

**Item 1 – Cover Page**

**EMPOWER ADVISORY GROUP, LLC (EAG)**

**Disclosure Brochure for  
Online Advice & Managed Account Services for  
Empower Premier IRA**

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March 28, 2024

This Brochure provides information about the qualifications and business practices of Empower Advisory Group, LLC (EAG). Specifically, this Brochure provides information on the qualifications and business practices for the advisory services provided by EAG and sub-advised by Morningstar Investment Management, LLC (Morningstar Investment Management). If you have any questions about the contents of this Brochure, please contact us at 866-317-6586. The information in this Brochure has not been approved or verified by the Securities and Exchange Commission (SEC) or by any state securities authority.

EAG is a registered investment adviser under the Investment Advisers Act of 1940 (Advisers Act). Registration of EAG does not imply any level of skill or training. Additional information about EAG is available on the SEC website at <https://adviserinfo.sec.gov> or at <https://empower.com/eag>.

The SEC's web site also provides information about any person affiliated with EAG who is registered, or is required to be registered, as an investment adviser representative with EAG.

## **Item 2 – Material Changes**

This section of the Brochure highlights and discusses any changes that were made since the Adviser's last update on January 31, 2024. There have been no material changes to report.

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## **Item 4 – Advisory Business**

### **Description of Advisory Firm**

EAG has been a registered investment adviser under the Advisers Act since 2000. EAG is also registered in all fifty states, the District of Columbia, Guam, U.S. Virgin Islands, and Puerto Rico. EAG offers investment management and advisory services to plan sponsors of employer-sponsored retirement plans such as 401(a), 401(k), 403(b) and 457 plans, including government entities and their participants, and to all account holders of the Empower Premier IRA (IRA holder or account holder). EAG does not choose the investments offered in employer-sponsored retirement plans or IRAs. EAG serviced plans receive recordkeeping services through Empower Retirement, LLC (Empower), the recordkeeping entity affiliated with EAG. EAG also offers investment management services to individuals and to retail brokerage account holders. More information about EAG's services, including an applicable brochure, can be obtained by contacting EAG at the number provided on the cover page of this Brochure or by visiting EAG's website at: <https://empower.com/eag>

EAG is a wholly owned subsidiary of Empower Services Holdings US, LLC, (ESH US) a holding company domiciled in the State of Delaware. ESH US is owned by Empower Annuity Insurance Company of America (EAICA). EAICA is a direct wholly owned subsidiary of (Empower Holdings, LLC (EHL) a Delaware holding company. EHL is a direct wholly owned subsidiary of Great-West Lifeco U.S. LLC. (Lifeco U.S.) and an indirect wholly owned subsidiary of Great-West Lifeco Inc. (Lifeco), a Canadian holding company. Lifeco is a subsidiary of Power Financial Corporation (Power Financial), a Canadian holding company with substantial interests in the financial services industry. Power Corporation of Canada (Power Corporation), a Canadian holding and management company, has voting control of Power Financial. The Desmarais Family Residuary Trust has voting control of Power Corporation, through a group of private holding companies that it controls.

### **Types of Services Discussed in this Brochure:**

EAG provides a range of investment services directly to account holders and plan participants, as well as services provided indirectly through private-label arrangements with institutional partners (collectively, the Services). The Services include Online Advice (OA) and the Managed Account service (MA Service), also known as My Total Retirement (MTR). Other services that may be available to account holders include Spend-Down Advice, Financial Planning Service and Retirement Income Projection Tools and Services. EAG provides its Services through a proprietary, computer-based software program that is developed and maintained by Morningstar Investment Management.

In addition, EAG provides sub-advisory and technology services to outside adviser firms through a service called Advisor Managed Accounts (AMA). This service enables the AMA firms to offer their own investment advisory and management services within retirement plans serviced by Empower.

**There is no guarantee provided by any party that participation in any of the advisory services will result in a profit.**

### **Morningstar Investment Management LLC:**

Morningstar Investment Management is a registered investment adviser wholly owned by Morningstar, Inc.; it is not affiliated with EAG or any company that is affiliated with EAG. Morningstar Investment Management is in Chicago, Illinois. A copy of its Form ADV Part 2A brochure may be obtained at <https://adviserinfo.sec.gov>. Morningstar Investment Management serves as an independent financial expert (IFE) in accordance with the Department of Labor *SunAmerica* Advisory Opinion 2001-09A, dated December 14, 2001. Morningstar Investment Management uses its proprietary methodology to evaluate the available investment options in a retirement plan, retail brokerage account or IRA and to develop an individualized investment strategy for plan participants and account holders. The plan, plan sponsor, plan fiduciary or IRA provider must select and continuously maintain investment options that cover broad asset categories. The investment options selected for the plan or IRA generally consist of a broad range of asset classes. More information is provided under Item 10 – Other Financial Industry Affiliations. Item 8, Methods of Analysis and Investment Strategies and Risk of Loss discusses the general risks of investing. The risks associated with the investment options can vary significantly with each particular investment category and the relative risks of categories may change. Accordingly, EAG may make changes from time to time regarding the availability of investment options. The fees, risks, responsibilities of plan provider/account holder and limitations for each of these services are discussed in greater detail below. Each mutual fund option has its own fees and expenses, as detailed in each fund's prospectus.

