

# Form ADV Part 2A Brochure

## Resources Investment Advisors, Inc. (Wealth Management Division)

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March 22, 2017

This Brochure provides information about the qualifications and business practices of Resources Investment Advisors, Inc. (“RIA”). If you have any questions about the contents of this Brochure, please contact us at 913-338-5300. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

RIA is a registered investment advisor. Registration as an investment advisor does not imply any level of skill or training. The oral and written communications of an advisor provide you with information from which you can determine whether to hire or retain an advisor.

Additional information about RIA is also available via the SEC’s web site:  
[www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

## **Item 2 – Material Changes**

This Brochure, dated March 22, 2017, represents the annual update to the firm's previously published annual brochure.

In February of 2017, RIA ended its association with LPL Financial and entered into a new relationship with Triad Advisors, an introducing broker-dealer headquartered in Atlanta, Georgia. As a result of the transition, one of RIA's affiliate offices in Hastings, Nebraska terminated its registration with the firm, as did the adviser representatives in Grand Island, Nebraska and Springfield, Missouri. However, RIA also added affiliate offices in St. Louis, Missouri; Sterling Heights, Michigan; and Greenville, South Carolina.

No other material changes were made to the Brochure.

Pursuant to SEC Rules, we will deliver to you a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. All such information will be provided to you free of charge.

Currently, our Brochure may be requested by contacting us at (913) 338-5300. Additional information about RIA is also available via the SEC's web site [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with RIA who are registered as investment advisor representatives of the firm.

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#### **Item 4 – Advisory Business**

Resources Investment Advisors, Inc. (“RIA”) is registered as an investment advisor with the United States Securities and Exchange Commission (CRD # 106766). RIA is organized as a corporation under the laws of the State of Missouri and has been in business since 1968. The firm is owned by Vincent L. Morris, who serves as its President, and Michael J. Bukaty, who is not an active participant in the daily management of the firm.

RIA provides investment advisory and management services to individual and institutional clients. (RIA also provides investment advisory and management services to retirement plan clients, and those services are outlined in a separate brochure specifically tailored to the Retirement Plan Division.) Although clients may choose to manage their own accounts and use RIA solely for providing investment advice, most clients’ accounts are managed by the firm on a discretionary basis.

In those instances, RIA has the authority to make trades within clients’ accounts without their prior consent. However, the firm’s investment management services are tailored to the individual needs of each client. That process begins by conducting an initial meeting with clients to determine their personal goals regarding each account and conducting a risk assessment profile to determine how much investment risk they are willing to incur. Based upon those considerations, clients will generally be categorized into an appropriate investment strategy.

While RIA generally applies allocation models based upon the selected strategy, clients may impose specific restrictions on investing in certain securities or types of securities on their investment management agreement and are reminded to notify the firm of any new restrictions on a quarterly basis. In addition, RIA’s investment advisor representatives hold investment review sessions with clients to discuss any adjustments clients desire to make to the investments in their accounts.

As of December 31, 2016, RIA managed approximately \$5,653,000,000 in assets, of which approximately \$4,498,000,000 was managed on a non-discretionary basis and approximately \$1,155,000,000 was managed on a discretionary basis.

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

RIA typically bases its annual advisory fee on a percentage of the total value of the assets in all of the client’s accounts. However, RIA does not utilize a uniform fee schedule. Instead, the firm’s investment advisor representatives have the flexibility to establish a fee schedule for

each client based upon the total assets contained in the client's accounts, the types of investments held in the accounts, and the amount of time the representative believes he or she will need to spend in managing the accounts. In addition, clients have the ability to negotiate the fee schedule that will be applied to their accounts.

RIA typically requires clients to instruct the custodian to deduct its advisory fees from the accounts each calendar quarter in advance. For accounts held at Charles Schwab and TD Ameritrade, RIA will calculate the applicable fee and forward its calculations to the custodian.

Because the advisory fee is based upon the assets in the client's account each quarter (an amount that will likely change from quarter to quarter), clients should understand the stated percentage is not intended to represent an annualized fee applicable to the average total of assets within the accounts during a calendar year. RIA may combine multiple accounts from within a household for purposes of determining the applicable fee discount.

