



Northern Capital

Retirement Services

FORM ADV Part 2A Firm Brochure

April 16, 2019

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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 – 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 material changes to our brochure since our last update on September 12, 2018:

1. Item 4 – Advisory Business: The firm is no longer offering 3(21) investment consultant service which is a non-discretionary plan service. Assets previously managed under our 3(21) service were not counted as regulatory assets under management. The firm continues to offer 3(38) investment management service which is a discretionary plan service. Assets managed under our 3(38) service are counted as regulatory assets under management. The services section has also been updated and includes additional information about rollover services and related conflicts of interest.
2. Item 5 – Fees and Compensation: This section has been updated and revised with clarifying language. In addition, the firm is working with a new custodian, PAI Trust Company. A description of the fee schedule for this custodian has been added.
3. Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss: This section has been updated and revised with clarifying language.
4. Item 10 – Other Financial Industry Activities and Affiliations: The firm has changed our allocation policy for block trades to rotate which firm trades first, Northern Capital Retirement Service Inc or affiliated firm Northern Capital Management Inc.
5. Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading and Item 12 – Brokerage Practices: These sections have been revised and updated to reflect a change in allocation policy and block trade policy to have employees of the firm, trade alongside clients when trading the same security on the same day as client accounts.
6. Item 16 – Investment Discretion: The firm is no longer offering 3(21) investment consultant service which is a non-discretionary plan service. The firm continues to offer 3(38) investment management service which is a discretionary plan service. A description of discretionary investment management under the 3(38) investment manager arrangement has been expanded.

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 SEC registered investment adviser Northern Capital Management, Inc. (est. 1992).

Retirement Plan Services

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

General Plan Services Offered

General services offered are described below while the specific services each plan is contracted to receive are detailed in the plan’s Financial Advisory Agreement (FAA). Clients may choose to use any or all of these services, as applicable depending on the plan type. Advice and services are tailored to each individual client’s needs.

Plan Design and Set-up

- Consultation with an adviser to determine the best plan type based on your companies needs
- Assistance with selection of a trust company or qualified custodian for plan assets
- Evaluation and selection of third parties for services to the plan such as record keeper, third party administrator (TPA), and other professionals.

Develop an Investment Policy Statement (IPS) *(not applicable to SIMPLE/SEP plans)*

- Consultation with the plan sponsor to determine an appropriate investment strategy that reflects the plan's investment objectives for management of the overall plan
- Our firm then prepares a written IPS detailing those needs and goals, including an encompassing policy under which these goals are to be achieved including the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring of investment performance
- Review and maintenance of the IPS including reviews for ongoing compliance with stated investment objectives

ERISA Fiduciary Service as a 3(38) Investment Manager* *(not applicable to SIMPLE/SEP plans)*

- Conducting due diligence on designated investment alternatives (plan menu options)
- Discretionary authority to select asset classes and plan investment options according to the terms of the IPS, also referred to as the Designated Investment Alternatives and Qualified Default Investment Alternatives
- Ongoing monitoring of plan investment options

*Services described above do not relieve the plan sponsor from their fiduciary responsibility to monitor NCRS as a covered service provider to the plan.

Services for Pooled Retirement Plans or Trustee Directed Retirement Plans

- 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.
- Investments are managed according to an Investment Objective (“IO”) strategy that is selected based on plan information to include participant demographics and plan goals.

- Trustee Directed plans (e.g. Cash Balance 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.

Participant Education and Advice

Participant education often includes:

- Enrollment materials such as orientation booklets and forms
- New participant education focused on enrollment, investment options, and plan features
- Educational support to existing participants focused on plan changes, investment options, plan features, plan mechanics, and distribution options
- Unlimited access by phone or email to the NCRS team
- Education and news articles posted to our website, distributed by email and/or via social media channels

Participant advice provided upon request:

- Personalized investment advice and assistance in plan investment selection
- Personalized financial planning and estate plan review

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
 - Review overall plan fees and expenses
 - Review participant education and communication strategies for
 - 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
- Unlimited consultations offered through the year, upon request
- Employer education, as needed

Administrative Services

- Distribution or rollover assistance
- Assistance with change of address, change of email, change of name, etc.
- 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
- 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)

Rollover Services

Separate from the above plan services offered to retirement plans, participants may ask us for advice on distributions and rollovers. This includes balances held in retirement plans managed by NCRS as well as balances a participant may have in a former employer retirement plan after the participant retires or terminates employment. When a participant asks us to provide advice or recommendations on a distribution or rollover, we provide this service to the individual separate from our role as a fiduciary to plans managed by NCRS. We do not charge a separate fee for these services. No participant is under any obligation to rollover plan assets to an IRA managed by our affiliate Northern Capital Management, Inc.

