

Emeriti will provide a copy of its Code of Ethics, conflict of interest disclosure form and whistleblower policy upon request to any Member or prospective Member.

### **D. Participation or Interest in Client Transactions; Personal Trading**

Neither Emeriti nor any of its employees or related persons buys or sells securities for client accounts. Neither Emeriti nor any of its employees or related persons recommends securities to clients, other than through selecting the investment alternatives for the Program, all of which are either money-market or open-end mutual funds, and through encouraging Participants to purchase participation interest securities by making contributions to their plan where a participant contribution option is available.

Emeriti has adopted a plan under the Program and Emeriti's employees, former employees, and retirees are eligible to be Participants in this plan, but do not have the ability to make voluntary

employee contributions to the plan. Emeriti employees and related persons may also from time to time hold de minimis number of shares in the mutual funds which make up the investment alternatives for the Program, including within Emeriti's own retiree health benefit plan, in Section 403(b) and similar plans in which certain Emeriti employees may participate as a result of opportunities provided by previous employers (including in the case of one Board member and one employee their prior employment with TIAA), or as a result of the purchase of shares in the retail market. In light of the relative size of the shares likely to be bought and sold, there would be de minimis impact and no material conflict of interest presented by Emeriti's employees' or any related person's ownership of such securities.

Emeriti requires any of its Board members' and employees' shares in an investment alternative or in any TIAA-offered investments to be disclosed to Emeriti.

## **Item 12 Brokerage Practices**

### **A. Factors in Selecting or Recommender Broker-Dealers for Client Transactions**

Emeriti does not perform brokerage activities. Emeriti has selected TIAA to provide trustee and related transfer agent services for all transactions in the investment alternatives in the Participant accounts under a plan. Participants are not able to use any entity to effect transactions in their plans other than TIAA. In the future, if Emeriti's arrangement with TIAA expires or is terminated, Emeriti could potentially select a different service provider to provide these services. Emeriti selected TIAA to provide these services because of its long experience and overall good reputation in the financial services industry, and because TIAA agreed to provide a comprehensive package of related services, including trust and recordkeeping for the plans, as well as providing the investment alternatives. Emeriti determines the reasonableness of TIAA's fees under the Program by comparing TIAA's fees to fees charged by other similar financial services and record-keeping firms, taking into account the unique nature of the Program and the services which TIAA provides to the Program. Although not all investment advisers require their clients to direct brokerage, which may result in less favorable execution of transactions, or may be more costly, Emeriti believes that the arrangements described above are efficient and contribute to its ability to obtain advantageous overall administrative and transactional performance and costs in the context of the unique nature of the Emeriti Program.

It is Emeriti's practice to negotiate with the parties with whom it contracts for various transactional and administrative services on behalf of its Members and to ensure the reasonableness of fees charged under the Program by conducting extensive negotiations, comparing other potential service providers, their capabilities and fees against those it hires. The quality of all services are monitored on a regular basis, based upon regular consultations with TIAA and other service providers, consultations with Emeriti's Advisory Council on no less than a quarterly basis, and feedback obtained from other representatives of Member Organizations through one-on-one communications and occasional surveys.

Emeriti does not receive research or other soft dollar benefits from a broker-dealer or a third party in connection with Member or Participant securities transactions. However, the investment manager may provide services that are beneficial to all Members and Participants, such as the provision of investment education materials and tools available on the investment manager's and Emeriti's websites.

## **B. Aggregation of Accounts**

Emeriti does not purchase or sell securities for client accounts, and therefore does not aggregate or have the opportunity to aggregate orders. All transactions in plan accounts are executed by TIAA.

## **Item 13 Review of Accounts**

### **A. and B. Review of Accounts**

Emeriti reviews Program accounts on an aggregate basis in conjunction with its annual review of investment alternatives, which we have previously described. Emeriti also reviews the plan-level accounts of a Member Organization when assisting it in making its required Form 1024 tax filing. Emeriti also may review accounts and act as an intermediary between a service provider to the Program, Members and Participants in the event of a potential administrative error, delinquency in contribution or 1 other similar matter. Neither Emeriti nor any persons supervised by Emeriti review the accounts or financial plans of Member Organizations or Participants to provide any investment advice, except the provision of information which may be deemed impersonal investment advice.

