

# **Newfront Retirement Services, Inc.**

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## **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Newfront Retirement Services, Inc. If you have any questions about the contents of this brochure, please contact us at 415-754-3635. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Newfront Retirement Services, Inc. is available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Newfront Retirement Services, Inc. is 167641.

Newfront Retirement Services, Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated February 27, 2023 we have the following material changes to report:

- We have amended Item 5, *Fees and Compensation*, to disclose the maximum potential fees charged by our firm. Fixed dollar fees will not exceed \$300,000 per year and asset-based fees will not exceed 2% annually

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## **Advisory Business**

### *Form ADV Part 2A, Item 4*

This disclosure document ("brochure") is being offered to you in connection with the investment advisory services provided by Newfront Retirement Services, Inc., a federally registered investment adviser wholly owned by ABD Insurance and Financial Services, Inc. References to "we," "us," "our," "our firm" or "Newfront" refer to Newfront Retirement Services Inc. Our firm's clients and prospective clients are referred to as "you", "your" or "our clients."

The disclosures made within this brochure are intended to provide you with information about our services and the manner in which those services are made available to you, our client.

Newfront Retirement Services Inc. is a California corporation. Our Firm is a subsidiary of ABD Insurance and Financial Services, Inc. ("AIF"). ABD Retirement Services, Inc., now Newfront Retirement Services, Inc., was established in 2012 by its Founder and former President, Christopher Call, to provide retirement plan consulting services to public and private corporations. As of February 2023, Gregory Kaplan serves as the firm's President and Joni Jennings serves as Chief Compliance Officer.

Our team of experienced professionals provide the following plan advisory and consulting services to our clients:

### **Plan Advisory Services**

We will establish your plan's needs and objectives through an initial meeting to collect data, review plan information, and assist you in developing an Investment Policy Statement for your plan or update an existing investment policy statement. This may include assisting you in the identification of asset classes or vendors who specialize in the selected asset classes that fulfill your plan's needs and objectives with optimal cost-efficient performance.

We offer non-discretionary investment advisory services under ERISA Section 3(21). Clients retaining Newfront on a non-discretionary basis have full authority to accept or reject any fund recommendations made by Newfront. Under this service, Clients retain and exercise the final decision-making authority and responsibility for the implementation (or rejection) of any recommendations or advice rendered by Newfront. The Client also has the sole discretion to select investments that cover certain Plan expenses.

We also provide discretionary investment advisory services to certain Clients under ERISA Section 3(38). As discretionary investment manager, Newfront provides ongoing and continuous discretionary investment management with respect to the asset classes and investment alternatives available under the Plan in accordance with the IPS. Under this authority, we will select, retain, remove and/or replace the investment alternatives available under the Plan in its sole discretion without Client's prior approval.

We continue to monitor your plan's investments for adherence to the investment policy statement on an ongoing basis. We periodically review the investment options you select and make recommendations or provide investment searches to keep or replace plan investment options as appropriate.

On a regular basis, we provide you with economic and market updates on the strategies and investments that comprise your plan.

## **Plan Provider Search and Analysis**

We perform a comprehensive review of potential service providers or vendors and will assist you with converting from your incumbent service provider to a new service provider selected by you, if such a change is in your best interest. Our services in this area include, but are not limited to, identifying alternative vendors who can fulfill your plan's objectives, preparing proposal questions, working with the selected vendor to collect information, preparing a head-to-head analysis and assisting you with the transition to the new vendor.

## **Education**

We provide educational support and investment workshops for plan participants, in the form of group sessions and printed education materials (which may include posters, payroll stuffers, and emails) and informing participants of the investment options under the plan. In addition, we will provide participants with information regarding plan benefits, features, and investment options.

The scope of education provided to participants at your request will not constitute "investment advice" within the meaning of ERISA and participant education will relate to general principles for investing and information about the investment options currently in the plan. We may also participate in initial enrollment meetings, periodic workshops and enrollment meetings for new participants as we agree upon.

## **Comprehensive 401(k) and 403(b) services**

Our 401(k) and 403(b) services are designed to provide you with a detailed plan analysis that identifies the plan costs and efficiencies of your plan service model. Other services that we provide in this area include termination /merger analysis, benchmarking and best practices.