Rollover Services include:

- An explanation and comparison of available options such as:
 1. maintain the balance within the existing plan
 2. rollover the balance to an IRA
 3. roll assets to a new employer's plan
 4. distribute the balance (cash out)
- Recommendations based on the individual's needs and circumstances. When considering which of the above options is most appropriate, various factors are considered including but not limited to:
 - investment options available
 - fees and expenses
 - services and responsiveness
 - strategies for the protection of assets from creditors and legal judgments
 - required minimum distributions and age considerations
 - tax consequences
 - employer stock tax consequences, if any
- Assistance with transfers and rollovers, if able

Because NCRS can recommend participants roll their retirement plan assets to our affiliate Northern Capital Management, Inc for individual management, this creates a conflict of interest. See Item 10 – Other Financial Industry Activities and Affiliations for additional information and how we mitigate this conflict.

Wrap Fee Programs

NCRS does not participate in wrap fee programs.

Assets Under Management

As of December 31, 2018, the values of Regulatory Assets Under Management were as follows:

- Discretionarily Managed: \$149,975,148
- Non-Discretionary Managed: \$ 13,350,894
- Total Managed: \$163,326,042

Item 5 – Fees and Compensation

Fee Schedule

Our standard annual rate is tiered 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

The standard fee schedule can vary based on factors such as client type, service levels, complexity, account size or other special circumstances. Non-standard fee schedules are negotiable and subject to approval by the Chief Operations Officer.

Retirement plans that utilize PAi Trust Company (“PAi”) as their custodian and third-party administrator are charged a flat fee that is negotiable based on the size of the plan because PAi does not allow tiered billing schedules.

NCRS is primarily compensated by charging an annualized management fee based on the amount of assets that we manage or advise. 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. For most accounts, we assess management fees semi-annually on a six-month lagging basis however accounts custodied at PAi are charged management fees monthly on a lagging basis.

When NCRS charges a fixed percentage with graduating tiers, the fixed percentage drops at specified breakpoints as levels of assets under management are reached. Our firm can also elect to charge fixed 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. NCRS does not charge performance-based fees. As a benefit of employment, employees and spouses receive advisory services at no cost and the employee’s immediate family members often receive a reduced rate for services.

In certain circumstances, NCRS may charge an hourly or flat fee for advice not related to an above service or a specific account managed by our firm. The fees will vary based on the circumstances involved (e.g. complexity, time, research, etc) and are negotiated with each client on a case by case basis.

Calculating Your Bill

NCRS does not charge fees in advance. For most accounts, fees are charged every six months on a lagging basis. The fee is calculated based upon the assets as of the billing date, without regard to additions or withdrawals during the prior six-month period. Custodians that are exceptions to this are:

- American Funds Recordkeeper Direct and PlanPremier platforms calculate and deduct advisory fees quarterly based upon the average daily balance.
- PAi Trust Company calculates and deducts the advisory fee monthly on a lagging basis using the average daily balance over the month.

When calculating the fee, illiquid securities are generally valued at \$0 due to a lack of marketability and difficulties in obtaining and verifying an accurate current price.

Paying Your Bill

NCRS will provide you with an itemized bill that includes a description of how the fee was calculated and the total amount due. Methods of payment include:

- [Automatic Fee Deduction:](#) 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. Fees deducted 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.

- [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.”

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, recordkeepers, and third-party administrators, etc. These fees can include custodial fees, brokerage commissions, fees and expenses charged by mutual funds and ETFs, plan menu change fees and clearing fees. Advisory clients pay these fees and expenses in addition to the management fee we charge.

ERISA Accounts

The firm is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, the firm may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees.

Revenue Sharing Arrangements

NCRS does not participate in revenue sharing arrangements.

Refunding Fees

Because NCRS does not charge fees in advance, but rather on a lagging basis, you are only billed for services up to and including your termination date.

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 choices 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

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.

The Investment Committee of NCRS and affiliate Northern Capital Management, Inc. include the same professionals and processes. Investments, mutual fund manager reviews, and allocation models are established and reviewed on an ongoing basis by the Investment Committee which consists of the Chief Investment Officer, Investment Adviser Representatives, and members of the Trading Department.

