

## Pensionmark Financial Group, LLC

24 East Cota Street

Santa Barbara, CA 93101

Phone: (888) 201-5488

<http://www.pensionmark.com>

May 27, 2015

This Brochure provides information about the qualifications and business practices of Pensionmark Financial Group, LLC. If you have any questions about the contents of this Brochure, please contact us at (888) 201-5488 or email [jennifer.tanck@pensionmark.com](mailto:jennifer.tanck@pensionmark.com).

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Pensionmark Financial Group, LLC is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. This Brochure is intended, in part, to provide information which can be used to make a determination to hire or retain an Adviser.

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

[\(Please see page 10 for our Privacy Policy\)](#)

## Item 2 – Summary of Material Changes

As a new applicant, this is our first Brochure. Each year, we will provide each *client with* (i) a free updated *brochure* that either includes a summary of material changes or is accompanied by a summary of material changes, or (ii) a summary of material changes that includes an offer to provide a copy of the updated *brochure* and information on how *clients* may obtain the *brochure*.

Our Brochure may be requested by contacting us toll-free at (888) 201-5488 or by sending an email to [jennifer.tanck@pensionmark.com](mailto:jennifer.tanck@pensionmark.com).

Additional information about Pensionmark Financial Group, LLC is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website provides information about any persons affiliated with Pensionmark Financial Group, LLC who are registered, or are required to be registered, as investment adviser representatives of Pensionmark Financial Group, LLC.

### Item 3 -Table of Contents

Item 1 – Cover Page .....	i
Item 2 – Summary of Material Changes .....	ii
Item 3 -Table of Contents .....	iii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	2
Item 6 – Performance-Based Fees and Side-By-Side Management .....	3
Item 7 – Types of Clients.....	4
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	4
Item 9 – Disciplinary Information .....	5
Item 10 – Other Financial Industry Activities and Affiliations .....	5
Item 11 – Code of Ethics .....	6
Item 12 – Brokerage Practices .....	8
Item 13 – Review of Accounts.....	8
Item 14 – Client Referrals and Other Compensation.....	9
Item 15 – Custody .....	9
Item 16 – Investment Discretion .....	9
Item 17 – Voting Client Securities.....	10
Item 18 – Financial Information.....	10
Privacy Policy .....	10

#### Item 4 – Advisory Business

Pensionmark Financial Group, LLC (“Pensionmark” or “Adviser”) was established in March 2015. Pensionmark is owned by Pensionmark Retirement Group (“PRG”) and The CapFinancial Group, Inc.. Troy Hammond is principal owner of PRG.

Pensionmark is an Investment Adviser registered with the U.S. Securities and Exchange Commission under the Investment Advisers Act of 1940. Pensionmark provides advisory services to Retirement Plans including, 401K Plans, 403B Plans, pensions and profit sharing plans, non-qualified plans, foundations, endowments, corporations or other businesses not listed above, collectively (“Client,” “Plan Client,” or “Plan”). Approximately 80% of Pensionmark advisory fee revenue is derived from the continuous and regular investment supervisory services rendered to Plan Clients, however, this is typically done on a non-discretionary basis. Pensionmark willingly accepts the designation as a “Co-Fiduciary” under ERISA 3(21)(A) or ERISA 3(38) as part of its normal course of business.

Pensionmark also provides Wealth Management Services which are disclosed in a separate Disclosure Brochure (Form ADV Part 2A) which represents approximately 20% of advisory fee revenue.

Pensionmark will require each Plan Client to make a selection of services *in writing* as part of the **Retirement Plan Services Agreement(s) (RPSA)**, which sets forth the rights and obligations of Pensionmark and the Client. The **RPSA** is customized to state the negotiated fee.