## **ERISA**

All our retirement plan services are in compliance with all applicable Federal and State law(s) regulating the services provided by our Agreement. This applies to any pension or other employee benefit plan governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If we accept appointments to provide our services to your plan, we acknowledge that we are a fiduciary within the meaning of Section 3(21) or Section 3(38) of ERISA. We will request and rely upon you to furnish us with any amendments to the plan and notify us of any amendment that affects our rights or obligations so that we may consent to these amendments. If ERISA or other applicable law requires bonding with respect to the assets in your account, you will be required to obtain and maintain at your expense bonding that satisfies this requirement and also covers Newfront.

## **Regulatory Assets Under Management**

As of December 31, 2023, we provide continuous management services for \$366,754,875 in client assets on a discretionary basis. We also provide advice to an additional \$19,268,711,640 in non-discretionary assets under advisement.

## **Fees and Compensation**

*Form ADV Part 2A, Item 5*

### **Fees for Services**

Fees charged for services rendered are negotiated with the client and are based on a percentage of plan assets under management, a fixed dollar amount, or a combination of both, depending upon the type of service rendered. Fees are disclosed and agreed upon by all parties in the client service agreement. Fixed dollar fees will not exceed \$300,000 per year and asset-based fees will not exceed 2% annually, of assets under management. Clients who engage Newfront for multiple services are charged a bundled fee. In some cases, fees may be waived at the sole discretion of Newfront.

Plan advisory services begin with the effective date of the agreement. The effective date of the agreement becomes the date that our fees will be paid for each month or quarter going forward. Our ongoing investment advisory fee is billed in arrears on the last business day of the rolling month or quarter.

Invoices are sent out each quarter or month to either the plan client or to the custodian of the plan. For clients where our fee is billed to the custodian, the fee is deducted directly from the plan account or plan participant accounts. Written authorization permitting us to be paid directly from the custodial account is outlined in the client service agreement. Fees for services that are invoiced directly to the client are due and payable within 30 days of receipt of the invoice.

The firm may charge clients a plan onboarding fee not to exceed \$50,000. The plan onboarding fee is a one-time fee negotiated in advance with the client and detailed in the client service agreement. The fee is dependent on a variety of factors, including time, location, number of plan participants, nature of the services and complexity of the plan.

### **Additional Fees and Expenses**

Advisory fees payable to us do not include all the fees you will pay when administering your organization's retirement plan. We do not receive, directly or indirectly, any of these fees charged to the client. The following list of fees or expenses are what you may pay directly to third parties:

- Transaction fees;
- Advisory fees and administrative fees charged by Mutual Funds (MF), Exchange Traded Funds (ETFs);
- Advisory fees charged by sub-advisers (if any are used for your account);
- Custodial Fees;
- Wire transfer and electronic fund processing fees;

Please refer to "Other Financial Industry and Affiliations" under Item 10 below for a discussion of Newfront compensation arrangements.

## **Performance-Based Fees and Side by Side Management**

*Form ADV Part 2A, Item 6*

We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (performance-based fees). Our advisory fee compensation is charged only as disclosed above in Fees and Compensation.

## **Types of Clients**

*Form ADV Part 2A, Item 7*

We provide investment advice on pension, profit sharing plans, and non-qualified deferred compensation plans to institutional clients. We do not have a minimum account size for providing our services to clients and we do not currently offer advice to retail clients.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

*Form ADV Part 2A, Item 8*

Newfront may assist you in the development of an investment policy statement and provide you with information and recommendations about specific investment managers for each asset class defined in your investment policy. Once the Investment Policy Statement is finalized, the search and selection process for the investments is made utilizing only retirement specific share classes, load waived, and/or no-load mutual funds. Newfront does not include, nor is authorized to make, recommendations for the inclusion or purchase of individual stocks and bonds.

The principal sources of information for Newfront's recommendations come from publicly available databases of mutual fund information. Occasionally, the use of proprietary charts and graphs prepared by an independent investment advisor may be used.

Investment fund options will be selected following a systematic search for those with demonstrated quality in the designated asset classes. Consideration will be given to an investment fund option provider's range of available products as well as capabilities/availability in the retirement plan marketplace.