Certain EAG's Services rely on Morningstar Investment Management's proprietary methodology, which is based on a review of available quantitative data to analyze and screen the investment options within a plan or IRA. Morningstar Investment Management also applies qualitative analysis by investment professionals, such as evaluations of investment managers, portfolios, and individual investments. The primary sources of information used by Morningstar Investment Management are the extensive databases and methodologies of Morningstar Investment Management and/or its affiliates, and interviews with investment managers. Other sources include financial publications, annual reports, prospectuses, press releases, and SEC filings. Morningstar Investment Management combines this information with other factors — including actuarial data, stock market exposure, probability analysis, and mean-variance optimization — into its proprietary software program to analyze a complex set of market data and variables. The result is an advanced model capable of providing investment recommendations and projections of different outcomes. Using this model, Morningstar Investment Management develops an investment strategy tailored to each account holder's investment goals.

## **1. Online Advice (OA)**

OA is based on the software program developed by Morningstar Investment Management. It provides each account holder with retirement goal forecasting advice and fund-specific asset allocation recommendations tailored to the account holder's financial situation and retirement goals. OA is tailored for individuals who wish to manage their own retirement account with the assistance of the service's tools and investment advice.

OA provides the account holder with a retirement goal forecast through various assumptions and hypothetical financial and economic scenarios. These scenarios are based on factors such as historic returns, market volatility, cross-correlations, calculated risk premiums, interest rate fluctuations, inflation, and market conditions, all of which have limitations. The account holders can interact with OA to see how changes in their decisions about their savings, expected retirement age, level of investment risk and retirement income goal may affect the system's forecast. Account holders who enroll in OA are responsible for implementing the asset allocation that is best suited for their needs and investment strategy.

**The investment recommendations provided by OA are limited to proprietary mutual funds of Empower Funds, Inc. and proprietary insurance products of Empower Annuity Insurance Company of America and Empower Life & Annuity Insurance Company of New York. OA does not make any recommendations about investing in any individual stocks or other asset classes.**

### **IRA holder Responsibilities:**

Account holders are responsible for making their investment decisions and may implement OA recommendations either online or by phone. Account holders are also solely responsible for reviewing and updating the information they input in the OA service with respect to the completeness, accuracy, and timeliness of the information. Account holders should review their retirement accounts periodically to monitor changes in the market and the value of their investments. A failure by an individual to review and update their account information through OA may materially affect the content and value of the service.

### **Limitations on the Online Advice Services:**

The recommendations provided through OA are estimates based on the responses and information provided by the account holders. Neither EAG nor Morningstar Investment Management make any guarantees or warranties, express or implied, as to the accuracy, timeliness, or completeness of such information. The OA service is also subject to the general market and financial conditions existing at the time of use.

The retirement goal forecast and investment recommendations provided by OA are not a guarantee of future results, nor are they a guarantee that an account holder will achieve their retirement goals. OA should only be used by account holders as a tool in their retirement planning and not as a substitute for their own informed judgment. Neither EAG nor Morningstar Investment Management has an obligation to update any information for a specific individual or to proactively contact the individual to obtain updated information. A failure by an individual to review and update account information through OA may materially affect the content and value of the Services.

## **2. Managed Account Service (also known as My Total Retirement)**

EAG offers a discretionary managed account (MA) service. This is a professional and flexible asset management program based on data resulting from the methodologies and proprietary software program developed and employed by Morningstar Investment Management. In the MA service, EAG has discretionary authority over the allocation of available investment options, without prior account holder approval of each transaction. Ongoing investment transfers and investment allocation changes are implemented for individuals enrolled in the MA service.

The MA service designs a specific asset allocation portfolio for the account holder that reflects the individual's retirement goals, life stages, specified risk constraint and overall financial situation. The MA service considers IRA assets and will also consider other assets and investments not included within the IRA, if the account holder provides data.

On a periodic basis, individual accounts in the MA service are re-forecasted, which may include rebalancing and reallocating the individual's asset allocation portfolio. This is done to maintain alignment with the allocation percentages determined by Morningstar Investment Management through various assumptions and hypothetical financial and economic scenarios. Such scenarios are based on different factors such as historic returns, market volatility, cross-correlations, calculated risk premiums, interest rate fluctuations, inflation, market conditions, and the personal financial circumstances of the account holder. Account holders receive an account update and forecast statement annually and can update their personal information at any time by calling EAG at their toll-free customer service number or by visiting the appropriate website.

**The investment recommendations and allocations provided by the MA service are limited to proprietary mutual funds of Empower Funds, Inc. and proprietary insurance products of Empower Annuity Insurance Company of America and Empower Life & Annuity Insurance Company of New York. MA Service does not make any recommendations about investing in any individual stocks or other asset classes.**

### **Limitations on the Managed Accounts Service:**

When account holders enroll in the MA service, they must transfer and allocate their entire IRA account balance to the Managed Account.

Once enrolled in the MA service, account holders delegate certain account management functions to EAG including functionality for fund-to-fund transfers, change fund allocations, the dollar cost averaging tool and/or the rebalancer tool. However, individuals in the MA service retain full inquiry access to their accounts and may still take a distribution withdrawal, if permissible. Account holders may un-enroll at any time from the MA service. Once they do so, the account holders resume full responsibility for the investment management of their accounts. An individual may un-enroll online or by contacting an EAG investment adviser representative. See Termination of Services below for information about transactions following unenrollment.

## **3. Spend-Down Advice**

Account holders who are enrolled in any of EAG's Services discussed above are also provided with an additional feature of Spend-Down Advice which includes retirement planning tools. The Spend-Down Advice illustrates how long the desired income may last in retirement and determines how much spendable income the account holder may be able to sustain throughout their retirement. The Spend-Down Advice provides both the amount and sources of income available throughout their retirement. The services provided under Spend-Down Advice provide projections of spendable income and do not constitute investment advice under the Advisers Act.