**Retirement Plan Advisory Services** include, but are not limited to:

#### 1. ERISA 3(21) INVESTMENT ADVISORY FIDUCIARY SERVICES

- ☐ **Development of Investment Policy Statement:**
- ☐ **Recommendations for Selecting & Monitoring the Plan’s Investments**
- ☐ **Investment Performance Measurement & Analysis**
- ☐ **Recommendations For Selecting & Monitoring Qualified Default Investment Alternatives**
- ☐ **Recommendations for Allocating & Rebalancing Model Asset Allocation Portfolios**
- ☐ **Individualized Investment Advice to Plan Participants**

#### 2. ERISA NON-FIDUCIARY SERVICES

**Assistance with Fiduciary Oversight & Committee Education**

**Assistance with Plan Fiduciaries’ Selection & Management of Service Providers**

**Employee Investment Education & Communication**

Pensionmark provides investment advisory services acting in “non-discretionary” basis (serving as a “fiduciary” as defined by §3(21)(A)(ii) of the Employee Retirement Income Security Act of 1974 (“ERISA”)). Pensionmark provides specific investment advice to Client with regard to the selection of investment manager(s) and/or investment vehicles available to the Plan within the platform provided by the Plan's Administrator.

Plan Clients may *choose* to name their Financial Advisor (an Investment Adviser Representative of Pensionmark) as “broker of record” in his/her capacity as registered representative of Pensionmark’s affiliated broker/dealer CapFinancial Securities, LLC (“CFS”) for the purpose of capturing product revenue to reduce (or offset) investment advisory fees for the Plan Client. Many Plan Clients consider this a “value-added” service because it provides the Plan Sponsor flexibility in utilizing product fees to pay for plan expenses in the absence of an ERISA Budget Account.

However, if a Plan Client *does not* engage Pensionmark upon an RPSA, the Financial Advisor, when appointed as a “broker of record”, is truly acting as *an agent* (or Registered Representative) and not as an *Investment Advisory Representative* with respect to the Plan Client, in that case, Pensionmark *will not act* as a Co-Fiduciary to the Plan.

**ERISA Section 3(38) Investment Management Services.** Pensionmark does not offer services as an investment manager on a discretionary basis as defined by §3(38) of ERISA. However, Pensionmark may recommend the services of CAPTRUST Financial Advisors (“CAPTRUST”) to act in this capacity. In doing so, Pensionmark will retain a portion of the fee paid for this service.

**Consultations.** Adviser may occasionally furnish investment advice on a consulting basis with a Plan Sponsor or Board. To the extent it is requested to do so, Adviser may provide its Clients with investment advisory and consultation services on a “fee for service” basis. Fees for such consultations will be quoted to the Client prior to engagement.

Adviser may offer advice on private placements, REITs, Business Development Companies and/or limited partnerships that are considered “alternative investments.” Adviser may also offer advice on private equity funds that contain investments in equities, futures, options, and other securities. Any such recommendation will be made only when determined to be suitable and must be accompanied by or preceded by prospectus or offering memorandum. This type of advice is rendered to Wealth Clients or Nonqualified Plan or other institutional clients, not 401(k) or 403(b) plans).

In performing its services, Pensionmark shall not be required to verify or audit the information received from the Plan Client or from the Plan Client’s other professionals, and is expressly authorized to rely thereon. If requested by the Client, Pensionmark shall recommend the services of other professionals for implementation purposes. The Client is under no obligation to engage the services of any such recommended professional. The Client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Pensionmark. It is each Client’s responsibility to promptly notify Pensionmark if there is ever any change in the Client’s financial situation or investment objectives.

#### **Item 5 – Fees and Compensation**

Pensionmark will require each Plan Client to make a selection of services *in writing* as part of the **Retirement Plan Services Agreement(s) (RPSA)**, which sets forth the rights and obligations of

Pensionmark and the Client. Fees for Retirement Plan Advisory Services are negotiated prior to the signing of the **RPSA**. The **RPSA** is then customized to state the negotiated fee, which, *in general*, is expressed as a percentage of total Plan assets.

