

## Item 1: Cover Page

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# **Advisor Resource Council**

## **Form ADV Part 2A Investment Advisor Brochure**

15110 Dallas Pkwy Ste 500

Dallas, TX 75248

(972) 421-1360

[www.advisorresourcecouncil.com](http://www.advisorresourcecouncil.com)

March 2024

### **Other Names Under Which Business is Conducted:**

360 Wealth Management, 360 Wealth Partners, 360 Wealth Planners LLC, Abacus Wealth Builders, AIQ Asset Management, ARC Retirement Consultants, ARK Capital, Azalea Wealth Partners, Barfield Wealth Management, Bengé Financial Group, Castrinos Financial, Cojo Bay Advisors, Council Family Office, CSB Wealth Management, Dallas Financial Planner, Don Hubbard Financial Services, Foundation Wealth Partners, Generations Financial Management, Integrated Wealth Strategies, Jackson Wealth Management, Lemoine Wealth Management, Lightforce Financial, McLemore Financial Group, Mergent Group, Napa Valley Financial, Parsons Wealth Management, RLBrown Financial, Ridgemark Financial, Simmons Wealth Management, The Aero Advisor, The Texas Money Manager, Valtrum, Values First Planning, and VTI Financial

### **Firm Contact: Sarah Pais, Chief Officer of Compliance and Operations**

This Brochure provides information about the qualifications and business practices of Advisor Resource Council (“we”, “us”, “our”). If you have any questions about the contents of this Brochure, please contact Sarah Pais, Chief Officer of Compliance and Operations at (972) 421-1360 or [RIACompliance@thearcfirm.com](mailto:RIACompliance@thearcfirm.com).

Additional information about our Firm is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). 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.

We are a registered investment adviser. Please note that use of the term “registered

investment advisor” and a description of the Firm and/or our employees as “registered” does not imply a certain level of skill or training. For more information on the qualifications of the Firm and our employees who advise you, we encourage you to review this Brochure and the Brochure Supplement(s).

## Item 2: Summary of Material Changes

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### **Material Changes since the Last Update**

Since the last annual amendment filing, dated March 30, 2023, Advisor Resource Council, or the “Firm,” has the following Material Changes to report:

- This Form was updated to disclose a regulatory action by the Securities and Exchange Commission. Please see Item 9 (Disciplinary Information).
- This Form was updated to reflect changes in our brokerage practices relating to the acquisition of the qualified custodian, TD Ameritrade, by Charles Schwab & Co., Inc. Please see Item 12 (Brokerage Practices).
- This Form was updated to clarify our receipt of client referrals from promoters and our payment of related compensation. This change was made pursuant to the SEC’s new Marketing Rule. Please see Item 14 (Client Referrals and Other Compensation).
- This Form was updated to clarify that we do not vote proxies on behalf of clients. Please see Item 17 (Voting Client Securities).

### **Annual Update**

You will receive a summary of any material changes to our Form ADV brochure within 120 days of our fiscal year end. We may also provide updated disclosure information about material changes on a more frequent basis. Any summaries of changes will include the date of the last annual update of the ADV.

The Supplement to our Form ADV Brochure (Form ADV Part 2B) provides you with information regarding our employees that provide investment advice.

### **Full Brochure Available**

Our Form ADV may be requested at any time, without charge, by contacting Sarah Pais, Chief Officer of Compliance and Operations at (972) 421-1360 or [RIACompliance@thearcfirm.com](mailto:RIACompliance@thearcfirm.com). Additional information about the Firm is also available via the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s website also provides information about any employees affiliated with the Firm who are registered as investment adviser representatives.

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## Item 4: Advisory Business

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### **Information about the Firm**

Advisor Resource Council (the “Firm,” “we,” “us” or “our,”) is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940.

The Firm is a limited liability company formed in the State of Texas. We have been registered as an investment advisor since 2012.

As explained more fully in this Brochure, we provide asset management services, financial planning and consulting, retirement plan consulting, and referrals to third party money managers. We are dedicated to providing individuals, including high net worth individuals, families, retirement plans, and business enterprises, with a wide array of investment advisory services.

We provide our services through investment advisor representatives, or “IARs.” More information about each IAR providing advisory services may be obtained in the Brochure Supplement, Form ADV Part 2B, for the IAR, which is provided by the IAR before or at the time the IAR is engaged. IARs are required to obtain training and licenses to sell certain investments and services. Clients should carefully review the Brochure Supplement for the IAR that has been or may be engaged to determine the investments and services the IAR is licensed or qualified to sell.

In some circumstances, investment advisory services may be provided by third party managers. These relationships are summarized below in this Item 4. Additional information about any third party providing advisory services may be obtained by requesting a brochure and related supplements directly from the third-party manager.

### **Fiduciary Statement**

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act, (“ERISA”) and/or the Internal Revenue Code, (“IRC”), as applicable, which are laws governing retirement accounts.

We have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. We must take into consideration each client’s objectives and act in the best interests of the client. We are prohibited from engaging in any activity that is in conflict with the interests of the client. We have the following responsibilities when working with a client:

- To render impartial advice;

- To make appropriate recommendations based on the client's needs, financial circumstances, and investment objectives;
- To exercise a high degree of care and diligence to ensure that information is presented in an accurate manner and not in a way to mislead;
- To have a reasonable basis, information, and understanding of the facts in order to provide appropriate recommendations and representations;
- Disclose any material conflict of interest in writing; and
- Treat clients fairly and equitably.

Regulations prohibit us from:

- Employing any device, scheme, or artifice to defraud a client;
- Making any untrue statement of a material fact to a client or omitting to state a material fact when communicating with a client;
- Engaging in any act, practice, or course of business which operates or would operate as fraud or deceit upon a client; or
- Engaging in any manipulative act or practice with a client.

We will act with competence, dignity, integrity, and in an ethical manner, when working with clients. We will use reasonable care and exercise independent professional judgement when conducting investment analysis, making investment recommendations, trading, promoting our services, and engaging in other professional activities.

### **Advisory Services**

We provide asset management services, financial planning and consulting, retirement plan consulting, and referrals to third party money managers, including referrals to LPL Financial, LLC, referred to as "LPL." Our services may be provided on a discretionary basis, meaning that we, or a third-party manager, possess the discretion to buy and sell individual stocks, bonds, and other investments. Our services may also be nondiscretionary, meaning that our client retains the authority to make buy and sell decisions. Each of our asset management services is briefly described below.

### ***Asset Management***

We manage individual investment portfolios, which may consist of individual stocks or bonds, exchange traded funds ("ETFs"), options, mutual funds and other public and private securities or investments. Each client's portfolio is invested using an individual investment strategy that addresses specific goals and objectives and may include some or all of the previously mentioned securities. Once the appropriate portfolio has been determined, we review the portfolio at least annually and, as necessary, we rebalance the portfolio based upon the client's needs and stated goals and objectives. Our advisors may exercise discretion over the investment of the portfolio, the portfolio may be subject to the discretion of a third-party investment manager or a portfolio may be maintained on a nondiscretionary basis. Information about the fees we receive for our investment advisory services is included in Item 5.

If appropriate, we offer actively managed investment strategies as separately managed accounts: AIQ Asset Allocation Models, AIQ SMA and UMA Strategies, and ARC Innovative Solutions. Each strategy is managed by one or more of our advisors and is briefly described below.

**AIQ Asset Allocation Models:** The AIQ Asset Allocation Models consist of a series of separate actively managed model portfolios invested in mutual funds or Exchange Traded Funds (ETFs). Each model is tuned to a specific risk tolerance, from conservative to aggressive, while providing diversified exposure to different asset classes including, but not limited to, fixed income, equity, hedged equity, alternatives, international securities, and commodities. The model portfolios are generally invested in similar mutual funds or ETFs, however, the weightings of each investment vary according to the model's specific risk tolerance. Asset allocation decisions are made using a combination of artificial intelligence tools and traditional fundamental analysis performed by the team's highly experienced investment professionals. Additional criteria such as assets under management, performance relative to peers, consistency, standard deviation, upside/downside capture, beta, and scenarios analyses utilizing Bloomberg Multi-asset risk testing model, as well as conversations with managers, may be considered. A minimum investment of \$10,000 is required to establish a model portfolio, although in some circumstances the minimum may be lower.