### **Evaluation of Investment Fund Options**

The following criteria will be used to evaluate investment fund option performance:

Performance Objectives for Investment Funds That Are Actively Managed

1. The investment fund options will be expected to consistently achieve a total rate of return, which is equal to or above the median return in a universe of peers with comparable investment styles or portfolio objectives. Mutual fund investment options will be measured against the appropriate peer groups.
2. Actively managed fund options may also be expected to achieve an annualized total rate of return over a three-to-five year period, which exceeds an appropriate market index rate of

return net of costs and fees. The appropriate market index benchmark for each investment fund option will be determined based on the objectives and strategy of the fund. Total return is defined as dividend or interest income plus fair market value of realized and unrealized capital appreciation or depreciation at fair market value.

## Selection Criteria

In selecting or replacing mutual funds, the following criteria will be considered:

- Change in portfolio manager(s)
- Organizational changes
- Inconsistency in strategy, style, and investment approach
- Publicly reported material regulatory or compliance issues
- Three-year return below index
- Five-year return below index
- Three-year return below peer median
- Five-year return below peer median
- Expenses compared to the fund category and peer group.

Investment strategies used to implement any investment advice given to clients focus on long-term purchases. Investing in securities involves risk of loss that clients should be prepared to bear. The performance of most of these investments depends on what happens in the stock market. The market's behavior is unpredictable, particularly in the short term. The investments recommended are mutual funds, variable annuities, and collective investment trusts; they are not a bank deposit and are not guaranteed or insured by the Federal Deposit Insurance Corporation or any other government agency. The value of client investments may fall, sometimes sharply, and they could lose money. The following factors can significantly affect the performance of our clients' investments: Stock Market Volatility - Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Diversification - Investing a higher percentage of assets in any one fund or asset class could increase the risk of loss. Recent Market Conditions - Recent events in the financial sector have resulted, and may continue to result, in an unusually high degree of volatility in the financial markets, both domestic and foreign, and in the net asset values of many mutual funds. Because the situation is unprecedented and widespread, it may be unusually difficult to identify both risks and opportunities using past models of the interplay of market forces, or to predict the duration of these market events.

## Disciplinary Information

*Form ADV Part 2A, Item 9*

Newfront does not have any legal, financial, or other disciplinary items to report.

## Other Financial Industry Activities and Affiliations

*Form ADV Part 2A, Item 10*

As noted in Item 4 of this Brochure, Newfront is a wholly owned subsidiary of ABD Insurance and Financial Services, Inc., ("AIF"). AIF offers insurance products and services. Advisory clients of Newfront may be offered insurance services from AIF; however, such clients are under no obligation to engage AIF for insurance services. The possibility of economic benefit to our affiliated company, however, presents a conflict of interest in that we have an incentive to recommend the services of AIF. Newfront does not receive any fees for client referrals to AIF. Further, AIF does not directly



receive any portion of the plan fees paid to Newfront for the advisory services that Newfront provides to plan clients. However, through an expense sharing agreement, AIF receives payments from Newfront for a pro rata share of office space and personnel services.

## **Code of Ethics, Participation or Interest In Client Transactions and Personal Trading**

### *Form ADV Part 2A, Item 11*

Newfront and persons associated with us are allowed to invest for their own accounts or have a financial interest in the same securities or other investments that we recommend for your account and may engage in transactions that are the same as or different than transactions recommended to or made for your account.

We have developed and implemented a Code of Ethics that sets forth standards of conduct expected of our advisory personnel to mitigate this conflict of interest. The Code of Ethics addresses, among other things, personal trading, gifts, the prohibition against the use of inside information and other situations where there is a possibility for conflicts of interest. The Code of Ethics is designed to protect our clients by deterring misconduct, educating personnel regarding the firm's expectations and laws governing their conduct, reminding personnel that they are in a position of trust and must act with complete propriety at all times to protect the reputation of Newfront, guard against violation of the securities laws, and establish procedures for personnel to follow so that we may determine whether our personnel are complying with the firm's ethical principles.

