

Northern Capital Retirement Services, Inc.

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FORM ADV Part 2A

Firm Brochure

September 12, 2018

Item 1 – Cover Page

This Brochure provides information about the qualifications and business practices of Northern Capital Retirement Services, Inc. Please note the information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Northern Capital Retirement Services, Inc. also is available on the SEC's website at <http://www.adviserinfo.sec.gov>.

Northern Capital Retirement Services, Inc. (herein referred to as "NCRS") is a registered investment adviser. Registration does not imply a certain level of skill or training. If you have questions about the contents of this Brochure, please contact Lisa Burke, Chief Compliance Officer, at (509) 456-2526 or (800) 826-9803 or via email to lisa@northernwelcome.com.

Item 2 – Summary of Material Changes

Northern Capital Retirement Services, Inc. updates and distributes this document annually or, in the event of material changes, more frequently. This section summarizes changes to our brochure since our last update on March 30, 2018:

1. Updated email address for CCO

Our firm will deliver a copy of this section to clients within 120 days of the close of its fiscal year to inform clients of material changes to the firm's business philosophies and practices. Clients can request a full copy of the latest version at any time by contacting Lisa Burke, Chief Compliance Officer, at (509) 456-2526 or (800) 826-9803 or via email to lisa@northernwelcome.com.

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Item 4 – Advisory Business

Company History

Northern Capital Retirement Services, Inc. (formerly Capital Retirement Plan Services, Inc.) has been in business since 2012. As of March 28, 2018, Capital Retirement Plan Services, Inc. changed its name to Northern Capital Retirement Services, Inc. (“NCRS”). NCRS is incorporated and owned by James K. Wilson. NCRS is an affiliate to the SEC registered investment advisor Northern Capital Management, Inc. (Est. 1992).

NCRS offers retirement plan services to employers, retirement plan sponsors, trustees and participants across the country. NCRS focuses on 401(k), 403(b), SIMPLE and SEP retirement plans and works with a variety of third party administrators, record keepers, law firms, custodians and platforms.

General Services Offered

General services offered are described below while the specific services each plan is contracted to receive are detailed in the plan’s advisory agreement. Advice is tailored to each individual client and limitations on investment options or restrictions within a plan are established in the plan’s Investment Policy Statement.

Base Plan Services

- Recommendations related to:
 - Plan design, structure, and investment selection
 - Selection of a trust company or qualified custodian for plan assets
 - Selection of third parties for services to the plan such as record-keeper, third party administrator (TPA), ERISA council and other professionals to include strategic partners. See Item 14 Client Referrals and Other Compensation for more information on the Strategic Partner program.
- Assistance with the evaluation of third party providers, capabilities and industry standards
- Commentary on third party Request for Proposals, upon request
- ERISA fiduciary services: Investment Consultant 3(21) or Investment Manager 3(38)
- Creation, review and maintenance of the Investment Policy Statement (IPS)
- Professional monitoring of economic and market conditions on a continuous basis

Plan Sponsor Support and Fiduciary Education for 401k and 403b Plans

- Plan fee analysis offered annually and more frequently, upon request
- Plan review meetings are offered annually and more frequently, upon request
- Annual Reviews often include the following:
 - Review of roles and responsibilities of fiduciaries and covered service providers
 - Identification and review of plan’s fiduciaries and assigned responsibilities
 - Education related to fiduciary roles and responsibilities
 - Evaluation of other covered service providers including fiduciary status and reviews of supplemental reports from third party administrators
 - Review plan investments (fiduciary due diligence)
 - Review the Investment Policy Statement
 - Review plan investments with respect to diversification, performance versus benchmarks, and fees
 - Confirm sufficient documentation is on file related to investment changes (additional investments purchased and/or investments sold and replaced with a new investment)
 - Review overall plan fees and expenses

- Review participant education and communication strategies
 - Delivery of Summary Plan Description (SPD) to participants
 - Education sessions provided including ERISA 404(c) compliance guidelines and implementation as applicable
 - Communications to individual participants related to personalized education, advice, or assistance with enrollment or transactions
- Unlimited consultations offered through the year, upon request
- Accessible during DOL and/or IRS Audits, upon request

Employer Support for SIMPLE/SEP Plans

- Plan fee analysis, upon request
- Plan review meetings are offered annually and more frequently, upon request
- Unlimited consultations offered through the year, upon request
- Provide employer education, as needed

Participant Education, Advice, and Administrative Support

- Participant Education often includes:
 - Enrollment materials such as orientation booklets and forms (printed and mailed, shipped in hard-copy booklets, or distributed electronically by email)
 - New participant orientation sessions focus on enrollment, investment options, and plan features
 - Existing participant educational sessions focus on plan changes, current markets and news, investment options, plan features, plan mechanics, and distribution options
 - Financial Wellness Series education sessions offered upon request focus on topics such as:
 - Budgeting, Saving, and Cash Flow Planning
 - Retirement Planning and Investing
 - Estate Planning, Wills, and Insurance
 - Saving for College, Sinking Funds, and Teaching Children about Money
 - Delivery of required disclosures to participants based on the DOL model, upon request
 - Handouts, materials or other notices sent to direct participants to online or third-party resources:
 - Access to our website, including participant resources
 - Access to the participant's account online through the qualified custodian or third-party administrator's website
 - Unlimited access by phone or email to pose questions to the NCRS team
 - Education and news articles, upon participant sign-up. Examples include:
 - Blog and/or Videos posted to our website and distributed by email or via social media channels
- Participant Advice, upon request:
 - Personalized financial planning and investment advice upon request that can include:
 - Personalized financial or cash flow plans
 - Review of estate planning, insurance and other legal documents.
 - Access to financial planning software eMoney or other online tools to make planning and saving easier
 - Personalized advice for plan investment options
 - Personalized guidance on budgeting, goal setting, college planning, and life, disability and long-term care insurance needs
 - Advice regarding assets owned outside the plan
 - Meetings are available at our office located in Spokane, WA and by email or telephone. The participant can invite a spouse or partner into the planning process

- Administrative Support, upon request, often includes:
 - Distribution or rollover assistance
 - Assistance with change of address, change of email, change of name, etc.

