



**Firm Brochure  
(Form ADV Part 2A)**

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**August 1, 2015**

**This brochure provides information about the qualifications and business practices of Independent Advisor Alliance, LLC. If you have any questions about the contents of this brochure please contact us at 704-540-2500. 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.**

**Independent Advisor Alliance, LLC is a registered investment advisor. Registration does not imply any level of skill or training.**

**Additional information about Independent Advisor Alliance, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2 – Material Changes**

This brochure is dated August 1, 2015. The following are the material changes made to this brochure since the date of our last annual update and brochure revision in January 2015.

- Add references to a new service offering referring retirement plan participants and plan sponsors to third party advisory firms for allocation recommendations and retirement education. (Items 4, 5, and 10)

## **Item 3 – Table of Contents**

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## **Item 4 – Advisory Business**

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**Independent Advisor Alliance, LLC** (“IAA”, “we” or “our”) is a fee-only registered investment advisor that provides clients with asset management, retirement and financial planning services as described below. Our home office is in Charlotte, North Carolina, and our business model includes a network of advisory representatives with offices located in North Carolina, South Carolina, Virginia and Florida. Some of these offices may choose to operate under a separate and independently owned business name other than IAA. Regardless of the name used, these advisory representatives remain licensed through IAA, and subject to our supervision when offering advisory services through IAA.

IAA became registered as an investment advisor in 2013, and is owned by Robert Russo. While we are a newly registered investment advisory firm, please note that many of the advisory representatives of IAA have been providing asset management services to clients through other investment advisory firms. For information about the experience of the advisory representative handling your account, please refer to the brochure supplement for the advisory representative, a copy of which you should have received along with this brochure.

### **Asset Management Services**

IAA offers discretionary asset management services through a program account (the “Program”) based on the individual needs of clients (“client”, “you” or “your”). Understanding your personal situation is very important to the services we provide. Therefore, we will have detailed discussions with you to understand your current financial situation and investments, goals, risk tolerance and investment objectives. The investment objective you select, which could range from income with capital preservation to aggressive growth, in addition to personal consultations, will guide us in managing your account. In the Program we provide management services using a variety of investment types, including but not limited to, no-load and load-waived mutual funds, exchange traded funds (“ETF”), individual stocks and bonds, and alternative investments.

Client assets managed by IAA are held in accounts at a registered broker/dealer and qualified custodian such as LPL Financial, LLC (“LPL”) or TD Ameritrade. The custodian provides clearing, custody and other brokerage services for client accounts. While IAA may assist you in completing the custodian’s paperwork, you are ultimately responsible for providing the necessary information to establish the account. You will retain all rights of ownership on your account, including the right to withdraw securities or cash, vote proxies, and receive transaction confirmations. In addition, you will also have the ability to impose restrictions on investing in certain securities or types of securities at the time you open the account.

In order to hire us to provide management services, you will be asked to enter into a written investment advisory agreement with us. This agreement will set forth the terms and conditions of our relationship, including the amount of your investment advisory fee.

## **Manager Access Select and Other Third Party Management Programs**

IAA offers the LPL Manager Access Select (“MAS”) advisory program. The MAS program makes the advisory services of third party management firms (“Portfolio Managers”) available to clients. IAA will assist the client in determining the investment objective, as well as selecting an investment strategy and Portfolio Manager, for the account. The Portfolio Manager selected by the client will manage the MAS account on a discretionary basis. The types of securities that may be purchased by the Portfolio Manager include stocks, bonds, mutual funds and ETFs. A Portfolio Manager may also hire one or more sub-advisors to manage all or a portion of the MAS account. IAA will provide the client with ongoing advice and monitoring of the Portfolio Manager’s services and acts as the point of contact between the client and Portfolio Manager.

LPL serves as an investment advisor for the MAS program. In addition, LPL provides custodial, brokerage and administrative services to clients. LPL also provides research information to IAA, which may assist us in determining which Portfolio Managers to recommend to clients. Clients will be required to enter into an account agreement with IAA, LPL and the selected Portfolio Manager in order to open an MAS account and engage us for services. You will have the opportunity to impose restrictions on investing in certain securities or types of securities when completing this agreement.

IAA may also offer the advisory services of third party management firms (“Portfolio Managers”) through programs and custodians other than LPL. For such services, LPL does not serve as an investment advisor for the program; IAA will serve as an investment advisor as described above in providing services to the client along with the Portfolio Manager.

## **Model Wealth Portfolios**

IAA offers the LPL Model Wealth Portfolios (“MWP”) advisory program. The MWP program is a managed mutual fund and exchange traded fund (“ETF”) asset allocation program in which both IAA and LPL serve as investment advisors and provide ongoing investment advice.

Upon opening an MWP account we will select one or more model portfolio of funds (“Portfolio”) designed by LPL or a third party investment strategist (“Portfolio Strategist”) based on your investment objective. IAA may also have the ability to change the Portfolio(s) selected for the account. LPL or the Portfolio Strategist is responsible for selecting the mutual funds and/or ETFs within a portfolio. LPL has discretion to buy and sell securities in the account according to the Portfolio(s) selected. A Portfolio Strategist does not have discretion, but instead provides LPL with asset allocation and fund recommendations. LPL also acts as an overlay portfolio manager in coordinating the trades in the account. Clients should refer to the LPL MWP disclosure brochure for additional details.

In addition to serving as an investment advisor for the MWP program, LPL provides custodial, brokerage and administrative services to clients. Clients will be required to enter into an account agreement with IAA and LPL in order to open an MWP account and engage us for services. You will have the opportunity to impose restrictions on investing in certain securities or types of securities when completing this agreement.

## **Personal Wealth Portfolios**

IAA offers the LPL Personal Wealth Portfolios (“PWP”) advisory program. The PWP program is a unified managed account in which both IAA and LPL serve as investment advisors and provide ongoing investment advice. In PWP, clients invest in asset allocation portfolios (“Portfolios”) designed by LPL, which include a combination of mutual funds, ETFs and investment models (“Models”) provided to LPL by third party money managers (“PWP Advisors”). The Models typically consist of equity and fixed income securities, but may include mutual funds. LPL selects the mutual funds, ETFs and Models to be made available in a Portfolio.