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.

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.

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 Financial Advisory Agreement including questions that help us confirm your investment objectives, risk tolerance and select an appropriate Investment Objective for the plan, as well as detail any cash reserves, cash minimums, custom allocation model instructions, and account or investment restrictions.

Material Risks

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 risk
- Market disruptions
- Exchange disruptions or malfunctions
- Currency risk (principally for foreign securities)
- Liquidity risk
- Risk of default
- Inflation risk
- Market volatility

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

Fixed Income Investing: In addition to the risks discussed above, fixed income market risks include:

- The duration of these securities affects risk, with longer term securities generally more sensitive to interest rates and more volatile than shorter term securities.
- A rise in interest rates may cause fixed income investments to decline in value. When interest rates are low, the income distribution may be reduced.
- Investing in cash or money markets as an alternative fixed income allocation can create a negative rate of return

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: Risks in addition to those above, include restrictions on distributions or transfers out of the fund. Participant-directed transfers to competing investment options must be held in a non-competing investment option for a minimum of 90 days before a transfer to a competing option may occur. A twelve-month (one year) advance written notice is required for any plan sponsor directed withdrawal of assets invested in the Fund.

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 adviser, Northern Capital Management, Inc (Northern Capital). SEC registration does not imply a certain level of skill or training. Our affiliate, Northern Capital, 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 that are terminating or retiring to roll their 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. The ownership of Northern Capital Retirement Services and our affiliate are substantially similar which diminishes the economic incentive for recommending one entity over the other.

When possible, trade orders for accounts are aggregated and submitted as a block trade. We are unable to block trades for clients of Northern Capital Retirement Services Inc, with clients of affiliate Northern Capital Management Inc therefore block trades in the same security on the same day for both firms will cause one firm to trade ahead of the other. These instances are rare, but our policy to address this conflict of interest is to alternate the firm that trades first. Most accounts are limited to investing in mutual funds and ETFs only, which diminishes the conflicts of interest.

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 transacted for clients. The Code requires pre-clearance of all reportable securities transactions except exchange traded funds and closed end funds.

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. To mitigate this conflict, employees buying or selling the same security on the same day as a client account, must do so by aggregating their trade with those of our clients. This ensures all participants in the block trade receive the same price. If employees did not participate in the block trade, the employee must wait until the next business day to place their trade. If the block order was partially filled, shares for employee and employee related accounts will only be included in the allocation with clients when allocated on a prorata basis. If a random allocation is more efficient due to allocation size (e.g. only a small number of shares were executed), then all trades for employee and employee related accounts are excluded from the allocation that day.

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.

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

Qualified Custodians and Brokerage Services

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
- PAi 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")
- PAi Trust Company ("PAi")
- 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. PAi, American Funds Recordkeeper Direct and PlanPremier include TPA and/or 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.

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 can be deducted automatically from plan assets or invoiced to the plan. 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

Charles Schwab & Company ("CS&Co")

Schwab Advisor Services™ (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. Through Schwab Advisor Services, CS&Co. 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
- discounts for Morningstar research products and fi360 products
- access to Schwab Compliance Technologies (a tracking tool utilized by compliance)
- trade error costs less than \$100

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.

In light of our arrangements with Schwab, we may have an incentive to recommend that our clients maintain their accounts with CS&Co. based on our interest in receiving Schwab's services that benefit our business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of transactions. This is a conflict of interest. We believe, however, that our selection of CS&Co. as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality, and price of CS&Co.'s services and not Schwab's services that benefit only us. We

have adopted policies and procedures designed to ensure that our use of Schwab's services is appropriate for each of our clients.

Soft Dollar Arrangements

Section 28(e) of the Securities Exchange Act of 1934 allows an adviser to cause an account to pay higher commissions if the adviser determined in good faith that the amount of commission is reasonable in relation to the value of brokerage and research services provided by such broker-dealer (also referred to as "soft dollars").

NCRS does not maintain any soft dollar arrangements. This means clients do not pay higher transactions fees or commissions charged by the custodians for brokerage services received by NCRS. Our firm receives research and brokerage services that enhance the investment advice we provide to clients, but this is in exchange for assets held in custody and is 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

NCRS does not permit clients to direct transactions to a specific broker-dealer for execution.