Administrative Services

- Access to our website and secure client document portal upon request
- Portfolio reports post to the client portal quarterly for those who sign up
- Portfolio reports can be delivered upon request by mail or email

Non-Investment Related Services

- Assistance with class action Proof of Claim and Release Forms although we do not provide legal advice or act on behalf of the client in legal proceedings

Services for Participant Directed Retirement Plans

Plans that offer a menu of investment options to participants receive:

- Recommendations for the “menu of investment options” to be used by participants, also referred to as the Designated Investment Alternatives and Qualified Default Investment Alternatives.
- Routine reviews of the menu of investment options. See Item 8 Methods of Analysis, Investment Strategies and Risk of Loss for more information.
- Recommendations regarding changes to the menu of options.
- Implementation of menu changes according to the 3(21) or 3(38) fiduciary status selected.
 - [3\(21\) Investment Consultant](#): Each recommendation must be approved or rejected by the plan sponsor.
 - [3\(38\) Investment Manager](#): NCRS can implement changes to the menu without obtaining approval from the plan sponsor.

Note: Neither arrangement above relieves the plan sponsor from the responsibility to monitor NCRS as a covered service provider to the plan.

Services for Pooled Retirement Plans or Trustee Directed Retirement Plans

Plans where balances are invested *for* participants rather than allowing participants to self-direct hire NCRS to manage the plan assets on a Discretionary or Non-Discretionary basis:

- Trading authority, most commonly Discretionary, is granted in the Financial Advisory Agreement.
- Investments are managed according to an Investment Objective (“IO”) strategy that is approved in writing and selected based on plan information to include participant demographics and plan goals.

A cash reserve, cash minimum, or custom allocation model should be outlined in writing if applicable.

Pooled plans have a single trust account managed by the plan sponsor (the trustee). All plan contributions are commingled and tracked by a third-party administrator. Plan participants do not get to manage their accounts and have no say in the investment direction of the plan investments.

Trustee Directed plans have a single trust account managed by the plan sponsor (the trustee) and the plan sponsor is required to make sure actuarially determined contributions to the plan on behalf of participants occurs and is invested in such a way to match actuarially determined “benefits” owed to participants in retirement.

Rollover Services

NCRS offers advice to participants with retirement plan balances. This includes, for example, balances held in an ex-employer’s retirement plan after the participant retires or terminates employment. Rollover Service include:

- An explanation of available options such as the ability to rollover the balance to an IRA, keep the balance within the plan, roll assets to a new employer's plan, or cash out;
- Recommendations;
- Assistance opening an IRA account through affiliate Northern Capital Management, Inc. if applicable; or
- Assistance with transfer/rollovers, if able.

There are various factors to consider before recommending a rollover including but not limited to: i) the investment options available in the plan versus the investment options available in an IRA or new employer plan, ii) fees and expenses in the plan versus the fees and expenses in an IRA or new employer plan, iii) the services and responsiveness of the plan's investment professionals versus ours, iv) strategies for the protection of assets from creditors and legal judgments, v) required minimum distributions and age considerations, and vi) employer stock tax consequences, if any. No participant is under any obligation to rollover plan assets to an IRA managed by our affiliate Northern Capital Management, Inc. or to engage Northern Capital to monitor and/or consult on an account. See Item 10 – Other Financial Industry Activities and Affiliations.

Assets Under Management

As of December 31, 2017, the values of Regulatory Assets Under Management were as follows:

- Discretionarily Managed: \$10,948,847
- Non-Discretionary Managed: \$0
- Total Managed: \$10,948,847

See Item 16 Investment Discretion for more information about Discretionary and Non-Discretionary management arrangements. Please also note the figures above do not include balances where NCRS offers Investment *Consulting Services*. For example, NCRS routinely advises 401k Plan Sponsors on the menu of investment options available to participants. Participants within the plan are limited to the menu recommended but are also able to “self-direct” which funds in the menu to purchase. As such the investment decision ultimately belongs to each participant and those plan balances cannot be considered Assets under *Management*.

Item 5 – Fees and Compensation

Fee Schedule

Our standard annual rate is graduated with no minimum.

- 0.50% on the first \$1,000,000
- 0.35% on assets between \$1,000,000.01 and \$10,000,000
- 0.20% on assets between \$10,000,000.01 and \$50,000,000
- 0.15% thereafter

Advisory and Management fees are negotiable.

NCRS is compensated most commonly by charging a percentage of assets under advisement or management. This is called our “advisory fee” or “management fee.” The annual rate is detailed in the Financial Advisory Agreement, including any minimum fee that applies. Fees are payable on a six-month lagging basis without regard to additions or withdrawals during the prior six-month period. Fee structures are determined by plan size, intensity and type of advisory engagement. Commonly, NCRS charges a fixed percentage with graduating scales where the fixed percentage drops at specified breakpoints as levels of assets under management or advisement are reached. Our firm can also elect to charge fixed fees (not including subscription fees), a flat annual fee, or a combination of a fixed percentage with a flat minimum fee. It is possible similar services can be obtained from other advisory firms at a lower cost. Performance based fees are prohibited.

Calculating Your Bill

Our fee is calculated every six months and is based upon the assets as of the billing date, without regard to additions or withdrawals during the prior six-month period, except for some clients utilizing the American Funds Recordkeeper Direct or PlanPremier platforms which elect for the fee to be calculated quarterly based upon Average Daily Balance. When calculating the fee, limited partnerships and other thinly traded securities are generally valued at \$0 due to a lack of marketability and the difficulty associated with verifying a price with outside third parties, although exceptions may apply. Illiquid securities are always valued at \$0.

