

## **Part 2A of Form ADV: Firm Brochure**

### **ALIGHT FINANCIAL ADVISORS, LLC**

**SEC File No. 801-72679**

**CRD No. 158744**

**7201 UNIVERSITY OAKS DRIVE**

**CHARLOTTE, NC 28262**

**Phone - (866) 560-7256**

**Fax - (847) 554-1444**

This brochure provides information about the qualifications and business practices of Alight Financial Advisors, LLC in a text-searchable format. If you have any questions about the contents of this brochure or if you would like the most recent version, please contact us at the above phone number or address, or by visiting us on the Internet at [AlightFinancialAdvisors.com](http://AlightFinancialAdvisors.com), or by contacting us via email at [advisorinfo@alight.com](mailto:advisorinfo@alight.com)

Additional information about our firm also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 158744.

Effective date of this brochure: March 13<sup>th</sup>, 2019.

## Material Changes

Alight Financial Advisors (“we”, “us”, or “AFA”) became registered with the U.S. Securities and Exchange Commission on September 14, 2011 (registration does not imply a certain level of skills or training). As material changes occur in our firm, including material changes in our structure, personnel or offerings, we will update our brochure and highlight the changes in this section.

## Table of Contents

1.	Start Date/Ownership	3
2.	Description of Our Advisory Business	3
	A. Retirement Evaluation	4
	B. Online Advice	5
	C. Professional Management	7
	D. Income+	8
3.	Assets Under Management	10
4.	Fees and Compensation	10
5.	Performance-Based Fees and Side-By-Side Management	11
6.	Types of Clients	11
7.	Methods of Analysis, Investment Strategies and Risk of Loss	11
8.	Disciplinary Information	14
9.	Other Financial Industry Activities and Affiliations	14
10.	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	15
11.	Financial Planning	16
12.	Financial Education	17
13.	Brokerage Practices	17
14.	Review of Accounts	17
15.	Client Referrals and Other Compensation	18
16.	Custody	18
17.	Investment Discretion	18
18.	Voting Client Securities	19
19.	Financial Information	19

## 1. Start Date/Ownership

Our firm was incorporated in Delaware on January 7, 2011. We went live with our first clients for our plan participant investment advisory/managed account business in autumn 2011.

We are a wholly-owned subsidiary of Alight Solutions LLC. Alight Solutions is a provider of benefits administration and cloud-based HR and financial solutions. Alight Solutions is an indirect, wholly-owned subsidiary of Blackstone, which is a publicly held company whose stock is traded on the New York Stock Exchange under the symbol “BX”.

## 2. Description of Our Advisory Business

AFA primarily offers advisory and related services to participants in employer-sponsored, defined contribution plans for their plan accounts and for retirement accounts outside the plans. AFA offers services for employees’ workplace retirement accounts through an agreement between AFA and the plan and/or the sponsoring employer (“plan sponsor”). Details regarding our Professional Management and Online Advice offerings are detailed below.

### **Overview**

We provide the services to plan participants in the following ways:

1. Retirement Evaluation – this is a statement sent to participants to provide them with a summary of the current value of their plan account, and a forecast of how much the plan account investments might be worth at retirement. The Retirement Evaluation may recommend changes to the participant’s contribution rate, risk and diversification, unrestricted company stock holdings, if applicable, or investment style and allocation.
2. Online Advice – we provide advice regarding retirement plan investment recommendations and account monitoring services to plan participants. In this service, plan participants do not give us investment discretion to act on our advice.
3. Professional Management – this is a service whereby plan participants give us discretionary authority to determine the plan investment choices in which their retirement plan balances should be invested.
4. Social Security Guidance Tool – provide guidance and estimates on expected lifetime Social Security benefit, based upon information about the Plan participant, his/her stated goals as well as current Social Security laws, rulings and formulas available from the Social Security Administration.

- General Retirement Expense calculator tool: Enables the Plan participant to input expected expenses in retirement across multiple categories to determine expected income need.
  - Healthcare Expense calculator tool: Enables the Plan participant to determine estimated expenses in retirement for Medicare based on factors such as gender, age, salary and location.
5. Income+ - a feature within Professional Management that is designed to provide steady payments throughout a client's retirement. Plan sponsors that participate in Income + will also have access to the following feature:
- Income Planning Tool – approximates for the Plan participant his/her expected income stream in retirement across all sources of income.

AFA has hired Financial Engines Advisors L.L.C. ('FEA') to provide sub-advisory services and create target allocations for participants. We rely exclusively on the proprietary software, systems, and methodology developed and maintained by Financial Engines Advisors L.L.C., an SEC-registered investment advisor, and wholly owned subsidiary of Edelman Financial Engines, LLC. Both FEA and Edelman Financial Engines, LLC are unaffiliated with AFA or any of our affiliated companies.