## **4. Retirement Income Projection Tools and Services**

EAG may offer online tools and services for account holders to convert projected or actual retirement savings into estimated monthly retirement income. This interactive retirement planning service consists of various retirement

income projection tools. These tools are informational in nature, do not reflect actual investment results, and are not guarantees of future results. These tools do not constitute investment advice under the Advisers Act.

#### **Enrollment in EAG's Services:**

The Services are available to all account holders of the Empower Premier IRA, including Roth and Traditional IRAs. Account holders must agree to the Terms of Service prior to using any of the online services, which may be amended by EAG from time to time.

The advice and recommendations provided through the Services are based on the responses or other information provided by or about the account holder. Neither EAG nor Morningstar Investment Management make any guarantees or warranties, express or implied, as to the accuracy, timeliness, or completeness of such information. The Services are also subject to the general market and financial conditions existing at the time of usage. The retirement goal forecast and investment advice recommendations are not a guarantee of future results and are not a guarantee that a person will achieve their retirement goals.

#### **Termination of Services:**

Account holders may cancel their participation in OA or the MA service at any time. Account holders utilizing OA must complete their cancellation online. Account holders utilizing the MA service may cancel online or by calling an EAG investment adviser representative at the toll-free customer service number.

After cancellation of the:

1. OA service, the individual will no longer have access to the online investment recommendations. Because EAG does not effect changes to the account holder's asset allocation and account balances, the individual's balances will not be affected ***unless and until*** the individual affirmatively changes their asset allocation and balance after the cancellation of OA.
2. MA service, the account holder will have the ability to make allocation and investment option changes to their account, usually one to two business days following cancellation. Accordingly, the account holder's asset allocation will remain the same as established in the MA service ***unless and until*** the account holder affirmatively changes his/her asset allocation after cancellation of the MA service.

#### **Account Holder Information:**

The use and storage of any information is provided at the individual's sole risk and responsibility. Such information includes, without limitation, an individual's personal and non-public information, account number, password, identification, portfolio information, account balances and any other information available on an individual's personal computer. The individual is responsible for providing and maintaining the communications equipment (including personal computers and modems) and telephone or other services required for accessing and using electronic or automated services, and for all communications service fees and charges incurred by the individual in accessing these services. EAG shall not bear any responsibility for either errors or failures caused by the malfunction of any computer, communication systems, any computer viruses, and related problems that may be associated with the use of the Services.

#### **Assets Under Management:**

With respect to the services provided by EAG, as of December 31, 2023:

Discretionary investment management among all services:	\$116,502,429,608
Non-discretionary investment advisory services among all services in the amount of:	\$17,776,730,753
Total discretionary and non-discretionary investment management and advisory services in the amount of:	\$134,279,160,181

**Item 5 – Fees and Compensation**

Principal AccountBalance	Quarterly Fee	Annualized Fee
< \$100,000	0.125%	0.50%
Next \$150,000	0.10%	0.40%
Next \$150,000	0.075%	0.30%
> \$400,000	0.05%	0.20%

EAG reserves the right to offer current, new, or prospective IRA holders discounted fees or other promotional pricing or to waive periodic fees, subject to proper notification and disclosure.

If an account holder cancels their participation in the MA service or Empower Premier IRA at any time within a fee cycle, the fee is based on average assets managed during the billing period; it will be debited from the account according to EAG procedures.

**Online Advice:**

There is no separate fee for OA.

**Retirement Income Projection Tools and Services:**

EAG does not charge a separate fee to IRA account holders for the retirement income projection tools and services.

**Other Fees and Expenses:**

Accounts invested in mutual funds and other investments may be subject to other investment fees. Fees such as fund operating expenses or redemption fees may be imposed directly by the mutual fund. Information about the fees imposed by specific investment choices is available in each fund's prospectus. EAG may allocate assets of MTRusers to funds or to the general account product as described below. Securities transactions that occur as a result of the services provided by EAG as described in this Brochure are executed by EFSI.

An account holder will pay advisory fees to EAG for the MA service and indirectly to ECM for the Empower Funds that are included in the IRA investment options. The fees paid to ECM for management of the Empower Funds are included in each fund's share price.

The Empower Guaranteed Income Fund (the Guaranteed Fund), a general account group funding agreement issued by Empower Annuity Insurance Company of America and Empower Life & Annuity Insurance Company of New York, assesses fees and expenses associated with the operation and management of the Guaranteed Fund through adjustments to the Guaranteed Fund's applicable crediting rate. Accordingly, there are no explicit charges associated with the Guaranteed Fund. The Guaranteed Fund offers a guaranteed minimum interest rate of 0.15%.

**Item 6 – Performance-Based Fees and Side-by-Side Management**

EAG does not charge any performance-based or side-by-side management fees.

**Item 7 – Types of Clients**

EAG offers investment advisory and management services to account holders of the Empower Premier IRA, an Empower retail brokerage account or another plan elected managed account services. Additionally, EAG provides investment advice to participants in retirement plans for which Empower provides recordkeeping services. IRA holders and plan participants typically must be considered residents of the United States, the U.S. Virgin Islands, Guam, or Puerto Rico. A plan sponsor may apply additional restrictions for participation due to plan or regulatory requirements.

