

## ITEM 1 – Cover Page

Retirement Income Solutions, Inc.  
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March 31, 2011

Form ADV, Part 2A; our “Disclosure Brochure” or “Brochure” as required by the Investment Advisers Act of 1940 is a very important document between our clients and Retirement Income Solutions, Inc., referred to as RIS throughout this Brochure.

*This Brochure provides information about the qualifications and business practices of RIS. If you have any questions about the contents of the Brochure, please contact us at 734-769-7727 and/or [ris@risadvisory.com](mailto:ris@risadvisory.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any State Securities Authority.*

*Additional information about RIS is available at the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link, select “investment adviser firm” and type in our firm name). You can also search this site by a unique identifying number known as a CRD. The CRD number for RIS is 110145. Results will provide you both Part 1 and 2A of our Form ADV.*

RIS is a “fee only” Registered Investment Adviser with the SEC. The registration as an investment adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this Brochure, is information you can use to evaluate RIS (and other advisers).

## ITEM 2 – Material Changes

1. Initial Filing on March 31, 2011:
  - a. This is RIS's "initial" filing of what we regard as "The New Part 2" of our Form ADV. As a result, this document, dated March 31, 2011 is brand new. It was developed in response to new requirements adopted and imposed by the Securities and Exchange Commission (SEC) under the investment Advisers Act of 1940 (IA Act). As a result, this Disclosure Brochure is substantially different from previous versions and includes disclosures not specifically required by the old Part II.
  - b. As a result, this "Brochure" should be considered "materially new", although you will recognize most of the disclosures as similar or identical to what you have read in the past. New Disclosures in this document include those items previously not requested, including:
    - i. The principal owners of RIS,
    - ii. RIS's Assets Under Management as of 12/31/2010,
    - iii. Methods of Analysis, Investment Strategies and Risk of Loss (Item 8),
    - iv. How we review our accounts (Item 13),
    - v. The elimination of Part II, Pages 1-6 (or the old check-the-box pages).
2. In future filings, this section of the Brochure will address only those "material changes" that have been incorporated since our last delivery or posting of this document on the SEC's public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).
3. We may, at any time, update this Brochure and either send you a copy or offer to send you a copy (either by electronic means (email) or in hard copy form).
4. If you would like another copy of this Brochure, please download it from the SEC Website as indicated above, or you may contact our Chief Compliance Officer, R. Griffith McDonald, at (734) 769-7727 or [griffmcdonald@risadvisory.com](mailto:griffmcdonald@risadvisory.com).

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## Item 4 – Advisory Business

### **The Firm**

RIS is a corporation formed under the laws of the State of Michigan in 1991. In 2009, RIS merged with IFSG Planning Associates, Ltd. and Pattern Recognition Management, Inc. Each was a State-registered investment adviser owned separately by RIS's two principals. The two merged firms had been in business since 1982 and 1990, respectively. RIS has been registered with the SEC since 2010.

RIS's principal owners are K. Larry Hastie and R. Griffith McDonald. Each serves as a Managing Director of RIS. Currently, eight individuals associated with RIS provide its investment advisory services. Where applicable, these individuals are appropriately state-licensed, qualified and authorized to provide advisory services on behalf of RIS. Such individuals are known as Investment Adviser Representatives ("IARs").

RIS provides its investment advisory services using two different strategies: The Seasonal Strategy and the Tactical Investment Strategies. In the Seasonal Strategy, RIS conducts a formal review and re-allocates assets at least twice a year, and other times when deemed necessary. In the Tactical Investment Strategies, RIS monitors the portfolio on a continuous basis, making changes to the portfolio as deemed necessary. RIS may exercise discretionary trading authority, as described in Item 16 to direct the purchases, sales redemptions, liquidations and disposition of securities. Using that authority, we may also exchange/modify "core equities" or "core fixed income and non-equities" in a portfolio at any time, as deemed necessary. The strategies used by RIS for each client is set forth in the client's Investment Policy Statement. Investment advisory services are provided through accounts established at Pershing Advisor Solutions, LLC ("PAS"), a subsidiary of The Bank of New York Mellon Corporation, member FINRA/SIPC, SEI Private Trust Company ("SEI"), TIAA-CREF, Fidelity Investments ("Fidelity") or other custodians.

### **Asset Management and Review**

RIS offers Asset Management and Review services where the investment advice provided is custom tailored to meet the needs and investment objectives of our clients. We use the custodial, trading, reporting and other services of PAS and SEI to facilitate our Asset Management and Review services to our clients. Whether client assets are held at PAS or SEI, RIS follows a six-step process when managing our client accounts:

- 1. Determine the client's risk profile and investment objectives.** We determine the client's investment objectives, investment time horizon, risk profile and other personal characteristics by means of an interview process that may involve the completion of a questionnaire.
- 2. Set a relevant Investment Policy for the client.** We use the information from Step 1 to develop the client's Investment Policy Statement that determines the high (fully invested) and low (defensive) equity positions for RIS's Seasonal and Tactical Strategies