In general, fees charged for investment advisory services are payable quarterly, in advance, and are based upon the market value of the Client's Plan assets on the last business day of the calendar quarter. Fees may be direct billed to the Client or to a third party administrator ("TPA") or custodian at the Client's instruction. Fees for Plan Clients engaging Pensionmark in mid-quarter will be prorated and calculated on a per diem basis.

The **RPSA** will continue in effect until terminated by either party upon thirty (30) days written notice to the other party. However, if the Client has not received the Pensionmark Form ADV Part 2 at least 48 hours prior to entering into the investment advisory agreement, the Client may terminate the agreement within five business days of entering into the agreement without penalty.

If any advisory relationship terminates before the last day of a quarter, fees are prorated accordingly, and the Adviser will refund any unearned fees due to the Client.

**Flat/Fixed Fee Service.** To the extent so engaged by Client, the Adviser may charge a Flat or Fixed fee for investment advisory and consultation services. Fixed fees are negotiable, but generally range from **\$1,000.00 to \$250,000.00** on an annual basis, depending upon the level and scope of the services required. Fixed fee(s) will be charged quarterly in advance, (calculated on a per diem basis) upon the signing of an **RPSA** by the Client. Fees for Clients engaging Adviser mid-quarter will be prorated on a per diem basis. Occasionally advisory services will be quoted on an hourly or per diem basis.

In cases where Plan Clients have elected to appoint a Pensionmark Financial Advisor as "broker of record", CFS will be compensated by general promotion, advertising, and distribution fees (12b-1 fees) in relation to Client purchases and sales of mutual fund shares. However, these 12b-1 fees will be taken into account when calculating the Plan Client advisory fee for service for a particular period and the typical fee reduced based on the 12b-1 fees received by CFS.

Fees charged may be higher than otherwise available elsewhere. A portion of the fees charged by Pensionmark for advisory services may be paid to Investment Advisory Representatives employed by Pensionmark. All fees described herein may be subject to negotiation depending on a range of factors including, but not limited to, plan size and overall range of services requested.

Pensionmark's fees are exclusive of other related costs and expenses which shall be incurred by the Plan Client. For example, Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, record-keeping/custodial fees, sales charges, redemption fees, wire transfer and electronic fund fees, and other fees and/or taxes. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Pensionmark's fee, and Pensionmark shall not receive any portion of these other fees or costs.

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

Pensionmark 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**

Pensionmark provides advisory services to Retirement Plans including, 401K Plans, 403B Plans, pensions and profit sharing plans, non-qualified plans, foundations, endowments, corporations or other businesses not listed above. Pensionmark also provides investment advisory services to wealthy individuals (“Wealth Clients”), on a continuous and regular basis, but those services are disclosed separately, in Pensionmark’s Wealth Advisory Services Disclosure Brochure.

For Plan Clients, Adviser does not require a minimum account size, but may impose a minimum annual consulting fee. Adviser retains the right to waive minimum initial account sizes should Adviser feel it is necessary and appropriate.

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

Investment recommendations are based on an analysis of the Plan Client’s specific needs, and are drawn from research and analysis. Each Plan is analyzed separately paying particular attention to the limitations on the investment lineup as determined by the Plan documents, the Plan’s current service providers/platform and whether the Plan’s current platform has an opened or closed architecture. However, in general, security analysis methods include fundamental analysis as well as quantitative and qualitative research on a given investment vehicle. Information for this analysis may be drawn from financial newspapers, magazines and databases, research materials prepared by others, annual reports, corporate filings and prospectuses. Additional sources of information utilized by Pensionmark include meetings and discussions with Investment Managers employed by Investment Companies, statistical summaries and analysis and such other sources Pensionmark’s professionals deem appropriate. Pensionmark may utilize services of sub-advisers and established third party research services to assist Pensionmark with formulating asset allocation, industry and sector selection, and investment recommendations in managing the Plan Client’s funds. Technical Analysis may be used when analyzing indices and/or securities other than open-ended mutual funds.

