



## **kPlans Investment Services, Inc.**

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## **Form ADV, Part 2A Brochure**

November 26, 2019

This brochure provides information about the qualifications and business practices of kPlans Investment Services, Inc. If you have any questions about the contents of this brochure, please contact us at 818.325.3010 or [ssansone@KPlansInvest.com](mailto:ssansone@KPlansInvest.com). 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.

Any reference to or use of the terms “registered investment adviser” or “registered,” does not imply that kPlans Investment Services, Inc. or any person associated with kPlans Investment Services, Inc. has achieved a certain level of skill or training. Additional information about kPlans Investment Services, Inc. is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 2 - MATERIAL CHANGES

**Revised November 26, 2019**

The purpose of this page is to inform you of material changes since the last annual update to this brochure. If you are receiving this brochure for the first time this section may not be relevant to you.

kPlans Investment Services, Inc. (“kPlans”) reviews and updates our brochure at least annually to confirm that it remains current. Below is a summary of the material changes kPlans made to our brochure since the last annual update.

The following material changes occurred since kPlans’ last filed its brochure on March 31, 2019:

Item 5 of ADV Part 1 was updated to reflect Assets Under Management as of September 30, 2019, which was also noted in Schedule D- Miscellaneous. The revised Assets Under Management allowed kPlans to be eligible for continued registration with the SEC, and as such, Item 2 of ADV Part 1 was also updated to reflect its status as a large advisory firm. (ADV Part 2.A.(1)

We’ve updated various sections of this document to properly reflect the Sage Advisory Group, “Sage” as a co-subadviser with kPlans to the Sage|KIS Cash Balance Investment Strategies, a Reliance Trust Collective Investment Trust.

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## ITEM 4 - ADVISORY BUSINESS

### Description of Advisory Firm

kPlans Investment Services, Inc. (“kPlans,” “KIS,” “we,” “our” or “us”) is a privately-owned corporation headquartered in Valencia, California. kPlans is registered as an investment adviser with the U.S. Securities and Exchange Commission.

kPlans was formed as a registered investment adviser in 2005 to provide unbiased, independent investment advisory services to qualified retirement plans. Currently, Daniel Kravitz and Steve Sansone are the owners of the firm.

In 2008, kPlans partnered with Payden & Rygel to launch an investment strategy, the Payden/Kravitz Fund, a registered mutual fund, designed exclusively for Cash Balance Plans initially focusing on Cash Balance Plans utilizing the 30 Year Treasury Bond as the Interest Crediting Rate.

In 2015, kPlans created three risk-based investment strategies to coordinate with final IRS regulations issued in 2014 allowing for a Market Rate or “Actual Rate of Return with Investment Options” as an acceptable plan Interest Credit Rate, and to expand the number of Interest Credit Rates beyond the 30 year Treasury Bond Rate that could utilize the strategies, including both fixed and variable interest credit rates between 1%-6%. These strategies initially used a multi-manager focus, with Reliance Trust Company as the Trustee to offer what is now the Sage|KIS Cash Balance Investment Strategies.

### Advisory Services Offered

#### Consulting and Investment Management Services

kPlans specializes in providing independent and highly focused, fiduciary investment consulting, investment management, and education services to sponsors of Cash Balance and Defined Benefit retirement plans. Working with Plan Sponsors and their Retirement Plan Committees, kPlans offers consulting services relating to Recordkeeper selection, investment selection and monitoring, and overall investment strategy.

Investment selection and management for Cash Balance and Defined Benefit Retirement Plans may include the use of the Sage|KIS Cash Balance Investment Strategies, which is co-subadvised by Sage Advisory Group (“Sage”) and kPlans, and the Payden/Kravitz Cash Balance Plan Fund, which is managed by an SEC registered investment adviser Payden/Kravitz Investment Advisers LLC, a partnership between Payden & Rygel and kPlans (see “**Item 10-Other Financial Industry Activities and Affiliations**” for additional information), and other customized investment portfolios using mutual funds, ETFs, and/or other collective investment trusts.