Paying Your Bill

Our billing procedure is to send each client an itemized bill. This bill includes a description of how the fee was calculated and the total amount due.

Pay by Check: Plans electing to pay by check will receive an itemized bill on each billing cycle. Checks must be made payable to “Northern Capital Retirement Services, Inc.”

Automatic Fee Deduction: As an alternative to paying by check, the plan can elect to have fees deducted automatically. Plans authorize the third-party administrator to process requests from NCRS to automatically deduct fees from the plan or participant accounts. Once authorization is established, NCRS requests automatic fee deductions at each billing cycle. The plan receives an itemized bill indicating the amounts deducted. Fee deductions can be verified by using independent brokerage statements from the trust company or qualified custodian and third-party administrator reports. Authorization can be revoked at any time and the plan can request to pay by check instead. Standard procedure for new clients is to authorize the automatic fee deduction as part of executing the Financial Advisory Agreement.

Pre-Payment: NCRS does not allow for the pre-payment of fees.

Refunding Fees

NCRS does not have a termination penalty. In the event a plan wishes to terminate our services, the plan is liable for fees charged for services rendered through the termination date. Our contract allows termination by either party to take effect 30 days after the request has been provided in writing. In the event a client elects to terminate within the first 30 days of the advisor-client relationship, NCRS will not charge a fee. The advisor-client relationship is established when the firm approves a signed Financial Advisory Agreement. Please note additional fees incurred during the account integration process or the implementation of trades is non-refundable.

Additional Fees and Expenses

In addition to our fees, clients are responsible for the fees and expenses charged to the plan by third parties such as trustee custodians or qualified custodians, record keepers, and third-party administrators, etc. Fees and expenses take many forms, but the most common include:

- Custody fees and Transaction fees: charged by the custodian for housing assets and facilitating transactions.
- Mutual fund and ETF fees: Mutual funds and ETFs charge fees that are separate and in addition to transaction costs charged when buying or selling shares. NCRS does not purchase mutual funds with a front-end sales charge, however, mutual funds can include a transaction fee paid to the custodian when bought or sold. ETFs can also have transaction fees to buy or sell. In addition to transaction fees, mutual funds and ETFs can have fees paid to third parties as detailed below. NCRS is not the recipient of such fees and considers total fees when selecting and recommending investments.

- Operating Expense Ratios (“OERs”) are charged on an ongoing basis and are based on a percentage. The fee is paid to the fund company to pay for management and operational costs.
- 12b-1 fees and Sub TA fees are charged on an ongoing basis and are based on a percentage. The fee is paid to a third party, most commonly as part of a revenue sharing arrangement.
- Short-term or contingent redemption fees can apply if a fund is sold within a specified time frame from purchase date.
- Menu Change Costs: In Participant Directed plans, when the menu of options is changed the record keeper or third-party administrator often charge fees to cover the cost of updating the administration platform, processing transactions from the old to the new menu option, and offset costs associated with facilitating blackout notices and updating other participant disclosures.
- SEC Fees: charged by the SEC when selling exchange-listed equities. Fee is separate from transactions fees although it is processed by the custodian when transactions occur.

Revenue Sharing Arrangements

NCRS is prohibited from participating in revenue sharing arrangements.

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

NCRS does not charge performance-based fees or engage in side-by-side management.

Item 7 - Types of Clients

Clients

Plan Types include:

- Defined Contribution Plans such as Profit Sharing, 401(k), 403(b), 457
- SIMPLE/SEP Plans
- Cash Balance Plans
- Defined Benefit Plans

Services are primarily offered to:

- 404(C) Participant Directed plans offering a menu of designated investment alternatives to participants
- Pooled or Trustee Directed plans that invest plan assets on behalf of participants

Minimum Account Size

There is no minimum plan size or account size for new clients.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

Investment Committee

The Investment Committee of NCRS and affiliate Northern Capital Management, Inc. (est. 1992) include the same professionals and processes. Investments and Allocation Models are established and reviewed by the Investment Committee which consists of the Chief Investment Officer, Investment Advisor Representatives (“IARs”), and members of the Trading Department. IARs are contributors or

voters for the Investment Committee, must have a bachelor's degree, a minimum of two years relevant investment industry experience, and have passed the Series 65 exam or equivalent. See the ADV Part 2B Brochure Supplements for information specific to each IAR.

Some Plan Sponsors create an in-house group of people to serve the retirement plan in evaluating the recommendations made by our firm, selecting and monitoring service providers for the plan, and other fiduciary tasks. If this in-house group is called an "Investment Committee" it is important to note it is different than the Investment Committee described throughout this brochure.

Types of Investments

Recommendations commonly include open-end mutual funds that are no-load/noncommissioned products and exchange traded index funds with low internal expenses. However, advice can also include stable value funds, closed-end funds, exchange listed securities, debt securities such as corporate, municipal or governmental bonds, certificates of deposit or debt other than commercial paper, variable life insurance, and interests in real-estate partnerships.

Method of Analysis

NCRS employs a host of tools when selecting and monitoring investments. The process of selection, review, and testing is the same for all service model types. The main sources of information used in our research include Morningstar products, fi360 products, financial newspapers, and other research publications and websites (both paid and non-paid subscriptions).

Investments, primarily open-end mutual funds and exchange traded funds, are selected by the Investment Committee through a vetting process. The initial review includes but is not limited to reviews of expenses, transaction fee/commission vs. non-transaction fee/commission arrangements, risk rating, performance relative to other funds considered peers or benchmarks, and management tenure if applicable.