EAG may also be engaged by individuals to provide investment advisory services within or alongside EAG's other advisory



services and products, such as an Empower Premier IRA, an Empower Premier Investment Account, Personal Strategies+ Advisory Services, Core Managed Account Advisory Services, or certain brokerage accounts.

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

The Services described in this Brochure are based on the proprietary asset allocation and retirement income projection methodologies developed by Morningstar Investment Management. The development of investment advice by Morningstar Investment Management involves investment methodologies across products and services as described herein. Morningstar Investment Management and/or its affiliates focus on specific investment areas such as capital market assumptions and a valuation-driven approach to asset allocation.

##### **Analysis Methods:**

In providing advisory services, Morningstar Investment Management reviews available quantitative data to analyze and screen the investment options available for the Services which are limited to proprietary mutual funds of Empower Funds, Inc. and proprietary insurance products of Empower Annuity Insurance Company of America and Empower Life & Annuity Insurance Company of New York. The analysis will include quantitative analytics and fundamental research on the investment options available. Morningstar Investment Management draws on Morningstar's comprehensive database of fund and security analytics. Morningstar Investment Management uses a combination of portfolios and customizations as part of a larger portfolio construction process. For Managed Accounts and Advice, they generate hundreds of unique portfolios (ranging from conservative to aggressive) for each retirement plan or product using a customized approach to blending traditional asset allocation models with liability-driven investing and decumulation strategies. Which asset classes and sub-asset classes are used to build these model portfolios is dependent on the specific investment options available within the plan. Using this model, they develop an investment strategy tailored to your investment goals and assign you to one of those portfolios. They start with all of the available information received from the service provider and/or you and then make assumptions about certain pieces of information. You have the ability to review and refine some of these assumed data points through the website or over the phone. These assumptions can have a significant impact on the strategies created for you and are related to social security income, salary growth, inflation rates, retirement income goal, and risk capacity. They combine this information with other factors into a proprietary software program that can provide investment recommendations and a projection of different outcomes. They use a concept called total wealth to determine your risk capacity. This helps determine an appropriate target risk level for your retirement account by considering your risk exposure in all your other accounts that you have told us about that are earmarked for retirement. The total wealth methodology accounts for your financial capital (total saved assets and tradeable assets such as stocks and bonds) as well as your human capital (future earnings and savings potential). Using this methodology, they assign a target risk level based on your total economic worth.

Morningstar Investment Management uses the FinaMetrica risk profiling methodology, which is built using 'psychometrics', a combination of psychology and statistics. While the science of creating psychometric questionnaires is complex, it can provide a picture of who you are and where you fit on the scale of a conservative to high risk-taker. After completing the risk tolerance questionnaire, your results will be a score ranging from 0 (very low risk group) to 100 (very high-risk group). Although the scoring is objective, subjectivity cannot be completely eliminated using planning tools like this. There is no guarantee that the risk tolerance questionnaire will accurately assess your tolerance to risk and the accuracy of the analysis is contingent upon the appropriateness and accuracy of the assumptions. The risk tolerance questionnaire does not collect or consider all potentially relevant details about your personal or financial situation, which is why they pair it with our total wealth methodology. After completing the risk tolerance questionnaire, your score will account for a 20% weighting in the target equity determination for your investment strategy, with the other 80% weighting coming from your total wealth determination.

The target risk level changes over time to help ensure you are still investing in a portfolio for your specific situation and risk capacity. In general, we try to provide a smooth transition from an aggressive equity portfolio to a more conservative fixed portfolio as you near retirement.

##### **Investment Strategy:**

If accumulating for retirement, the investment strategy is generally based on information such as retirement account balances, expected retirement age, savings rate and other preferences provided by the individual. If you have already retired,

the investment strategy is based upon account balances, additional cash flows, and life expectancy. This retirement strategy may include some or all of the following:

- Retirement Income Goal (accumulation phase): The retirement income goal is the projected amount of money after tax that will be needed by the individual throughout retirement. The individual's current take home pay is typically used, and the individual has an option to change this projected retirement income amount.
- Income Outlook (accumulation phase): The income outlook is a projection of the annual income that the individual may receive during retirement. This is based on an annualized view of the accumulated investment wealth, combined with social security benefits and any pension or other income data provided to EAG.
- Total Retirement Income (in-retirement phase): Total retirement income is the projected amount of money that one can expect to receive on an annual basis in order to maintain income throughout retirement.
- IMPORTANT: When Morningstar Investment Management determines the income projections described above, these projections are based on hypothetical performance data and do not represent actual or guaranteed results. Projections may vary over time with each additional use of the Service.

#### **Estimated Tax:**

Morningstar Investment Management estimates federal, state income, and capital gains taxes based on marginal tax rate calculations. These calculations are used when Morningstar Investment Management conducts income simulations. Tax data is updated annually based on the United States Internal Revenue Code (IRC) and similar state tax data. Morningstar Investment Management uses income data for the individual and their spouse/partner to estimate federal and state tax exposure. The tax exposure is appropriately reduced for pre-tax deferrals, tax-deferred capital gains, and yield and distribution of Roth proceeds. Based on the information that the individual provides, Morningstar Investment Management provides an estimate of the tax exposure but may not include all tax considerations. Please consult a tax adviser for a complete understanding of your tax situation.