#### Sage|KIS Cash Balance Investment Strategies

Sage|KIS are the Co- Sub-Adviser’s of three collective investment trusts:

- Sage | KIS Cash Balance Investment Strategy Ultra-Conservative
- Sage | KIS Cash Balance Investment Strategy Conservative
- Sage | KIS Cash Balance Investment Strategy Moderate

Reliance Trust is the trustee and Sage | KIS are the Co-Sub-advisers's for the Sage | KIS Cash Balance Investment Strategies, managing each of the funds utilizing both a strategic and tactical asset allocation strategy.

We describe the fees charged for our services below under ***Item 5 - Fees and Compensation***.

### Limitations on Investments

kPlans recommends investments to Cash Balance and Defined Benefit retirement plans. Custodial and recordkeeper platforms may have limitations on investment options that can be offered. In those instances, kPlans is limited to those investment providers and investment options available on the platform. Therefore, kPlans can only make recommendations to the plan client from among the available options, and will not recommend other securities, even if there may be better options elsewhere.

### **Wrap Fee Programs**

kPlans does not manage accounts as part of a wrap or bundled fee program.

### **Assets Under Management**

As part of this other-than annual amendment submitted on November 26, 2019, kPlans' assets under management, representing Plan clients for which kPlans provides continuous and regular investment supervisory services, were calculated and presented here as of September 30, 2019:

Discretionary Assets	\$ 76,825,546
<u>Non-Discretionary Assets</u>	<u>\$ 25,996,809</u>
Total Assets	\$ 102,822,355

## **ITEM 5 - FEES AND COMPENSATION**

### **Fee Schedule**

kPlans' fees for consulting and investment oversight are quoted to each plan client on a case-by-case basis, depending on the size of the account and the scope of services that kPlans will provide to the plan client. Fees may be a set annual dollar amount, an annual percentage of plan assets under advisement, hourly fees, or a combination of any of these. Fees are subject to negotiation. kPlans will enter into a written investment services agreement with each plan client that describes the scope of services that will be provided by kPlans and the fees we will charge for the services.

kPlans reserves the right to change the fee amounts and terms listed below at any time for new plan clients and upon prior written agreement with existing plan clients.

### Ongoing Fees

For Cash Balance and Defined Benefit Plans kPlans will generally charge an annual asset-based fee ranging from 0.15%-0.55% per annum of the value of assets in the plan, payable quarterly in arrears, subject to a minimum depending on the size and scope of the assets. The minimum fee may be higher in some cases, depending on the scope of services provided and the size and complexity of the retirement plan. Asset based fees are calculated based on the value of assets under management reported by the custodian as of the last business day of each quarter. Fees for partial quarters are prorated based on the number of days during the quarter that the account was under our management.

Participating plans investing in the Sage|KIS Cash Balance Investment Strategies will pay trustee fees, underlying investment expense ratios, and Sub-Adviser fees. There may be instances where kPlans is also the Advisor to the plan and receiving an advisory fee. In such cases, kPlans will offset the advisory fee by any amount of Sub-Adviser fees received by kPlans. This mitigates the conflict of interest and maintains level compensation to kPlans. Plan participants should review the fact sheet provided for complete information on fees and expenses associated with the Trust.

kPlans may also charge an hourly rate ranging from \$150 to \$300 per hour (or a per diem fee) for consulting services in connection with special projects, not outlined as part of the services provided in the Service Agreement. We reserve the right to charge for additional meetings or projects outside the scope of services provided for in the investment services agreement. Fees for these arrangements are individually negotiated and are fully disclosed in the written proposal between kPlans and the plan client.

kPlans may also generally charge for reimbursement of our out-of-pocket expenses (such as travel, messenger, production costs for plan specific educational materials, etc.).

### Initial Set-up Fees

kPlans may charge an initial set-up fee in the first year kPlans is retained for services such as the initial review of the plan and its operation, meetings to discuss processes and procedures, analysis of a plan's existing investments, the creation or amendment of a plan's investment policy statement, etc. The initial set up fee generally ranges from \$500 to \$5,000, but may be higher or lower in individual cases, depending on the scope of services provided and the size and complexity of the retirement plan. Half of the initial set-up fee is usually due upon execution of the investment services agreement with the plan client, with the second half due upon the completion of the set-up services.