Upon opening a PWP account, we will select the Portfolio based on your investment objective, and then select among the mutual funds, ETFs and/or Models available in the Portfolio. On an ongoing basis LPL has discretion to buy and sell securities in the account and acts as the overlay portfolio manager in coordinating the trades among the various securities and sleeves of the account. In some cases, the PWP Advisor of a municipal security Model may have discretion over the municipal security holdings in the account. Except as noted above, PWP Advisors are limited to providing Models to LPL and do not have discretion. Clients should refer to the LPL PWP disclosure brochure for additional details.

In addition to serving as an investment advisor for the PWP program, LPL provides custodial, brokerage and administrative services to clients. Clients will be required to enter into an account agreement with IAA and LPL in order to open a PWP account and engage us for services. You will have the opportunity to impose restrictions on investing in certain securities or types of securities when completing this agreement.

## **Optimum Market Portfolios**

IAA offers the LPL Optimum Market Portfolios (“OMP”) advisory program. Both IAA and LPL serve as investment advisors and provide ongoing investment advice for the OMP program. The OMP program offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds Class I shares. There are up to six Optimum Funds that may be purchased within an OMP account: Optimum Large Cap Growth Fund, Optimum Large Cap Value Fund, Optimum Small Cap Growth Fund, Optimum Small Cap Value Fund, Optimum International Fund and Optimum Fixed Income Fund. Upon opening an OMP account we will select a portfolio for you based on your investment objective. LPL will then rebalance the portfolio based on the frequency selected. Clients should refer to the LPL OMP disclosure brochure for additional details.

In addition to serving as an investment advisor for the OMP program, LPL provides custodial, brokerage and administrative services to clients. Clients will be required to enter into an account agreement with IAA and LPL in order to open an OMP account and engage us for services.

## Retirement Plan Consulting Services

IAA offers consulting services to retirement plan sponsors in some or all of the following areas as agreed upon between the plan sponsor and IAA in the written consulting services agreement.

- Investment Policy Statement – assist the plan sponsor in developing or revising the plan’s investment policy statement based upon its objectives and constraints
- Service Provider Liaison – act as a liaison between the plan and its service providers, product sponsors and vendors based solely on instructions from the plan on investment or administrative matters. IAA will not exercise judgment or discretion with regard to these matters
- Investment Monitoring – perform ongoing monitoring of investments and/or investment managers based on written guidance provided by the plan
- Investment Recommendations – recommend specific investments for plan sponsor to consider within the plan or to make available to plan participants (if applicable), and/or recommend replacement investments if an existing investment is deemed no longer suitable by the plan sponsor. All decisions regarding investment options to be made available to plan participants for purchase are the responsibility of the plan sponsor
- 404(c) Assistance – assist plan in identifying investment options under the “broad range” requirement of ERISA 404(c)
- Qualified Default Investment Alternative (QDIA) Assistance – assist client in identifying an investment alternative within the definition of QDIA under ERISA
- Education Services to Plan Sponsor – provide training for members of the plan sponsor or any plan committee with regard to their services, including education with respect to their fiduciary responsibilities
- Participant Enrollment – assist and/or provide resources to assist the plan in enrolling plan participants in the plan, including facilitating agreed upon enrollment meetings and providing participants with information about the plan such as terms and operation of the plan, benefits of plan participation, benefits of increasing plan contributions, and impact of preretirement withdrawals on retirement income
- Participant Education – facilitate individual or group investment education meetings for plan participants providing information about investment options under the plan such as investment objectives and historical performance, explaining investment concepts such as diversification and risk and return, and providing guidance as to how to determine investment time horizon and risk tolerance. This will not include individualized investment advice for a particular participant
- Changes in Investment Options – assist in making changes to investment options under the plan upon the plan sponsor’s direction. IAA will have no discretion over the changes made or be involved in trade execution
- Vendor Analysis – assist plan with the preparation, distribution and evaluation of Requests for Proposals, finalist interviews and conversion support
- Benchmarking Services – provide plan with comparisons of plan data such as fees, services, participant enrollment and participant contributions levels to data from the plan’s prior years and/or similar plans

- Fee Assessment – assist plan in identifying fees and other costs incurred by the plan for investment management, recordkeeping, participant education, participant communication and/or other services provided

The plan sponsor is responsible for determining whether or not to implement any recommendations provided by IAA. IAA does not take discretion with respect to plan assets and IAA does not provide individualized advice to participants in the plan.

In some situations, where agreed to in writing by IAA, certain specified investment management services may be provided to plan sponsors. These services include making investment selections and developing custom model portfolios.

### **Participant Managed Account Program**

IAA offers investment advice and related services regarding client's self-directed retirement plan assets. As part of the services, IAA shall make available to client the LPL Employee Advice Solution Tool (the "Advice Portal") through which (i) IAA solicits from client financial data and other information which IAA's advice is based, (ii) IAA provides advice to client regarding the asset allocation and investment selection for client's account, and (iii) IAA manages the client's account.

In order to hire us to provide participant managed account services, you will be asked to enter into a written investment advisory agreement with us. This agreement will set forth the terms and conditions of our relationship, including the amount of your investment advisory fee.

### **Financial Planning Services**

Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. The key defining aspect of financial planning is that through the financial planning process, all questions, information and analysis will be considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service will receive a written report, providing the client with a detailed financial plan designed to achieve his or her stated financial goals and objectives. In general, the financial plan may address any or all of the following areas of concern:

- Personal: Family records, budgeting, personal liability, estate information and financial goals;
- Tax & Cash Flow: Income tax and spending analysis and planning for past, current and future years. We may illustrate the impact of various investments on a client's current income tax and future tax liability;
- Death & Disability: Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis;
- Retirement: Analysis of current strategies and investment plans to help the client achieve his or her retirement goals;

- Investments: Analysis of investment alternatives and their potential effect on a client's portfolio;
- Estate: Analysis of financial issues with respect to living trusts, wills, estate tax, powers of attorney, asset protection plans, nursing homes, Medicare and/or Medicaid and elder law; and
- Insurance: Review of existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.

IAA advisory representatives gather required client information through a combination of personal interviews and telephone and electronic communications. Information gathered may include a client's current financial status, tax status, future goals, return objectives and attitudes towards risk. Advisory representatives will review supporting documents supplied by the client. All recommendations are of a generic nature. The implementation of any specific financial plan recommendations is entirely at the client's discretion.

Clients wishing to engage IAA for financial planning services will be required to enter into a written financial planning agreement. Typically, the financial plan will be presented to the client within six months of the agreement date, provided that all information needed to prepare the financial plan has been promptly provided to the advisory representative by the client.