#### **General Risks of Investing:**

Investing in securities involves risk of loss that clients should be prepared to bear. **Neither EAG nor Morningstar Investment Management or their affiliates guarantees that the recommendations will result in achieving the retirement income goal. Neither EAG nor Morningstar Investment Management or their affiliates can guarantee that negative returns can or will be avoided in any of the recommendations. An investment's future performance may differ substantially from its historical performance and as a result, may incur a loss. Past performance is no guarantee of future results. Additionally, the IRA provider may make changes from time to time with respect to the investment options available in the IRA.**

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 all loss. Ultimately, such risks are borne by the investor.

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

- Market Risk: Stock and bond markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments in the U.S. and in other countries. Market risk may affect a single company, a sector of the economy, a country or geopolitical region, or the market as a whole. Market risk may impact stock and or bond markets in unanticipated and different ways.
- Business Risk: These risks are associated with a particular industry or a company within an industry.
- Capitalization Risk: Small-cap and mid-cap companies may be hindered due to limited resources or less diverse products or services. Their stocks have historically been more volatile than the stocks of larger, more established companies.
- Category or Style Risk: During various periods of time, one category or style may underperform or outperform other categories and styles.
- Credit Risk: The risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may

affect a security's value and impact the performance of the issue – along with any mutual fund or exchange-traded fund which holds it.

- **Interest Rate Risk:** The market value of a debt security is affected significantly by changes in interest rates. Generally, when interest rates rise the debt security's market value declines, and when interest rates decline, market values rise. A longer bond maturity normally involves a greater risk and higher yield, while a shorter bond maturity results in lower risk and lower yield.
- **Inflation Risk:** When inflation is present, purchasing power may erode at the rate of inflation.
- **Reinvestment Risk:** 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.
- An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. Although some money market funds such as the Empower Government Money Market Fund strive to preserve the value of the investment at \$1.00 per share, it is possible to lose money by investing in a money market fund.
- The benefits and guarantees of the Empower Guaranteed Income Fund, including the applicable crediting rate, are subject to the financial strength, solvency and claims-paying ability of Empower Annuity Insurance Company of America and Empower Life & Annuity Insurance Company of New York, respectively. The respective general accounts of Empower Annuity Insurance Company of America and Empower Life & Annuity Insurance Company of New York are not segregated or insulated from the claims of creditors. The Empower Guaranteed Income Fund is subject to many of the risks associated with a portfolio of fixed-income securities including, but not limited to, credit risk, interest rate risk, liquidity risk, and inflation risk. The Empower Guaranteed Income Fund is not FDIC-insured and is not guaranteed by any bank or savings association.

For more complete information about any of the mutual funds or investment products available within the IRA, please contact us at the number listed on the cover page.

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

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

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

EAG is not a registered broker-dealer. However, due to the organizational structure of EAG's indirect parent company, EAICA, certain registered representatives of EFSI are also supervised persons of EAG and are required to comply with EAG policies and procedures when acting as an investment advisory representative. EAG and its management persons are not registered as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

##### **Other Financial Industry Affiliations:**

EAG has arrangements that are material to its advisory business or its clients/account holders with the related entities shown below. These related entities may receive certain fees that are unrelated to EAG's fees for its Services.

##### **Recordkeeping and Administrative Services Company:**

*Empower Retirement, LLC (Empower)* is a comprehensive administrative and recordkeeping services provider for financial institutions and employers, which include educational, advisory, enrollment, and communication services for employer-sponsored defined contribution plans and associated defined benefit plans under Internal Revenue Code Section 401(a), 401(k), 403(b), 408, and 457. Empower receives a 35 bp shareholder service fee from the Investor Class shares of Empower Funds for recordkeeping and administrative services provided for IRA holders, pursuant to a Shareholder Services Agreement between the parties.

##### **Insurance Companies:**

*Empower Annuity Insurance Company of America (EAICA)* is an insurance company domiciled in the State of Colorado. EAG is a wholly owned direct subsidiary of Empower Services Holdings US, LLC, (ESH US), which is owned by EAICA. EAICA, pursuant

to various agreements, may provide investment products, recordkeeping, and other administrative services through its affiliates.

*Empower Life & Annuity Insurance Company of New York (ELAINY)* is an insurance company domiciled in the State of New York. EAG is under common control with ELAINY and is an affiliate of ELAINY where EAICA indirectly owns EAG and is the sole owner of ELAINY. ELAINY, pursuant to various agreements, may provide investment products and administrative services through its affiliate, Empower, to retirement plans for which EAG may also provide its services.

*Empower Annuity Insurance Company (EAIC)* is an insurance company domiciled in the State of Connecticut. EAG is under common control with EAIC and is an affiliate of EAIC where EAICA indirectly owns EAG and is the sole owner of EAIC. EAIC, pursuant to various agreements, may provide investment products and administrative services individually and through its affiliate, Empower, to retirement plans for which EAG may also provide its services.

#### **Broker-Dealer:**

*Empower Financial Services, Inc. (EFSI)*, an affiliate of EAG, is a registered broker-dealer and wholly owned subsidiary of EAICA. EFSI may provide wholesaling, direct sales, enrollment and/or communication services to retirement plans and their participants for which EAG may also provide its services. All transactions that occur as a result of participation in the Services are executed by EFSI.

#### **Trust Company:**

*Empower Trust Company, LLC (ETC)* is a trust company and affiliate of EAG. ETC is a wholly owned subsidiary of ESH US, which is a wholly owned subsidiary of EAICA and is chartered under the laws of the State of Colorado. ETC is the custodian of all Empower Premier IRA accounts. ETC may provide discretionary or directed trustee and/or custodial services for EAG's clients and also serves as the trustee for certain collective investment trusts.