**AIQ SMA and UMA Strategies:** AIQ Asset Management offers a diverse set of equity and fixed income strategies designed to meet the investment objectives of a wide range of clients. The strategies are offered within separately managed accounts (i.e., not within a mutual fund or ETF) on a stand-alone basis or in combination with one another via one of its Unified Managed Accounts (UMAs). Benchmarks for individual strategies are based on the specific asset class while UMA benchmarks are a blend of the individual strategies based on the risk objective of the strategy (Conservative, Moderate, Growth). Asset allocation decisions (for the UMAs) as well individual security selection for all of the portfolios are based on a combination of artificial intelligence tools and traditional fundamental analysis performed by the team's highly experienced investment professionals. For hedged strategies, protection or "hedging" is provided by put options. Short-term, covered calls may also be used to generate additional income.

**ARC Innovative Solutions:** The ARC Innovative Solutions models consist of a series of separate actively managed model portfolios based on the size of the account and the client's risk profile, ranging from conservative to aggressive. Portfolios are generally invested in a combination of individual stocks, bonds, mutual funds, ETFs, structured products, and may use options to reduce risk. Portfolios will generally be invested in the same securities, but holdings will vary in terms of both individual holdings and the relative weightings of those holdings in the portfolio based on the size and risk profile of the model. Asset allocation decisions as well as individual security selection are based on a combination of artificial intelligence tools and traditional fundamental analysis performed by the team's highly experienced investment professionals. A minimum investment of \$10,000 is required to establish a model portfolio.

### ***Financial Planning and Consulting***

We provide a variety of financial planning and consulting services to individuals, families and other clients based upon an analysis of each client's current situation, goals, and objectives. Generally, our financial planning services involve the preparation of a financial plan or a less formal financial consultation. Our plan or consultation may encompass one or more of the following: investment planning; retirement planning; estate planning; charitable planning; education planning; corporate and personal tax planning; cost segregation study; corporate structure; real estate analysis; mortgage/debt analysis; insurance analysis; lines of credit evaluation; and other business and personal financial planning. Our written financial plans or consultations usually include general recommendations for a course of activity and may suggest more specific actions. For example, we may advise clients to begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings rates or establish education or charitable giving programs.

- For financial planning engagements, we provide our clients with a written summary of their financial situation, including our observations and recommendations. We may also refer clients to an accountant, attorney or other specialist, as necessary, for non-advisory services.
- For consulting engagements, which are less formal than our planning services, we may provide our clients with a written summary of our observations and recommendations, including financial advice about assets or accounts that are not in our custody (or in the custody of a custodian we have selected). For financial consulting engagements, we have no obligation to instruct any broker or custodian to take any action in furtherance of any advice we provide.

We do not provide accounting, legal, tax or similar professional advice and may recommend non-affiliated professionals for this purpose.

### ***Retirement Plan Consulting***

We provide investment consulting services to the sponsors or other fiduciaries of retirement plans, primarily defined contribution plans with participant-directed investments that are subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended, or ERISA. As requested by the sponsor or other fiduciary, our retirement plan consulting services may include:

- The development of an investment policy statement, including periodic reviews and modifications of the statement;
- The designation of investment options, including periodic investment reviews and monitoring;
- The conduct of investment searches, as appropriate;
- The conduct of participant education;
- The analysis and benchmarking of fees; and
- Additional consulting services, such as third-party provider searches, assistance with



plan conversions, and review of plan provisions.

There are some asset classes for which we do not provide retirement plan consulting services, including participant loans, employer securities, real estate (except real estate acquired through a publicly traded REIT or similar fund), individual brokerage accounts or “windows,” non-publicly traded securities and similar property, and hard-to-value or illiquid securities.

We provide retirement plan consulting services as a “3(21) fiduciary” within the meaning of ERISA. As a 3(21) fiduciary, we monitor the plan’s investment options and provide advice and recommendations, but the plan sponsor or other designated fiduciary makes all final determinations about matters affecting the investments offered under the plan. Alternatively, we may provide retirement plan consulting services as a “3(38) fiduciary” within the meaning of ERISA. In this capacity, we monitor the plan’s investment options and we possess the discretion to designate, substitute or replace investment options, change the investment policy statement to add or remove asset classes, and take similar discretionary actions.

#### ***Referrals to Third Party Money Managers***

We may refer clients to third party money managers, instead of directly providing investment advisory services. As part of this process, we assist clients in identifying appropriate third-party managers using information about a client’s financial situation, investment objectives and goals, and any desired investment restrictions. For clients who use third party managers, we do not offer advice on any specific securities or other investments; investment advice and trading of securities is provided by or through the designated manager.

We periodically review the reports third party money managers provide to our clients, but no less often than annually. We contact our clients from time to time to review their current financial situation and objectives, we communicate with the third-party managers as warranted, and we assist our clients with the evaluation of the services provided by the managers. Our clients are expected to notify us of any changes in their financial situation and investment objectives and to provide us with any other information that might affect the management of their accounts. We expect our clients to provide similar information to the third-party manager.

#### ***Portfolio Management Services Through LPL Financial, LLC***

When appropriate, we provide advisory services using programs sponsored by LPL. Five LPL advisory programs are currently available to our clients:

- Manager Access Select Network (MAN)
- Optimum Market Portfolios (OMP)
- Personal Wealth Portfolios (PWP)
- Model Wealth Portfolios (MWP)
- Guided Wealth Portfolios (GWP)

Each LPL advisory program is briefly summarized below and general information about the fees we receive from LPL is below in Item 5.” For more detailed information about any LPL advisory program, including information about the services that are provided, fees, the types of investments that are available in each program, and potential conflicts of interest, please see the LPL Financial, LLC Form ADV Part 2, including any applicable Wrap Fee Program Brochure and client agreement, which may be obtained from LPL or upon request from an IAR.

**Manager Access Select Network (MAN):** MAN is an LPL advisory program that enables high net worth investors to access a variety of institutional portfolio managers at lower account minimums. By using portfolio managers, clients may enjoy a higher level of specialization and service. A broad range of portfolio managers and investment styles are available through MAN, including equity, fixed income, balanced, international, ETF, REIT, and socially responsible portfolios. A minimum account value of \$100,000 is generally required to participate in MAN, although in some circumstances the minimum may be higher or lower.

**Optimum Market Portfolios (OMP):** OMP is an LPL advisory program that offers the ability to participate in a professionally managed asset allocation program using Optimum Funds shares. Asset allocation portfolios are designed by LPL. LPL has the discretion to purchase and sell Optimum Funds, subject to the mandate of each allocation portfolio, and to rebalance the securities held in the portfolio. Our clients designate a specific asset allocation portfolio and authorize LPL, on a discretionary basis, to purchase and sell mutual funds for the portfolio. We assist our clients to determine the suitability of OMP and to designate an asset allocation portfolio that is consistent with their investment goals and objectives. A minimum account value of \$10,000 is required for OMP, but under certain circumstances a lower minimum may be acceptable.

**Personal Wealth Portfolios (PWP):** PWP is an LPL advisory program that offers our clients the ability to participate in an asset management portfolio that is designed and overseen by LPL. LPL makes available model asset allocation portfolios that invest in mutual funds, exchange traded funds, ETFs, and investment models provided by third party managers. We assist our clients to determine the suitability of PWP and to set investment goals and objectives. Our client authorizes us to select an appropriate portfolio and to direct the purchase and sale of securities from those offered through the portfolio. LPL possesses the discretion to administer the portfolios, including the authority to purchase and sell on a discretionary basis mutual funds and equity and fixed income securities held in the accounts and portfolios. A minimum account value of \$250,000 is required for PWP, although in some circumstances a lower minimum may be acceptable.