It is important to note that investing in securities involves certain risks that are borne by the investor. For any risks associated with Investment Company products, please refer to the prospectuses for additional details about these risks. Our investment approach constantly keeps the risk of loss in mind. In general, risks associated with investing include, but are not limited to:

- **Interest-rate Risk:** Fluctuations in interest rates cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security’s particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a

lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

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

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Pensionmark or the integrity of Pensionmark's management. Pensionmark has no information applicable to this Item.

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

Pensionmark is affiliated by common ownership with CapFinancial Securities, LLC ("CFS"), a FINRA broker-dealer (Member SIPC) and CAPTRUST Financial Advisors ("CAPTRUST"), an SEC Registered Investment Adviser.

Many Pensionmark Advisors are life insurance licensed in order to act as "agent of record" for those Plan Clients whose retirement plans are funded with group variable insurance products. Additionally, Financial Advisors at Pensionmark may occasionally recommend fixed or variable annuities or life insurance to their Wealth Clients when assisting them in executing their financial plan. Variable Annuities will be offered through CFS, while fixed annuities or other life insurance products may be offered through an independent insurance agency. Insurance products are separate and distinct from advisory services offered and

CFS, as an affiliated registered broker-dealer, offers individual (Wealth Clients) and institutional (Plan Clients) general securities investment services. The Investment Adviser Representatives with Adviser are simultaneously registered as CFS Registered Representatives. A Financial Advisor generally spends 20% of his/her time on work done for Clients focused on activities consistent with the definition of broker/dealer activities.

As a result of certain investment related recommendations (or other investment advisory services) provided to its Clients, CFS may facilitate certain securities purchases and/or sales, or insurance product purchases and/or sales on behalf of Pensionmark Clients. Such transactions may be facilitated by CFS, in its capacity as a registered broker/dealer or insurance agent/agency (business entity). Commissions charged by CFS (the broker/dealer) may be higher or lower than obtainable elsewhere. All related compensation is separate from advisory services. In general, product revenue associated with Plan Client assets is captured to reduce the plan advisory fee pursuant to the terms of the RPSA.

Freedom One Retirement Services, LLC ("FORS") is also affiliated with Pensionmark by common ownership. If Pensionmark refers a client to CAPTRUST to act as a discretionary ERISA 3(38) investment manager for Plan Clients, recordkeeping services are provided by FORS ("Freedom401k Clients").



Freedom401k Clients may be paying more or less for recordkeeping services than other Plan Clients utilizing unaffiliated record keepers.

In general, Pensionmark recommends that *Wealth Clients* establish brokerage accounts through CFS using Pershing (“Custodian”) to maintain custody of Clients’ assets and to effect trades for their accounts. (Please refer to Pensionmark ADV Part 2 Wealth brochure.) However, some Pensionmark Wealth Clients utilize Fidelity or Schwab for custodial and execution services (“Custodians”). These Custodians are FINRA registered Broker-Dealers. Although Pensionmark may recommend that Wealth Clients establish accounts at a Custodian, it is the Client’s decision. Pensionmark is independently owned and operated and not affiliated with any Custodian.

Pensionmark does not typically recommend custodians to Plan Clients. However, in general, Freedom401k Clients use Fidelity Institutional Brokerage (Fidelity) to custody Plan assets and SunGard’s Global Network (SGN) which provides the trading platform. SGN allows Freedom401k Plan Clients to buy and sell mutual funds without transaction charges. Freedom401k Plan Clients have separate written agreements with respect to the custodial arrangements. However, for Freedom401k Plans, Fidelity acts as custodian for the Plan’s assets.

Please note: Item 12 includes additional details regarding brokerage practices and related disclosures.