A detailed summary of each of these services follows:

### **A. Retirement Evaluation**

As part of the advisory services available to participants in employer-sponsored retirement plans described below, AFA may provide clients with a Retirement Evaluation. The Retirement Evaluation is delivered in printed or electronic format to specified plan participants, and is designed to communicate some (or all) of the following information:

- A summary of the current value of the participant's plan account;
- A forecast of how much the plan account investments, and other investments that participants submit for analysis, might be worth at retirement;
- whether a change is recommended to the participant's contribution rate, their portfolio's risk and diversification, unrestricted company stock holdings, if applicable, target date fund usage, if applicable, and/or investment style and allocation;
- Investment proposals; and
- A projection of how much annual income the participant may anticipate at retirement, based on how much the plan account plus Social Security and certain other accounts could provide.

## Portfolio Monitoring

AFA provides ongoing monitoring of participants' retirement accounts, including access to optional Retirement Updates that are sent out quarterly. Portfolio Monitoring may include:

- updates on current retirement account balance and estimated contributions, and retirement income forecast;
- for accounts where the feature has been activated, AFA provides suggestions for ways to improve the income forecast, set appropriate risk, and get a more holistic picture of retirement finances; and quarterly print-based account updates are available as an option instead of email, and contain more general indicators of how on track the participant is for retirement.

## **B. Online Advice**

Online Advice is a service that is available to all participants in employer-sponsored defined contribution plans through an agreement between AFA and the plan and/or the sponsoring employer. Online Advice includes the following educational and guidance features:

- A forecast of the participant's potential future account value or potential annual retirement income;
- A forecast of the likelihood that the participant will achieve his/her retirement income or account value goals, taking into consideration the participant's total household investment portfolio and other savings;
- Phone access to investment advisors via a toll-free number
- Guidance on savings rates and retirement age; and
- Access to ongoing monitoring, including optional, online quarterly retirement updates.

AFA typically offers the following three service levels in connection with Online Advice:

- Total Retirement: advice on a household's tax deferred accounts;
- Total Portfolio: advice on all of a household's tax deferred and taxable assets or
- Single Account: advice on only the sponsored plan assets.

Plan participants who enter into or adopt an Investment Services Agreement with AFA can also receive recommendations among the investment alternatives available in the employer-sponsored retirement plan. Such alternatives generally include mutual funds and other investment company securities, and in some cases, one or more equity securities issued by the plan sponsor. With Online Advice, the participant retains discretion over his/her employer-sponsored retirement plan and is free to decide whether to implement AFA's recommendations, in whole or in part.

Investment recommendations. Online Advice clients generally receive specific buy and sell recommendations to allocate assets among the universe of investment alternatives that have been selected by the plan sponsor or other plan fiduciary for inclusion in the applicable defined contribution plan or by another financial institution or the adopter, in the case of other accounts outside of the plan account. These alternatives are generally mutual funds, unregistered commingled funds and, in some cases, one or more equity securities issued by the plan sponsor.

AFA provides advice and recommendations with respect to:

- Mutual funds (buy/sell);
- Commingled funds (buy/sell);
- Separate accounts (buy/sell); and
- Exchange-listed equity securities (sell only).

AFA may also take into consideration closed-end funds and exchange traded funds as well as other holdings, as appropriate.

Other types of investments (such as those listed below) held outside of a client's defined contribution plan account can be entered and defined by the participant for inclusion in portfolio forecasting analyses:

- Certificates of deposit;
- Variable annuities;
- Stocks trading on foreign exchanges;
- Bonds (including municipal securities, corporate debt securities and Treasury securities);
- Warrants; and/or
- Options.

Advice implementation. The Online Advice client is responsible for determining whether and when to implement the recommendations they receive from Online Advice. AFA has established electronic communications links with the Alight Solutions recordkeeping system to enable plan participants to transmit their contribution and investment decisions for execution.

Account monitoring through Online Advice. Plan participants may use Online Advice as frequently as they choose to monitor progress toward their retirement goals and receive forecasts and investment recommendations. Online Advice updates the values of most mutual funds and stocks in plan accounts daily. A participant is responsible for periodically revisiting Online Advice to:

- Update account information to reflect changes in investments, including purchases and sales of investments;

- Update personal information, including retirement goals, to reflect changes in personal or financial circumstances; and/or
- Review any updates regarding changes to the participant's account value or forecast.

The failure of an Online Advice client to review and periodically update their personal and financial information can materially affect the value of the investment advisory services provided by Online Advice. For certain participants, some account information may be updated automatically when the client revisits Online Advice if AFA has established an electronic communications link with the participant's plan sponsor and/or plan provider or other financial institution. AFA may from time to time provide e-mail notifications to clients concerning Retirement Updates, changes in the value of the client's investments or the chances of reaching the client's goal.