#### **Investment Company:**

*Empower Funds, Inc. (EFI)* is an investment company affiliated with EAG. It is registered under the Investment Company Act of 1940. Empower Funds provides investment products to retirement plans and IRAs for which EAG may also provide its services. Empower Funds is managed by Empower Capital Management, LLC as discussed below. Shares of Empower Funds are available to account holders of the Empower Premier IRA and may also be investment options in retirement plans advised by EAG.

#### **Investment Adviser Affiliates:**

*Empower Capital Management, LLC (ECM)*, an affiliate of EAG, is an investment adviser for Empower Funds and is registered under the Investment Advisers Act of 1940. It is a wholly owned subsidiary of ESH US, which is a wholly owned subsidiary of EAICA. EAG provides managed account, guidance, and advice services to IRA holders and to participants in certain defined contribution plans. ECM is the investment adviser for Empower Funds, which are investment options in the Empower Premier IRA.

*Irish Life Investment Managers Limited (ILIM)* – a Dublin, Ireland based, SEC registered investment adviser. ILIM is part of the Great-West Lifeco, Inc. (Lifeco) group of companies; Lifeco has operations in Canada, the United States, Europe, and Asia through ownership of companies including EAICA. EAG is an indirect wholly owned subsidiary of EAICA. EAICA is an indirect wholly owned subsidiary of Lifeco which controls ILIM. ILIM manages the index series of Empower Funds.

#### **Holding Company:**

*Great-West Lifeco Inc. (Lifeco)*, EAG's indirect parent company, owns approximately 6% of Franklin Templeton Investments' parent company, Franklin Resources, Inc. (Franklin) as of January 1, 2024. Franklin or certain of its investment management subsidiaries (collectively, the Franklin Group entities) may provide management, advisory or sub-advisory services to investment funds that may be investment options in a Managed Account. Franklin and Lifeco have entered into arrangements under which Lifeco has committed to allocate Lifeco and affiliate assets over a period of time to be managed by Franklin's investment managers and to support the availability of Franklin Group entity products and services on enterprise platforms. As a result, Empower and Lifeco will derive an economic benefit to the extent that Franklin Group entities provide management, advisory or sub-advisory services to funds or products. If certain Franklin revenue thresholds

are achieved under those arrangements, Lifeco will receive contingent transaction consideration and Lifeco and other Empower affiliates will derive an economic benefit if assets are allocated to a Franklin investment option.

**Branding:**

The affiliated companies of EAG; Empower Personal Wealth, LLC; ECM; EFSI; EAICA; EAIC; ELAINY; Empower Funds; Empower, LLC; and ETC operate under the multiple brands of Empower and Empower Institutional depending upon the products, services and retirement markets involved. These brands do not materially affect the internal structure of EAG or EAG's corporate owners.

**Conflicts of Interest:**

The investment recommendations and allocations provided by the Services are limited to proprietary mutual funds of Empower Funds and proprietary insurance products of EAICA and ELAINY.

EAG does not receive compensation from its parent company or any of its affiliates as a result of these allocations. EAG has an agreement with Morningstar Investment Management wherein Morningstar Investment Management is paid by EAG for sub-advisory services.

EAG mitigates these conflicts of interest related to affiliated investment options by utilizing Morningstar Investment Management as sub-adviser who remains independent from EAG and its related persons with respect to their methods of analysis and investment strategies. Morningstar Investment Management's methodology also controls the investment allocations and recommendations.

An account holder will pay advisory fees directly to EAG for MTR, and indirectly to ECM and Empower. The fees paid to ECM and Empower are included in each Empower Fund's share price.

Conflicts related to fund recommendations:

The Services operate by recommending or allocating an Account Holder's assets to funds available to the IRA. The funds available for EAG's recommendations within an IRA are generally established by the custodian of the IRA platform, rather than by EAG. The investment options are comprised solely of investment options sponsored by EAG's affiliates.

- *Proprietary investment funds.* EAG's affiliates offer proprietary investment funds within the Empower Premier IRA. EAG will recommend or allocate the IRA to Empower Funds, which are proprietary investment funds, or to proprietary insurance products described below. These investment funds generate additional income to EAG's affiliates to compensate the affiliates for administering, managing, and supervising these funds. EAG's affiliate Empower Funds will be the exclusive provider of the investment funds available through the Services.
- *Proprietary insurance products.* EAG's indirect parent company, EAICA, and its affiliate, ELAINY, offer proprietary insurance products for investment, such as the Empower Guaranteed Income Fund. EAG may recommend or allocate account holder assets to the Empower Guaranteed Income Fund. A general account product is an insurance product backed by the general account of an insurance company, such as EAICA or ELAINY. These EAG affiliates generate revenue by retaining spread (which is the difference between actual earnings on contracts offered by the insurer), and the crediting rate declared and guaranteed by the insurer through the contract.

Conflicts related to increased use and promotion of the Services.

- *Increased advisory fee income.* EAG's representatives may recommend that you use the Services. If you enroll in certain Services, EAG will earn additional compensation.
- *Increased affiliate fee income.* When you use the Services, EAG may recommend you increase contributions or utilize other savings or investment strategies. EAG's affiliates provide a bundle of recordkeeping, trust, custody, brokerage, investment, and other related services to retirement plans and to IRA products. If you pay for these related services through an arrangement where the EAG affiliates charge a direct fee, these affiliates may receive additional fees for these services. These additional fees result from EAG's recommendations because you may contribute, invest, or transact in more assets with EAG's family of companies.
- *Representative Compensation.* EAG has authorized EFSI, an affiliate of EAG, and its licensed agents and registered representatives who are Empower employees (collectively referred to as Agents) to solicit, refer and market EAG's services. Agents may be indirectly compensated through bonus compensation, in addition to their salary, for

communication, education and/or assisting individuals to enroll in EAG's Services. Compensation paid to Agents does not increase the fees paid by account holders. The incentive compensation an EAG representative receives depends on position type, but generally is calculated based on Empower and/or EAICA profitability and the achievement of individual performance goals that may include factors unrelated to an account holder's adoption of investment products or services offered through Empower.