#### **Item 11 – Code of Ethics**

Personal transactions in securities by directors, officers and employees of Pensionmark who have access to nonpublic information regarding Clients’ purchase and sale of securities, are involved in making securities recommendations to Clients or who have access such non-public recommendations (“access persons”) are subject to the restrictions and procedures in Pensionmark’s Code. All supervised persons at Pensionmark must acknowledge the terms of the Code of Ethics annually, or as amended.

The Code addresses, among other things, the following: (i) general principles that address Pensionmark’s fiduciary obligations to its Clients, (ii) personal securities trading procedures restricting the purchase and sale, by access persons for their own accounts, of specific securities; (iii) provisions relating to the confidentiality of Client information; (iv) a prohibition on insider trading; and (v) restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment.

Occasionally, access persons of Adviser may recommend that Clients buy or sell the same securities or investment products that access persons of the Adviser also own. In such circumstances, Adviser shall give precedence to Client transactions. Pensionmark’s employees and persons associated with Pensionmark are required to follow the Code of Ethics. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Pensionmark will not interfere with (i) making decisions in the best interest of advisory Clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of Pensionmark’s Clients. In addition, the Code requires pre-approval of specific types of transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as Clients, there is a possibility that employees might benefit from market activity by a Client. Employee trading is monitored under the Code of Ethics to reasonably prevent conflicts of interest between Pensionmark and its Clients.

Block Trades: Pensionmark may, in its discretion, “bunch” orders being placed for execution at the same time for the accounts of two or more clients, which may include accounts in which Pensionmark’s affiliates and employees may have an ownership interest, where it believes such aggregation is appropriate and in the best interest of its Clients. This practice may enable Pensionmark to seek more favorable executions and net prices for the combined order. However, Pensionmark is not obligated to bunch or aggregate orders or to include any particular account in a bunched order if portfolio management decisions for such accounts are made separately or if Pensionmark determines that aggregating trades would be inconsistent with the Adviser’s investment management duties or with any investment objectives, guidelines or restrictions applicable to a particular account.

All orders placed for execution on an aggregated basis (“block” trades) are subject to Pensionmark’s Trade Allocation Procedures (“Procedures”). Under the Procedures, Pensionmark will bunch orders where appropriate for the participating Clients and when consistent with Pensionmark’s duty to seek best execution. Prior to or contemporaneous with the entry of an aggregated order, a written preallocation and/or other written statement will be generated, which identifies the Client accounts or trading group(s) of Client accounts participating in the bunched order, the proposed allocation of the order, upon completion, to the relevant Client accounts or trading group(s) and the amount (either in dollars, number of shares, or % of market value of Client account(s)) that the portfolio manager will accept for each Client account or trading group of Client accounts. Prevailing trading activity frequently may make it impossible to receive the same price or execution on the entire volume of securities purchased or sold. When Pensionmark cannot fill all orders at the same price, each account that participates in the block order will receive the average price for all the transactions on a particular day. Thus, the effect of the aggregation may operate in some circumstances to a particular Client’s disadvantage. When a bunched order is partially filled, the securities actually purchased or sold by the close of each business day will be allocated in a manner that is consistent with the initial preallocation statement and that does not consistently advantage or disadvantage particular Clients or groups of Client accounts, as determined by Pensionmark from time to time. However, adjustments to the allocation may be made to avoid *de minimis* allocations to Client accounts or to avoid deviations from pre-determined holding limits established for any account. Pensionmark will retain records of the trade order (specifying each participating account) and its allocation.

In addition, although Pensionmark generally attempts to block trades for Client accounts, aggregation may not be possible because of that Client’s specific brokerage arrangements or other factors. As discussed in item 10, although Pensionmark may recommend that Wealth Clients establish accounts with Pershing, some Clients may select Schwab or Fidelity act as custodian and broker/dealer for their accounts. As such, when the Adviser implements a portfolio decision or strategy ahead of or contemporaneously with, similar portfolio decisions or strategies of another Client, market impact, liquidity constraints or other factors could result in one or more Clients receiving less favorable trading results, the costs of implement such portfolio decisions or strategies could be increased or such Clients could otherwise be disadvantaged. On the other hand, potential conflicts may also arise because portfolio decisions regarding a Client may benefit other Clients. There can be no assurance that any actual or potential conflicts of interest will not result in a particular Client or group of Clients receiving less favorable investment terms in or returns from certain investments than if such conflicts of interest did not exist.