**Model Wealth Portfolios (MWP):** MWP is an LPL advisory program that offers our clients a professionally managed mutual fund asset allocation program. We work with our clients to set appropriate investment objectives and determine the suitability of the MWP program. We then have the discretion to select a model portfolio, consistent with our clients’ particular investment objectives, which is designed by LPL. For each model portfolio, LPL (or a third-party strategist) selects the mutual funds, monitors the funds, and may replace, remove or add funds.

The client authorizes LPL to act on a discretionary basis to purchase and sell mutual funds, including in certain circumstances exchange traded funds, to liquidate previously purchased securities, and to rebalance accounts. The minimum asset value varies with the model portfolio that is selected; the minimum required for MWP is \$25,000, although in certain circumstances a lesser amount may be acceptable.

**Guided Wealth Portfolios (GWP):** GWP is an LPL advisory program that offers our clients the ability to participate in a centrally managed, algorithm-based investment program using a web-based, interactive account management portal. We assist our clients to determine the suitability of GWP and to develop an appropriate investment objective, taking into account risk tolerance, anticipated retirement age, and investment horizon. Consistent with the objective, each client is invested in a model portfolio that has been constructed by LPL. Recommendations to buy and sell exchange-traded funds and open-end mutual funds are generated through the proprietary, automated, computer algorithms of Xulu, Inc., doing business as FutureAdvisor. LPL possesses the discretion to purchase and sell securities for the portfolio and to adjust the portfolio's asset allocation as our client nears retirement age and the investment horizon changes. We remain available to discuss the account or investment strategies and objectives, whether in person or via telephone. A minimum account value of \$5,000 is required to enroll in GWP.

A preview of GWP is available for up to 45 days, during which interested clients may determine whether participation in GWP and the receipt of ongoing advice from LPL and FutureAdvisor through GWP is appropriate. Users of the GWP preview are not considered clients of LPL, FutureAdvisor or us, they do not enter into an advisory agreement with LPL, and they do not receive ongoing investment advice, supervision of their assets or trading services.

#### **Individual Advice; Restrictions on Investing**

All of our advice is based on an assessment of each client's individual needs, which we identify at the onset of each relationship using, as appropriate, client questionnaires and profiles, a review of existing investments and financial status, and other means. We review each client's individual investments and investment profile at least as frequently as annually. When a client's investment profile or needs change and we have notice or receive additional information, we modify our advice, as appropriate.

If we manage a client's portfolio, we may permit a client to impose restrictions on the types of investments that are acquired or held. These restrictions must be reasonable and practicable and permit us to manage the account without undue difficulty. If we do not directly manage a client's portfolio, such as when a third-party manager is designated, individually imposed restrictions on investments are generally not permitted.

#### **Wrap Fee Program**

We offer a wrap fee program as further described in Part 2A, Appendix 1 of our Brochure (the "Wrap Fee Program Brochure"). Investment advice for our wrap and non-wrap fee accounts is provided on an individual basis, based upon each client's investment objectives, financial goals,

risk tolerance, and similar factors.

The benefits under a wrap fee program depend, in part, upon the size of the account, the costs associated with managing the account, and the frequency or type of securities transactions executed in the account.

For example, a wrap fee program may not be suitable for all accounts, including but not limited to accounts holding primarily, and for any substantial period of time, cash or cash equivalent investments, fixed income securities or no-transaction-fee mutual funds, or any other type of security that can be traded without commissions or other transaction fees.

In order to evaluate whether a wrap fee arrangement is appropriate for you, you should compare the agreed-upon Wrap Program Fee and any other costs associated with participating in our Wrap Fee Program with the amounts that would be charged by other advisers, broker-dealers, and custodians, for advisory fees, brokerage and execution costs, and custodial services comparable to those provided under the Wrap Fee Program.

### ***Conflict of Interest***

When managing a client's account on a wrap fee basis, we receive as compensation for our investment advisory services, the balance of the total wrap fee you pay after custodial, trading, and other management costs (including execution and transaction fees) have been deducted. Accordingly, we have a conflict of interest because we have a financial incentive to maximize our compensation by seeking to reduce or minimize the total costs incurred in your account(s) subject to a wrap fee.

We do not manage wrap fee accounts in a different fashion than non-wrap fee accounts. As further described in our Wrap Fee Program Brochure, we receive a portion of the wrap fee for our services.

### **Assets Under Management**

As of December 31, 2023, we had approximately \$ 2,452,820,334 in assets under management; \$ 2,216,535,982 is managed on a discretionary basis and \$ 236,284,352 is managed on a nondiscretionary basis.

## Item 5: Fees and Compensation

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This item describes the fees we charge for our advisory services, including general descriptions of the fees charged by third party money managers and how our fees are calculated and paid.

### Investment Advisory Services

#### ***Fees for Advisory Services***

For investment advisory services that we provide, including our four actively managed investment strategies, clients pay fees based on assets under our management, using one of the methods below. The maximum fee schedules are as follows:

PERCENTAGE OF ASSETS UNDER MANAGEMENT*	
Assets Under Management	Maximum Annual Fee
\$0 to \$499,999	2.75%
\$500,000 to \$999,999	2.50%
\$1,000,000 to \$1,999,999	2.25%
\$2,000,000 to \$4,999,999	2.00%
Over \$5,000,000	1.75%

\*Fees are billed quarterly in advance, based on the value of each client's account on the last day of the previous quarter. More information about how fees are calculated and paid is provided below the Section "Calculation and Payment of Fees."

FLAT ANNUAL FEE*	
Assets Under Management	Maximum Annual Fee
\$0 to \$499,999	\$13,750
\$500,000 to \$999,999	\$25,000
\$1,000,000 to \$1,999,999	\$45,000
\$2,000,000 to \$4,999,999	\$100,000
Over \$5,000,000	Maximum of \$100,000 for each \$5,000,000 increment

\*Fees are billed in arrears, quarterly, semi-annually or annually. More information about how fees are calculated and paid is provided below in the Section "Calculation and Payment of Fees."

Our maximum fees (above) are negotiable under appropriate circumstances. When we negotiate fees, we may consider factors such as the fees that our client has paid to a competitor for similar services, the totality of our relationship with the client, the potential for

future business, the complexity of the client's investment strategy, and the degree to which we provide discretionary asset management.

### ***Financial Planning and Consulting Fees***

For financial planning and consulting services, we charge an hourly or flat fee. The total estimated fee, as well as the actual fee, is based upon the scope and complexity of the engagement. Our hourly fees range between \$100 and \$500 based upon the experience of a client's advisor. Our flat fees range between \$50 and \$15,000. Fees are charged in advance.

### ***Retirement Plan Consulting Fees***

Fees for retirement plan consulting may be charged using one or more of the following methods:

- An hourly fee or fixed fee for a specific transaction or project;
- An ongoing fixed fee, charged quarterly or annually;
- An ongoing fixed fee for each participant in the plan, charged quarterly or annually; and/or
- An ongoing asset-based fee.

Our fees for retirement plan consulting services (both the amount and type) are negotiated, taking into consideration factors such as the size of the retirement plan, the number of participants in the plan, whether we serve as a 3(21) or a 3(38) fiduciary, the size of individual accounts maintained in the plan, fees previously paid by the plan for similar services, total fees paid by the plan, and similar factors. If we charge an asset-based fee, the fee will not exceed the asset-based fees we charge for other investment advisory services (described above under the heading "Fees for Advisory Services"), taking into account other forms of fees we may be paid for our retirement plan consulting services.

When providing consulting services to retirement plans, we do not receive additional compensation, whether direct or indirect, from any third-party vendor providing services to a retirement plan for which we provide consulting services, nor do we share or receive revenue from any mutual fund, exchange traded fund or similar investment offered under a plan.

### ***Referrals to Third Party Money Managers***

If advisory services are provided by a third-party money manager, including LPL, fees will be paid to that manager. Fees charged by third party managers are included in each manager's Form ADV Part 2, including any relevant supplement.

We are paid by third party money managers when we make a referral to them and a managed account is opened or an LPL program is selected and funded, usually between 1.00% and 1.70% of the fee that our client pays to the third-party manager. We generally receive these fees while the managed account or LPL program remains open and is funded. When we refer a client to a third-party manager, the manager does not charge our client a higher fee because of our

referral.