### **Payment Terms**

Plan clients are either invoiced for fees due or fees are paid from Reliance Trust out of the Sub-Adviser fees. With the exception of one Client, kPlans does not have the authority to instruct the custodian to withdraw our fees from the plan client's account. If plan clients wish to pay out of the account, the plan client must approve the fee and send payment instructions to the custodian. Often, a Third-Party Administrator (TPA) is used as the resource to collect and pay fees.

## Termination

Either party may terminate the investment services agreement upon sixty (60) days' written notice to the other party. The plan client may terminate the agreement by writing kPlans at our office. Upon termination of the agreement, kPlans will send a final billing statement to the plan client showing the amount of fees due for services provided. The final fees are due within thirty (30) days.

## Other Fees and Expenses Plan Clients May Pay

kPlans' fees do not include custodian fees. Plan clients pay all brokerage commissions, stock transfer fees, and/or other similar charges incurred in connection with transactions in accounts from the assets in the account, which are in addition to the fees the plan client pays to kPlans. See ***Item 12 - Brokerage Practices*** below for more information.

In addition, any mutual fund shares held in a plan client's account may be subject to deferred sales charges, 12b-1 fees, and other fund-related expenses. Each fund's prospectus fully describes the fees and expenses. All fees paid to kPlans for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds. Mutual funds pay advisory fees to their managers, which are indirectly charged to all holders of the mutual fund shares. Consequently, plan clients with mutual funds in their portfolios are effectively paying both kPlans and the mutual fund manager for the management of their assets.

kPlans may recommend the Payden/Kravitz Cash Balance Plan Fund to defined benefit and Cash Balance Plan Sponsors. kPlans is a joint owner of the investment adviser to the fund, and therefore indirectly benefits when recommending the fund. In such cases, kPlans will offset the advisory fee for any remuneration received from Payden/Kravitz. This mitigates the conflict of interest and maintains level compensation to kPlans. For more information on our relationship with the fund, see ***Item 10 – Other Financial Industry Activities and Affiliations***, below.

## ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

kPlans does not charge performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a plan client.

## ITEM 7 - TYPES OF CLIENTS

kPlans provides investment services to employer sponsored retirement plans, including defined benefit plans, and Cash Balance plans, and to Collective Investment Trusts ("CIT's). Our investment services provide dedicated Cash Balance Investment Strategy solutions to Advisors and their Clients sponsoring Cash Balance or Defined Benefit Pension Plans. These investment strategies include the Payden/Kravitz Cash Balance Plan Fund, the Sage|KIS Cash Balance Investment Strategies or a custom Cash Balance Plan asset allocation solution.



## ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### Methods of Analysis and Investment Strategies

kPlans seeks to help qualified retirement Plan Sponsors in developing a prudent investment decision making process for their respective retirement plan objectives. We assist plans with the creation of a written Investment Policy Statement (“IPS”), which outlines the processes for the selection, monitoring and evaluation of the investments in the plan, as well as the monitoring of investment-related services. A plan’s IPS will typically cover the following areas:

- Define the plan’s investment objectives;
- Define the roles of those responsible for the plan’s investments and related services;
- Establish investment selection procedures and criteria, and monitoring procedures;
- Describe procedures for handling investment options that fail to satisfy established objectives;
- Provide for appropriate diversification within and among investment vehicles; and

### Sage|KIS Cash Balance Investment Strategies

Sage Advisory Services and kPlans act as co-advisors to a series of Cash Balance Collective Investment Trusts (CITs). The CITs offer plans efficient access to investment solutions designed and managed to meet common Cash Balance Plan objectives, including principal protection, common interest crediting rate targets, and an awareness of the annual investment time horizon. The CITs include three different risk profiles (Ultra Conservative, Conservative, Moderate) that allow clients to select the strategy that best balances the return objective and risk orientation of their respective plan.

The Sage|KIS investment team constructs Cash Balance portfolios by actively managing individual bonds and low-cost passive Exchange Traded Funds (“ETFs”). The investment team places an emphasis on optimizing portfolios based on the best relative value, solving the key risk decisions, and maintaining diversified portfolios that offer liquidity in all market environments.