Pensionmark's Clients or prospective clients may request a copy of the firm's Code of Ethics by contacting the Compliance Department at (888) 201-5488 or by sending an email to [jennifer.tanck@pensionmark.com](mailto:jennifer.tanck@pensionmark.com).

#### **Item 12 – Brokerage Practices**

Pensionmark is affiliated with CapFinancial Securities, LLC ("CFS") (a registered Broker/Dealer with FINRA) through common ownership. CFS collects 12b-1 fees or product commissions that may be used to **offset Pensionmark advisory fees**. Advisory fees are accounted for on a quarterly invoice to our Plan Clients in detail. In this case, Pensionmark tracks all 12b-1 or product revenue (by plan Client) that actually received by CFS and offsets advisory fees on a quarterly basis in accordance with the RPSA. In the absence of an RPSA, a Plan Client may appoint a Pensionmark Financial Advisor (only in his/her capacity as registered representative of a FINRA broker-dealer) as the "Broker of Record" in order to compensate the Pensionmark Financial Advisor solely with product revenue. Consequently, Investment Adviser Representatives, who are also Registered Representatives of CFS, may receive compensation in the form of commissions for each transaction if that Registered Representative is named as "Broker or Agent of Record" to investment company products that the Plan Client is invested in. Therefore, on rare occasions, a Registered Representative may be compensated by 12b-1 fees or direct commissions only.

Brokerage Practices affecting Wealth Clients are separately disclosed in its Wealth ADV Part 2A. Wealth disclosures include that the Adviser may, in its capacity as a FINRA Broker/Dealer, engage in riskless principal transactions giving its Wealth Clients access to investments which otherwise may not be accessible in a retail brokerage account. However, Adviser does not engage in such transactions on behalf of Plan Clients. The Investment Adviser Representatives of Adviser may also effect securities transactions for Clients as registered representatives of a broker/dealer. All FINRA, SEC, and other regulatory agencies disclosure requirements and policies are observed for all transactions. Associated persons may receive compensation for such transactions, where such compensation is separate and distinct from Adviser's compensation related to its investment advisory services. As stated in item 5, any product revenue stemming from an RPSA with an ERISA Plan Client captured by CFS will be used to offset Pensionmark advisory fees.

Some Plan Clients may use Bank of New York or an affiliate as a platform/custodian for their plan assets. Therefore it is material to disclose that as a broker-dealer, CFS has an existing relationship with Pershing, LLC ("Pershing"), an affiliate of Bank of NY, in the form of a "Clearing Agreement."

#### **Item 13 – Review of Accounts**

Plan Client Accounts are advised by their Financial Advisor, the Investment Adviser Representatives (IAR) responsible for performing periodic reviews and consulting with the respective Client. Additionally, investment company assets in Plans are monitored on a continuous and regular basis by Pensionmark Consulting Research Group. Eric Freedman, Chief Investment Officer, heads up the Consulting Research Group. Plan Clients who are under an RPSA receive Quarterly Reviews produced by the Consulting Research Group for each Plan. Denise Buchanan, Chief Compliance Officer, heads up the Compliance Team that reviews and approves the commentary contained in the Quarterly Reports. Additionally, monthly and quarterly statements are provided by the Plan Client's custodian, but additional reports may be provided by Third Party Administrators employed by the Plan Client.

Plan Clients agree to inform the Pensionmark in writing of any material changes to the Plan Client's financial circumstances that may affect advice being rendered to the Plan. Plan Clients may contact the Adviser during normal business hours to consult with the firm concerning any such material changes.