Reviews rely on third party provider fi360 to deliver a Fiduciary Score on investments selected by the Investment Committee. The fi360 Fiduciary Score is a quantitative evaluation of how well a fund meets a minimum set of due diligence criteria. The scoring system weights a fund's standing in relation to thresholds in nine areas defined by fi360 that reflect prudent fiduciary management: regulatory oversight; track record; assets in the fund; stability of the organization; composition consistent with asset class; style consistency; expense ratio/fees relative to peers; risk-adjusted performance relative to peers; and performance relative to peers.

Participant Directed Plans

Plans that offer a menu of investment options to participants receive recommendations for the "menu of investment options" to be used by participants (also referred to as the Designated Investment Alternatives and Qualified Default Investment Alternatives) based on the Method of Analysis described above.

Pooled or Trustee Directed Retirement Plans

Plans where balances are invested *for* participants rather than allowing participants to self-direct are managed by an Investment Objective ("IO") strategy. The asset allocation for the strategy is described below.

Asset Allocation/Portfolio Composition

Asset allocation is how we balance risk and reward by dividing up investments into different asset classes according to goals, risk tolerance and investment horizon. The three main asset classes are equities, fixed-income, and cash and equivalents. Additional asset classes can be used. Each asset class

has different levels of risk and return and will behave differently over time. The Investment Committee reviews the investment strategies available. Ranging from the most aggressive investors to highly risk adverse investors, “Investment Objective Models” (“Models”) are created. All allocation models are offered with long-term investing as the focus and long-term trends in mind. Short-term model changes are not a prominent part of our asset management approach as we do not attempt to “time the market” with short market movements or intraday trading and prefer longer-term allocation strategies. Proactive wealth-preservation such as “selling to cash” is not part of Asset Allocation/Portfolio Construction. This creates risk in market corrections and downturns. However, changes to the Investment Objective Model can occur at any time upon client request.

Management by Investment Objective Models

The Investment Committee meets regularly to review the Investment Objective (“IO”) models available and confirms the target allocations for each. Some IOs have a Base *and* Plus allocation model available. The *Plus* model will increase equity exposure above the Base model. This is used if the client desires to be slightly more aggressive than other clients in the IO model but not so aggressive as to require a change to IO completely. For discretionarily managed plans, NCRS is granted the authority to switch between Base or Plus models without additional written consent.

When the plan becomes a client, trustees complete a New Client Account Application and Financial Advisory Agreement. These documents include questions that help us confirm your investment objectives and risk tolerance and select an appropriate Investment Objective for the plan. Trustees must approve the IO in writing as well as detail any cash reserves, cash minimums, custom allocation model instructions, and account or investment restrictions.

Trades are generally executed for all clients at once or through a process of randomization, however in some cases preferential treatment does occur. Delays in trades for any reason can negatively or positively impact returns due to market fluctuations.

- Preference based on Investment Objective: In ETF and Mutual Fund trading we consider fees and size of transactions. When increasing equity exposure in such positions across all client accounts, aggressive clients may be traded first while more conservative clients are traded after. Conversely, when trading decreases equity exposure in such positions, conservative clients may be traded first and the most aggressive are traded last. Clients with Investment Objectives with a more balanced allocation may not have preferential treatment unless a recommendation is narrow in scope.
- Preference based on timing of client meetings: At times a client meeting will occur while a recommendation is under consideration by the investment committee or trades for clients are in progress. Upon advisor request, a client with any Investment Objective can participate immediately.
- Preference based on the client’s advisory firm: When a recommendation requires block trades and aggregation, we are unable to block trades for our clients with trades of our affiliate’s clients. Northern Capital Management, Inc. clients are traded first and trades for clients of NCRS are placed second.
- Delays to avoid fees: Depending on market conditions and other factors, client positions with applicable short term or contingent redemption fees can be delayed from liquidation to avoid or minimize fees.

Risks to Consider for Pooled or Trustee Directed Retirement Plans

Alternatives to Fixed Income Investing: During low interest rate environments, the Investment Committee can select alternatives to traditional bonds to satisfy the fixed income requirement of a portfolio. Alternatives include Alternative Bond Funds (which exchange interest rate risk for higher

default risk), cash in lieu of bonds (which can create a negative rate of return), and/or Balanced and Flexible Mandate Funds (which can increase equity exposure and credit risk in a manner that may not be noticeable to investors, increase market correlation, and add exposure to international markets, precious metals, foreign currencies and/or leverage).

Risk of Loss

Investments are not guaranteed. Investing in securities or debt instruments (directly or in the form of mutual funds, exchange traded funds, etc.) involves risk of loss that clients should be prepared to bear. With all investments there are inherent, unavoidable and often unforeseeable risks. These risks will vary depending on the nature of the investment, the strategy pursued, the type of instrument used to pursue or give effect to that strategy, the conditions and performance of the U.S. and global economies, as well as the performance/financial condition of the individual company or entity issuing the security. With all investments the value of the investment at the time of sale will fluctuate and might be greater or less than the value at the time of purchase. Primary risks inherent in investing in the types of securities used for client accounts include, but are not limited to, risk of loss of principal; interest-rate risk; credit risk; reinvestment risk; economic risk; political risks; market disruptions; exchange disruptions or malfunctions; currency risk (principally for foreign securities); liquidity risk; risk of default; inflation and market volatility in general. Additional risks include inaccurate data used by the Investment Committee while making recommendations (despite our efforts to verify information as accurate) and negative tax consequences because of recommendations. While NCRS seeks to assess the merits of investing in a security or recommending a third-party investment manager based upon an assessment of the perceived risks and potential rewards, there are no assurances that our assessments will be correct or that subsequent events or company, market, or investment manager changes will not render the assessment incorrect later. Any past success of a particular investment strategy or methodology does not imply or guarantee future success.