Each strategy starts with a base asset allocation target at the beginning of the year, and as each strategy gets close to achieving that year’s return target, the Sage KIS investment team will employ a glide path to de-risk the strategy.

### General Risk of Loss Statement

Investing in securities always involves the risk that you will lose money. Before investing in the securities markets, investors should be prepared to bear that risk. Over time, an account’s value will fluctuate, and at any time, the account’s assets may be worth more or less than the amount that was invested. Different types of securities and different asset classes involve different levels of exposure to risk. Retirement plans must take care to properly diversify plan investments, or to offer a broad range of investment options to allow participants to construct diversified portfolios.

## Specific Security Risks

### General Risks of Owning Securities

Sage|KIS Cash Balance Investment Strategies may hold individual securities such as stocks and bonds. The prices of securities held in investment accounts and the income they generate may decline in response to certain events taking place around the world. These include events directly involving the issuers of securities held as underlying assets of mutual funds in an account, conditions affecting the general economy, and overall market changes. Other contributing factors include local, regional, or global political, social, or economic instability and governmental or governmental agency responses to economic conditions. Finally, currency, interest rate, and commodity price fluctuations may also affect security prices and income.

### Mutual Funds/ETFs (“Funds”)

Sage|KIS Cash Balance Investment Strategies may hold mutual funds and/or ETFs. Mutual fund/ETFs are investments that pool money from many investors and invest the money in stocks, bonds, short-term money-market instruments, other securities or assets, or some combination of these investments. The portfolio of the fund consists of the combined holdings it owns. Each share represents an investor’s proportionate ownership of the holdings and the income those holdings generate. The price that investors pay for mutual fund shares is the fund’s per share net asset value (NAV) plus any shareholder fees that the fund imposes at the time of purchase (such as sales loads). The price that investors pay for ETFs shares is based on existing market conditions.

The benefits of investing through mutual funds/ETFs include professional management, diversification, affordability, and liquidity. Mutual funds/ETFs also have features that some investors might view as disadvantages:

#### Costs Despite Negative Returns

Mutual funds/ETFs charge investors sales charges, annual fees, and other expenses regardless of how the fund performs. Depending on the timing of their investment, investors may also have to pay taxes on any capital gains distribution they receive if the investments are held in a taxable account. This includes instances where the fund went on to perform poorly after purchasing shares.

#### Lack of Control

Investors typically cannot ascertain the exact make-up of a fund’s portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades.

#### Price Uncertainty

With an individual stock or ETF, investors can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or your investment adviser. Investors can also monitor how a stock’s price changes from hour to hour—or even second to second. By contrast, with a mutual fund, the price at which an investor purchases or redeems shares will typically depend on the fund’s NAV, which the fund might not calculate until many hours after the investor placed

the order. In general, mutual funds must calculate their NAV at least once every business day, typically after the major U.S. exchanges close.

### *Different Types of Mutual Funds/ETFs*

Most funds fall into one of three main categories; money market funds, bond funds (also called “fixed income” funds), and stock funds (also called “equity” funds). Each type has different features and different risks and rewards. Generally, the higher the potential return, the higher the risk of loss.

#### *Money Market Funds*

Money market funds have relatively low risks, compared to other mutual funds (and most other investments). By law, they can invest in only certain high quality, short-term investments issued by the U.S. Government, U.S. corporations, and state and local governments. Money market funds try to keep their net asset value (NAV), which represents the value of one share in a fund, at a stable \$1.00 per share. However, the NAV may fall below \$1.00 if the fund’s investments perform poorly. Investor losses have been rare, but they are possible. Money market funds pay dividends that generally reflect short-term interest rates, and historically the returns for money market funds have been lower than for either bond or stock funds. That is why “inflation risk,” the risk that inflation will outpace and erode investment returns over time, can be a potential concern for investors in money market funds.

#### *Bond Funds*

Bond funds generally have higher risks than money market funds, largely because they typically pursue strategies aimed at producing higher yields. Unlike money market funds, the SEC’s rules do not restrict bond funds to high quality or short-term investments. Because there are many different types of bonds, bond funds can vary dramatically in their risks and rewards.