Individual performance goals and their related incentive compensation for Agents is based on a combination of factors including the number and quality of customer engagements during the

measurement period and the amount of customer assets retained as result of the engagements. The rate of incentive compensation considers the total amount of retained or accumulated assets, compared with the monthly asset goal, as determined by EAG on a periodic basis. The asset goal is generally set on an annual basis and may differ by product or account type. Additional factors include certain qualitative factors, such as leadership, teamwork, client experience, quality and efficiency of client interactions, and adherence to corporate policies and regulatory standards.

#### **Other Business Activities:**

Certain senior managers and officers of EAG may also serve as executive officers of EAG's indirect parent company, EAICA and other affiliates of EAG.

#### **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

##### **EAG's Code of Ethics:**

EAG has adopted a written Code of Ethics (the Code) in compliance with Rule 204A-1 of the Advisers Act. The Code sets forth standards of business conduct expected of advisory personnel. It requires certain of EAG's advisory personnel to report their personal securities holdings and transactions in accordance with the Advisers Act. EAG's advisory personnel are required to comply with the Code. A copy of the Code will be provided to current or prospective clients upon request. The Code includes provisions related to:

- Fiduciary responsibility to clients;
- Compliance with federal securities laws;
- Protection and safeguarding of confidential information;
- Giving and receiving gifts, gratuities, and entertainment;
- Political contributions;
- Reporting and monitoring personal securities transactions;
- Avoiding and disclosing conflicts of interest; and
- Reporting violations of the Code.

##### **Personal Trading:**

The Code requires pre-clearance of certain securities transactions. Officers, managers, and certain employees of EAG (collectively, Access Persons) may trade for their own personal accounts in securities which may be recommended to and/or purchased for EAG's advisory clients. Personal trading is continually monitored in accordance with the Code and federal securities laws. The Code is intended to ensure that the personal securities transactions and the outside business activities of EAG's Access Persons do not interfere with making decisions in the best interest of advisory clients.

##### **Principal Trading:**

EAG has adopted a policy and practice not to engage in any principal transactions. EAG holds no investments for its own accounts which could be bought from, or sold to, an advisory client. EAG's Board of Managers would need to approve a

change in this policy. Any principal transactions would be permitted only after meeting the review and approval requirements described under the anti-fraud section of the Advisers Act.

#### **Participation or Interest in Client Transactions:**

##### *Affiliate EFSI Effects Securities Transactions for Advisory Clients*

Registered representatives of EFSI may make recommendations to retirement plan participants, IRA Account Holders and other investment account holders and provide wholesaling, direct sales, enrollment, and/or communication services to account holders for which EAG may also provide its services.

All securities transactions that occur as a result of EAG's services, as described in this Brochure, are executed by EFSI or by Pershing LLC, a non-affiliated clearing house. EFSI may receive compensation in the form of 12b-1 fees or other compensation from mutual fund companies or from the other investments that may be available as plan investment options. In all instances, EAG's affiliation with these entities is disclosed. Allocations in the investment options are solely determined and based on Morningstar Investment Management's software and not determinations made by EAG. The compensation paid by EAG to Morningstar Investment Management for Morningstar Investment Management's proprietary software advice program does not vary based on the allocations made or recommended by Morningstar Investment Management. Because Morningstar Investment Management is unaffiliated with EAG and EFSI, EAG does not believe there is a conflict of interest.

##### *Affiliate EAICA or ELAINY Proprietary Investments for Advisory Clients*

Investment options into which account holder assets may be allocated, pursuant to the OA or the MA services maybe through a fixed funding agreement issued by EAICA or ELAINY. Because Morningstar Investment Management is unaffiliated with EAG, EAICA, ELAINY and their affiliates, EAG does not believe there is a conflict of interest. However, in all instances, EAG's affiliation with EAICA and/or EAICA's affiliates, as applicable, will be disclosed.

##### *Affiliate Empower Retirement, LLC*

Empower Retirement, LLC receives a 35 bp shareholder service fee from the Investor Class shares of Empower Funds for recordkeeping and administrative services provided for IRA holders, pursuant to a Shareholder Services Agreement between the parties.

#### **Item 12 – Brokerage Practices Brokerage Selection; Best Execution**

For the Empower Premier IRA, the IRA platform provider selects the broker-dealer used by the IRA and determines the reasonableness of the compensation. Transactions recommended by Morningstar Investment Management for the Services are processed by EAG's affiliated recordkeeper, Empower, and generally executed through EFSI.

#### **Soft Dollar Practices:**

As a matter of policy, EAG does not utilize research or other products or services from third parties in connection with client securities transactions on a soft-dollar commission basis.

#### **Trade Aggregation:**

EAG does not bunch orders or engage in block trades to execute equity orders for clients. Client accounts are generally held in trust per regulatory requirements. Further, most trades are mutual funds where trade aggregation does provide any additional client benefits.