Additional Risks

Index Funds: An index mutual fund (open, closed or exchange listed) aims to replicate the movements of an index of a specified financial market or benchmark. Risk factors in addition to those above include but are not limited to muted returns and tracking errors.

Fund of Funds: A “Fund of Funds” is a mutual fund with underlying investments comprised solely of other mutual funds. Risks in addition to those above include but are not limited to higher fees and lower returns for investors.

Commodities, including Precious Metals: Investments in commodities, including precious metals, vary. Some investments purchase the commodity directly, some through companies producing or developing the commodity (i.e. mining stock) and some through derivatives. Risks in addition to those above include but are not limited to loss of principal, leverage, and high volatility.

Stable Value Funds: A stable value fund is a fixed income investment fund managed by an investment fund manager with a wrap contract that guarantees book value to participants for participant-initiated events. Fund managers typically invest in highly rated corporate debt, highly rated structured securities, and other similar fixed income investments. The fair market value fluctuates daily, but the book value or net asset value (NAV) does not fluctuate. Risks in addition to those above include restrictions on participant distributions or transfers during certain market conditions, potential risks related to a fair market value adjustment upon the occurrence of an employer-initiated event, including material participant withdrawals because of employer-initiated communications.

Cybersecurity Risk: Although NCRS has implemented various measures designed to manage risks relating to cybersecurity and information security events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for NCRS to make a significant investment to fix or replace them and to seek to remedy the effect of these issues. The failure of these systems and/or of disaster recovery plans for any reason could cause

significant interruptions in operations and client accounts and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information.

Item 9 - Disciplinary Information

NCRS has no disciplinary history to report. NCRS is required to disclose any legal or disciplinary events that are material for a client or prospective client's evaluation of our advisory business or the integrity of our firm. Our firm and personnel have no reportable disciplinary events to disclose at the present date.

Item 10 - Other Financial Industry Activities and Affiliations

NCRS is not a registered broker-dealer nor does it have an application pending to become broker-dealer. No employee of NCRS is registered with a broker-dealer nor is a representative of a broker-dealer.

NCRS is an affiliate to registered investment advisor, Northern Capital Management, Inc. SEC registration does not imply a certain level of skill or training. Our affiliate offers a full range of wealth management and investment advisory services to individual clients, families, corporations, and foundations. These services include portfolio management as well as comprehensive financial and retirement planning, wealth transfer planning, and education planning. This affiliation presents a conflict of interest as we have an economic incentive to encourage participants to roll plan assets managed NCRS into an IRA that will be managed by our affiliate Northern Capital. If a participant rolls over assets into an IRA account to be managed, it is possible they will pay higher fees in fund expenses and/or advisory fees. While fees are fair and reasonable for the service selected, higher fees can diminish overall returns and there is no guarantee new investments in an IRA will outperform the investments offered within a retirement plan. No participant is under any obligation to rollover plan assets to an IRA managed by our affiliate. To address conflicts of interest, we have policies and procedures in place to assess the appropriateness of any recommendation to rollover assets from a plan managed by NCRS.

When possible, orders for accounts managed by Investment Objective are aggregated and submitted as a block trade. Trades for NCRS are unable to aggregate with trades for our affiliate Northern Capital Management, Inc. therefore trades for Northern Capital Management, Inc. occur first and trades for NCRS are placed after. Most accounts managed by Investment Objective are limited to investing in mutual funds and ETFs only, which diminishes the conflicts of interest.

The ownership of Northern Capital and our affiliate are substantially similar which diminishes the economic incentive for recommending one entity over the other.

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

We have established a Code of Ethics for our personnel that imposes a high standard of business conduct on us and our employees and emphasizes our fiduciary duty to our clients. The Code includes provisions regarding prohibitions on insider trading, personal trading activity in employee and employee-related accounts, and compliance with laws. Our Code of Ethics emphasizes that employees have a duty to place the interests of our clients first. A copy of our Code of Ethics is available to current or prospective clients upon request by contacting our Chief Compliance Officer.

Personal Trading: The Code establishes rules of conduct for all employees. It is designed to govern personal securities trading activities, among other things. According to the Code, employees agree to conduct their affairs, including their personal securities transactions, in such a manner as to avoid:

- Serving their personal interests ahead of clients.
- Taking inappropriate advantage of their position with the firm.
- Prohibited or undisclosed conflicts of interest.
- Any abuse of their position of trust and responsibility.

The purpose of the Code is to preclude activities leading to or give the appearance of undisclosed conflicts of interest, illegal insider trading and other forms of prohibited or unethical business conduct.

Under the Code of Ethics, each employee (i.e. employee, director, partner, officer or spouse, including minor children or relatives residing with such individuals) may trade for their own accounts in securities which are recommended to and/or purchased for clients. The Code requires pre-clearance of all reportable securities transactions

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 in a security held by an employee. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between us and our clients. Employees are prohibited from buying and selling directly to or from a client account as well as participating in client trades by way of aggregation or allocation.

Employees may, from time to time for their own account, purchase, sell, hold or own securities or other assets which may be recommended for purchase, sale or ownership for one or more clients. When a decision to purchase or liquidate a security from all applicable accounts is made, priority would always be given to the clients' orders before those employees.

To supervise compliance with the firm's Code of Ethics, we require that employees provide annual securities holdings reports and quarterly transactions reports to the firm's Chief Compliance Officer. All supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended, and are required to follow the Code of Ethics.

Item 12 - Brokerage Practices

Soft Dollar Arrangements

Clients do not pay higher fees or commissions because of working with the qualified custodians that provide brokerage services. Our firm receives research and brokerage services that enhance the investment advice provided to clients, but this is in exchange for assets held in custody and not connected to transactions.

Brokerage for Client Referrals

NCRS has no arrangement regarding referrals with custodians or broker-dealers. When a referral is made to or from any of these entities, no compensation is received or paid as a result. NCRS has no obligation to maintain any specific amount of business (including assets under custody or trading activity) in response to client referrals.