Some of the risks associated with bond funds include:

##### *Credit Risk*

There is a possibility that companies or other issuers may fail to pay their debts (including the debt owed to holders of their bonds). Consequently, this affects mutual funds that hold these bonds. Credit risk is less of a factor for bond funds that invest in insured bonds or U.S. Treasury Bonds. By contrast, those that invest in the bonds of companies with poor credit ratings generally will be subject to higher risk.

##### *Interest Rate Risk*

There is a risk that the market value of the bonds will go down when interest rates go up. Because of this, investors can lose money in any bond fund, including those that invest only in insured bonds or U.S. Treasury Bonds. Funds that invest in longer-term bonds tend to have higher interest rate risk.

##### *Prepayment Risk*

Issuers may choose to pay off debt earlier than the stated maturity date on a bond. For example, if interest rates fall, a bond issuer may decide to “retire” its debt and issue new bonds that pay a lower rate. When this happens, the fund may not be able to reinvest the proceeds in an investment with as high a return or yield.

## *Stock Funds*

Although a stock fund's value can rise and fall quickly (and dramatically) over the short term, historically stocks have performed better over the long term than other types of investments. Overall "market risk" poses the greatest potential danger for investors in stocks funds. Stock prices can fluctuate for a broad range of reasons—such as the overall strength of the economy or demand for particular products or services. Not all stock funds are the same. For example:

### Growth Funds

Growth funds focus on stocks that may not pay a regular dividend but have the potential for large capital gains. These funds favor companies expected to grow earnings and stock prices faster than the economy, and may be smaller and less seasoned companies. The smaller and less seasoned companies that may be in a growth fund have a greater risk of price volatility. Growth stocks, which can be priced on future expectations rather than current results, may decline substantially when expectations are not met or general market conditions weaken.

### Income Funds

Equity income funds stress current income over growth, and may invest in stocks that pay regular dividends. These funds are subject to dividend payout risk, which is the possibility that a number of the companies in which the fund invests will reduce or eliminate the dividend on the securities held by the fund.

### Small Cap Funds

Funds that invest in stocks of small companies involve additional risks. Smaller companies typically have higher risk of failure, and are not as established as larger blue-chip companies are. Historically, smaller-company stocks have experienced a greater degree of market volatility than the overall market average.

### Mid Cap Funds

Funds that invest in companies with mid-range market capitalizations involve additional risks. The securities of these companies may be more volatile and less liquid than the securities of larger companies.

### Index Funds

Index funds aim to achieve the same return as a particular market index, such as the S&P 500 Composite Stock Price Index, by investing in all—or perhaps a representative sample—of the companies included in an index.

### International Funds

International investments are subject to additional risks, including currency fluctuation, political instability and potential illiquid markets.

### Emerging Market Funds

Funds that invest in foreign securities of smaller, less-developed countries involve special additional risks. These risks include, but are not limited to currency risk, political risk and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks.

### REIT Funds

REIT Funds include REITs within the underlying fund holdings. REITs primarily invest in real estate or real estate-related loans. Equity REITs own real estate properties, while mortgage REITs hold construction, development, and/or long-term mortgage loans. REIT investments include illiquidity and interest rate risk.

### TIPS Funds

Treasury Inflation Protected Securities (TIPS) are inflation-indexed securities structured to remove inflation risk.

### *Tax Consequences of Mutual Funds/ETFs*

When investors buy and hold an individual stock or bond, the investor must pay income tax each year on the dividends or interest the investor receives. However, the investor will not have to pay any capital gains tax until the investor actually sells and makes a profit. Mutual funds/ETFs are different. When an investor buys and holds mutual fund shares, the investor will owe income tax on any ordinary dividends in the year the investor receives or reinvests them. Moreover, in addition to owing taxes on any personal capital gains when the investor sells shares, the investor may have to pay taxes each year on the fund's capital gains. That is because the law requires mutual funds to distribute capital gains to shareholders if they sell securities for a profit that cannot be offset by a loss.

### Cash and Cash Equivalents

Cash and cash equivalents are the most liquid of investments. Cash and cash equivalents are considered very low-risk investments meaning, there is little risk of losing the principal investment. Typically, low risk also means low return and the interest an investor can earn on this type of investment is low relative to other types of investing vehicles.