Clients can also receive investment advice on a more limited basis through consulting services. This may include advice on isolated area(s) of concern such as estate planning, retirement planning, insurance issues, annuity advice, or any other specific topic. Clients wishing to engage IAA for consulting services will be required to enter into a written consulting services agreement. Clients will not receive a written financial plan from IAA when engaging us for consulting services.

Financial planning and consulting services offered by IAA conclude upon delivery of the written financial plan or analysis. The services do not include implementation of any investment recommendations.

### **Referrals to Third Party Advisors**

IAA may also act as a solicitor and refer clients to third party investment advisory firms for management services. The advisory representative will assist you in determining your investment objective for the account, and recommend an appropriate portfolio or management style offered by the third party advisor. The third party advisor will buy and sell securities in your account on a discretionary basis. IAA does not participate in the management of accounts managed by the third party advisor. You should refer to the disclosure brochure for the third party advisor for further information about the services offered by the third party advisor, as well as whether or not the third party advisor will permit you to impose reasonable restrictions on the investments selected within the account.

IAA may also act as a solicitor and refer retirement plan participants and plan sponsors to third party investment advisory firms for services including allocation recommendations and retirement education, but specifically excluding account management or assistance with trading.



Such services will be provided to you primarily through a web portal provided by the third party advisor. The advisory representative will assist you in establishing the relationship with the third party advisor and be available to answer questions and facilitate the relationship on an ongoing basis. You should refer to the disclosure brochure for the third party advisor for further information about the services offered by the third party advisor.

You will be required to enter into an investment advisory agreement and other account paperwork with the third party advisor in order to establish a relationship, as well as sign a disclosure that IAA is acting in a solicitation only capacity.

### **Assets Under Management**

As of December 31, 2014 we have \$339,600,000 in assets under management on a discretionary basis.

### **Additional Services**

IAA also offers asset management services through a wrap fee program (“Wrap Program”). For more information regarding our Wrap Program, please contact us to request a copy of the IAA Wrap Program Brochure or visit the SEC website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

## **Item 5 – Fees and Compensation**

The amount of advisory fees will be disclosed prior to services being provided and agreed upon in the written investment advisory agreement. We will not require payment of more than \$1,200 in fees more than six months in advance.

### **Asset Management Services**

The annual advisory fee for management services is a maximum of 2.5%, and is based on a percentage of the market value of your account, including cash holdings. Advisory fees are negotiable between IAA and the client, and the amount of the advisory fee will be as agreed upon in writing between IAA and the client.

Advisory fees are billed quarterly in advance and calculated based on the account’s market value on the last business day of the prior quarter. Advisory fees will be deducted from your account by the custodian holding assets.

The advisory fee is shared between IAA and its advisory representative. In such cases where a custodian other than LPL is selected by the client, IAA will pay 5% of the advisory fee received from the client to LPL as an oversight fee. This payment comes from the portion of advisory fee that would otherwise be paid to the IAA advisory representative. In addition, IAA retains an additional 5% of the advisory fee that would otherwise be payable to the advisory representative. To the extent an advisory representative is permitted to use a custodian other than LPL as discussed in Item 12 – Brokerage Practices, this presents a conflict of interest in that the advisory representative has a financial incentive to recommend LPL as a custodian. Notwithstanding,

IAA and its advisory representatives take its responsibility to clients seriously, and will recommend a custodian to clients only if it believes it is in the client's best interest.

In addition to the advisory fee you pay to us for our services, you will pay certain transaction charges for trade execution. These transaction charges are paid to the custodian; IAA does not receive any portion of the transaction charges. The transaction charges vary based on the type of investment (e.g., mutual fund, ETF, equity or option) and range from \$0 to \$50.00. IAA will provide you with a schedule of transaction charges for the custodian you select when you establish your account.

You may also incur certain charges imposed by third parties other than IAA in connection with investments made through the account depending upon the type of investments made and type of account. IAA does not receive any portion of these fees. These charges include, but are not limited to, the following:

- Mutual funds - mutual fund 12b-1 fees, mutual fund management fees and administrative expenses, mutual fund transaction fees and redemption charges (if applicable) and deferred sales charges on previously purchased mutual funds transferred into the account
- ETFs – fund management fees and expenses
- Variable annuities – mortality, expense and administrative charges, fees for additional riders purchased by you on the contract, and charges for excessive transfers within a calendar year if imposed by the variable annuity sponsor
- Certain retirement accounts - IRA and qualified retirement plan fees
- Certain trust accounts - Administrative servicing fees for trust accounts
- Unit investment trusts ("UIT") - creation and development fees or similar fees imposed by UIT sponsors
- Alternative investments - hedge fund and managed future investment management fees, managed futures investor servicing fees, and business development company fees
- Sweep money market funds and cash balances – 12b-1 fees or other fee based on average daily deposit balances
- Other charges required by law and imposed by the executing broker/dealer or custodian

If your account invests in mutual funds or ETFs, please note that you will pay the fund a management fee as a shareholder of the fund in addition to paying us an advisory fee for managing the assets. As many of the funds available in the Program may be purchased directly, you could avoid the second layer of fees by not using our management services and by making your own fund investment decisions.

Advisory representatives of IAA may also be separately registered as licensed securities representatives of LPL. In this capacity, the advisory representatives can sell securities to clients and receive compensation in the form of commissions and 12b-1 fees or trails. However, such compensation will not be received in connection with investments made in Program accounts.

The Program may cost you more or less than if the assets were held in a commission-based brokerage account. In a brokerage account, you are charged commissions for each transaction, and we would have no duty to provide ongoing advice with respect to the account. If you plan to

follow a buy and hold investment strategy for the account or do not wish to purchase ongoing investment advice or management services, you should consider opening a commission-based brokerage account rather than a Program account.

You may terminate the agreement for services with us at any time with written notice. Upon termination, any prepaid, unearned fees will be refunded.

For additional information, refer to Item 12 – Brokerage Practices.

### **Manager Access Select and Other Third Party Management Programs**

The annual advisory fee for MAS and other third party management programs is a maximum of 3%, and is based on a percentage of the market value of your account, including cash holdings. Advisory fees are negotiable between IAA and the client, and the amount of the advisory fee will be as stated in the account agreement.

Advisory fees are billed quarterly in advance and calculated based on the account's market value on the last business day of the prior quarter. Advisory fees will be deducted from your account by the custodian holding assets and paid to IAA. The custodian may also charge miscellaneous administrative and custodial-related fees and charges that may apply to an account.