For accounts held at Schwab, RIA will typically collect its advisory fee in advance of the quarter in which the investment advice is given. For accounts custodied at TD Ameritrade, including those managed through FTJ FundChoice, the advisory fee is usually collected in arrears each month. If the advisory fee had been collected in advance and the agreement is terminated in the middle of a calendar quarter, any unearned fees paid in advance will be refunded to the client on a pro-rata basis.

As noted in the investment advisory or management agreement, RIA's advisory fee does not include any applicable taxes; confirmation fees for trades; custodial fees; brokerage commissions; transaction fees; charges imposed directly by a mutual fund, index fund, or exchange traded fund (as disclosed on the fund's prospectus); fees imposed by variable annuity providers (as disclosed in the annuity contract); certain deferred sales charges; odd-lot differentials; transfer taxes; wire transfer and electronic fund fees, as well as other fees imposed upon brokerage accounts and securities transactions. However, RIA may charge an annual account fee for small accounts custodied at Charles Schwab.

In certain situations, RIA may refer clients to a third party asset manager to supplement its management of the accounts. In those instances, client may be required to enter into a separate agreement with the third party asset manager which may govern the terms under which the advisory fee will be collected. Specifically, the third party asset manager may collect a unified advisory fee and forward an agreed portion of that fee to RIA. Alternatively, RIA may collect the advisory fee and forward a portion to the third party asset manager or the parties may charge separate management fees.

RIA or its representatives may act as a solicitor for certain investment managers. In those instances, the investment manager will forward a portion of the advisory fee it collects to the firm and/or its advisor representative as a solicitor's fee. This may create an incentive to recommend clients retain certain managers based on the receipt of the solicitor's fee, which is a potential conflict of interest. However, if RIA or its representative is acting as a solicitor for another manager, RIA will not charge an advisory fee and the client will be provided with a solicitor's disclosure statement detailing the arrangement. Conversely, RIA may utilize third parties as solicitors and pay them a portion of the advisory fee RIA collects as compensation for the referral.

RIA's investment advisor representatives may also be registered as representatives of Triad Advisors, a securities broker-dealer (member FINRA/SIPC). As a result, these representatives may be able to offer investment products and insurance company annuities for which they would be entitled to a sales commission, which may create a conflict of interest.

RIA's investment advisor representatives typically recommend "no load" mutual funds, which do not offer sales commissions, when available to advisory clients. However, in the event one of our advisor representatives recommends a fund that does include a sales commission to an advisory client, that advisor will not be permitted to retain those commissions. Similarly, in the event one of RIA's investment advisor representatives previously earned a commission on a product (other than a variable annuity) that is transferred into an account governed by an investment management agreement, RIA will generally delay charging an advisory fee as an offset of the compensation it already received. If the product was a variable annuity, RIA's investment advisor representative may provide ongoing management of the investment choices within that annuity without charge.

If an advisor representative recommends the purchase of an investment product or annuity in an account that is not governed by an investment management agreement, the client should understand those products may be purchased through a broker or agent that is not affiliated with RIA. Furthermore, our clients are under no obligation to accept and act upon our recommendations regarding such products. However, our recommendations are intended to be consistent with our clients' needs and best interests.

RIA's investment advisor representatives may also provide separate financial planning or investment consulting services. These services are separate from the firm's investment management services. As a result, these services will be provided pursuant to a separate contract and fee, which is usually based upon an hourly rate or flat fee.

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

RIA does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client), and consequently does not simultaneously manage performance based and non-performance based accounts.

## **Item 7 – Types of Clients**

RIA offers portfolio management and advisory services to individuals, trusts, estates, endowments, foundations, charitable organizations, retirement plans, and business entities.

The firm's minimum account size is generally \$25,000, but that limitation is subject to waiver in certain circumstances. In fact, RIA generally utilizes a third-party asset manager for smaller accounts (those with assets under \$50,000.00). As noted above, RIA may charge an annual account fee for small accounts custodied at Charles Schwab.

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

RIA's general investment strategy is consistent with the tenets of modern portfolio theory and is intended to reduce risk and volatility by building globally diversified portfolios. To implement this strategy, RIA typically recommends the use of no-load mutual funds, exchange traded funds (ETF's), individual bonds, government securities, individual stocks, and other types of securities. Alternatively, RIA may recommend using third-party asset managers.