We may receive additional types of compensation from LPL, summarized below in Item 10.

### **Calculation and Payment of Fees**

#### ***Fees for Our Advisory Services***

Each client selects a billing method (and in some circumstances the manner in which fees will be calculated) and provides us with the authorization for the direct (account) billing of our fee and other applicable fees and charges (primarily transaction charges) when an account is first established. Statements are provided at least quarterly by each account's custodian, which indicate all disbursements, including advisory fees paid to us.

Depending upon the type of fee selected by a client, billing and collection periods may be as follows:

- On a quarterly basis payable in advance, based on the value of the account on the last business day of the previous quarter;
- On a quarterly basis payable in arrears, based on the value of the account on the last business day of the quarter;
- On a semi-annual basis payable in arrears, based on the value of the account on the last business day of the semi-annual period; or
- On an annual basis payable in arrears based on the value of the account on the last business day of the year.

Fees for accounts that are maintained for less than a full billing period will be prorated. Fees that are collected in advance will be prorated and returned, without interest, if an account is terminated before the billing period ends.

#### ***Fees for Financial Planning and Consulting***

We generally require a retainer of 50% of the estimated financial planning or consulting fee, with the remainder of the fee due 30 days after the financial plan or consultation is completed. In all cases, we do not require a retainer in excess of \$1,200 if our services cannot be rendered within six months.

#### ***Fees for Retirement Plan Consulting***

Our asset-based fees, at the election of each client, may be paid:

- Quarterly or monthly in arrears, based on the value of the plan's assets as of the last business day of the quarter or month; or
- Quarterly or monthly in advance, based on the value of the plan's assets as of the last business day of the preceding quarter or month.

The calculation of our asset-based fees does not include the value of assets for which we do not provide advisory services, such as participant loans, employer securities and brokerage windows.

Project-based fees, whether hourly fees or fixed fees, are usually due when invoiced and may be subject to a retainer. Retainers in excess of \$1,200 are not required if the services will not be completed within six months. Annualized fees, whether calculated on a fixed fee basis or by the number of participants, may be paid quarterly or monthly in arrears or in advance, similar to the payment of asset-based fees.

As directed by each client, fees may be billed to and directly paid by a retirement plan's sponsor or fees may be equitably deducted from participants' accounts. Fees for less than a full billing period will be prorated. Fees collected in advance will be prorated and returned, without interest, if an engagement is terminated before the billing period ends.

### ***Billing Procedures of Third-Party Money Managers***

Third party money managers, including LPL, establish and maintain their own billing processes and procedures, which we do not control. Information about the billing practices of LPL and other third-party money managers may be found in their separate written disclosure documents.

### **Other Charges and Expenses**

As applicable, all clients should expect to pay the following additional expenses charged by third parties:

- Clients remain responsible for custodial and similar fees and costs customarily associated with the maintenance of a custody or brokerage account.
- Clients will be charged internal expenses associated with products such as mutual funds and ETFs, including investment management and 12b-1 fees. These internal expenses are typically calculated as a percentage of the fund's assets under management. Some of these fees are retained by the product issuers, and some are paid to third parties, such as a custodian, for services including the maintenance of shareholder accounts and the distribution of prospectuses and similar items. More information about specific expenses charged by a fund or ETF may be found in the applicable prospectus. Because these expenses are directly deducted from a fund's assets, they have the effect of reducing the performance of the investment.
- Products, primarily mutual funds, may have multiple share classes, each class with different fee and compensation structures, including deferred sales charges. Charges for internal expenses may also differ among share classes, including investment management fees and 12b-1 fees. Mutual fund shares may be subject to these varying fees and expenses, and we may acquire shares other than those with the lowest fees and costs (those commonly designated for advisory or institutional accounts). More information about compensation related to mutual fund share classes may be found



below, under the heading “Compensation for the Sale of Securities and Similar Items.”

- Other types of charges and expenses may be incurred, including mark-ups and mark-downs, odd-lot differentials, spreads paid to market makers from whom securities were obtained, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage and securities transactions.

Advisory clients who do not participate in our wrap fee program will also be responsible for brokerage and other transaction costs incurred for trades executed in their accounts. Brokerage and transaction costs are separate from our fees and will be disclosed by the firm that executes the trades. Clients participating in our wrap fee program may elect a fee arrangement under which there are no separate brokerage or transaction charges or an arrangement under which certain transaction charges are billed. Regardless of the fee arrangement, applicable brokerage and transaction charges will be deducted from each client’s account and reflected in quarterly statements delivered by the account’s custodian. More information about our brokerage practices may be found below in Item 12.

Advisory clients representing retirement plans remain responsible for the items listed above, as applicable, as well as all administrative and trustee fees and specific costs associated with the maintenance and administration of the plan and individual participant accounts, such as distribution fees, fees for participant loans, fees for the processing of domestic relations orders and similar items.

### **Cash Balances**

Some of your assets may be held as cash and remain uninvested. Holding a portion of your assets in cash and cash alternatives, i.e., money market fund shares, may be based on your desire to have an allocation to cash as an asset class, to support a phased market entrance strategy, to facilitate transaction execution, to have available funds for withdrawal needs or to pay fees or to provide for asset protection during periods of volatile market conditions. Your cash and cash equivalents will be subject to our investment advisory fees unless otherwise agreed upon. You may experience negative performance on the cash portion of your portfolio if the investment advisory fees charged are higher than the returns you receive from your cash.

### **Retirement Plan Rollover Recommendations**

As part of our investment advisory services to our clients, we may recommend that clients roll assets from their employer’s retirement plan, such as a 401(k), 457, or ERISA 403(b) account (collectively, a “Plan Account”), to an individual retirement account, such as a SIMPLE IRA, SEP IRA, Traditional IRA, or Roth IRA (collectively, an “IRA Account”) that we will advise on the client’s behalf. We may also recommend rollovers from IRA Accounts to Plan Accounts, from Plan Accounts to Plan Accounts, and from IRA Accounts to IRA Accounts.

If the client elects to roll the assets to an IRA that is subject to our advisement, we will charge the client an asset-based fee as set forth in the advisory agreement the client executed with our firm. This creates a conflict of interest because it creates a financial incentive for our firm to recommend the rollover to the client (i.e., receipt of additional fee-based compensation).

Clients are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if clients do complete the rollover, clients are under no obligation to have the assets in an IRA advised on by our firm. Due to the foregoing conflict of interest, when we make rollover recommendations, we operate under a special rule that requires us to act in our clients' best interests and not put our interests ahead of our clients'.

Under this special rule's provisions, we must:

- meet a professional standard of care when making investment recommendations (give prudent advice);
- never put our financial interests ahead of our clients' when making recommendations (give loyal advice);
- avoid misleading statements about conflicts of interest, fees, and investments;
- follow policies and procedures designed to ensure that we give advice that is in our clients' best interests;
- charge no more than a reasonable fee for our services; and
- give clients basic information about conflicts of interest.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, clients should consider the costs and benefits of a rollover. Note that an employee will typically have four options in this situation:

1. leaving the funds in the employer's (former employer's) plan;
2. moving the funds to a new employer's retirement plan;
3. cashing out and taking a taxable distribution from the plan; or
4. rolling the funds into an IRA rollover account.

Each of these options has positives and negatives. Because of that, along with the importance of understanding the differences between these types of accounts, we will provide clients with an explanation of the advantages and disadvantages of both account types and document the basis for our belief that the rollover transaction we recommend is in your best interests.

### **Payments and Refunds**

In the Section above, "Calculation and Payment of Fees," under the headings "Fees for our Advisory Services" and "Fees for Retirement Plan Consulting," we describe when fees will be paid (in advance or in arrears) and under what circumstances a refund of fees paid in advance will be provided. Third party money managers may have different procedures for the payment and refund of fees.

### **Compensation for the Sale of Securities and Similar Items**

Below is information about compensation we or our IARs may receive for the sale of securities

and investment products, which are in addition to the advisory fees that are described above. Clients may purchase securities and investment products that we recommend through brokers and agents that are not affiliated with the Firm; other brokers and agents may have different fee and compensation structures.