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

Pensionmark, in some instances, may compensate third-party solicitors (or "Corporate Solicitor") for Client referrals. In order for a business entity to be compensated by Pensionmark for referring a Client to Pensionmark, the solicitor must be engaged by Pensionmark under a Solicitor or Referral Agreement ("Agreement") in compliance with Section 206(4)-3 of the Investment Advisers Act of 1940. In general, a Corporate Solicitor is compensated by a percentage of the advisory fee collected for a limited period of time specified in the Agreement. The Client pays no additional fee for the referral over and above Pensionmark's quoted advisory fee; to the contrary, the fee the Adviser earns is reduced by the amount of the compensation to the Corporate Solicitor. A Client who is solicited by a Corporate Solicitor will receive the Solicitor's separate Disclosure Statement describing the nature of the arrangement in detail.

Pensionmark Advisors may share in advisory fees paid to Independent Financial Services (IFS) for clients referred to IFS. This referral arrangement may be in place for existing clients that continue to be serviced by IFS. Referral fees are paid pursuant to a written agreement in accordance with Section 206(4)-3 of the Investment Advisers Act of 1940. Referral fees paid to Pensionmark Advisors will be based on IFS's normal fee schedule; you will not be charged any additional fees or expenses as a result of the referral.

Clients may request details regarding a particular Agreement by contacting us toll-free at (888) 679-6067 or by emailing [jennifer.tanck@pensionmark.com](mailto:jennifer.tanck@pensionmark.com).

#### **Item 15 – Custody**

Client Custodians issue quarterly account statements from directly to Clients. Pensionmark urges you to carefully review such statements and compare the official custodial records to any reports that we may provide you. Pensionmark's reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Pensionmark does not act as a qualified custodian for Plan Client assets. However, Pensionmark does disclose upon the ADV Part 1 (Item 9) that it has custody of Clients' funds or assets because of the method by which Pensionmark processes third party checks for Wealth Clients and also because a small number of Wealth Clients have asked a Pensionmark Financial Advisor to act as a trustee or in a similar capacity with respect to their wealth assets or in the case where Pensionmark has unrestricted ability to access a Client's assets. Therefore, Pensionmark undergoes an annual "surprise" audit by an independent certified public accountant.

#### **Item 16 – Investment Discretion**

Pensionmark acts in a non-discretionary capacity as an ERISA 3(21) investment manager. As such, Pensionmark will make recommendations of investments to plan sponsors, but does not have the authority to make decisions on behalf of the Plan. The plan sponsor/trustee retains ultimate decision-making authority for investments and may accept or reject the recommendations. The plan sponsor is responsible for the selection and monitoring of the 3(21) investment manager and implementation of any of the 3(21) investment manager's investment recommendations, and assumes responsibility and liability for any decisions made by the plan sponsor.

Pensionmark's separate Disclosure Brochure for its Wealth Management Services discloses the level of authority and discretion Pensionmark is granted, in general, for its Wealth Management clients.

Adviser may have the authority to negotiate fees on behalf of the Plan Client with its other service providers. Specifically, in its efforts to perform “Request(s) For Proposals” (RFP’s) on behalf of Plan Clients, Adviser assists the Plan Client in determining the most suitable fee for services structure that can be obtained within the constraints of the Retirement Plan Document(s). However, Pensionmark does not have any “control” over the fees or commissions charged by custodians or investment companies for the products or services they provide. Consequently, the Plan Client may pay fees or commissions higher than obtainable elsewhere for similar products or services.

See Item 10 for important disclosures about Pensionmark’s affiliated record keeper, FORS.

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

Pensionmark will vote proxies on securities held in the client’s account in accordance with the terms of the client’s Investment Advisory Agreement. We have adopted procedures that are designed to ensure that client securities are voted in the best interests of our clients, and to avoid potential conflicts of interest that may arise between our interests and those of our clients. The firm will analyze the proxy issues, and execute votes in accordance with our proxy voting guidelines. Any issues regarding potential material conflicts will be raised with the firm’s Compliance Officer.