RIA's Portfolio Management Team and its investment advisor representatives conduct research to identify and evaluate investment options they feel would be appropriate to represent various asset classes and investment styles in clients' portfolios. This may include conducting due diligence on the funds' investment managers. Using this research, the investment advisor representative will then assist the client in developing an investment mix that matches their needs.

However, clients must remember that investing in securities involves risk of loss, which they should be prepared to bear. These risks include market risk, interest rate risk, currency risk, and political risk, among others. No investment strategy, nor the use of a third party manager, can assure a profit or avoid a loss, and RIA does not guaranty any level of investment returns.

## **Item 9 – Disciplinary Information**

RIA and its "management persons" are required to disclose all material facts regarding any



legal or disciplinary events that would be material to the evaluation of the firm or the integrity of its management, such as criminal convictions or violations of securities laws. (A “management person” is generally defined as any of the firm’s principal executive officers and members of the firm’s investment committee.) Neither RIA nor any of its executive officers and investment committee members are currently subject to, or have ever been subject to, any material events resulting from legal or disciplinary action. The investment advisor representatives working on a client’s account are also required to disclose any such events in their biographies, which are provided to clients in a separate document (ADV Part 2B).

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

Some of RIA’s investment advisor representatives are registered representatives of Triad Advisors, an introducing broker-dealer (member FINRA/SIPC) and, in that capacity, may recommend securities transactions for individuals or entities who are also clients of RIA. In that event, Triad Advisors will typically pay these individuals a portion of the brokerage commissions received for products they sell. This creates a conflict of interest. However, as discussed above, RIA’s investment advisor representatives are not permitted to collect commissions on investment products purchased within the client’s investment advisory account. In addition, clients are free to choose not to implement the representative’s recommendation or to purchase these products from another registered representative or broker-dealer.

Some employees of RIA may also be appointed as agents of certain insurance companies and, in that capacity, may recommend the purchase of insurance products, such as fixed or variable annuities, for individuals or entities who are also clients of RIA. In that event, the insurance company will pay these individuals a sales commission for the products they sell. This creates a conflict of interest. However, RIA’s investment advisor representatives will typically provide ongoing management of the investments within a variable annuity without charge if the advisor representative already received a commission on the sale of the product. In addition, clients are free to choose not to implement the representative’s recommendation or to purchase these products from another registered representative or broker-dealer.

RIA may have relationships with banks, accounting firms, and other entities that have agreed to provide client referrals. This may create a conflict of interest. However, before RIA will pay a referral fee, it will enter into a solicitor’s agreement with that entity or individual and require the solicitor to provide each prospective client with a solicitor’s disclosure form, which details the arrangement. For clients referred by a bank, that disclosure form will also inform the client that RIA’s investment advisory services are separate and distinct from any banking services, as well as the fact their investments will involve risk and will not be

protected by the FDIC.

## **Item 11 – Code of Ethics**

### **Code of Ethics**

In compliance with Rule 204A-1 of the Investment Advisors Act, RIA has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. The Code of Ethics describes the firm's fiduciary duties and responsibilities to clients by requiring compliance with applicable securities laws, including those that protect the confidentiality of client information, require the reporting of personal securities transactions, and prohibit trading on insider information. Each of RIA's "supervised persons" is required to acknowledge receipt of the firm's Code of Ethics within ten (10) business days of joining the firm. In addition, each supervised person is required to annually acknowledge that their continued employment is contingent upon their compliance with its terms. RIA will provide a complete copy of its Code of Ethics to any client upon request.

### **Trading Conflicts of Interest**

RIA's supervised persons are permitted to buy or sell securities for their personal accounts that are identical to transactions recommended to clients. However, in order to address potential conflicts of interest, RIA prohibits its supervised persons from trading a security in their personal accounts, if they reasonably believe the security will be purchased or sold in a client's account, until the completion of all anticipated trading in that security for client accounts has occurred for that day. RIA also requires that all of its supervised persons disclose their holdings of "reportable securities" annually and transactions in such securities each quarter. ("Reportable securities" do not include shares of mutual funds or government-issued securities.) Those reports are then reviewed by the firm's Chief Compliance Officer to ensure its supervised persons are not engaging in "front-running" or other prohibited acts which put their interests ahead of those of RIA's clients. RIA also requires its supervised persons to obtain prior approval from its Chief Compliance Officer before investing in any limited investment opportunities (i.e., initial public offerings or shares in a thinly traded security) so they do not appropriate a trading opportunity that should rightfully belong to RIA's clients.