Investment analysis. AFA offers plan participants who use Online Advice investment analysis in the form of Scorecards. Each Scorecard presents an analysis of the risk, expenses, style, turnover and historical performance of a particular plan investment fund and assigns the fund a score. A fund's score describes how the fund might perform in the future relative to its peers. The Fund Scorecard also compares the fund against its peers in the terms of risk, expenses, turnover, and historical performance. The Fund Scorecard also presents a graphical representation of historical performance and a range of potential future values of a hypothetical investment in the fund. AFA's Scorecards for individual equity securities depict the relative risk and historical performance of the individual stock.

### **C. Professional Management**

AFA also provides discretionary investment management of a participant's retirement plan account through the Alight Solutions Professional Management program ("Professional Management" or the "program"). Professional Management may include the following features:

- a retirement plan or similar document showing how AFA will manage and allocate the account, i.e., the portfolio allocation target; suggestions regarding the participant's savings, and a forecast regarding achievement of the participant's retirement goals ("Retirement Plan");
- periodic portfolio monitoring;
- quarterly Retirement Updates;
- phone access to investment advisors via a toll free number as well online account access; and
- subject to availability, non-discretionary investment advice on retirement accounts outside the plan account.

## D. Income+

AFA provides portfolio management and income payouts from 401(k) or similar plan accounts for retirees and near retirees who enroll. Income+ may include the following features:

- Prior to retirement, AFA manages the client's portfolio to balance between safety and growth, intending to protect the ability of the account to generate income in the future.
- Once retired, Income+ is designed to provide steady payments throughout a client's retirement, seeking to last in to their early 90's.
- Upon request, AFA will calculate and facilitate withdrawals from a client's plan account through the plan provider;
- Clients pay no additional fees for the service, and clients are able to transition to an Income+ portfolio automatically upon eligibility or by request;
- An account balance is maintained for an optional out-of-plan annuity purchase;
  - An in-plan annuity need not be included in a plan's investment lineup for a plan sponsor to offer Income+ services to its participants;
  - AFA may provide general educational information regarding an out-of-plan annuity purchase, but does not sell or distribute annuities, and does not receive any compensation related to out-of-plan annuity purchases; and
- Income+ availability is subject to applicable retirement plan provisions related to plan withdrawals.

### Clients of Professional Management

As part of the Professional Management service, clients authorize AFA to direct Alight Solutions to execute transactions to achieve the allocation target for the account without prior approval of each transaction

Professional Management is generally made available to plan participants in a defined contribution plan through an agreement between AFA and the plan and/or the sponsoring employer. That agreement will specify the method(s) of enrollment into Professional Management for eligible plan participants, which may include:

- An "opt-in" method of enrollment where a retirement plan participant actively elects to enroll in the program;
- An "opt-out" method of enrollment where eligible plan participants are automatically enrolled in Professional Management in accordance with plan or plan sponsor specifications, with the ability to withdraw at any time without penalty (with this type of enrollment, Professional Management



- may be designated as a qualified default investment alternative or QDIA) as permitted under the Employee Retirement Income Security Act (“ERISA”); or
- Some combination of both methods, as determined by the plan or plan sponsor and as agreed to by AFA.

Plan participants who become clients in Professional Management grant AFA discretionary authority to determine an allocation target for the plan account. This discretionary authority allows AFA to allocate the client's plan account among the menu of investment alternatives that have been selected by the plan or plan sponsor, typically excluding any brokerage window option, if applicable, or other plan restricted investments.

To allow AFA to provide Professional Management, AFA receives information from Alight Solutions about each plan participant and the plan account. Professional Management clients may provide additional information to AFA concerning investment preferences, desired retention of company stock, risk preference, asset class exposure limitations, assets held outside the plan and desired retirement age. AFA may take into consideration a client's holdings outside the retirement plan in the following types of investments, in determining the allocation target: stocks or ADRs traded on the major US exchanges, exchange-traded mutual funds, closed-end funds, open-end mutual funds, and certain cash holdings. AFA may also take into consideration the following types of investments in its portfolio forecasting analysis: certificates of deposit, variable annuities, stocks trading on foreign exchanges, bonds (including municipal securities, corporate debt securities and Treasury securities), warrants, options, and futures.

AFA determines an investment strategy and an allocation target based on the client's current age, an assumption about the retirement age, the available investments for the account, any pension plan information provided, assumption about risk tolerance, and any additional information provided by the client. Additional information provided by the client may modify these parameters.