For MAS accounts, the advisory fee will be shared among IAA, the Portfolio Manager, and LPL. IAA receives up to 87.5% of the advisory fee charged to the client and shares a portion with its advisory representative. The balance of the fee is retained by LPL, with a portion ranging from 0.25% to 1.50% paid to Portfolio Manager.

For other third party management programs, the advisory fee will be shared between IAA and the Portfolio Manager. IAA receives up to 11% of the advisory fee charged to the client and shares a portion with its advisory representative. The Portfolio Manager receive a portion ranging from 0% to 1.00%.

As the amount of the fee charged by one Portfolio Manager may differ from the amount charged by another Portfolio Manager, IAA may have a financial incentive to recommend a Portfolio Manager that charges less than others. We take our responsibilities to clients very seriously and we will only recommend a Portfolio Manager if we believe it is appropriate and in the client's best interests.

As the MAS and other third party management programs may invest in mutual funds and ETFs, you should understand that you will pay the fund a management fee and other expenses as a shareholder of the fund in addition to paying an advisory fee to IAA, the Portfolio Manager and LPL (if applicable). As the funds may be purchased directly, you could avoid the second layer of fees by not using the management services offered through the program and by making your own investment decisions.

Advisory representatives of IAA may also be separately registered as licensed securities representatives of LPL. In this capacity, the advisory representatives can sell securities to clients

and receive compensation in the form of commissions and 12b-1 fees or trails. However, such compensation will not be received in connection with investments made in a MAS or other third party management program account.

MAS and other third party management programs may cost you more or less than if the assets were held in a traditional brokerage account. In a brokerage account, you are charged commissions for each transaction, and we would have no duty to provide ongoing advice with respect to the account.

You may terminate the agreement for services with us at any time with written notice. Upon termination, any prepaid, unearned fees will be refunded.

For additional information, refer to Item 12 – Brokerage Practices and the LPL MAS disclosure document and account agreement or similar documents for other third party management programs.

### **Model Wealth Portfolios**

The annual advisory fee for MWP is a maximum of 2.5%, and is based on a percentage of the market value of your account. Advisory fees are negotiable between IAA and the client, and the amount of the advisory fee will be as stated in the MWP account agreement.

Advisory fees are billed quarterly in advance and calculated based on the account's market value on the last business day of the prior quarter. LPL, as the qualified custodian for the MWP account, is responsible for calculating and deducting all advisory fees from your account. LPL may charge miscellaneous administrative and custodial-related fees and charges that may apply to an MWP account.

IAA receives up to 90% of the advisory fee charged to the client and shares a portion with its advisory representative. The balance of the fee is retained by LPL, with a portion paid to Portfolio Strategists, if applicable. As the amount of the fee charged by one Portfolio Strategist may differ from the amount charged by another Portfolio Strategist, IAA may have a financial incentive to recommend a Portfolio that charges less than others. We take our responsibilities to clients very seriously and we will only recommend a Portfolio if we believe it is appropriate and in the client's best interests.

As the MWP program invests solely in mutual funds and ETFs, please note that you will pay the fund a management fee and other expenses as a shareholder of the fund in addition to paying an advisory fee to IAA and LPL for managing the assets. As the funds may be purchased directly, you could avoid the second layer of fees by not using our management services and by making your own investment decisions.

Advisory representatives of IAA are also separately registered as licensed securities representatives of LPL. In this capacity, the advisory representatives can sell securities to clients and receive compensation in the form of commissions and 12b-1 fees or trails. However, such

compensation will not be received in connection with investments made in MWP program accounts.

MWP may cost you more or less than if the assets were held in a traditional brokerage account. In a brokerage account, you are charged commissions for each transaction, and we would have no duty to provide ongoing advice with respect to the account.

You may terminate the agreement for services with us at any time with written notice. Upon termination, any prepaid, unearned fees will be refunded.

For additional information, refer to Item 12 – Brokerage Practices and the LPL MWP disclosure document and account agreement.

### **Personal Wealth Portfolios**

The annual advisory fee for PWP is a maximum of 2.5%, and is based on a percentage of the market value of your account. Advisory fees are negotiable between IAA and the client, and the amount of the advisory fee will be as stated in the PWP account agreement.

Advisory fees are billed quarterly in advance and calculated based on the account's market value on the last business day of the prior quarter. LPL, as the qualified custodian for the PWP account, is responsible for calculating and deducting all advisory fees from your account. LPL may charge miscellaneous administrative and custodial-related fees and charges that may apply to a PWP account.

IAA receives up to 78% of the advisory fee charged to the client and shares a portion with its advisory representative. The balance of the fee is retained by LPL, with a portion ranging from 0.15% to 0.35% paid to PWP Advisors, if applicable. As the amount of the fee charged by one PWP Advisor may differ from the amount charged by another PWP Advisor, IAA may have a financial incentive to recommend a Portfolio that charges less than others. We take our responsibilities to clients very seriously and we will only recommend a Portfolio if we believe it is appropriate and in the client's best interests.

If your PWP account invests in mutual funds and ETFs, please note that you will pay the fund a management fee and other expenses as a shareholder of the fund in addition to paying an advisory fee to IAA and LPL for managing the assets. As the funds may be purchased directly, you could avoid the second layer of fees by not using our management services and by making your own investment decisions.

Advisory representatives of IAA are also separately registered as licensed securities representatives of LPL. In this capacity, the advisory representatives can sell securities to clients and receive compensation in the form of commissions and 12b-1 fees or trails. However, such compensation will not be received in connection with investments made in PWP program accounts.

PWP may cost you more or less than if the assets were held in a traditional brokerage account. In a brokerage account, you are charged commissions for each transaction, and we would have no duty to provide ongoing advice with respect to the account

You may terminate the agreement for services with us at any time with written notice. Upon termination, any prepaid, unearned fees will be refunded.

For additional information, refer to Item 12 – Brokerage Practices and the LPL PWP disclosure document and account agreement.

### **Optimum Market Portfolios**

The annual advisory fee for OMP is a maximum of 2.5%, and is based on a percentage of the market value of your account. Advisory fees are negotiable between IAA and the client, and the amount of the advisory fee will be as stated in the OMP account agreement.

Advisory fees are billed quarterly in advance and calculated based on the account's market value on the last business day of the prior quarter. LPL, as the qualified custodian for the OMP account, is responsible for calculating and deducting all advisory fees from your account.