## **ITEM 9 - DISCIPLINARY INFORMATION**

kPlans and our personnel seek to maintain the highest level of business professionalism, integrity, and ethics. kPlans does not have any disciplinary information to disclose.

## **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **Affiliated Investment Adviser**

kPlans is a 50% owner of Payden/Kravitz Investment Advisers LLC ("Payden/Kravitz"), an SEC registered investment adviser. Payden/Kravitz is a joint venture between kPlans and Payden & Rygel, an unaffiliated SEC registered investment adviser.

Payden/Kravitz provides investment advice to the Payden/Kravitz Cash Balance Plan Fund ("Payden/Kravitz Fund"), a registered mutual fund. The Payden/Kravitz Fund is designed as an investment vehicle for cash balance pension plans.

Dan Kravitz and Steve Sansone are both Board Members of Payden/Kravitz.

kPlans personnel may participate in meetings to discuss the Payden/Kravitz Fund with unrelated licensed securities representatives and cash balance plans who are potential fund investors. If the Cash Balance plan chose to invest in the Payden/Kravitz Fund, the licensed representative would sell shares to the investor through the brokerage firm he/she represents. kPlans does not receive any commissions or direct compensation for recommending the Payden/Kravitz Fund; however, we do receive an indirect benefit as a 50% owner of the investment manager to the Payden/Kravitz Fund. See **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading** for our policies addressing these conflicts of interest.

## **Other Industry Activities**

Through its relationship with Sage Advisory Group, kPlans and Sage serve as co-subadvisers to the Sage|KIS Cash Balance Investment Strategies, a Reliance Trust Collective Investment Trust.

Steve Sansone, kPlans' President, and other kPlans personnel are investment advisory representatives (IARs) of Pensionmark Financial Group, LLC, a Delaware limited liability company ("Pensionmark"), an unaffiliated registered investment adviser. As IAR's of Pensionmark, kPlans provides advisory services to \$685,520,441.56 in 401k, Profit Sharing, 403(b), and Church retirement plans as of September 30, 2019. As a result, some personnel of kPlans spend significant amounts of time with their duties as IARs to Pensionmark.

Pensionmark Financial Group Advisors, not associated with kPlans, may use the Sage|KIS Cash Balance Investment Strategies for their clients, but this is an independent decision and kPlans does not have any control over their decision to use these funds. kPlans receives no additional compensation in connection with these advisors' use of these funds beyond our regular fees received as co-subadvisers to these funds.

Steve Sansone is also a member of the Board of Directors of the Bank of Santa Clarita (the "Bank"). kPlans and the Bank are not affiliated entities. At times, Steve or another officer of kPlans may refer clients in need of banking services to the Bank, and the Bank could potentially refer its clients in need of investment advisory services to kPlans.

## **ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

kPlans believes that we owe plan clients the highest level of trust and fair dealing. As part of our fiduciary duty, we place the interests of our plan clients ahead of the interests of the firm and our personnel. kPlans has adopted a Code of Ethics that emphasizes the high standards of conduct that kPlans seeks to observe. kPlans' personnel are required to conduct themselves with integrity at all times and follow the principles and policies detailed in our Code of Ethics.

kPlans' Code of Ethics attempts to address specific conflicts of interest that either we have identified or that could likely arise. kPlans' personnel are required to follow clear guidelines from the Code of Ethics in

areas such as gifts and entertainment, other business activities, and adherence to applicable securities laws.

kPlans will provide a complete copy of the Code of Ethics to any plan client or prospective plan client upon request.

### Personal Trading Practices

Additionally, kPlans personnel are subject to personal trading policies governed by the Code of Ethics. kPlans and our personnel may invest in mutual funds/ETFs that we also utilize inside the Sage|KIS Cash Balance Investment Strategies or in the asset allocation for our Clients outside of the Sage|KIS Cash Balance Investment Strategies. Mutual funds do not trade but are issued and redeemed once daily at the fund's net asset value ("NAV"). Therefore, we believe that our personal transactions in mutual funds do not present a conflict of interest to our plan clients.