#### **Item 13 – Review of Accounts**

At least annually, EAG personnel review the methodologies used by Morningstar Investment Management to power the OA and MA services to ensure that they are consistent with investment advisory best practices, current technology, applicable law, and the terms of the agreement between EAG and Morningstar Investment Management.

Neither EAG nor Morningstar Investment Management review the personal financial information of account holders as provided by the account holders and do not assume responsibility for any incomplete or erroneous information. Such information, which includes date of birth, salary, gender and/or state of residence, must be reviewed periodically by the account holder who in turn is responsible for notifying EAG of any changes, errors, or omissions to such information.

### **Online Advice:**

EAG does not conduct a review of account holder accounts and does not provide investment oversight, monitoring, or rebalancing. Account holders in the OA service receive investment recommendations from EAG based on the investment options provided in the Empower Premier IRA. **It is the responsibility of OA clients to review and update their accounts to adjust for changes in the investments they own and to determine whether the recommendations are suitable for their particular investment needs. OA clients should also review and update their accounts if significant changes occur in their personal circumstances.**

*EAG conducts the following review of account holder accounts:*

### **Managed Account Service (also known as My Total Retirement):**

Under the MA service, account holder assets in the investment options are monitored, rebalanced, and reallocated on a periodic basis by EAG, based on Morningstar Investment Management's software program. On an annual basis, account holders enrolled in the MA service will receive an Annual Kit containing an account update and forecast statement. Morningstar Investment Management updates the capital market assumptions underlying their methodology used to construct the asset classes, at least annually, and then makes changes to the portfolio allocations, as necessary. Current portfolio allocations are monitored regularly, and adjustments are made, as necessary.

### **Reporting to Clients:**

Account holders enrolled in the MA service receive an MA Welcome Kit shortly after enrollment and an account update at least annually. Account holders enrolled in OA can review their accounts and generate their own reports at any time. Individuals are encouraged to update significant changes to their personal information via the appropriate toll-free customer service number.

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

EAG has authorized EFSI, an affiliate of EAG, and its licensed agents and registered representatives who are Empower employees (collectively referred to as Agents) to solicit, refer and market EAG's services. EAG does not pay any compensation directly to EFSI or its Agents for the solicitation activities performed by EFSI and its Agents. The Agents receive compensation in the form of a salary and a variable bonus paid by Empower. No commissions are paid to Agents for the Services by EAG or EFSI. Agents may earn bonus compensation based upon engaging plan sponsors to offer EAG's services. Other Agents and EAG representatives may be indirectly compensated through bonus compensation, in addition to their salary, for communication, education and/or assisting participants to enroll in EAG's Services. The incentive compensation an EAG representative receives depends on position type, but generally is calculated based on Empower and/or EAICA profitability and the achievement of individual performance goals that may include factors unrelated to an account holder's adoption of investment products or services offered through Empower.

Agents and EAG representatives' individual performance goals and their related incentive compensation is based on a combination of factors including the number and quality of customer engagements during the measurement period and the amount of customer assets retained as result of the engagements. The rate of incentive compensation considers the total amount of retained or accumulated assets, compared with the monthly asset goal, as determined by EAG on a periodic basis. The asset goal is generally set on an annual basis and may differ by product or account type. Additional factors may include certain qualitative factors, such as leadership, teamwork, client experience, quality and efficiency of client interactions, and adherence to corporate policies and regulatory standards. **Compensation paid to Agents or EAG representatives does not increase the fees paid by the account holder.**

### **Item 15 – Custody**

EAG does not maintain actual custody of its clients' cash, bank accounts, or securities. Pursuant to Rule 206(4)-2 of the Advisers Act, however, EAG is deemed to have constructive custody with respect to certain client funds and securities. This is because an affiliated party (ETC) is the custodian and directed or discretionary trustee of certain retirement plan accounts. In addition to annual audits, these accounts are subject to surprise custody verifications by an independent public accountant each year, as required by Rule 206(4)-2. Account holders receive periodic account statements (at least quarterly) from their custodian and should carefully review these statements.



**Item 16 – Investment Discretion**

EAG provides discretionary investment management services for those account holders who enroll and participate in the MA service; EAG does not offer or engage in discretionary investment services for OA.

The MA service is a professional, flexible asset management program that utilizes data from the methodologies and proprietary software program developed and employed by Morningstar Investment Management. To provide the MA service to account holders, EAG retains discretionary authority over the allocation of available investment options without requiring prior approval of each transaction. Ongoing investment transfers and investment direction changes are implemented for plan participants enrolled in the MA service.

**Item 17 – Voting Client Securities**

EAG does not assume the responsibility to provide assistance, exercise voting powers or other decision-making authority regarding proxies or other issuer communications for the Empower Premier IRA accounts. Generally, if a mutual fund offered in the IRA files a proxy statement, account holders in the fund receive and may vote the proxy.

**Item 18 – Financial Information**

As previously discussed, under certain circumstances EAG has discretionary authority over certain client funds and securities. Accordingly, EAG is required to disclose information about its financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients. EAG has no financial commitment that impairs its ability to meet contractual commitments to its clients, nor has EAG been the subject of a bankruptcy proceeding. Further, EAG does not require or solicit prepayment of fees in excess of \$1,200 per client more than six months in advance.

This is not an Offer to Purchase or Sell Securities. The information contained in this Brochure, including information regarding Empower Funds, is for disclosure and other informational purposes only. It is not an offer to sell or a solicitation of an offer to buy any securities and may not be relied upon in connection with the purchase or sale of any security.