IAA receives up to 99% of the advisory fee charged to the client and shares a portion with its advisory representative. The balance of the fee is retained by LPL.

In addition to the advisory fee you pay to us for our services, you will pay confirmation charges for trade execution. These confirmation charges are paid to LPL and are set out in the OMP account agreement. IAA does not receive any portion of the confirmation charges. LPL may also charge other miscellaneous administrative and custodial-related fees and charges that may apply to an OMP account.

As the OMP program invests solely in mutual funds, you will pay the funds a management fee and other expenses as a shareholder of the fund in addition to paying an advisory fee to IAA and LPL for managing the assets. As the funds may be purchased directly, you could avoid the second layer of fees by not using our management services and by making your own investment decisions.

Advisory representatives of IAA are also separately registered as licensed securities representatives of LPL. In this capacity, the advisory representatives can sell securities to clients and receive compensation in the form of commissions and 12b-1 fees or trails. However, such compensation will not be received in connection with investments made in OMP program accounts.

OMP may cost you more or less than if the assets were held in a traditional brokerage account. In a brokerage account, you are charged commissions for each transaction, and we would have no duty to provide ongoing advice with respect to the account. If you plan to follow a buy and hold investment strategy for the account or do not wish to purchase ongoing investment advice

or management services, you should consider opening a commission-based brokerage account rather than an OMP account.

You may terminate the agreement for services with us at any time with written notice. Upon termination, any prepaid, unearned fees will be refunded.

For additional information, refer to Item 12 – Brokerage Practices and the LPL OMP disclosure document and account agreement.

### **Retirement Plan Consulting Services**

Fees for services will be billed based on one of the following methods listed below and in the amount as agreed upon between IAA and the plan sponsor in the written consulting services agreement. Fees are charged in advance.

- Annual Flat Fee
- Annual Fee Based on a Percentage of Plan Assets
- Annual Tiered Fee Based on Percentage of Plan Assets
- One-Time Flat Rate Fee for Project Specific Work
- Hourly Rate

The level of fees will be set based upon the scope, nature and complexity of the services selected by the plan sponsor, the number of participants in the plan, and the overall size of the plan. Fees are negotiable between IAA and the plan sponsor. The typical maximum percentage based fee per year is 1% per plan. Fees may be paid directly by the plan sponsor or out of plan assets by a service provider or other third party, as authorized by the plan sponsor.

In addition, the plan sponsor may pay a transition expense fee for the first year after the plan transitions to a new platform/product provider. This fee is intended to cover the additional services (e.g., fund mapping, assistance with enrollment, additional education to plan committee members and participants, etc.) that IAA will provide as a result of a transition.

You may terminate the agreement for services with us at any time with written notice. Upon termination, any prepaid, unearned fees will be refunded.

### **Participant Managed Account Program**

The maximum annual advisory fee for services in this program is 1.00%, This fee is negotiable between IAA and the client. The fee may be higher than the fees charged by other investment advisors for similar services.

The initial advisory fee is due at the beginning of the quarter following engagement and will include the prorated fee for the initial quarter. Subsequent advisory fee payments are due and will be assessed at the beginning of each quarter for the previous quarter and are based on the value of the assets in client's account as of the close of business on the last business day of the preceding quarter as valued by the plan record keeper. Additional deposits and withdrawals may

be added or subtracted from the account, as the case may be, which may lead to an adjustment of the advisory fee. All advisory fees will be deducted from the account by LPL or the plan record keeper pursuant to your authorization.

The advisory fee is in addition to (i) any fees that may be charged by other service providers against the assets in client's individual plan account or (ii) the fees and expenses of mutual funds or other investment products that the account bears indirectly as an investor in such investments or (iii) any other services provided by IAA to the plan.

IAA will pay 0.45% from the advisory fee to LPL for the administrative services provided by LPL in connection with the Participant Managed Account Program.

You may terminate the agreement for services with us at any time with written notice. Upon termination, any prepaid, unearned fees will be refunded.

### **Financial Planning Services**

The fees for financial planning services will be charged either on a fixed fee basis or based upon an hourly fee, although this fee is negotiable between the client and advisory representative. An estimate of the total time/cost will be determined at the start of the advisory relationship. Typically, financial planning fees will be due upon the client's acceptance of the plan. However, other fee payment arrangements may be negotiated. For example, particularly complex plans may require prepayment of a portion of the estimated fees for services. For lengthy engagements, interim payments may be requested. For hourly consulting services in which a plan is not presented to the client, the fee will typically be payable upon completion of the consultation.

Clients may terminate a financial planning or consulting agreement by providing IAA with written notice prior to delivery of the plan or completion of the service. Upon termination, fees will be prorated to the date of termination and any unearned portion of any prepaid fee will be refunded to the client. Any fees owed to IAA by the client upon termination will be billed to the client.

Advisory representatives of IAA may also be separately registered as licensed securities representatives of LPL. In this capacity, the advisory representatives can sell securities to clients and receive normal and customary commissions and other types of compensation (e.g., 12b-1 fees or trails) as a result of securities transactions. This presents a conflict of interest when an advisory representative makes an investment recommendation within a financial plan in that there is a financial incentive to recommend investments based on compensation that may be received rather than on client needs. To address this conflict, clients are advised that they are under no obligation to use the advisory representative for implementation of financial planning recommendations; investment products and services may be purchased through other brokers or agents not affiliated with IAA. As part of IAA's fiduciary duty to its clients, IAA strives at all times to put the interests of the clients first, and recommendations will only be made to the extent they are reasonably believed to be in the best interest of the client. In addition, to the extent that clients do subsequently hire an IAA advisory representative for assistance, additional discussions will take place regarding the relationship and any associated fees or costs to client.



## **Referrals to Third Party Advisors**

When IAA refers clients to a third party investment advisory firm, you pay an annual advisory fee to the third party advisory firm as set forth in the investment advisory agreement for the third party advisor. The advisory fee includes the fee paid to the third party advisor, and the referral fee paid to IAA. The fee paid to IAA is negotiated with the client and may be established as a percentage of assets under management (generally ranges from 0% to 1.00%) or as a flat annual fee (maximum of \$800). The amount of the referral fee is provided in writing to the client at the time of the referral. The third party advisor may also pay a portion of the fee it receives as compensation to other parties providing services to the client on its behalf. The advisory fee may be payable in advance or in arrears, as determined by the third party advisor.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

This Item is not applicable as IAA does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7 – Types of Clients**

IAA provides services to individuals, trusts, estates, and small businesses.