### **C. Reports to Clients**

Currently Member Organizations are able to obtain account statements for their plans daily via the Emeriti website and the online administrative system provided by the record keeper (TIAA). Members and Participants receive written, posted account statements quarterly and may obtain their account balances daily by telephone inquiry to the record keeper or via the record keeper's password-protected website. Members and Participants receive account statements directly from the record keeper (TIAA), not from Emeriti. In the event of disbursements relating to premium payment or qualified medical expense reimbursements, Participants also will receive statements from Savitz. Members are urged to review the account statements they receive or may access on-line and reconcile them with their own payroll records and other internal records that reflect their contributions and those of their employees to their plans. Participants similarly are urged to reconcile their account statements with their paystubs and similar records, and, in the event they have made contributions by electronic transfer from their personal bank accounts, with their bank statements.

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

### **A. Referral Compensation Paid to Emeriti**

Neither Emeriti nor its employees receives any economic benefit for providing investment advice or other advisory services (or any services it provides under the Program) from any non-client third parties.

### **B. Referral Compensation Paid by Emeriti**

Neither Emeriti nor any related person directly or indirectly compensates any person, other than persons who are supervised by Emeriti, for client referrals.

## **Item 15 Custody**

Emeriti does not have custody of any client assets. Emeriti has selected the financial institution acting as trust company for the trusts that each Member forms for the plans it establishes under the Program. The financial institution, currently TIAA, serves as trustee and custodian of each plan's assets. Members enter into trust agreements directly with the financial institution. See also Item 13.C. above regarding account statements.

## **Item 16 Investment Discretion**

Emeriti does not have or accept discretionary authority to manage securities on behalf of Member Organizations or Participants. Emeriti's sole role is to select and monitor the available investment alternatives provided under the Program in accordance with its written investment policy. Members are fiduciaries responsible for monitoring the performance of the investment alternatives and their ongoing suitability for their own plans and Participants. Under the terms of the membership contract, if Emeriti were to alter the core investment alternatives available under the Program, it would provide notice to each Member, who could make a decision to object to the change and terminate its relationship with Emeriti. Similarly, if Emeriti were to alter the additional investment alternatives available under the Program, it would provide notice to each Member, who could make a decision relating to the change. Changes in investment alternatives, if any, would be made in accordance with procedures disclosed to Members and 2 Participants in accordance with the regulatory requirements of ERISA and any other relevant law or regulation.

Participants self-direct investment of the assets in their individual accounts among the Program's investment alternatives. If Participants do not provide any direction, their assets are invested by default into the investment alternative selected by the Member, typically into the age-appropriate lifecycle fund.

## **Item 17 Voting Client Securities**

### **A. Voting Authority**

Emeriti does not have, nor will it accept, authority to vote securities on behalf of Members or Participants. Participants have voting rights associated with the underlying mutual fund shares in which their account balances are invested, including the investments in both the employer contribution trust and the employee contribution trust. The participation interests held by Participants in the voluntary contribution trust are non-transferable and do not convey any voting, dividend, distribution or other similar rights commonly associated with securities.

### **B. Proxy Materials**

In accordance with plan documents, each Participant receives the proxy materials that he or she would receive as if the mutual fund shareholder of record from the record keeper. Participants may elect to receive these materials electronically. Questions regarding proxy materials should be directed to TIAA, in its capacity as the trustee and record keeper. A Participant has the right

to direct the plan trustee in the manner described in the proxy materials to vote the shares credited to his or her account. The trustee votes the shares as directed by the Participant and does not vote shares for which it receives no direction from the Participant.

## **Item 18 Financial Information**

### **A. Prepayment of Fees; Balance Sheet**

Emeriti requires Member Organizations to pay an initial membership fee of \$25,000, which is described in Item 5. This fee is due upon execution of the membership contract. The membership fee relates to startup costs.

### **B. Financial Impairments**

Emeriti does not have any financial conditions that are reasonably likely to impair its ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions**

Emeriti has not been subject to a bankruptcy petition at any time during the past ten years.

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

Emeriti is not registered or required to be registered with any state securities authority