Due to the statistical nature of AFA's investment process, a number of potential portfolios will satisfy the criteria for an appropriate investment strategy. This optimal set of portfolios that offer the highest expected return for various levels of risk is often referred to as the “efficient frontier”. The efficient frontier is not a line, but instead is a thin band of portfolios with varying allocations. The portfolio that is selected for implementation is the product of optimization enhancements developed by FEA, which consider, among other factors, portfolio turnover, concentration, risk and expected return, number of positions and transactions.

During the period following enrollment, AFA determines how to transition the account towards the allocation target and directs Alight Solutions regarding allocation of the account, which may include transfer or exchange directions, and

provides direction regarding new contributions to the account. Accounts of then-current Professional Management clients newly eligible for the Income+ feature of Professional Management (when available) may also be subject to a similar transition. AFA does not give account directions relating to plan restricted investments. Certain plan sponsor “insiders,” as defined under applicable regulations, and non-U.S. participants in plans, may not be eligible for AFA’s Professional Management program.

### **3. ASSETS UNDER MANAGEMENT**

As of March 1<sup>st</sup>, 2019 AFA, manages approximately \$26,995,269,177 in assets on a discretionary basis through Professional Management. Because Online Advice does not constitute continuous and regular supervisory management, AFA did not manage any assets on a non-discretionary basis as of March 1<sup>st</sup>, 2019.

### **4. FEES AND COMPENSATION**

#### **Online Advice Fees**

AFA’s arrangements with a plan or plan sponsor to provide Online Advice to plan participants generally provide for AFA’s fee to be paid by the plan or the plan sponsor, although in some situations, the plan may require this fee to be paid by the participant. Such fee is typically in the range of \$10-15 per eligible plan participant per year, depending on the services provided; however, AFA and the plan or the plan sponsor may negotiate a different fee schedule based on other factors, including but not limited to, the amount of aggregate assets in the plan or the assets in participant accounts, or a flat annual or other periodic fee. Payment schedules and the ability to obtain refunds for prepaid but unearned fees are a part of AFA’s agreement with the plan sponsor.

Procedures for obtaining a refund for prepaid but unearned fees or canceling a subscription before its expiration date are available by contacting AFA via the plan sponsors’ dedicated phone number.

Neither AFA nor its supervised persons receive commissions or compensation for the recommendations AFA makes in connection with Online Advice or Professional Management (as described immediately below).

#### **Professional Management Fees**

Clients enrolled in Professional Management pay AFA fees based on a percentage of the managed assets in their plan account or accounts (generally up to 0.60%, declining for account balances greater than \$100,000). In certain cases, this fee may be greater, depending on such factors as complexity of the plan, the plan or plan sponsor wishing not to pay certain set-up fees, etc. Professional Management clients pay monthly or quarterly, in arrears, based on average assets under management at the end of each

calendar month for the applicable period. Fees are deducted directly from client accounts. AFA does not bill clients and does not deduct the fees from clients' take-home pay. Alternatively, the plan sponsor may pay such fees in whole or in part.

The Professional Management fee schedule is subject to change and AFA may offer certain clients discounted fees or other promotional pricing. Fee schedules may vary depending on the method of enrollment used for Professional Management.

### **Other Fees**

AFA may charge certain retirement plans or plan sponsors one-time or regular licensing, set-up, integration or development fees in connections with the provision of AFA's services. For example, certain retirement plans, or plan sponsors may pay fees relating to the modeling of specific plan or investment characteristics.

We would also like to note that some customers may receive reduced fees based upon the plan's overall suite of services it utilizes with Alight Solutions.

## **5. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

AFA does not charge any performance-based fees, that is, fees based on: a share of the capital gains or capital appreciation of the assets in a participant's plan; investment performance; or other incentive arrangements. AFA charges fees, including fees for Online Advice and Professional Management, solely as described in FEES AND OTHER COMPENSATION above. AFA does not compensate its supervised persons with performance-based fees.

As a result, AFA does not have any conflicts of interest that might arise from charging fees calculated on varying bases for various client accounts.

## **6. TYPES OF CLIENTS**

AFA offers its services, including investment advice and investment management, exclusively to participants in employer-sponsored defined contribution plans.

## **7. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

As previously noted AFA relies upon Financial Engines Advisors' ("FEA") proprietary advice methodology to provide its investment advisory and related management services. Consistent with its fiduciary duties to its plan participant customers, AFA's policy is to exercise high levels of care and prudence in making and implementing investment decisions for participant accounts, including but not limited to ongoing review and monitoring of FEA's investment methodology, processes and procedures.