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

kPlans personnel may participate in meetings to discuss the Payden/Kravitz Fund with potential fund investors, as described under ***Affiliated Investment Adviser*** in **Item 10** above. kPlans does not receive any commissions or direct compensation for recommending the Payden/Kravitz Fund; however, we do receive an indirect benefit as a 50% owner of Payden/Kravitz, the investment manager to the Payden/Kravitz Fund, because Payden/Kravitz receives advisory fees for managing the fund.

There may be occasions in the investment advisory services provided to Defined Benefit and Cash Balance retirement plan clients where we may utilize the Payden/Kravitz Fund, or Sage|KIS Cash Balance Investment Strategies as part of an overall asset allocation strategy, up to 100% of the total allocation. In those occasions when we utilize the Payden/Kravitz Fund in the investment advisory services for our Defined Benefit and/or Cash Balance Plan clients, we will offset our fees by any revenue we received from the Payden/Kravitz Fund so that we do not receive dual fees.

## **ITEM 12 - BROKERAGE PRACTICES**

kPlans maintains a number of market relationships with vendors and suppliers of various services to retirement plans and the companies that sponsor them. If a plan client does not have an existing retirement plan provider in place, or wishes to compare their current provider with others available, kPlans may recommend various plan providers, based on the needs of each plan.

kPlans may recommend that clients in need of brokerage or custodial services use Charles Schwab & Co., Inc. ("Schwab"), TD Ameritrade, Inc. Member FINRA/SIPC ("TD Ameritrade"), Fidelity FMR LLC ("Fidelity") or Mid-Atlantic, Ascensus or Vanguard. These are custodians where kPlans may have clients. The client will enter into a separate agreement with Schwab, TD Ameritrade, Fidelity, Mid-Atlantic, Vanguard or Ascensus to custody the assets. kPlans is independently owned and operated, and not affiliated with any broker-dealer/custodian.

kPlans considers several factors in recommending a broker-dealer/custodian to a client. Factors that kPlans may consider when recommending a broker-dealer/custodian may include availability of funds, ease of use, reputation, service execution, pricing and financial strength. kPlans may also take into consideration the availability of the products and services received or offered by Schwab, TD Ameritrade, Fidelity.

kPlans may receive from particular broker-dealers/custodians, without cost (or at a discount), support services and/or products that benefit kPlans but may not directly benefit our clients' accounts. Schwab, TD Ameritrade/Fidelity make available products and services that may be used to service all or some substantial number of kPlans' accounts, including accounts not maintained with these brokers.

Schwab/TD Ameritrade/Fidelity/Vanguard/Ascensus/Mid-Atlantic make available products and services that assist kPlans in managing and administering clients' accounts including software and other technology that:

1. provide access to client account data (such as trade confirmations and account statements);
2. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
3. provide research, pricing and other market data;
4. facilitate payment of kPlans' fees from our clients' accounts; and
5. assist with back-office functions, recordkeeping, and client reporting.

Schwab/Fidelity/Vanguard/Ascensus/Mid-Atlantic also offer other services intended to help kPlans manage and further develop our business enterprise. These services may include:

1. compliance, legal and business consulting;
2. publications and conferences on practice management and business succession; and
3. access to employee benefits providers, human capital consultants, and insurance providers.

Schwab/TD Ameritrade/Fidelity/Mid-Atlantic/Vanguard/Ascensus may make available, arrange, and/or pay third-party vendors for the types of services provided to kPlans. Schwab/TD Ameritrade/Fidelity/Mid-Atlantic may discount or waive fees it would otherwise charge for some of these services, reimburse kPlans for the cost of conferences or related expenses, or pay all or a part of the fees of a third-party providing these services to kPlans. Schwab/TD Ameritrade/Fidelity/Mid Atlantic may also provide other benefits such as educational events or occasional business entertainment of kPlans personnel.

## **Other Business Relationships with Recordkeepers and Vendors**

From time to time, certain third party recordkeepers invite kPlans personnel to speak at events sponsored by the recordkeeper and pay for the speaker's travel and lodging costs. These recordkeepers may be included as one of the available vendors in the vendor searches that kPlans conducts for clients. kPlans does not recommend any particular recordkeeper to clients, and it is the client's decision to hire a particular recordkeeper for a plan. In addition, the Payden/Kravitz Fund or Sage | KIS CITs may be available as investment options on these recordkeepers' platforms.