### **Commissions**

For some of our advisory services, our IARs may sell securities through LPL and receive normal and customary commissions and other types of compensation, including mutual fund 12b-1 fees or variable annuity trails. The potential for receipt of commissions and other compensation may give our IARs an incentive to recommend investment products based on compensation, rather than needs, and may create a conflict of interest. We address this conflict by ensuring that our clients' interests are always considered ahead of personal gain. Clients have the right to receive information about commissions and other compensation in respect of any recommendation we make.

### **Wrap Fee Program**

Clients who participate in our wrap fee program elect one of two fee arrangements, which may result in different compensation considerations:

- Clients who elect to pay a comprehensive wrap fee, with no transaction-based charges, should understand that the wrap account transaction charges will be allocated to the account's IAR. While these charges may be less than conventional brokerage costs, they may be a factor when an advisor decides which securities or mutual funds to purchase or sell and whether to place transactions for the account. Clients should also consider that these conflicts may have an impact on the investment performance of their wrap account.
- Clients who elect to pay a wrap fee and separate transaction-based charges should consider the requirement that LPL Financial, LLC ("LPL"), or Charles Schwab & Co., Inc. ("Schwab (each a broker-dealer registered with the Securities and Exchange Commission, and a member of FINRA and SIPC) act as custodian of the account, as well as the number of transactions that are anticipated. More information about the Firm's relationship with LPL may be found below in Item 10. More information about our wrap fee program may be found in our Wrap Fee Program Brochure, which may be requested by telephone at (972) 421-1360 or at [RIACompliance@thearcfirm.com](mailto:RIACompliance@thearcfirm.com)

### **Mutual Fund Share Classes**

As explained above, mutual funds generally offer multiple share classes, with each class subject to certain eligibility or purchase requirements (such as minimum investments or participation in an investment advisory program) and different expense ratios and costs. In some circumstances, our advisors may receive additional compensation from a mutual fund based on the share class that is acquired. When designating a share class for purchase, our advisors typically evaluate factors such as the amount of any asset-based advisory fee that is paid by a client or account, whether the purchase or sale of the fund is subject to transaction charges, operational considerations related to a fund or share class (such as access to a particular class

through a custodian), and the availability of revenue sharing, distribution fees, shareholder servicing fees and similar items.

The Firm and our IARs may have a financial incentive to recommend or select a share class that results in the payment of additional compensation. The Firm has taken steps to minimize this conflict by providing IARs with guidance and by conducting periodic reviews of client accounts to ensure the appropriateness of share class holdings. Regardless of these actions, our clients should not assume that the share class with the lowest expense ratio or charges will be acquired.

#### **Actively Managed Investment Strategies**

We may pay a portion of the investment advisory fees we receive for our actively managed investment strategies to our investment advisor representatives who provide advisory services for the strategy. Although this practice does not increase the advisory fees we charge our clients who invest in these strategies, it may be a factor when an advisor recommends investment in one of the strategies. Clients should determine whether their advisor also provides advisory services to one of our investment strategies and whether fees paid to the advisor with respect to the strategy are material.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

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“Performance-based fees” are fees based on the capital gains or capital appreciation in an account. We do not charge performance-based fees. “Side-by-side management” refers to the practice of managing accounts that are charged a performance-based fee and accounts that are charged other types of fees, such as asset-based fees and hourly fees. Because we do not charge performance-based fees, we do not engage in side-by-side management.

## Item 7: Types of Clients

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We have the following types of clients:

- Individuals, including high net worth individuals;
- Retirement plans, such as 401(k), pension and profit-sharing plans;
- Charitable organizations; and
- Business enterprise, including corporations, limited liability companies, and partnerships.

### **Account Minimums**

Account minimums may be imposed by third-party money managers or in LPL advisory programs, which are disclosed above in Item 4.

Some of our investment strategies also require a minimum investment amount as described below:

#### **AIQ Asset Allocation Models**

- A minimum investment of \$10,000 is required

#### **AIQ SMA and UMA Strategies:**

- A minimum investment of \$35,000 is required to establish an AIQ Large Cap Opportunities or an AIQ Small Cap Opportunities account;
- A minimum investment of \$40,000 is required to establish a hedged equity, Yield Opportunities, Investment Grade Opportunities, or Enhanced Yield account;
- A minimum investment of \$200,000 is generally required to establish a UMA account. In some circumstances, lower minimums may be negotiated;

#### **ARC Innovative Solutions**

- A minimum investment of \$10,000 is required

## Item 8: Methods of Analysis, Investment Strategies, Risk of Loss

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When providing investment advice, each of our IARs uses methods of analysis and investment strategies that may be the same or different from the analysis and strategies used by other advisors. Before selecting an advisor, each client should obtain specific information about the investment analysis and strategies used by a particular advisor and consider the risk of loss associated with the advisor's strategies. Below is general information about the analysis and strategies that may be used by our advisors and the risk of loss associated with various types of investments.

### **Methods of Analysis**

Our IARs may use all or any of the following methods of analysis to evaluate securities and other investment products.

**Charting:** When using charting, we review charts of market and security activity in an attempt to identify when the market may be moving up or down, to predict when or how long the trend may last, and to estimate when that trend might reverse.

**Fundamental Analysis:** Fundamental analysis is used to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the security is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements, which may present an additional risk since the price of a security may move up or down with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis:** Using technical analysis, we analyze past market movements and use the analysis to recognize recurring patterns of investor behavior to predict future price movement. Technical analysis does not consider the intrinsic value of a security, which may present a risk since a poorly managed or financially unsound company may underperform regardless of market movement.

**Cyclical Analysis:** Cyclical analysis is used to measure the movement of a particular stock against the overall market in an attempt to predict the price movement of the security.

### **Investment Strategies**

Each of our advisors may use any or all of the following strategies to manage accounts, provided that the strategies are appropriate for the needs of a client and consistent with the client's investment objectives, risk tolerance, time horizons, investment restrictions, and other considerations.

**Long-Term and Short-Term Purchases:** We may purchase securities to hold for a relatively long

time (typically for more than one year). Risks associated with long-term purchase include that we may not take advantage of short-term gains that could be profitable or that a security may decline sharply in value before we make the decision to sell. We may also purchase securities with the idea of selling them within a relatively short time (typically one year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing.

**Margin Transactions:** We may purchase stocks with money borrowed from a brokerage account. This may allow the purchase of more stock than could be purchased with available cash and the purchase of stock without the liquidation of other holdings. Margin transactions include a risk that any loss will be magnified or that margin calls will occur if the securities pledged to collateralize the loans decline in value.

**Option Writing:** We may use options as an investment strategy. An option is a contract that provides the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date (this is when you own the option “long”). An option, just like a stock or bond, is a security. An option is also considered a derivative because it derives its value from the underlying stock or other asset. Options can be used to speculate, which is a relatively risky practice, can be used as a replacement security owning the option rather than the stock (stock replacement), or they can be used to hedge to reduce the risk of holding an asset. In terms of speculation, option buyers and writers have conflicting views regarding the performance of:

- **Call Option:** A “call” is the right to buy an asset at a certain price within a specific period of time, so the call buyer would want the stock, index, or underlying security to go up. Conversely, an option seller would need to provide the underlying shares in the event the option gets exercised by the holder which can happen when the security’s market price exceeds the strike price, when an expected dividend payment exceeds the extrinsic value of the option, or other unique circumstances. An option seller who sells a call will do so for a variety of reasons: to generate income, to profit from a near-term consolidation in the stock where seller believes that the underlying stock’s price will stay flat (below strike price) or drop in value during the life of the option, as that is how he will profit. That is the opposite outlook of the option buyer. The buyer believes that the underlying stock will rise, if this happens, the buyer will be able to acquire the stock for a lower price and then sell it for a profit. However, if the underlying stock does not close above the strike price on the expiration date, the option buyer would lose the premium paid for the call option.
- **Put Option:** A “put” option is the right to sell an asset at a certain price within a specific period of time, so the buyer would want the stock to go down. The opposite is true for put option writers. For example, a put option buyer believes the underlying stock will fall or at risk of falling below the specified strike price on or before the contract’s specified date. An option writer who sells a put option believes that the underlying stock’s price will increase or stay above a specified price on or before the expiration



date. If the underlying stock's price closes above the specified strike price on or before the expiration date, the put option writer will profit. A put option holder would only benefit from a fall in the underlying stock's price below the strike price. If the underlying stock's price falls below the strike price, the put option writer is obligated to purchase shares of the underlying stock at the strike price.