## **Methodology Overview**

FEA's recommended or managed portfolio allocations are driven by the following key factors:

- Client investment objectives (i.e., growth, income or a combination)
- Client risk tolerance
- Client circumstances (time horizon, pensions, other household investments, etc.)
- Available investment securities within client accounts
- Forward-looking models of securities' risk, expected returns, and correlations

Depending on the specific situation, investment securities receiving specific buy and sell recommendations include mutual funds, commingled funds, separate accounts, exchange-traded funds, individual equities, and certificates of deposit. FEA uses a number of different methods to model the risk and return properties of these investments, including returns-based style analysis, compositional analysis, and qualitative review of fund managers. Assessments of forward-looking returns incorporate information on expenses, turnover, and risk-adjusted manager performance. For investments held in taxable accounts, FEA also analyzes the tax efficiency of those investments.

Although FEA may recommend trading or short-term purchases depending on market conditions, changes in individual preferences and other criteria, it is generally anticipated that the dominant mode of advice will recommend long-term purchases. Reasons for reallocations may include:

- Client-driven – Changes in client objectives, preferences or data may necessitate a revised target allocation.
- Rebalancing – When an asset category or particular investment product has experienced a material appreciation or decline in value, beyond the assigned percentage for that asset category or investment product in comparison to other asset classes or investment products, the extra amount may be sold, and the proceeds invested in asset categories or investment products that have not appreciated as much or have declined in percentage.
- Updated assessment of forward-looking returns, risks, and correlations – FEA regularly updates its risk and return models, which may affect its assessment of prospects at the level of macroeconomic factors, asset classes, and/or individual investments. These updates may in turn lead to revised target allocations in client accounts.

Consistent with its fiduciary duties, FEA's policy is to exercise high levels of care and prudence in making and implementing investment decisions for client accounts. FEA typically employs validation tests and operational, oversight and quality control procedures. However, FEA relies on a significant amount of data from multiple sources and cannot guarantee that all relevant data are free from error. Certain data are

regularly presented to clients who are responsible for informing FEA of any inaccuracies in a timely way.

### Application of Methodology for Services through the Workplace

The methods of analysis and investment strategies applied to services offered to participants through the workplace depend in part on their stated goals. For participants who have selected a growth objective, the advice platform generates a recommended portfolio allocation that is generally designed to maximize expected returns in light of the client's risk level. For participants who have selected an income objective, where available, the advice platform generates a portfolio designed to provide steady payouts in retirement.

Due to the statistical nature of FEA's process, a number of potential portfolios will satisfy its criteria for an appropriate investment strategy and allocation. This optimal set of portfolios that offer the highest expected return for various levels of risk is often referred to as the "efficient frontier." The efficient frontier is not a line, but instead is a thin band of portfolios with varying allocations. The portfolio that is selected for implementation is the product of optimization enhancements developed by FEA, which take into account, among other factors, portfolio turnover, concentration, risk and expected return, number of positions and transactions.

The universe of available investment alternatives may be designated by the plan sponsor or other plan fiduciary (in the case of a defined contribution plan account), by a financial institution, or by the client. Investments or securities not available in such defined universes may have characteristics similar or superior to those available investment alternatives being analyzed. Except in connection with its IRA management, FEA has no authority or responsibility to select the universe of investment alternatives available for client accounts, nor does FEA have the authority or responsibility to monitor investment choices for the continued appropriateness for inclusion in the universe, or to monitor the adequacy of the universe as a whole. Such decisions are made by the individual plan sponsors, the plan fiduciary or other third parties. In such situations, FEA bases its recommendations on the universe of available holdings.

### Risk of Loss

All investments, including mutual funds and/or exchange-traded funds, have certain risks. These risks include the risk of loss of principal. This is a risk borne by the client. FEA constructs portfolios with allocations across several asset categories. This diversification is intended to reduce the volatility in clients' investment portfolios when compared to a single asset category, such as large cap growth stocks or small cap value stocks. While a diversified investment portfolio, including a portfolio of investment products representing different asset categories, can mitigate some risks, it does not and cannot prevent loss.

Below are some of the common factors that can produce a loss in a client's account and/or in a specific investment product, asset category or even in all asset categories –

- **Market Risk:** The price of a security, bond, or mutual fund and/or exchange-traded fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic, and social conditions may trigger market events.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter the economic environment.
- **Category or Style Risk:** During various periods of time, one category or style may underperform or outperform other categories and styles.
- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values, and the market value of any mutual fund and/or exchange-traded fund holding those bonds, to decline.
- **Inflation Risk:** When any type of inflation is present, purchasing power may be eroding at the rate of inflation.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This relates primarily to fixed income securities.
- **Exchange-traded funds:** Exchange-traded funds present market and liquidity risks, as they are listed on a public securities exchange and are purchased and sold via the exchange at the listed price, which price will vary based on current market conditions and may deviate from the net asset value of the exchange-traded fund's underlying portfolio.