As part of our fiduciary duty to clients, kPlans endeavors at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by kPlans or our personnel in and of itself creates a conflict of interest and may indirectly influence kPlans' recommendation of custody and brokerage services or of recordkeepers and vendors.

## **ITEM 13 - REVIEW OF ACCOUNTS**

### **Account Reviews**

All accounts are reviewed at least annually or more frequently if information is obtained that warrants concern. Such information could include, among other things, a change in the management of a given investment product, change in market conditions or change in a plan client's overall investment guidelines. Reviewers include the Client Relationship Managers. In addition, the reviewers may contact plan clients to conduct a plan review meeting with each plan client annually or more frequently, usually in conjunction with presenting a written investment monitoring report.

### **Account Reporting**

kPlans prepares and sends investment monitoring reports to retirement plan clients that outline and review investment performance and asset allocation on a regular basis. The Client Relationship Managers review the reports prior to delivery. In addition, plan clients receive account statements at least quarterly from their custodian, which includes all holdings, all transactions made and any fees (including advisory fees) that were deducted from the account, during the statement period.

## **ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

### **Referrals**

kPlans has a marketing agreement in place with Ascensus Consulting, LLC ("Ascensus"), which provides actuarial and consulting advice on the design and administration of retirement plans, as well as Custodian services, under which Steve Sansone will refer Advisors and/or clients to Ascensus in the course of his speaking, consulting with Advisors and advisory activities. Ascensus is not affiliated with kPlans, but Dan Kravitz and other kPlans personnel are employed by Ascensus. Dan Kravitz and Kravitz Consultants may refer Clients to kPlans Investments.

## **ITEM 15 - CUSTODY**

With the exception of one Client where kPlans can deduct fees from the Custodian, kPlans does not take custody of plan client funds or securities. A qualified custodian (generally a broker-dealer, bank, trust company, or other financial institution) holds the plan clients' assets. Plan clients may authorize the qualified custodian or use the services of a Third Party Administrator to deduct management fees directly from the plan or participants' accounts and provide them to kPlans; however, with the exception of one Client, kPlans does not have the authority to independently direct the custodian to debit fees. In these

cases, typically a TPA will debit the fees based on kPlans' agreement with the plan client per the plan client's written authorization.

On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

## ITEM 16 - INVESTMENT DISCRETION

The majority of kPlans' services to clients are provided non-discretionary recommendations as to which investment option to utilize inside a plan. In some cases, we may accept discretionary authority upon the request of the client.

Inside the Sage|KIS Cash Balance Investment Strategies we act as a co-Sub-Adviser and have discretion over how assets are invested. When kPlans accepts discretionary authority over Defined Benefit and Cash Balance retirement plan clients' accounts, we will have the authority to select the investments utilized for the plan. In some cases, in our discretionary authority we may determine that it is appropriate to utilize the Payden/Kravitz Fund or the Sage|KIS CITs within the overall asset allocation of the plan (see **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading** for more information regarding our practices). Plan clients may restrict the use of the Payden/Kravitz Fund or the Sage|KIS CITs.

## ITEM 17 - VOTING CLIENT SECURITIES

### Proxy Voting

With the exception of the Sage|KIS Cash Balance Investment Strategies, co sub-advised with Sage Advisory Group, where in limited situations Sage will receive a proxy vote to vote as a result of a client holding fixed income corporate obligations and ETF's, kPlans does not accept the authority or responsibility to vote plan client securities. A copy of Sage's proxy voting policies and procedures is available upon request. For accounts subject to ERISA, an authorized plan fiduciary other than kPlans will retain proxy voting authority. Plan clients may contact us with questions about a particular proxy vote, but kPlans will not be deemed have proxy voting authority solely as a result of providing advice or information about a particular solicitation. Plan clients will receive their proxies or other solicitations directly from their custodian or a transfer agent.

## ITEM 18 - FINANCIAL INFORMATION

Registered investment advisers are required in this Item to provide clients with certain financial information or disclosures about the firm's financial condition. kPlans does not require the prepayment of more than \$1,200 in fees per client, six months or more in advance, and does not foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.