The potential risks associated with these transactions are:

- All options expire. The closer the option gets to expiration, the quicker the premium in the option deteriorates; and
- Prices can move very quickly. Depending on factors such as time until expiration and the relationship of the stock price to the option's strike price, small movements in a stock can translate into big movements in the underlying options.

We primarily use options to:

- "Hedge" the purchase of an underlying security; "hedging" occurs because the option limits the potential upside due to the cost of purchase put options but also limits the downside risk of the security.
- Write "covered calls," which are options written on a security owned by an account. Using this strategy, an account receives a fee for selling an option covering a security that it owns, and the person purchasing the option has the right to buy the security at a specified price during a specified period.
- Implement a "collar" strategy in which covered calls are written on a security and protective put options on the same security are purchased. This limits both upside and downside risk of the singular security.
- Implement a "spread strategy," in which two or more option contracts (puts or calls) on the same security. This is similar to buying a call or a put; however, the benefit is capped by the second option that creates the spread. In the case of a long call option spread, the buyer would benefit from the gap between the long call strike price and the sold/written strike price less the option premium paid to enter the position.
- In rare instances for clients with investment objectives of aggressive growth we may purchase calls or sell puts in an attempt to generate income.

### **Risk of Loss**

All investing involves a risk of loss that clients should be prepared to bear, including the risk that the entire amount invested may be lost.

Our investment strategies involve active management and could lose money over short or long periods of time. There are no assurances that our investment strategies will succeed, and we cannot guarantee that we will achieve the investment objectives established by a client, or that any client will receive a return on investment. Our investment decisions and recommendations consider both the prospect for return and the risk of loss. In considering the risk of loss, we

contemplate both the probability of loss and the potential magnitude of any loss. Some of the risks associated with our strategies and analysis are summarized below.

**Risk Associated with Debt Obligations:** In addition to the risks generally applicable to an investment in securities, an investment in debt obligations and instruments may be further subject to some unique risks:

- If debt obligations are downgraded by ratings agencies, go into default or if management, legislation or other action reduces the issuer's ability to pay principal and interest when due, the value of debt obligations may decline. Because the ability to pay principal and interest when due is typically less certain for an issuer of lower-rated or unrated obligations (including "junk" or "high yield" bonds), when compared to an issuer of higher-rated obligations, lower-rated and unrated obligations are generally more vulnerable to default, ratings downgrades, and liquidity risk.
- Political risk may adversely affect governmental issues, in addition to risks associated with the economy and similar factors.
- When interest rates increase, the value of interest-bearing investments may decline. This effect is typically more pronounced for intermediate and long-term obligations and for mortgage and other asset-backed securities.
- When interest rates decrease, current income may decline.
- Decreases in interest rates may result in the prepayment of debt obligations and may result in reinvestment at lower rates.

**Derivatives Risk:** Investments in derivatives involve risks associated with the securities or other assets underlying the derivatives, as well as risks that are different or greater than the risks affecting the underlying assets. Risks unassociated with the underlying assets include the inability or unwillingness of the counterparty to perform its obligations, inability or delay in selling or closing positions, and difficulties in valuation.

**Foreign Investment Risk:** Investments in the securities of foreign issuers may involve risks including adverse fluctuations in currency exchange rates, political instability, confiscations, taxes or restrictions on currency exchange, liquidity risk, and reduced legal protection. These risks may be more pronounced for investments in developing or emerging countries.

**Liquidity Risk:** Due to a lack of demand or other factors, there may be no market for particular investments. In that event, sales may not occur, or sales may be made at less than desired prices.

**Market and Economic Risk:** An account's value may decline due to changes in general economic and market conditions. The value of a security may change in response to developments affecting entire economies, markets or industries, including changes in interest rates, political and legal developments, and general market volatility.

**Risks Affecting Specific Issuers:** The value of an equity security or debt obligation may decline in response to developments affecting the issuer of the security or obligation, even if the overall industry or economy is unaffected, such as management issues, corporate disruption, political factors adversely affecting governmental issuers, a decline in revenues or profitability, an increase in costs, or adverse changes in the issuer's competitive position.

**Smaller Company Risk:** Investments in smaller companies may involve additional risks attributable to limited product lines, limited access to markets and financial resources, greater vulnerability to competition and changes in markets, lack of management depth, increased volatility in share price, and possible difficulties in valuing or selling the investments.

**ETF Risk:** In addition to the investment risks generally applicable to all securities, investment in an exchange-traded fund, or ETF, may involve unique risks:

- ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent net asset value, or NAV, which is calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. Certain market inefficiencies may cause the shares to trade at a premium or discount to NAV.
- An ETF redeems shares on an aggregate basis (usually 20,000 shares or more). If a liquid secondary market ceases to exist, shares may not be timely sold (redeemed), or the value of the shares may decline.

**Master Limited Partnerships (MLPs) Risks:** MLPs are collective investment vehicles publicly traded on a national securities exchange. MLPs invest primarily in companies in the energy sector or that are engaged in natural resource production and mineral refinement. MLPs are subject to the underlying volatility of these industries and may be adversely affected by changes in supply and demand, regional instability, currency spreads, and inflation and interest rate fluctuations, among other factors. In addition, MLPs operate as pass-through tax entities, meaning that investors may be liable for their pro rata share of the partnership's items of gain and loss, regardless of the type of account in which the interests are held.

**Real Estate and Real Estate Investment Trusts (REITs) Risks:** We may recommend an investment in one or more real estate investment trusts ("REITs"), the shares of which may be publicly traded or privately placed. REITs are collective investment vehicles with portfolios comprised primarily of real estate and mortgage related holdings. REITs may hold concentrated investments in commercial and/or residential developments, which inherently subject investors to risk associated with a downturn in the real estate market. Real estate investments concentrated in particular geographic regions that experience volatility may experience fluctuations in value. Mortgage related holdings may give rise to additional concerns related to interest rates, inflation, liquidity and counterparty risk.

**Pandemic Risk:** Large-scale outbreaks of infectious disease can greatly increase morbidity and mortality over a wide geographic area, crossing international boundaries, and causing

significant economic, social, and political disruption.

**Cybersecurity Risk:** A breach in cyber security refers to both intentional and unintentional events that may cause an account to lose proprietary information, suffer data corruption, or lose operational capacity. This in turn could cause an account to incur regulatory penalties, reputational damage, and additional compliance costs associated with corrective measures, and/or financial loss.

**Custodial Risk:** This risk is the probability that a party to a transaction will be unable or unwilling to fulfill its contractual obligations either due to technological errors, control failures, malfeasance, or potential regulatory liabilities.

It is not possible to list all risks associated with each class of securities or assets or each market sector. Clients should consult their IAR for more information about specific risks that may be associated with the advisor's investment strategy.

## Item 9: Disciplinary Information

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We are required to disclose all pertinent facts regarding any legal, regulatory or disciplinary events that would be material to your evaluation of the Firm or the integrity of our management.

We have settled an enforcement action by the Securities and Exchange Commission, Division of Enforcement (the “SEC”) arising out of a since terminated` investment advisor representative’s cherry picking, which occurred in 2020 and without the firm’s knowledge. As part of the settlement, we consented to the entry of a final judgment, without admitting or denying the allegations of the SEC’s complaint. The court’s final judgment dated February 16, 2024 ordered: (i) that the firm is permanently restrained and enjoined from violating Section 17(a)(2) of the Securities Act of 1933; (ii) the firm is permanently restrained from violating Sections 204(a) and 206(2)&(4) of the Investment Advisers Act of 1940 and its implementing rules; and (iii) the firm is to pay a civil penalty of \$300,000 to the SEC. Additionally, the court’s final judgment ordered the firm to retain an outside compliance consultant to review the firm’s policies and procedures, as well as its customer disclosures.