## **8. Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our firm and our management personnel have no reportable disciplinary events to disclose.

## **9. Other Financial Industry Activities and Affiliations**

Some of our non-consulting executive officers and directors are also employed in various corporate capacities by Alight Solutions LLC.

We pay Alight Solutions for all of our expenses incurred by it that relate to the operation of our business, including: costs associated with: total employee compensation; supervised persons licenses; rent and utilities; furniture and equipment; computers; and telephones. All such expenses, and allocation methodologies thereof, are governed by an expense sharing agreement between us and Alight Solutions.

Alight Financial Solutions, LLC (AFS), is a registered broker dealer and wholly owned subsidiary of Alight Solutions LLC. AFS may serve as the broker-of-record for the sponsor of retirement plans that retain us to provide investment advisory services to their participants. In such cases, AFS may receive revenue in the form of 12b-1 fees, commissions, or other service fees associated with participants electing to invest in certain funds offered by the plan. Similarly, Alight Solutions may receive administration services fees from the same or other investment funds offered by the plans for services it provides to such funds. In all such cases, any revenue received by AFS or Alight Solutions is fully disclosed to the plan sponsor and Alight Solutions reduces its plan administration service fees dollar-for-dollar by any revenue it or AFS receives from such funds. As a result, neither AFS nor Alight Solutions has an economic incentive regarding the investment decisions made by plan participants.

Alight Solutions is majority owned by certain investment funds affiliated with Blackstone (NYSE-BX). AFA has numerous affiliated registered broker dealers and investment advisors as a result of this ownership structure. None of the affiliated broker dealers or investment advisors has any shared services, personnel, space, or operations with any Alight Solutions entities. Information regarding additional affiliated entities is retained by AFA as needed.

Some of our employees are also affiliated with Alight Financial Solutions but receive no sales-based compensation in connection with any recommendation they provide customers.

Finally, please note a number of investment management firms whose funds are made available to plan participants for investment may be clients of Alight Solutions. We maintain strict standards to avoid any perceived conflicts of interest associated with our recommendations of clients of our parent or affiliated firms. None of our employees' compensation is tied in any way to the selection of an Alight Solutions client firm as an investment option to be considered by one of our investment clients. Nor do any of our employees get compensated for "cross-selling" other Alight Solutions organization services to any client.

## **10. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

We have adopted a Code of Ethics expressing our commitment to ethical conduct. Our Code of Ethics describes the firm's fiduciary duties and responsibilities to clients, and sets forth our practice of supervising the personal securities transactions of our supervised persons with access to client information. Our officers, directors and employees may buy or sell securities for their personal accounts identical to or different

than those held by our clients. It is our policy that no supervised person shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of advisory clients.

To supervise compliance with our Code of Ethics, we require that anyone associated with this advisory practice with access to advisory recommendations provide duplicate statements and confirmations on all personal trading accounts to the firm's Chief Compliance Officer. We require these access persons to also receive approval from the Chief Compliance Officer prior to investing in any IPOs or private placements.

We require that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Our Code of Ethics further includes the firm's policy prohibiting the misuse of material non-public information. Any individual not in observance of the above may be subject to discipline.

We will provide a complete copy of our Code of Ethics to any client or prospective clients upon request to the Chief Compliance Officer at our principal address.

## **11. Financial Planning**

AFA began offering financial planning in May 2013. The financial planning service is not associated with Financial Engines.

AFA makes financial planning available to participants through a third party financial planning technology platform. The planning technology is accessed through Alight Solutions Your Benefits Resources™ ("YBR"), and allows participants to utilize the financial planning tool as a self-guided service or in coordination with a financial planner. Participants have the ability to speak to a planner in greater detail for assistance with creating a plan and/or answering financial education questions based on the plan's output.

Several reports can be generated by the tool based on information provided by the participant. The following reports can provide a summary of one's financial goals and current position:

- Retirement Planning
- Asset Allocation
- Insurance Planning
- Education Planning
- Budgeting

The tool's reports provide a snapshot of one's current financial position and can help the participant to focus on their financial resources and goals and create a potential plan of action. All reports are general in nature and do not offer any specific investment, legal and/or tax advice. The financial planning service is meant to provide information for educational purposes.



## 12. Financial Education

Certain of AFA's associated individuals occasionally conduct group seminars and/or one-on-one meetings with participants, which are designed specifically to provide general financial education. These meetings cover various topics such as creating a budget, answering questions on retirement plans in general, saving for retirement and other personal finance related topics. In general, the education topics are requested by plan sponsors based upon feedback the plan sponsor receives from their participants. All meetings are general in nature and do not offer any specific investment, legal and/or tax advice.

## 13. Brokerage Practices

In our capacity as an investment adviser, we do not determine the brokerage firm to be utilized by our retirement plan clients, nor the managers of the investment funds they select.