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

IAA offers the investment advisory services described in this brochure through its advisory representatives located in a variety of office locations in multiple states. Each client is responsible for selecting his or her own advisory representative. Each advisory representative is responsible for determining his/her investment strategies and methods of analysis. For more information about the individual advisory representative managing or handling your account, refer to the brochure supplement for the advisory representative, a copy of which you should have received along with this brochure. For more information about your IAA advisory representative's management style, we encourage you to speak with your advisory representative.

The following outlines the types of investment strategies and methods of analysis that may be used by our advisory representatives in managing or handling your account. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

Within a Program account, the advisory representative is responsible for constructing a portfolio using an asset allocation mix that is appropriately diversified and consistent with your investment objective for the Program account. While the majority of our advisory representatives invest in mutual funds and ETFs within Program accounts, other securities types are also used as discussed throughout this brochure. We typically do not engage in active trading when managing Program accounts. Our goal is to construct a portfolio using an appropriate mix of investments consistent with your investment objective for the Program account, and then

monitor the account and rebalance as necessary when the percentages of certain holdings exceed or fall below target allocations.

In some cases, our advisory representatives may use index strategies based on efficient market theories when managing accounts. Index management is a financial strategy that does not entail any forecasting or market timing. The goal is to minimize transaction costs, maximize diversification and avoid adverse consequences of failing to correctly anticipate the future. This strategy is implemented by constructing a portfolio of multiple mutual funds that are designed to track markets. By tracking the market, a portfolio is highly diversified, has low turnover and low internal mutual fund management fees.

We typically manage Program accounts focusing on one of the following investment objectives based on the client's goals and risk tolerance; income with capital preservation, income with moderate growth, growth with income, growth or aggressive growth. The allocation of assets to different mutual funds or other securities in a Program account will be made based on these overall objectives as well as based on consultations with the client.

As stated above, we generally use the following types of investment vehicles within Program accounts: mutual funds (including asset allocation funds, index funds, international funds, emerging market funds, real estate funds, high yield bond funds and funds that short the market), ETFs (including commodity funds, precious metal funds and agricultural funds), variable annuity subaccounts, alternative investments (including managed futures funds, hedge funds, real estate investment trusts and business development companies), individual stocks and bonds. The particular investments selected for your Program account will depend upon your investment objective, level of risk tolerance, sensitivity to taxes, and other factors.

There are risks associated with investing in securities. The following highlights some of the risks associated with the types of investments that may be purchased for your account:

- Investing in international markets presents additional risks including currency fluctuations, the potential for diplomatic and political instability, regulatory and liquidity risks and foreign taxation among others. The risks of foreign investing are generally greater in emerging markets.
- High yield bonds carry greater risks than bonds rated as investment grade. For example, they are issued by organizations that do not qualify for an investment grade rating by one of the rating agencies because of the potential for higher default by the issuer. Another risk is that further financial difficulties by the issuer may result in a decrease in the market value, and this may make it impossible to liquidate the bond prior to maturity.
- Funds designed to short the market, or inverse funds, have a goal of providing the opposite or inverse of the return for the underlying index. Inverse funds may have higher expense ratios and be less tax-efficient than a traditional mutual fund or ETF. They may also be riskier. We may use inverse mutual funds or ETFs as a short term holding in Program accounts when deemed appropriate.
- ETFs are typically investment companies that are legally classified as open end mutual funds or UITs. However, they differ from traditional mutual funds, in particular, in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout

the trading day like shares of other publicly-traded companies. ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the “spread.” The spread varies over time based on the ETF’s trading volume and market liquidity, and is generally lower if the ETF has a lot of trading volume and market liquidity and higher if the ETF has little trading volume and market liquidity. Although many ETFs are registered as an investment company under the Investment Company Act of 1940 like traditional mutual funds, some ETFs, in particular those that invest in commodities, are not registered as an investment company.

- Business development companies (“BDCs”) are operated for the purpose of making investments in small and developing business, as well as financially troubled businesses. BDCs must also make available managerial assistance to certain of its portfolio companies and is only required to disclose its net asset value on a quarterly basis. BDCs are often characterized as a publicly traded venture capital or private equity firm that is subject to certain provisions of the Investment Company Act. BDCs can be speculative investments because of the types of investments they make and involve significant risks. These risks include, but are not limited to, portfolio company credit and investment risk, leverage risk, market and valuation risk, price volatility risk, liquidity risk, capital markets risk, interest rate risk, dependence on key personnel, and structural and regulatory risk.
- Managed futures funds, hedge funds and real estate investment trusts may be purchased within Program accounts on a non-discretionary basis by clients meeting certain standards. Investing in these funds involves additional risk including, but not limited to, the risk of investment loss due to the use of leveraging and other speculative investment practices and lack of liquidity and performance volatility. In addition, these funds are not required to provide periodic pricing or valuation information to investors and may involve complex tax structures and delays in distributing tax information. You should be aware that these funds are not liquid as there is no secondary trading market available.

We may use either a fundamental or technical method for analyzing investment opportunities for Program accounts. Fundamental analysis means that the overall business is considered by reviewing a business’ financial statements and financial health, its management and competitive advantages, and its competitors and markets. Technical analysis is an investment analysis discipline that attempts to forecast the direction of prices through the study of historical trends in past market data, primarily price and volume. Of course, past performance does not guarantee future results.

We consider the overall economy, both domestically and globally, when selecting specific investments and making asset allocation decisions. We also consider current and recent market levels and volatility when making management decisions. We use a variety of sources of data to conduct our economic, investment and market analysis, such as financial newspapers and magazines, economic and market research materials prepared by others, conference calls hosted by mutual funds, corporate rating services, annual reports, prospectuses, and company press releases.

With respect to retirement plan consulting services, we strive to recommend diversified investment alternatives that retirement plan sponsors may consider for investment or make available to plan participants.

In order to provide financial planning services, we will first collect important information regarding your objectives, goals, financial data, and risk tolerance. For more information regarding the areas of analysis covered, please refer to Item 4 – Advisory Business.

### **Item 9 – Disciplinary Information**

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Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of our advisory business or the integrity of our management. We have no information applicable to this Item.

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

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IAA is only in the business of providing investment advice as described above. However, as also noted above, advisory representatives of IAA may also be registered representatives of LPL, an SEC registered broker/dealer and member of the Financial Industry Regulatory Authority. In this capacity the advisory representative can sell securities to clients and receive normal and customary compensation in the form of commissions. Client's purchasing securities from an advisory representative will receive disclosure documents (e.g., prospectus, brokerage account agreement) when conducting such transactions. For more information, refer to Item 5 – Fees and Compensation.