Directed Brokerage

We do not allow directed brokerage. Transactions will be processed through the qualified custodian of your account. If you hold an alternative asset we can attempt to secure bids from a variety of

broker-dealers to try and “find a market” for your transaction. We will not under any circumstance accept directions to use a specific broker-dealer.

NCRS’s responsibility to monitor best execution relies heavily upon our review process for selecting qualified custodians and trust companies for plan assets. Qualified custodians must be a trust company or broker-dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC, or provide brokerage services through a third-party broker-dealer that meets these requirements. These entities provide brokerage services to the plan for the execution of transactions. In recommending trust companies and qualified custodians NCRS does not use the lowest possible trading cost as the only factor, though total plan costs are given due consideration. Recommendations are based on a comprehensive review of services, historical professional relationships, reputation, financial strength, custody capabilities, order entry and execution systems, transaction costs, execution capability, reporting features, technology, research, customer service, and the ability to coordinate with the plan’s record keeper and/or third-party administrator. NCRS monitors cost structures and these additional items in the effort to minimize costs for the plan *while* maximizing other benefits to NCRS, plan sponsors and participants. Research, services and other materials received by NCRS directly from these entities, as indicated below, influence NCRS when recommending these entities to plans and strategic partners.

Current Trust Companies and Custodians

The following also provide brokerage services:

- Charles Schwab & Company
- Charles Schwab Bank
- Matrix Trust Company
- TD Ameritrade Trust Company
- American Funds RecordKeeper Direct
- American Funds Plan Premier

To the extent a plan can transfer or rollover assets to these custodians, NCRS will require the use of such custodians including the brokerage services. However, if a new client would like to keep their plan with a specific custodian that NCRS doesn’t have a preexisting relationship with, NCRS will review the request, provide a cost comparison of the custodians and elect to accept or deny. Should the plan choose to remain with their existing custodian which may include higher fees than our recommendation, we will document the reasons and the plan will confirm review of the lower cost options. NCRS will not be held liable.

Trust Companies Utilized by Participant Directed Retirement Plans

Charles Schwab Bank (“CSB”)

Matrix Trust Company (“MTC”)

TD Ameritrade Trust Company (“TDA”)

American Funds Recordkeeper Direct

American Funds PlanPremier

These custodians hold retirement plan assets in trust and are referred to as “Trust Company” or “Trustee” throughout. The custodian maintains a single account for the retirement plan. The plan sponsor hires a third-party administrator (“TPA”) and/or record keeper to track ownership of the account assets according to each plan participant. American Funds Recordkeeper Direct and PlanPremier include record keeping services. Trades are submitted directly by the participant by telephone or through the record keeper program and transactions are submitted to the custodian for execution. NCRS does not trade directly without participant authorization and direction. All trades, whether placed by the participant or NCRS are initiated through the record keeper program.

Custody Fees and Transaction Costs: The trust companies charge annual custody fees, at comparable rates, to the retirement plan. Custody fees can be a fixed dollar amount, or a combination of a fixed fee and percentage of assets held in custody, depending on the arrangement. Custody fees are invoiced to the plan quarterly. Plan trustees can elect for the plan to pay the custody fees or pass the fees through to the plan participants. The trust companies work directly with the TPA to process the fees, including fee deductions from participant accounts. NCRS is not involved in the deduction process for custody fees. As a broker-dealer, the custodian can also forward transaction costs to the plan or participants.

Custodians Utilized by Pooled or Trustee Directed Retirement Plans managed by Investment Objective and Other Discretionarily Managed accounts

Charles Schwab & Company ("CS&Co")

This custodian does not charge a separate fee for custody but is compensated through transaction related fees for trades executed through the broker-dealer and trades that settle into accounts custodied with the broker-dealer. Schwab Advisor Services provides us and our clients with access to its institutional brokerage services – trading, custody, reporting and related services – many of which are not typically available to CS&Co retail customers. CS&Co also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. CS&Co's support services described below are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. The availability to us of CS&Co's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients. Here is a more detailed description of CS&Co's support services: CS&Co's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. CS&Co's services described in this paragraph generally benefit the client and the client's account. CS&Co also makes available to us other products and services that benefit us but may not directly benefit the client or its account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at CS&Co. In addition to investment research, CS&Co also makes 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.

CS&Co also offers other services intended to help us manage and further develop our 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.

CS&Co may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. CS&Co may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. CS&Co may also provide us with other benefits such as occasional business entertainment of our personnel. Current discounts include Morningstar's research products and fi360 products as well as a free subscription to Schwab Compliance Technologies (a tracking tool utilized by compliance).

The availability of services from CS&Co benefits us because we do not have to produce or purchase them. We don't have to pay for these services, and they are not contingent upon us committing any specific amount of business to CS&Co in trading commissions or assets in custody.

Block Trades and Aggregation of Client Orders Policy

Whenever feasible, trade orders will be aggregated together. This occurs when trade orders to purchase or sell the same security for multiple clients is needed at the same time. Block orders merge those client transactions into a single aggregated trade that is executed in one block trade. The block trade creates one price per share to be received by all participating clients. Once the block order is executed, the aggregated transactions are separated out and allocated to each client account. Each client trade is recorded. In the event a block order does not completely fill, trades are allocated to various accounts using an objective method (e.g. pro rata allocation or randomization) to ensure over time one group of clients does not receive preferential treatment over another.

Brokerage for Client Referrals

NCRS has no arrangement regarding referrals with custodians or broker-dealers. When a referral is made to or from any of these entities, no compensation is received or paid as a result. NCRS has no obligation to maintain any specific amount of business (including assets under custody or trading activity) in response to client referrals.