"Soft-dollar" arrangements are those in which brokerage commissions are utilized to pay for services or other benefits the adviser would have to pay for itself (example, investment research). With soft dollar arrangements, the adviser may have an incentive to select or recommend a broker-dealer based on the adviser's interest in receiving the research or other services, rather than the adviser's clients' interest in receiving the most favorable execution. We do not have any soft-dollar arrangements and do not receive any soft-dollar benefits.

## 14. Review of Accounts

Our Online Advice service allows our clients to review their accounts on demand at their own initiative. While Online Advice clients also have the ability to generate their own reports as frequently as they choose, such reports are not generated or sent to them on a periodic (or other) basis by AFA. **It is the responsibility of our clients to review and update their accounts in Online Advice to adjust for changes in the investments they own. Our clients should also review and update their accounts should significant changes occur in their personal circumstances.** We may from time to time provide e-mail notifications to clients who elect to receive such messages, concerning changes in the value of their investments, chances of reaching their retirement goals, or other Online Advice account-related information.

For participants enrolled in Professional Management, we generally conduct account reviews monthly through use of FEA's processes. The account review process begins with an automated analysis of the account, which generates a retirement plan and proposed adjustments, if applicable to the allocation target. FEA's Portfolio Management team compares the proposed allocation target with the current portfolio and previous activity to detect variances in certain factors (such as turnover and

concentrations) and determines whether transactions are desirable in the current period. Variances outside of predetermined tolerances may prompt additional review and adjustments by the Portfolio Management team, which are then communicated to us for implementing changes. Additional review may also be triggered by market events or information provided by clients related to assets held in outside accounts that may impact the management of the plan account(s). Certain changes to investment preferences, such as risk level, retirement age, or limitations regarding company stock, can also trigger additional review. FEA's Portfolio Management team conducts these reviews under the supervision of FEA's Investment Committee.

Clients enrolled in Professional Management will receive printed or electronic quarterly Retirement Updates, which generally include information concerning account holdings and balances.

## **15. Client Referrals and Other Compensation**

Our sole source of business is through a client hiring Alight Solutions for plan administration services and requesting our services as an additional service. Employees of Alight Solutions involved in the selling and/or marketing of benefit administration services may receive compensation associated with sales of services that include the inclusion of AFA's services. No party outside the Alight organization receives any compensation associated with such sales.

## **16. Custody**

We do not have actual custody of client accounts.

## **17. Investment Discretion**

As detailed in Section 2, AFA exercises investment discretion over accounts enrolled in the Professional Management program. AFA does not exercise any investment discretion outside of the activities detailed in Professional Management.

AFA accepts discretionary authority to manage assets on behalf of clients who enter into an agreement for any of AFA's investment advice or management services except Online Advice, as described above. Clients who utilize the Online Advice service are responsible for executing their own transactions. A client's acceptance of the Professional Management Terms and Conditions or the applicable advisory agreement for other services grants AFA discretionary authority over the client's account. Clients may provide additional information to AFA concerning:

- investment preferences;
- risk tolerance;
- other assets; and
- desired retirement age.

Discretionary trading authority permits AFA to make trades in client accounts on their behalf, so that we may promptly implement the investment plan that we created for clients, and make ongoing changes as we believe appropriate. Those changes may include periodic rebalancing of asset classes when one or more asset classes have significantly increased or decreased in value.

If applicable, Professional Management clients may communicate to AFA a desired allocation for the stock of the plan sponsor that may be held in the workplace retirement account, subject to the program's management parameters and processes. Where available, and subject to FEA's investment methodology, Professional Management clients may place short-term (12 months) limitations on a single asset class in their account. Clients have the option to renew the limitation for an additional 12 months.

Consistent with its fiduciary duties, AFA's policy is to exercise high levels of care and prudence in making and implementing investment decisions for client accounts. FEA typically employs validation tests and operational, oversight, and quality control procedures. However, AFA relies on a significant amount of data from multiple sources and cannot guarantee that all relevant data are free from error. **Certain data are regularly presented to Professional Management members who are responsible for informing AFA of any inaccuracies on a timely basis.**

## **18. Voting Client Securities**

We do not vote proxies on behalf of our clients.

## **19. Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Alight Financial Advisors has not been the subject of a bankruptcy petition at any time during the past ten years.