## **Item 12 – Brokerage Practices**

RIA does not maintain physical custody of any client accounts or any assets within them. Instead, clients are required to deposit assets at a broker-dealer, investment company, or another financial institution that meets the definition of a "qualified custodian" under Rule

206(4)-2(c)(3) of the Investment Advisors Act through which RIA will monitor the assets in the account. As a result, clients are required to complete all documentation required by the applicable custodian for each account, including the appropriate new account documentation, if necessary. While RIA does not open custodial accounts for its clients, it can assist them in doing so.

In the event a broker-dealer is selected as the custodian of the client's account, RIA will process all trades in the account through that custodian. Because clients direct which broker-dealer will be used to process trades in their accounts, this may impair RIA's ability to achieve most favorable execution of transactions. This may result in clients paying higher commissions and other transaction costs or receiving less favorable net prices on transactions. For example, clients may pay higher brokerage commissions because we will not be able to aggregate orders to reduce transaction costs. Clients should understand that not all advisors require their clients to direct their brokerage.

While clients generally designate the custodian of their accounts on the investment advisory or management agreement, RIA seeks to limit the custodians which hold its client's assets due to the complexity associated with managing accounts on multiple custodial platforms. RIA generally recommends Charles Schwab & Co. or TD Ameritrade to serve as custodian based upon the quality of their service, the types of services the firms offer, their overall capability, execution quality, competitiveness of transaction costs, the investment research they make available to us and our clients, and the firms' reputation and financial stability, among other things. In addition, clients utilizing a third party asset manager are typically required to use its custodian.

Because some employees of RIA are registered as representatives of Triad Advisors, it has a duty to oversee certain aspects of our investment advisory activities. This requires Triad Advisors to be able to coordinate with, and have the cooperation of, the custodian of our clients' accounts. This need for coordination is also a factor in limiting the custodians clients may use.

Charles Schwab, TD Ameritrade, and other custodians ("Custodial Partners") may provide products and services to RIA that benefit it but may not directly benefit its clients, including the following:

Services that Benefit You. The Custodial Partners' brokerage services may include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through the Custodial Partners may include some to which you might not otherwise have access or that would require a significantly higher minimum initial investment by you. These services generally benefit

you and your account.

Services that May Not Directly Benefit You. The Custodial Partners also make available other products and services that benefit RIA but may not directly benefit you or your account. These products and services assist us in managing and administering RIA's client accounts. They include investment research, which RIA may use to service all or some substantial number of its client accounts, including accounts not maintained at the Custodial Partners. In addition to investment research, the Custodial Partners may also make available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

Services that Generally Benefit Only RIA. Custodial Partners may also offer other services intended to help RIA manage and further develop its business enterprise. These services include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Custodial Partners may provide some of these services themselves. In other cases, they will arrange for third-party vendors to provide the services to RIA. Custodial Partners may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Custodial Partners may also provide us with other benefits such as occasional business entertainment of our personnel.

Because Triad Advisors also oversees RIA's activities, it offers other services intended to help us manage and further develop its business, including educational conferences and consulting on technology, compliance, legal, and business needs.

RIA's receipt of these benefits may create a conflict of interest because it relieves the firm from paying for these items or producing them itself. As result, the receipt of these benefits

may make it more likely that RIA will recommend these companies as the custodian for its clients' accounts instead of searching for the broker that would provide the most favorable execution for each transaction in a client's account. However, RIA believes its recommendation of these companies to serve as the custodians and brokers on our clients' accounts is in the best interests of its clients, based upon the scope, quality, and price of their services that benefit them, as opposed to the services that only benefit it.

### **Item 13 – Review of Accounts**

Members of RIA's staff participate in a general review of its investment strategies - including a consideration of any political, market, and economic issues that may affect those strategies – every six weeks. Minutes from those discussions are then distributed to the firms' investment advisor representatives and clients through a newsletter. However, the firm's VP of Investments and its investment advisor representatives monitor market conditions on a daily basis. For those accounts being managed through RIA's home office, RIA's Investment Allocation Committee is responsible for researching specific investments.