LPL's parent company, LPL Investment Holdings, Inc., is a publicly traded company with shares listed on The NASDAQ Global Select Market under the trading symbol "LPLA". Certain advisory representatives of IAA are shareholders and/or option holders of LPLA.

Advisory representatives may also be licensed as independent insurance agents and appointed through various insurance companies to offer a variety of types of insurance depending upon the individual. The types of insurance that may be available include life insurance, long term care insurance, fixed annuities and disability insurance. In such capacity, the advisory representatives can sell insurance products to clients and receive normal and customary compensation in the form of commissions. Client's purchasing insurance from advisory representatives will receive certain disclosure documents and complete an insurance application process when conducting such transactions.

As described elsewhere in this brochure, IAA refers clients to third party investment advisory firms for advisory services. IAA receives a portion of the investment advisory fee paid by the client to the third party advisor for the referral. This referral fee from the third party advisory firm may be a percentage of assets under management (generally ranges from 0% to 1.00%) or as a flat annual fee (maximum of \$800). This presents a conflict of interest as IAA does not refer clients to other third party advisors that do not share the advisory fee. For further information, please refer to Item 4 – Advisory Business and Item 5 - Fees and Compensation.

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

IAA has adopted a Code of Ethics which establishes standards of conduct for its supervised persons. The Code of Ethics includes general requirements that such supervised persons comply with their fiduciary obligations to clients and other applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires supervised persons to report their personal securities transactions and holdings quarterly to IAA, and requires IAA to review those reports. Each supervised person receives a copy of the Code of Ethics and must acknowledge in writing having received the materials. Clients and prospective clients may obtain a copy of the Code of Ethics by contacting IAA.

It is our policy not to affect any principal trades for client accounts. Principal trades are generally defined as transactions where an advisor, acting for its own account, buys from or sells a security to an advisory client. It is also our policy not to cross trades between your account and the account of another client.

IAA and its advisory representatives may buy or sell securities for our personal accounts identical to those recommended to clients. This creates a potential conflict of interest. It is our policy that all persons associated with us in any manner must place the interests of clients ahead of their own when making personal investments. In addition, we require that client transactions be placed before our own transactions. We also monitor trading by our advisory representatives.

LPL's parent company, LPL Investment Holdings Inc., is a publicly traded company. IAA does not recommend or solicit orders of LPL Investment Holdings Inc. stock in Program accounts.

## **Item 12 – Brokerage Practices**

IAA has entered into a relationship with LPL and TD Ameritrade to serve as custodian and executing broker/dealer for asset management Program accounts. While IAA may make a recommendation as to the selection of custodian, IAA requires that clients select and direct the custodian as the sole and exclusive broker/dealer to execute transactions for Program accounts. All Program account transactions will be processed without commissions. While IAA believes that the available custodians have execution procedures that are designed to obtain the best execution possible, there can be no assurance that best execution will be achieved. Clients should understand that not all advisors require their clients to direct brokerage. By directing brokerage to LPL or TD Ameritrade, clients may be unable to achieve the most favorable execution of client transactions. Therefore, directed brokerage may cost clients more money.

Client should also be aware that not all advisory representatives are permitted to use a custodian other than LPL. Whether or not an advisory representative is able to use another custodian will be determined by IAA and will be based on the experience and production level of the advisory representative, among other items. As stated under Item 5 – Fees and Compensation, in such cases where a custodian other than LPL is selected by the client, IAA will pay 5% of the advisory fee received from the client to LPL as an oversight fee. This payment comes from the

portion of advisory fee that would otherwise be paid to the IAA advisory representative. In addition, IAA retains an additional 5% of the advisory fee that would otherwise be payable to the advisory representative. This presents a conflict of interest in that the advisory representative has a financial incentive to recommend LPL as a custodian. Notwithstanding, IAA and its advisory representatives take its responsibility to clients seriously, and will recommend a custodian to clients only if it believes it is in the client's best interest.

IAA seeks to make available only custodians who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, but not limited to, the following: ability to execute, clear and settle transactions and provide custody services, availability of a range of investment products, availability of technological tools and investment research to assist us in managing assets, competitive pricing, reputation and financial strength, and prior service to us and our clients.

IAA receives support services and/or products from custodians, many of which assist IAA to better monitor and service client accounts. These support services and/or products may be received without cost, at a discount, and/or at another negotiated rate, and may include the following:

- investment-related research
- pricing information and market data
- software and other technology that provide access to client account data
- compliance and/or practice management-related publications
- consulting services
- attendance at conferences, meetings, and other educational and/or social events
- marketing support
- computer hardware and/or software
- other products used by IAA in furtherance of its investment advisory business operations

These support services are provided to IAA based on the overall relationship between IAA and the custodian. It is not the result of soft dollar arrangements or any other express arrangements that involve the execution of client transactions as a condition to the receipt of services. IAA will continue to receive the services regardless of the volume of client transactions executed with a particular custodian. Clients do not pay more for services because we receive these benefits. There is no corresponding commitment made by IAA to a custodian or any other entity to invest any specific amount or percentage of client assets in any specific securities as a result of these arrangements.

We may aggregate transactions for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. We may determine not to aggregate transactions, for example, based on the size of the trades, the number of client accounts, the timing of the trades, the liquidity of the securities, and the discretionary or non-discretionary nature of the trades. If we do not aggregate orders, some clients purchasing

securities around the same time may receive a less favorable price than other clients. This means that this practice of not aggregating may cost clients more money.

IAA is not involved in determining the broker/dealer that is used for executing trades within the MAS, MWP or PWP program accounts. For more information, please refer to the disclosure brochure for the applicable program.

When provide Retirement Plan Consulting Services, IAA may assist with investment recommendations to the retirement plan sponsor. This could include research and recommendations, for consideration and selection by the plan sponsor, of specific investments to be held in the plan or, in the case of a participant-directed defined contribution plan, to be made available as an investment option under the plan. The plan sponsor is responsible for the selection of any vendor, broker/dealer or custodian for plan assets, and is responsible for placing any transactions deemed appropriate.

When providing Participant Managed Account Program services, IAA will place rebalancing transactions through the Advice Portal. IAA is not responsible for selecting the broker/dealer or custodian through which client transactions are placed.