**Part 2B of Form ADV: Firm Brochure Supplement**

**ALIGHT FINANCIAL ADVISORS, LLC**  
**SEC File No. 801-72679**  
**CRD No. 158744**  
**7201 UNIVERSITY OAKS DRIVE**  
**CHARLOTTE, NC 28262**  
**Phone - (866) 560-7256**  
**Fax - (847) 554-1444**

March 13<sup>th</sup>, 2019

This brochure provides information about the sub-advisor of Alight Financial Advisors, LLC (AFA) that supplements the AFA brochure (ADV Part 2A). You should have received a copy of the brochure. Please contact AFA at (866) 560-7256 if you did not receive AFA's brochure or if you have any questions about the contents of this supplement. . If you would like the most recent version of this supplement, please contact us at the above phone number or address, or by visiting us on the Internet at [AlightFinancialAdvisors.com](http://AlightFinancialAdvisors.com), or by contacting us via email at [advisorinfo@alight.com](mailto:advisorinfo@alight.com).

The information in this Brochure Supplement has not been approved or verified by the SEC or by any state securities authority.

Additional information about our firm and/or the advisors listed within this supplement is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Table of Contents

1. EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE.....	21
2. DISCIPLINARY INFORMATION, OTHER BUSINESS ACTIVITIES, ADDITIONAL COMPENSATION.....	22
3. SUPERVISION.....	22

## 1. EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

### *Individuals Who Determine General Investment Advice*

AFA has hired Financial Engines Advisors L.L.C. (FEA) to provide sub-advisory services. AFA is a federally registered investment advisor and wholly-owned subsidiary of Alight Solutions, LLC. FEA, a federally registered investment advisor and wholly-owned subsidiary of Financial Engines, Inc., is an independent company that is not affiliated with Alight Solutions LLC or AFA. The Investment Committee at FEA has responsibility for the oversight of advisory and investment management services, including the application of Financial Engines' proprietary investment methodology that generates its advice recommendations and portfolio management. The Investment Committee meets regularly (typically weekly) to review and approve methodology and parameter updates, investment policies, new service and client communications designs, and ongoing monitoring of portfolio allocations. The Investment Committee is comprised exclusively of Financial Engines employees with a broad range of experience and expertise. Most clients of the Investment Committee have long tenure with Financial Engines and the majority has been integrally involved in the development of the advisory platform for many years.

### **FEA's Investment Committee:**

#### **Christopher L. Jones (1967), Chairman**

A.B. Economics, Stanford University;  
M.S. Engineering – Economic Systems, Stanford University;  
M.S. Business Technology, Stanford University  
Mr. Jones is an Executive Vice President and Chief Investment Officer

#### **Wei Yin Hu (1967)**

A.B. Economics, Stanford University;  
Ph.D. Economics, Stanford University  
Mr. Hu is a Vice President, Financial Research

#### **Gregory D. Stein (1970)**

A.B. Economics, Stanford University;  
A.M. Economics, Stanford University  
Mr. Stein is Director of the Analytics Office

#### **Robert L. Young (1966)**

A.B. Economics, Georgetown University;  
M.B.A., Stanford Graduate School of Business  
Mr. Young is Director of Investments

#### **Michael Agostino (1968)**

B.S. Computer Science, California Polytechnic State University, San Luis Obispo  
Mr. Agostino is Vice President, Product – Platforms

**Neil Gilfedder (1971)**

B.A. Philosophy, Economics, University of York  
M.A. Economics, Stanford University;  
Mr. Gilfedder is Vice President, Portfolio Management

**Patricia Wang (1971)**

B.A. Industrial Engineering and Economics, Stanford University  
Ms. Wang is Director, Portfolio Management

**Edward Moore (1960)**

B.S. Industrial Engineering and Operations Research, Virginia Polytechnic Institute and State University  
Mr. Moore is Executive Vice President, Financial Planning Strategy

**Mitchell York (1968)**

B.A. Business Administration, Eastern Kentucky University  
Mr. York is Senior Portfolio Manager

**AFA's Executive Representatives:**

**Jeremy J. Fritz (1976)**

B.A. Finance, University of Toledo  
Mr. Fritz is the Chief Executive Officer of AFA

**Matthew Chotkowski (1977)**

B.S. Business Administration, University of Vermont  
Mr. Chotkowski is the Chief Compliance Officer of AFA

**2. DISCIPLINARY INFORMATION, OTHER BUSINESS ACTIVITIES, ADDITIONAL COMPENSATION**

There is no disciplinary information, other business activities or additional compensation to report for each of the above persons.

**3. SUPERVISION**

The Investment Committee at FEA has overall responsibility for the oversight of advisory and investment management services, including the application of Financial Engines' proprietary investment methodology that generates its advice recommendations and portfolio management. AFA performs due diligence and oversight of FEA's policies and procedures as they relate to AFA's advisory services. AFA also conducts reviews to assure that the management of the account is consistent with the methodology of the FEA services and that the investment supervisory and advisory services are prudent from a fiduciary perspective. For additional information, you may contact AFA at (866) 560-7256.