When a material conflict of interest is identified, the firm may refer the matter to an independent third party (“Outside Reviewer”) to provide guidance on voting the proxy in an appropriate manner. To the extent the Guidelines do not address a proxy issue, the company will vote that proxy in the best interest of Pensionmark’s client.

A copy of Pensionmark’s Proxy Voting Policies and Procedures and/or the record of proxies that have been voted for the client are available to clients upon their request.

#### **Item 18 – Financial Information**

Registered Investment Advisers are required to provide Clients with certain financial information or disclosures about the investment adviser’s financial condition. Pensionmark has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients, and has not been the subject of any bankruptcy proceeding.

#### **Privacy Policy**

Pensionmark Financial Group, LLC (“Pensionmark”) recognizes that its Clients have an expectation that Pensionmark and its affiliates will maintain the confidentiality of Clients’ nonpublic personal information. Consequently, Pensionmark has adopted this Privacy Policy concerning information obtained during the servicing of Client’s account(s).

**Nonpublic information:** Nonpublic information obtained by Pensionmark for purposes of providing services hereunder will not be furnished to third parties for any other purpose other than in furtherance of the services to be provided hereunder. Notwithstanding the foregoing, Pensionmark may disclose nonpublic information (i) to the extent such disclosure is required by court order or by a valid order of a governmental body governmental or quasi-governmental agency (such as FINRA) (ii) prior or after the time of disclosure such information becomes part of the public knowledge or literature, not as a result of any inaction or action of Pensionmark, (iii) reasonably necessary for Pensionmark to enforce its legal rights

in any dispute with that Client; or (iv) is approved by Client, in writing, for release. Pensionmark does not disclose nonpublic personal information about its Clients to any party except as permitted by law.

**Sources of Personal Information:** We collect Personal Information about you from meetings with you and on applications or other forms you have submitted to Pensionmark, as well as information about your investments or transactions with us or others (such as third party service providers or fund companies) from other sources.

**How Pensionmark Protects the Confidentiality of Clients' Nonpublic Personal Information:**

Pensionmark does not sell or trade Clients' information with nonaffiliated companies. When information is provided to third party service providers, safeguards are in place to assure that information is used only for the purpose it is provided. Pensionmark maintains its records on secured computers. Prospective employees are screened for criminal convictions. Once hired, employees are made aware of Pensionmark's Privacy Policy and of the confidential nature of the information they handle. Employees are limited to accessing only that customer information that is necessary to perform their job functions.

**To Whom This Policy Applies:** This Notice applies to all our Clients who enter into an Advisory Services Agreement with us. Our Former Clients: Even if you are no longer a Client, our Privacy Policy will continue to apply to you.

**Access to and Correction of Information:** Upon the written request of Clients, we will make available for their review any file we may maintain for their personal Information; provided, however, that any Information collected in connection with, or in anticipation of, any claim or legal proceeding will not be made available. If Clients notify us that any Information is incorrect, we will review it. If we agree, we will correct our records. If we do not agree, Clients may submit a short statement of dispute, which we will include in any future disclosure of the disputed Information.

**Further Information:** We reserve the right to change this Privacy Policy at any time. The examples contained within this Privacy Policy are illustrations and are not intended to be exclusive. This Policy attempts to comply with federal and state regulations regarding privacy. Clients may have additional rights under other foreign or domestic laws that may apply to them.

**"Opt Out" Provision:** Since Pensionmark does not sell or share any Personal Information, an "opt out" provision would not be applicable to this Privacy Policy. Clients may call (888) 201-5488 or [jennifer.tanck@pensionmark.com](mailto:jennifer.tanck@pensionmark.com) to request further information regarding this policy.