Mutual Fund Companies

Mutual fund providers may offer additional services intended to help us manage and further develop our business enterprise. These services can include educational conferences and events and/or technology, compliance, legal, and business consulting items.

Attendance at these types of educational conferences may be paid for by the event sponsor provided the event is educational in nature, cost is reasonable, and our attendance is not expected or intended to influence investment recommendations.

Trade Error Policy

It is the firm's policy to exercise the utmost care when handling client orders and correcting transactions when a trade error occurs. From time to time, an error in submitting a trade can occur. If a trade error occurs in a client account, the party responsible for the error will bear the cost of correcting the error. If we are responsible for the error, we will bear the cost and clients will always be made whole.

Item 13 - Review of Accounts

Our advisors are primarily responsible for our relationships with each advisory client. Advisors are supported by a Plan Representative and Plan Administrator who assist with monitoring and servicing the retirement plan.

Pooled or Trustee Directed Retirement Plans where balances are invested *for* participants rather than allowing participants to self-direct are managed by an Investment Objective ("IO") strategy. Accounts are first reviewed after initial account setup. Additional account reviews are conducted periodically for portfolio cash flows, security weightings, investment actions and restrictions to insure adherence to client stated investment objectives or limitations. See Item 8 Methods of Analysis, Investment Strategies and Risk of Loss for more information on Investment Objective models.

We also review the plan's goals and objectives more frequently in response to various events, including a change in market, political or economic conditions, or a change in an advisory client's circumstances or financial goals, among other things. We ask plan sponsors to keep our office informed of all big changes that can affect the plan's financial profile. Examples for retirement plans are retirement of key participants holding significant balances within the plan, mass layoffs, etc. The Investment Committee regularly reviews the securities held in the model portfolios.

Financial plans are commonly offered to participants as part of the "Participant Education, Advice, and Administrative Support." See Item 4 Advisory Business. Reviews of completed plans are also available upon request of the participant.

Item 14 - Client Referrals and Other Compensation

Referrals

From time to time, various professionals and firms introduce clients to NCRS. NCRS does not receive referral fees and there are no quid pro quo arrangements.

Solicitors

NCRS does not currently have solicitor arrangements. When and if NCRS hires a solicitor to seek out potential clients for our firm, under these contracted arrangements, NCRS will pay compensation, direct or indirect, to the solicitor in exchange for new advisory business. Solicitor activities are supervised by our firm and solicitor arrangements must be disclosed to potential clients in writing prior to the client's completion of a Financial Advisory Agreement.

Custodians

We receive an economic benefit from certain custodians in the form of the support products and services they make available to us. These products and services, how they benefit us, and the related conflicts of interest are described above under Item 12 Brokerage Practices. The availability to us of these products and services is not based on us giving investment advice, such as buying securities for our clients.

Item 15 – Custody

Under government regulations, NCRS is deemed to have custody of a plan's assets if the plan authorizes us to instruct the qualified custodian or trust company to deduct our advisory fees directly from the plan's account or participant accounts. All plan assets are maintained at the qualified custodian or trust company approved by the client. These entities maintain actual custody of plan assets. Clients receive account statements directly from the qualified custodian or trust company at least quarterly.

Clients should carefully review those statements promptly when received. We also urge clients to compare custodian account statements to the periodic reports clients receive from NCRS and other third-party providers for accuracy. Our reports can vary a little from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

Item 16 - Investment Discretion

Participant Directed Plans

Plans that offer a menu of investment options to participants receive recommendations for the “menu of investment options” to be used by participants. Plans Services can select menu options on a discretionary or non-discretionary basis.

Fiduciary Services

Regarding the menu of options available to participants, plan sponsors elect to receive one of two fiduciary services that dictate how menu option replacements will be implemented:

- 3(21) Investment Consultant: Each recommendation to change a menu option must be approved or rejected by the plan sponsor. If the recommendation is rejected, the plan sponsor assumes sole fiduciary responsibility for the decision.
- 3(38) Investment Manager: NCRS can implement changes to the menu without obtaining approval from the plan sponsor. This discretion includes committing the plan to implementation costs charged by third party administrator or record keeper services. In the 3(38) arrangements, the plan sponsor grants NCRS discretion to change the menu available to participants, but each participant remains responsible to self-direct their own plan balances. While the 3(38) arrangement is considered “discretionary,” assets are not under “management.” All Participant Directed plans are considered “Assets Under Advisement” and do not count toward the firm’s Regulatory Assets Under Management figures. See Item 4 Advisory Business for more information.

Balances in Participant Directed plans are selected by the participant (or, in plans with a default option, participant balances are automatically invested in a qualified default investment alternative if the participant fails to select). NCRS initially recommends the menu of options used by participant to the plan sponsor and monitors options going forward but *does not manage* these assets. Participants self-direct their investments based on the menu options available to them and NCRS offers advice to participants, upon request.

Pooled or Trustee Directed Retirement Plans

Plans where balances are invested *for* participants rather than allowing participants to self-direct.

Discretionary Authority

A plan sponsor hires NCRS to make all investment decisions by granting discretionary authority to manage plan assets within a pooled account. Investment decisions are made by NCRS based on the Investment Objective approved by the plan sponsor and trades are placed for the plan *without* obtaining consent each time. NCRS makes all investment related decisions including the investments to be bought or sold, the amount to be bought or sold, and considers the transaction costs the plan account will pay because of trading activity. This is a 3(38) Fiduciary Service.

A client provides NCRS with discretionary authority upon execution of a NCRS Financial Advisory Agreement (FAA).

Non-Discretionary Authority

A plan sponsor hires NCRS to manage all investments for plan participants through the selection of an Investment Objective, but unlike the discretionary authority above, a non-discretionary arrangement requires NCRS to make recommendations to the plan sponsor first before each trade is placed in the plan’s account. Plans that do not grant investment discretion and remain with a Non-Discretionary arrangement, often experience delays in trading execution due to the pre-approval requirement. NCRS will execute transactions on behalf of discretionary accounts before contacting non-

discretionary accounts. Delays in trades for any reason can negatively or positively impact returns due to market fluctuations. This is a 3(21) Fiduciary Service.