We have established the following restrictions to ensure its fiduciary responsibilities:

1. A director, officer or employee of Newfront shall not buy or sell any securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No director, officer or employee of Newfront shall prefer his or her own interest to that of the advisory client.
2. We require the reporting of all holdings and transactions in "reportable securities" (as this term is defined in the Code of Ethics) holdings and transactions for itself, and anyone associated with this advisory practice with access to advisory recommendations. These holdings and transactions are reviewed to ensure the firm's and its access persons' interests are not placed ahead of those of the firm's clients.
3. We emphasize the unrestricted right of the client to decline to implement any advice rendered.
4. We emphasize the unrestricted right of the client to select and choose any broker-dealer he or she wishes.
5. We require that all individuals act in accordance with all applicable Federal and State regulations governing investment advisory practices.
6. Any individual not in observance of the above may be subject to termination.

You may request a complete copy of our Code by contacting us at the address, telephone or email on the cover page of this Part 2; attn.: Chief Compliance Officer.

## Brokerage Practices

### *Form ADV Part 2A, Item 12*

In providing plan advisory services, Newfront does not select plan providers or brokerage firms for client transactions, but may if consulted, provide recommendations for such firms. All plan sponsors select the method and forum for executing and custody of the plan assets. We may assist clients in placing securities transactions through the platform of the plan record keeper.

### **Mutual Fund Share Classes**

Mutual funds are sold with different share classes, which carry different cost structures. Each available share class is described in the mutual fund's prospectus. When we purchase or recommend the purchase of mutual funds for a client in an investment advisory account, we select the share class that is deemed to be in the client's best interest. We also review the mutual funds held in accounts that come under our management to determine whether a more beneficial, lower cost share class is available.

In addition to mutual fund share classes, we evaluate the suitability of alternative investment structures such as collective investment trusts. If an alternative investment structure is more beneficial to the client, we will recommend it as an alternative to the mutual fund.

## Review of Accounts

### *Form ADV Part 2A, Item 13*

For assets under management, your account is reviewed at least quarterly by the Investment Consultant, and is reviewed for allocation, performance, and conformance with your investment objectives as detailed in the Investment Policy Statement. Material changes in a plan's asset size or number of participants, significant market fluctuations or concerns with an investment vehicle or vendor are some factors that could trigger an additional review.

For assets under advisement, your account is reviewed no less frequently than annually by the Investment Consultant, and is reviewed for allocation, performance, and conformance with your investment objectives as detailed in the Investment Policy Statement. Material changes in a plan's asset size or number of participants, significant market fluctuations or concerns with an investment vehicle or vendor are some factors that could trigger an additional review.

We provide you with analysis reports that address performance, asset allocation, benchmark and index information no less than annually. The custodians of the plan assets also directly provide clients with reports on a monthly or quarterly basis.

## Client Referrals and Other Compensation

### *Form ADV Part 2A, Item 14*

Refer to Item 10, *Other Financial Industry Activities and Affiliations*, for a discussion of economic benefits to our affiliated insurance company, ABD Insurance and Financial Services, Inc..

We do not receive any compensation from any third party in connection with providing investment advice to you. We do compensate employees who refer clients to our firm. Employees who refer clients to us must comply with the requirements of the jurisdiction where they operate. The

compensation is a percentage of the advisory fee you pay us until such time that our agreement with the employee expires. You will not be charged additional fees based on this compensation arrangement. Incentive based compensation is contingent upon you entering into an advisory agreement with us. Therefore, the individual has a financial incentive to recommend us to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain us for advisory services. Comparable services and/or lower fees may be available through other firms.

## **Custody**

*Form ADV Part 2A, Item 15*

Newfront does not maintain custody of client funds or securities.

## **Investment Discretion**

*Form ADV Part 2A, Item 16*

For non-discretionary investment advisory services under ERISA Section 3(21), we do not accept discretionary authority to affect securities transactions for your account. We are not authorized to: (1) buy, sell, exchange and otherwise trade any stocks, bonds or other securities or assets; (2) determine the amount of securities to be bought or sold; or (3) place orders with the custodian.

Where Newfront provides advisory services to Clients under ERISA Section 3(38), Newfront will have discretionary authority to select, retain, remove and/or replace the investment alternatives available under the Plan in its sole discretion without Client's prior approval.

Clients will specify investment guidelines and/or impose certain conditions or investment restrictions within its Investment Policy Statement and Guidelines. Refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

## **Voting Your Securities**

*Form ADV Part 2A, Item 17*

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitations to vote proxies.

## **Financial Information**

*Form ADV Part 2A, Item 18*

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.