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 or random allocation) to ensure over time one group of clients does not receive preferential treatment over another.

The aggregation or blocking of client transactions allows an adviser to execute transactions in a more timely, equitable, and efficient manner. The policy of the firm is to aggregate client transactions where possible and when advantageous to clients, however in some cases certain accounts will trade ahead of other accounts. Delays in trades for any reason can negatively or positively impact returns due to market fluctuations. Circumstances that will impact our ability to aggregate orders and/or the timing in which we submit orders:

- [Investment Objective \(IO\) Models](#): If we are unable to aggregate trades for IO models together for purposes of entering a block trade, we will randomize models to determine the order in which trades are submitted and then randomize by client within each model.
- [Market Volatility](#): In fast moving markets, when increasing equity exposure in positions across all client accounts, aggressive models may be traded first while more conservative models are traded after. Conversely, when decreasing equity exposure, conservative models may be traded first and the most aggressive models are traded last.
- [Affiliates](#): We are unable to block trades for clients of Northern Capital Retirement Services Inc with clients of our affiliate, Northern Capital Management Inc, therefore block trades in the same security on the same day for both firms will cause one firm to trade ahead of the other. These

instances are rare, but our policy to address this conflict of interest is to alternate the firm that trades first.

- [Fees and size of transactions:](#) When placing trades, we consider fees and size of transactions to ensure they are in the client's best interest (e.g. delaying trades for positions with short term or contingent redemption fees to avoid or minimize fees)

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 advisers are primarily responsible for our relationships with each advisory client. Advisers 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 prospective clients to Northern Capital. Northern Capital does not pay referral fees to any sources or receive or provide any economic benefit for referrals.

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

Discretionary Authority

An adviser who renders discretionary investment management to an employee benefit plan is defined as an investment manager in Section 3(38) of ERISA. NCRS as a 3(38) investment manager is authorized with discretion via an executed Financial Advisory Agreement (FAA) to implement recommendations and strategies without the approval of other plan fiduciaries. In a defined contribution plan, this means NCRS can select, monitor, remove, and replace investment options offered to plan participants. This discretion includes committing the plan to implementation costs charged by third party administrator or record keeper services.

Although a 3(38) arrangement frees the plan sponsor from the time and fiduciary responsibilities involved in selecting and monitoring plan investment options and the liability associated with these decisions,

ERISA requires that plan sponsors and/or trustees maintain fiduciary responsibility and exercise prudence and judgment in choosing and monitoring the 3(38) investment manager.

3(38) Investment Manager: This fiduciary role accepts the legal responsibility and liability with regard to the investments in the plan. As Investment Manager for the plan, Northern Capital Retirement Services, Inc. assumes sole fiduciary responsibility regarding investment decisions made on behalf of the plan. However, this arrangement does not remove the Plan Sponsor from their responsibility to monitor Northern Capital Retirement Services Inc as the investment manager. The process of selecting and engaging a 3(38) investment manager is a fiduciary responsibility that remains with the plan sponsor. All fiduciaries to the plan have an ongoing obligation to ensure actions taken on behalf of the plan do not violate ERISA. The Plan Sponsor should refer to: ERISA 404(a), IRC 4972, and the Investment Company Act of 1940 and State Laws. Contained within the language of the law, the definition of 3(38) Fiduciary includes 3(21) Fiduciary services.

Discretionary authority may be granted to NCRS in the following situations:

Participant Directed Plans: When plans offer a menu of investment options to participants and participants self-direct (choose) their investments, NCRS, as described above is granted discretion over the menu of investment options offered to plan participants. This discretion gives NCRS authority to select, monitor, remove, and replace those menu options. NCRS offers advice to participants, upon request but does not have discretion over the participant or their individual investment choices.

Pooled or Trustee Directed Retirement Plans: NCRS is granted discretion to manage plan assets where balances are pooled together and invested *for* participants rather than allowing participants to self-direct. A cash reserve, cash minimum, or custom allocation model must be outlined in writing if applicable.

Allowed Investment Restrictions

- **Contact First:** A position 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 adviser 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 adviser is accommodating the position within the managed portfolio and adjusting other managed positions around it.
- **Hold:** A position coded as “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:** A position coded as “Unmanaged” holding is a client-directed asset. The investment is excluded from the client’s portfolio allocations entirely. The adviser 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. The plan sponsor will receive proxy information directly from the custodian.

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.