Allowed Investment Restrictions

- **Contact First:** A holding coded as “Contact First” requires the firm to contact the plan prior to trading. The investment can be *included* in the plan’s portfolio allocations. The advisor will review and rebalance the plan’s managed portfolio around it, making recommendations on the “Contact First” holding if necessary. The position *is* included when calculating the management fee because the advisor is accommodating the position within the managed portfolio and adjusting other managed positions around it.
- **Hold:** A holding on “Hold” by written request is considered a client-directed asset. The position can be included in the plan’s portfolio allocations and we will review and rebalance around it. However, unless requested in writing we will not review, monitor or make recommendations for investments “On Hold.” The position is included when calculating the management fee because we are accommodating the position within the managed portfolio and adjusting other positions around it.
- **Unmanaged/Client Directed:** An “Unmanaged” holding is a client-directed asset. The investment is excluded from the client’s portfolio allocations entirely. The advisor does not review, monitor or make recommendations for unmanaged assets. The client directs all trades for unmanaged assets. The investment is excluded when calculating the management fee.

Prohibited Investment Restrictions

NCRS does not permit client-imposed restrictions against specific companies, industries or sectors to include:

- Specific individual stocks or bonds like Coca Cola, McDonald’s, etc.
- “Sin” industries like gambling or tobacco.
- Specific sectors like foreign stocks, precious metals, commodities, etc.

Item 17 - Voting Client Securities

NCRS has no authority to vote proxies on behalf of advisory clients. Upon request, NCRS will help regarding proxy matters, but the plan sponsor always retains proxy voting responsibilities on behalf of the plan.

Item 18 - Financial Information

NCRS is required in this Item to provide you with certain financial information about its financial condition. We have no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

Brochure Supplement(s)

NCRS is required to prepare an ADV Part 2B Brochure Supplement for each of the following supervised persons:

- Any supervised person who formulates investment advice for a client and has direct client contact; and

- Any supervised person who has discretionary authority over a client's assets, even if the supervised person has no direct contact with the client.

Supplements are attached, and Investment Advisor Representatives are listed in alphabetical order.

Designations and Professional Certifications Explained

Educational background on Investment Advisor Representatives is included on the firm's ADV Part 2B Brochure Supplements. The following summary has been provided to assist clients in understanding the minimum qualifications required for designations and a brief description of the purpose or focus of the designation. Additional information on professional designations can be found through FINRA's website at: <http://www.finra.org/investors/professional-designations>

Certified Financial Planner® (CFP®)

The Certified Financial Planner® (or CFP®) is a professional designation from the Certified Financial Planner Board of Standards, Inc.

Purpose: To obtain expertise in the following areas: 1) General Principles of Finance and Financial Planning, 2) Insurance Planning, 3) Employee Benefits Planning, 4) Investment and Securities Planning, 5) State and Federal Income Tax Planning, 6) Estate Tax, Gift Tax, and Transfer Tax Planning, 7) Asset Protection Planning, 8) Retirement Planning, 10) Estate Planning

Minimum qualifications:

- Minimum education and industry experience standards apply.
- Education: Candidates must have a bachelor's degree (or higher), or its equivalent, in any discipline, from an accredited college or university.
- Experience: The CFP Board requires a CFP® to have three years of full-time relevant personal financial planning experience.

For more information:

<http://www.cfp.net/become-a-cfp-professional/cfp-certification-requirements>

Registered ParaplannerSM or RP®

The Registered ParaplannerSM or RP® is a professional designation from the College for Financial Planning®.

Purpose: To gain basic and practical knowledge of the following areas: 1) the Financial Planning Process, 2) Financial Statements & Cash Flow Management, 3) the Time Value of Money, 4) Investment Principles & Mutual Funds, 5) Equities & Debt Instruments, 6) Tax Planning, 7) Retirement Planning, 8) Introduction to Insurance, 9) Life & Health Insurance, and 10) Estate Planning.

Minimum qualifications:

- Experience: Individuals must complete a three-month long internship program in which they obtain verification from their immediate supervisor or employer documenting their mastery of the set of basic financial planning-related skills.

For more information: <http://cfpdesignations.com/>

Accredited Investment Fiduciary® (AIF®)

The Accredited Investment Fiduciary® (or AIF®) is a professional designation from Fiduciary360.

Purpose: To obtain a thorough knowledge of fiduciary practices and the ability to apply them as well as being able to assist others in implementing proper policies and procedures regarding fiduciary standards.

Minimum qualifications: AIF Candidates must earn a minimum number of points per an established valuation framework. The framework includes the categories of Education (e.g.

Bachelor's, Master's, Doctorate/JD), Professional Development (Industry Credentials), and Relevant Industry Experience.

The AIF® trademark is registered with the U.S. Patent and Trademark Office under the Center for Fiduciary Studies, a division of Fiduciary360.

For more information: <http://www.fi360.com/main/designations.jsp>

Series 65 Examination

The Series 65, officially known as The Uniform Investment Adviser Law Exam, is designed by the North American Securities Administrators Association (NASAA) and administered by Financial Industry Regulatory Authority FINRA.

Purpose: To test an individual's knowledge and ability to advise clients in investing and discuss general financial concepts. The exam focuses on topic areas such as retirement planning, portfolio management strategies, and fiduciary obligations. The Series 65 gives the holder the ability to charge a fee for providing and discussing investment advice. Most state securities regulators have set the Series 65 as the minimum requirement to become an Investment Advisor Representative.

Minimum qualifications: None

For more information: <http://www.finra.org/industry/series65>