The financial planning services offered by IAA conclude upon delivery of the written financial plan or analysis. The services offered do not include implementation of recommendations or any transactions. Clients are under no obligation to implement the planning recommendations at all or through advisory representatives of IAA. Clients are free to select any broker/dealer or investment advisor for implementation. However, IAA may suggest that clients implement recommendations set forth in the financial plan through an advisory representative in his/her capacity as a registered representative of LPL. If the client chooses to implement through the advisory representative, he/she would receive normal and customary commissions as a registered representative resulting from any securities transactions.

### **Item 13 – Review of Accounts**

Advisory representatives conduct reviews of client Program accounts on a quarterly basis for consistency with the client's stated investment objectives, among other factors. Client account reviews may also be triggered upon client request, a change in client circumstances, or unusual economic or market activity.

All Program accounts held at LPL are also subjected to a risk based exception reporting system that flags accounts on a quarterly basis for criteria such as performance, trading activity and position concentration. The exception reporting identifies accounts where additional scrutiny or analysis by IAA may be appropriate. For Program accounts held at custodians other than LPL, accounts will be reviewed based on similar criteria on either a manual sampling basis or an automated basis, depending on the capabilities of the custodian to support exception reporting.

Advisory representatives of IAA will review client MAS, MWP, PWP and OMP accounts on at least an annual basis to determine if changes are needed to the Portfolio Manager, Portfolio Strategist, PWP Advisor, Portfolio or Model, as applicable.

During any month that there is activity in a Program, MAS, MWP, PWP or OMP account, you will receive a monthly account statement from the custodian showing account activity as well as positions held in the account at month end. Additionally, you will receive a confirmation of each transaction that occurs unless the transaction is a result of a systematic purchase, redemption or exchange. All LPL account data and statements are also available online through the LPL Account View portal. Additional reporting may also be available upon request from your advisory representative. For accounts where LPL serves as the custodian, you will also receive a detailed quarterly performance report prepared by LPL on behalf of IAA.

Participant Managed Account Program accounts are reviewed through the Advice Portal on a quarterly basis. The accounts will automatically rebalance if the account allocations deviate from the specified target allocations by 5% or more. In addition, IAA advisory representatives will revise the target allocations on an annual basis.

As stated above, the financial planning services terminate upon delivery of the financial plan or consulting service. Thus, there are no ongoing reviews conducted by IAA. However, the client may choose to engage IAA for subsequent services to review and update the written plan at any time due to major life events or changes in the economic environment. Upon re-engaging IAA for an updated plan, the client would enter into a new financial planning or consulting services agreement.

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

IAA may from time to time compensate, either directly or indirectly, any person for client referrals. These individuals are referred to as solicitors and IAA pays them a portion of the advisory fee paid by the client. When a solicitor is used, the arrangement will be disclosed in writing to the client through a disclosure document signed by the client at the time the account is opened.

IAA has entered into service agreements with certain unaffiliated financial institutions (e.g., banks) that permit IAA to provide investment advisory services to the financial institutions customers. Pursuant to service agreements, IAA shares a portion of the advisory fees with the financial institutions for use of the financial institution's facilities and for access to financial institution customers.

As a result of our relationship with LPL, we may receive production bonuses, stock options to purchase shares of LPL's parent company, and other things of value such as free or reduced-cost attendance at LPL's national sales conference or top producer forums and events. Such compensation may be based on overall business produced and/or on the amount of assets serviced through LPL. Thus, there is a financial incentive for us to recommend that you establish a Program account so that we will be compensated. We take our responsibilities to clients very seriously and we will only recommend that clients hire us for management services if we believe it is appropriate and in the client's best interests.



## **Item 15 – Custody**

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We do not have custody of client funds or securities. Custody for all Program, MAS, MWP, PWP and OMP accounts is maintained by LPL or another qualified custodian. You will receive accounts statements directly from the custodian at least quarterly. We encourage you to carefully review these statements upon receipt.

We will not have access to your funds or securities with the exception of having advisory fees deducted from your accounts and paid to us by the custodian. Any fee deductions will be done pursuant to your prior written authorization contained in the advisory agreement.

We may provide you with additional, customized reporting from time to time and upon request. This additional reporting does not take the place of the official statements that you receive from the custodian.

## **Item 16 – Investment Discretion**

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Upon your written authorization in our investment advisory agreement, we will provide discretionary investment advisory services for your Program account. Our discretionary authority is limited only to affecting trades in your accounts; we will determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each trade.

Within MAS and other third party management programs, we do not have any discretionary authority with respect to your account. The Portfolio Manager is the party with discretion and responsibility for account management. Within MWP, our discretionary authority is limited to selecting one or more model portfolio of funds or Portfolio Strategists for your account. LPL is the party with discretion to rebalance your account as needed. Within PWP, our discretionary authority is limited to selecting the Portfolio for your account and then selecting from among the mutual funds, ETFs or Models available in the Portfolio. Again, LPL is the party with discretion. Finally, within OMP, our discretionary authority is limited to selecting a portfolio for you based on your investment objective for the account. LPL is the party with discretion to rebalance your account as needed. For further information about MAS, MWP, PWP or OMP, kindly refer to the disclosure brochure for the applicable program.

We do not exercise any discretionary authority when providing Retirement Plan Consulting Services or when providing financial planning and consulting services.

For the Participant Managed Account Program, we also have discretionary authority to manage your retirement plan account assets upon receipt of your authorization in our investment advisory agreement.

We will not have access to your funds or securities with the exception of having advisory fees deducted from your account and paid to us by the custodian. Any fee deduction will be done pursuant to your prior written authorization provided in your investment advisory agreement.

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

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IAA does not have any authority to vote client securities or proxies on your behalf. Within a Program account, MWP account or OMP account, the client retains the right to vote all proxies. Proxy information for any securities which are held in your accounts will be sent to you by the custodian of your funds and securities. We will not be providing you with this information. However, if you have any questions about a particular solicitation, you may contact us for general information.

Within a MAS account or other third party management programs, the Portfolio Manager is responsible for voting proxies unless the client notifies the Portfolio Manager in writing that he/she wishes to be responsible for voting proxies. Within a PWP account, LPL is responsible for voting proxies.

## **Item 18 – Financial Information**

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IAA is required to provide clients with certain information or disclosures about its financial condition. We have no financial commitment that impairs our ability to meet contractual or fiduciary commitments to clients, and we have not been the subject of a bankruptcy petition.