## Item 10: Other Financial Industry Activities and Affiliations

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### **Broker/Dealer and Registered Representatives**

The Firm is not registered as a broker-dealer. Some of our investment advisor representatives are registered as registered representatives of LPL, an unaffiliated SEC registered broker-dealer and FINRA member, and some of our advisors may not be registered representatives.

### **Material Relationships**

#### ***Relationships with LPL***

As described above in Item 5 our IARs may sell securities through LPL and receive normal and customary commissions and other types of compensation, including mutual fund 12b-1 fees or variable annuity trails. The potential for receipt of commissions and other compensation may give our IARs an incentive to recommend investment products based on compensation, rather than needs, and may create a conflict of interest. We address this conflict by ensuring that our clients' interests are always considered ahead of personal gain.

When our clients engage LPL, we receive a portion of the fees paid to LPL by our clients. We believe that these relationships do not create a conflict of interest since our clients pay no more than would be charged for participation in an LPL advisory program absent our referral.

While LPL does not participate in, or influence the formulation of, the investment advice we provide, certain of our supervised persons are "dually registered persons." Dually registered persons are registered representatives with LPL who also serve as our investment advisor representatives. These persons are restricted by FINRA rules and policies from maintaining client accounts at another custodian or executing client transactions through a broker-dealer or custodian that is not approved by LPL. As a result, the use of trading platforms other than LPL must be approved not only by us, but also by LPL.

As explained below in Item 14 some of our IARs who are dually registered persons may receive monetary payments and other forms of consideration from LPL as transition assistance. Clients should review an advisor's Brochure Supplement to determine whether assistance is provided and the potential for conflicts of interest that may arise from the assistance.

Clients should also understand that LPL is responsible under FINRA rules for supervising certain business activities of the Firm and the trading activity of our dually registered persons that is conducted through broker-dealers and custodians other than LPL. LPL charges a fee for its oversight and supervision. This arrangement may present a conflict of interest because we may have a financial incentive to avoid the oversight fee by recommending that accounts be maintained with LPL, rather than with another broker-dealer or custodian.

#### ***Insurance Company or Agency***

The Firm owns a majority position in ARC Insurance Ventures (ARC IV), an insurance agency

selling life and health insurance, which also provides merchant services. ARC IV owns 50% of ARC Insurance Consultants, an insurance agency selling property and casualty insurance.

### ***Insurance***

Many IARs are licensed insurance agents or brokers. In such capacity, they may offer fixed and variable life insurance products and receive normal and customary commissions as a result of any purchase. We also own interests in two insurance brokerage businesses. In the course of providing advisory services, our IARs may recommend the purchase of insurance products from these related entities and may use any insurance agent or broker they choose. Other insurance agencies may offer similar products that cost more or less. Clients should obtain quotes from more than one insurance professional before any purchase is made or authorized.

Insurance compensation, including commissions and trails, is separate from any investment advisory fee charged by the Firm. The potential for receipt of commissions and other compensation when acting as an insurance agent may provide an incentive to recommend insurance products based on the compensation received, rather than on a client's needs.

### ***Other IAR Considerations***

Many of our investment advisor representatives are independent contractors and conduct or engage in other businesses, such as other advisory programs. Some of our IARs are advisory representatives of LPL's registered investment advisor and may offer advisory programs sponsored and/or offered by LPL. Fees for programs offered through us, as compared to LPL, may be higher or lower.

Our IARs generally provide services in an advisory capacity. In certain cases, this may present a conflict of interest. In an advisory account, a client is provided with ongoing investment advice, and we receive an ongoing advisory fee for that service. If a client intends to follow a buy and hold strategy or does not wish to purchase ongoing investment advice or management services, an advisory account may not be appropriate.

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

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### **Code of Ethics**

We have a duty to exercise our authority and responsibility for the benefit of our clients, to place the interests of our clients first, and to refrain from having outside interests that conflict with the interests of our clients. We, our employees, and all affiliated investment advisor representatives avoid any circumstances that might adversely affect, or appear to affect, our duty of loyalty. To address potential conflicts, we have adopted a Code of Ethics (the Code); the Code's key provisions include:

- A statement of general principles;
- A policy concerning the reporting of personal securities transactions;
- A prohibition on insider trading;
- Restrictions on the acceptance of significant gifts;
- Procedures to detect and deter misconduct and violations; and
- A requirement to maintain the confidentiality of client information.

Our employees and all affiliated investment advisor representatives must acknowledge the terms of the Code at least annually. Any individual not in compliance with the Code may be subject to termination. We will provide a copy of our Code upon request.

### **Participation or Interest in Client Transactions and Principal/Agency Cross Trades**

We do not recommend any securities to our clients in which we have a material financial interest.

"Cross trading" refers to the practice of buying and selling securities between advisory accounts or between us (acting as principal or agent) and advisory accounts, rather than buying and selling securities in the market. We do not engage in principal or agency cross trading and we do not cross trade between client accounts.

### **Personal Trading Practices**

Both the Firm and our employees may invest in the same securities at the same time as the securities we recommend to our clients. Since we are not a market maker for any security, we do not consider this practice to conflict with the interests of our clients.



## Item 12: Brokerage Practices

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### **Research and Other Soft Dollar Benefits**

The term “soft dollar” generally refers to the practice of using client brokerage commissions to obtain research and other services used in the conduct of our business, rather than purchasing the services directly. We do not receive formal soft dollar benefits other than execution from broker/dealers in connection with client securities transactions. See disclosure below in “Brokerage – Other Economic Benefits”

### **Brokerage for Client Referrals**

We do not receive client referrals from broker/dealers.

### **Directed Brokerage**

We generally recommend Charles Schwab & Co., Inc. (“Schwab”) or LPL Financial, LLC (“LPL”), each a member FINRA/SIPC, and independent and unaffiliated broker-dealers (“Broker-Dealers”). Broker-Dealers provide us with access to its institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis and are not otherwise contingent upon our commitment to each Broker-Dealer for any specific amount of business (assets in custody or trading). Broker-Dealer services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained there, each Broker-Dealer is compensated through commissions or other transaction-related fees for securities trades that are executed through that Broker-Dealer or that settle into Broker-Dealer accounts. The brokerage commissions and/or transaction fees charged by Schwab or any other designated broker-dealer are exclusive of and in addition to our fees.

### **Directed Brokerage – Other Economic Benefits**

We may receive from Broker-Dealers, at no cost to us, professional services, computer software and related systems support, enabling us to better monitor client accounts maintained at each Broker-Dealer. We may receive this support without cost because of the portfolio management services rendered to clients that maintain assets at each Broker-Dealer. The support provided may benefit us, but not our clients directly. In fulfilling our duties to our clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that our receipt of economic benefits from a broker-dealer may create a conflict of interest since these benefits may influence our choice of broker-dealer over another broker-dealer that does not furnish similar services, software and systems support.

The commissions paid by our clients shall comply with our duty to obtain “best execution.” However, a client may pay a commission that is higher than another qualified broker-dealer

might charge to effect the same transaction where we determine, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while we will seek competitive rates, we may not necessarily obtain the lowest possible commission rates for client transactions.

Broker-Dealers also make available to us other products and services that benefit us but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our accounts, including accounts not maintained at each Broker-Dealer.

Broker-Dealer products and services that assist us in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of our fees from our clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

### **LPL Advisory Programs**

Clients who participate in one of the LPL advisory programs and some of the arrangements available under our wrap fee program must designate LPL to custody assets and execute trades as a condition of participation. Clients should be aware that if LPL serves as custodian, we are limited to offering services and investment vehicles approved by LPL. Services and investment vehicles available through broker-dealers and custodians other than LPL may be more suitable than the services and investment vehicles offered through LPL. We cannot ensure that all trades executed by LPL are on most favorable terms; better terms may be offered through other broker-dealers. Clients should understand that not all investment advisors recommend or require that client's custody their accounts and trade through specific broker-dealers, and other arrangements may be available.