As part of the initial negotiation a client's management agreement, the investment advisor representative and the client will discuss how frequently the parties will meet to conduct a formal investment review the accounts. Those meetings generally take place on an annual, semi-annual or quarterly basis, depending upon the size of the account and the client's time commitment to participate in such reviews. Additional client reviews may be triggered by a specific client request or by a change in market or economic conditions. While the investment advisor representatives will periodically review the performance of their clients' investments, clients are advised that it remains their responsibility to advise the representatives of any changes in their investment factors, including their investment objectives, financial situation, or family and work situations.

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

As noted in Item 12, above, RIA receives economic benefits from the custodians of its customers' accounts in the form of the support, products, and services made available to us. However, these offers of products and services are not based on the willingness of RIA or its investment advisor representatives to provide any particular investment advice to their clients, such as recommendations to purchase any particular securities products.

RIA and its investment advisor representatives may receive direct or indirect compensation from third parties. This compensation may include payments for RIA's investment advisor representatives and/or other associated persons to attend educational and marketing seminars, gifts valued at less than \$100 annually, an occasional meal, or ticket to a sporting

event. In addition, investment product and service providers may sponsor educational seminars and/or client marketing events conducted by RIA. However, such compensation may not be tied to the sales of any products. RIA maintains records of all such payments, and those records are available for inspection at a client's request.

As referenced above, RIA may pay individuals or entities, such as banks or accounting firms, to refer clients to us. However, these solicitor agreements are structured to be in compliance with applicable securities laws, which include the existence of a formal contract between RIA and the solicitor. Pursuant to that contract, the solicitor is required to provide each potential client with a disclosure statement, which describes the specific relationship between RIA and the solicitor – including the compensation that will be paid to the solicitor - prior to or at the time the client enters into an investment advisory or management agreement.

### **Item 15 – Custody**

RIA requires clients to designate an unaffiliated “qualified custodian” to hold the assets in their accounts. Although RIA does not hold these assets, it is deemed by statute to have a form of custody if it calculates the applicable advisory fee and has authority to instruct the custodian to deduct the fee from the client's account and remit it to RIA – as we do with accounts custodied at Charles Schwab or TD Ameritrade.

RIA's investment management agreement may also include a limited power of attorney to permit us to make securities trades and other transactions on our clients' behalf (although it will not give RIA the authority to transfer funds out of the client's account).

Clients will receive account statements directly from the account's custodian not less frequently than each calendar quarter, which will detail all activity and list any fee deductions noted above. These reports will be sent to the email or postal mailing address you provided. Clients should carefully review the account statements they receive from the custodian to ensure they accurately reflect the assets the client believes are in the account.

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

For most client accounts, RIA will have discretionary authority to manage the investments within the account. The investment management agreement provided to the client will include a limited power of attorney that outlines the specific authority RIA will have to initiate investment transactions in the client's accounts. That document also permits RIA to notify the account's custodian and/or broker-dealer of its authority (although these entities may require clients to execute separate forms to confirm RIA's discretionary authority over each

account).

Specifically, RIA will have the authority to:

- i. buy, sell, and trade securities (stocks, bonds, options, etc.);
- ii. place, withdraw, or change transaction orders or instructions with the account's custodian;
- iii. instruct the custodian as to which cost basis formula to apply to each account; and
- iv. enter into securities repurchase and securities reverse repurchase transactions.

However, RIA will manage each client's account consistent with the client's investment objectives, which are established at the opening of the account but are subject to change at any time at the client's direction. In addition, clients may designate specific restrictions on the investments to be held in their accounts on the account management agreement and are reminded each calendar quarter to notify RIA of any changes they want to make to those restrictions.

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

RIA will not accept authority vote on securities held in client accounts (i.e., proxy requests). In addition, it does not take any action or render advice with respect to the voting of proxies, unless required by law.

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

Registered investment advisors are required in some cases to provide certain financial information and or disclosures about financial condition. For example, if RIA required clients to prepay advisory fees six months or more in advance, had a financial condition that was reasonably likely to impair its ability to meet its contractual commitments to its clients, or had been the subject of a bankruptcy petition during the past ten (10) years, it would be required to include certain financial information and make disclosures. However, none of these factors are applicable to RIA, so no such disclosures are necessary.