LPL charges us an asset-based administration fee for the administrative services it provides. This fee is not a brokerage or transaction fee, and it is not directly paid by our clients but may be considered when we negotiate advisory fees with clients.

### **Trade Aggregation**

Orders for the same security entered on behalf of more than one client may be aggregated (i.e., blocked or bunched), subject to the aggregation being in the best interests of all participating clients. If an order is filled at different prices during a single day, the prices are averaged for the day, so that all participating accounts receive the same price. If an order has not been filled completely, so that there are not enough shares to allocate among all clients equally, shares will be allocated in good faith, based on the following considerations: the amount of cash in the

account; existing asset allocation and industry exposure; risk profile; and type of security. If partial execution is attained at the end of a trading day, we generally will allocate shares on a pro rata basis but may fill small orders entirely before applying the pro rata allocation. All clients participating in an aggregated order receive the average price and subject to minimum ticket charges, pay a pro-rata portion of commissions. Our allocation procedure seeks to be fair and equitable to all clients with no particular group or client being favored or disfavored over any other. Accounts for the Firm or our employees may be included in a block trade with client accounts.

## Item 13: Review of Accounts and Plans

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Generally, we review accounts at least annually. The nature of our review is to determine whether each client's account remains invested in a manner consistent with the client's investment objectives and is appropriately positioned based on our analysis of market conditions and other factors. Only investment advisor representatives and portfolio managers conduct reviews. We may review client accounts more frequently, based on major market or economic events, a client's life events or at a client's specific request. Our advisory clients receive periodic reports in the form of quarterly statements from their custodian; we do not separately provide written periodic reports.

Financial planning clients do not receive reviews of their written plans unless they schedule a financial consultation with us, or they have contracted with us for periodic review. We may also meet as requested to update financial plans and discuss changes in circumstances and similar factors. Financial planning clients who have contracted with us for a post-financial plan meeting or an update to their initial written financial plan will receive a written plan or update.

Retirement plan consulting clients receive periodic reviews of their investment policies and designated investment options for the duration of our consulting service, annually or at the frequency requested by the client. We also provide additional services upon request, for items such as vendor reviews, fee review and benchmarking, and updates to plan document provisions. Retirement plan consulting clients receive written reports, at the frequency requested.

## Item 14: Client Referrals and Other Compensation

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### **Other Compensation for Advisory Services**

This Item 14 describes the compensation or economic benefits we and our IARs may receive from others when we provide advisory services to our clients. These amounts are in addition to the fees and other amounts described above in Item 5.

### **Non-Soft Dollar Compensation**

We receive economic benefits from LPL and Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at each firm. You do not pay more for assets maintained at these custodians as a result of these arrangements. However, we benefit from the referral arrangement because the cost of these services would otherwise be borne directly by us. You should consider these conflicts of interest when selecting a custodian. The products and services provided by both LPL and Schwab, how they benefit us, and the related conflicts of interest are described above in Item 12.

### **Compensation – Client Referral Arrangements**

We have a written arrangement to receive compensation from a bank (“Bank”) to whom we refer clients to for commercial lending. If a referred client receives a loan from the Bank, our IAR will receive a referral fee equal to up to 1.0% of the loan amount. Referral fees paid by the Bank are not charged to the client. We will provide a written disclosure document, which explains to the client the terms under which we are working with the Bank and the fact that the IAR is being compensated for the referral activities. This written disclosure document will be signed by both the IAR and the client.

We have a written arrangement to receive compensation from an unaffiliated internet-based lending platform (“Platform”) providing a network of lenders who can assist clients with a variety of different types of personal and business loans (i.e., mortgage, home equity, auto, commercial, working capital, etc.). The Platform seeks to match the client with those lenders who can best fulfill the client’s borrowing needs. Once matched with a lender, the Platform serves to help facilitate the loan application and fulfillment process. If a referred client receives a loan from a Platform lender, our IAR will receive a referral fee equal to up to 0.025% of the loan amount. Referral fees paid by the Platform not charged to the client. We will provide a written disclosure document, which explains to the client the terms under which we are working with the Platform and the fact that the IAR is being compensated for the referral activities. This written disclosure document will be signed by both the IAR and the client.

We have a written arrangement to receive compensation from a cash management platform (“Platform 2”) to whom we refer clients to for cash management solutions. We will assist clients in the on-boarding and ongoing account maintenance that is associated with Platform 2. If a referred client uses the cash management program, our IAR will receive a referral fee equal to up to 0.47% of the interest earned by the client. The interest earned by the client from Platform

2 is net of all fees, including the referral fee to us.

### **Transition Assistance Benefits Provided by LPL to Dually Registered Persons**

A “dually registered person” is a registered representative with LPL, a broker-dealer, and an investment advisor representative for us. LPL provides various benefits and payments to dually registered persons that are new to the LPL platform, primarily to assist with the costs (including foregone revenues during account transition) associated with transitioning to the LPL platform. Transition assistance is intended to be used for a variety of purposes, including to provide working capital, to satisfy outstanding indebtedness owed to a prior firm, to offset account transfer fees (ACATs) payable to LPL when clients transition to the LPL platform, and to offset technology set-up fees, marketing and mailing costs, stationary and licensure transfer fees, moving expenses, office space expenses, staffing support and termination fees.

The amount of the transition assistance provided by LPL is often significant in relation to the overall revenue earned or compensation received by an advisor at his or her prior firm. Payments are generally based on the size of the advisor’s business at the prior firm or assets under custody on the LPL platform. Please refer to the relevant Brochure Supplement for more specific information about any transition assistance an advisor receives.

Transition assistance payments and similar benefits may create a conflict of interest relating to our advisory business because the payments and benefits may create a financial incentive to recommend LPL. We attempt to mitigate these conflicts by evaluating and recommending that clients use LPL based on the benefits LPL provides to our clients, rather than the payments and benefits LPL may provide to us and our advisors. Among the benefits of LPL are:

- The ability to seek best execution;
- The financial strength, reputation, pricing, research, and service of LPL; and
- The ability to obtain many mutual funds without transaction charges and to obtain other funds and securities at nominal transaction charges.

### **Referrals to Third Party Money Managers**

We are paid by third party money managers when we refer a client and the client opens a managed account. Information about these payments is summarized above in Item 5. Clients who are referred to third party money managers will be provided with the money manager’s Form ADV Part 2, all relevant brochures, and a disclosure statement, which will include the specific fees we are paid.

### **Referral Fees**

We may pay fees to other independent professionals for the referral of clients to our Firm. The referral fees represent a share of the investment advisory fee that we charge to our clients, but do not result in higher costs. Any client who is referred to us by another professional will be given full written disclosure describing the terms and fee arrangements

## Item 15: Custody

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We do not custody client securities and other funds. Instead, client securities and other funds are held in a custody arrangement with a qualified custodian. Clients receive written account statements directly from the custodian at least quarterly. We recommend that our clients review each custodial statement carefully and promptly notify us and the custodian if any statement is not timely received or includes errors or inconsistencies.

Our retirement plan consulting clients have separate trust and custody arrangements. We have no control over or responsibility for these arrangements.

## **Item 16: Investment Discretion**

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For advisory accounts and certain retirement plan consulting engagements, we are granted a limited power of attorney in favor of the Firm, permitting us to exercise full discretion as to the nature, type and amount of securities to be purchased without preapproval by the client. Our exercise of discretion may be limited by any investment guidelines and objections that are furnished by a client or that we develop with the client and by any restrictions on investment that we have accepted and agreed to administer.

If we have not been given discretionary authority, we will consult with the client prior to each trade.



## Item 17: Voting Client Securities

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### **Proxy Voting**

We do not have any authority to and do not vote proxies on behalf of clients, nor do we make any express or implied recommendation with respect to voting proxies. Clients retain the sole responsibility for receiving and voting proxies that they receive directly from either their custodian or transfer agents. Clients may contact us for information about proxy voting.

## Item 18: Financial Information

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We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients and have not been the subject of a bankruptcy proceeding.

We are not required to provide a balance sheet; we do not serve as a custodian for client funds or securities and do not require prepayment of fees of both more than \$1,200 per client, and more than six months in advance.