- 3. Make initial asset allocation recommendations.** We use the mutual funds and other investments available at PAS or SEI to create a broadly-diversified portfolio that includes many asset classes and investment styles. At SEI we can use its basic portfolio models or customize them to meet our clients' needs. Initially, we recommend changes in the client's investments, investment strategy, investment allocation, or financial plan, either verbally or in writing. We may give recommendations in connection with the review of a client's current investments or a client's expressed financial needs or objectives.
- 4. Rebalance or change the client's portfolio.** RIS uses its discretionary trading authority and Seasonal Strategy to make substantial rebalancing changes in clients' holdings, generally twice a year, to take advantage of patterns we have observed in financial markets. We also make other changes in clients' portfolios as market conditions, mutual fund characteristics or other factors warrant. For accounts at SEI, RIS may also take advantage of its automatic quarter rebalancing capability.
- 5. Review the performance of clients' investments.** We periodically review accounts in light of each client's stated financial goals, investment objectives, risk tolerance, other personal characteristics, and in the context of other investment portfolios under RIS's supervision. (See Item 13).
- 6. Report results.** RIS provides regular reports on the current status and performance of clients' holdings and benchmarks as provided in the Agreement. PAS and SEI provide separate reports showing holdings, cash flow, transactions and asset allocation and provide annual tax reports for taxable accounts. SEI also provides a separate report showing market value, cash flows, gains and losses, asset allocation and performance as it relates to market indices.

As of December 31, 2010, RIS had \$714,000,000 in assets under discretionary management and none under non-discretionary management.

#### **Asset Monitoring and Review**

RIS offers Asset Monitoring and Review services for clients' retirement accounts (including 401a, 401k, 457 and 403b accounts) maintained with the client's employer and/or held at independent custodians, including TIAA-CREF and Fidelity. RIS may recommend an initial asset allocation based upon the client's stated financial goals, investment objectives, risk tolerance, other personal characteristics, and other investment portfolios under RIS's supervision. We then periodically monitor and make changes to clients' assets in the frequency we deem appropriate, including using our Seasonal Strategy. We also provide account quarterly performance reports or arrange for the account's custodian to do so.

#### **Selection of Other Advisers**

RIS may refer its clients to various third-party advisers ("TPA's") for asset management services. All TPA's to whom RIS refers clients must be registered investment advisers with the U.S. Securities and Exchange Commission or the appropriate state authority(ies).

After gathering information about a client's financial situation and investment objectives, an IAR of RIS assists the client in selecting a particular third-party adviser/program. For initial manager search and evaluation and ongoing consulting services, we consider a number of factors in determining which TPA's to recommend to clients, including but not limited to performance, investment objectives, fees and methods of analysis. TPA's which RIS recommends may not achieve the best rate of returns or charge the lowest fees in comparison to other TPA's. RIS may bill a fee separate from that charged by the TPA's.

Clients will sign investment advisory agreements with the TPA of the program selected. The client or TPA, in accordance with the provisions of those agreements, may terminate the advisory relationship.

### **Retirement and Financial Planning**

(Not available in Illinois)

The scope of these services is defined in the financial planning agreement executed by a client in advance of the engagement. RIS provides most of these planning services on a one-time basis to address specific client needs.

The financial planning agreement may be terminated by either Party within five days of the date of acceptance without penalty to the client. After the five-day period, either party, upon receipt of written notice from the other, may terminate the agreement. In the event of termination, the client will be charged financial planning fees for the work completed by RIS.

### **Retirement Plan Consulting Services**

(Not available in Illinois)

RIS offers the following Retirement Plan Consulting Services:

RIS will conclude an agreement with a Plan sponsor to provide Retirement Plan Services to the client. We then meet with Plan Participants to discuss Plan features and benefits and to provide employee education. On an as needed and requested basis, We will meet with individual Participants and recommend an initial asset allocation for each Participant. Thereafter, upon request, we will meet with individual Participants to review their portfolio and recommend any changes to their asset allocation. RIS will not have any responsibility to implement any advice given to the Participants or to monitor the Participants' portfolios unless a Participant signs a separate advisory agreement to provide those services.

RIS may recommend that Qualified Plans utilize SEI for asset management services. In this case, RIS will act as a liaison between SEI and the Plan to provide certain administrative services. In addition, we will monitor the performance of SEI, on a periodic basis, and will make any recommendation to the Plan to retain or terminate the Plan's relationship with SEI.

The client agreement may be terminated by either party with five days of the date of acceptance without penalty to the client. After the five-day period, either party, upon receipt of written notice from the other, may terminate the agreement. In the event of termination, fees will be charged on a pro-rata basis.

These accounts are regulated under the Employee Retirement Income Securities Act (“ERISA”). RIS will provide consulting services to the Plan fiduciaries as described above. The Plan fiduciary must make the ultimate decision as to retaining the services of such investment advisers as RIS may recommend. The Plan fiduciary is free to seek independent advice about the appropriateness of any recommended services for the Plan.

## **Item 5 – Fees and Compensation**

**RIS is a “fee only” Registered Investment Adviser, and the following paragraphs describe our fees for the various services we provide to clients.**

### **Asset Management and Review Fees**

On an annualized basis, our fee for accounts custodied at PAS is:

1% of the account value up to \$1,000,000

0.8% of the account value between \$1,000,000 and \$2,000,000

0.6% of the account value of \$2,000,000.

The fee is subject to a \$1,000 minimum annual fee per family, which may be waived by RIS under certain circumstances.

### **Asset Monitoring and Review Fees**

On an annualized basis, our fee is:

0.65% of the account value up to \$1,000,000

0.40% of the account value between \$1,000,000 and \$2,000,000

0.25% of the account value over \$2,000,000.

### **Fee Calculations**

For both Asset Management and Asset Monitoring services, investment advisory fees are billed quarterly in arrears. The first payment is due the day after the end of the first calendar quarter in which the account is opened and is prorated for days services were provided. The fees are paid based on the average of the market value at the beginning and end of the calendar quarter of the assets.

For both Asset Management and Asset Monitoring services, fees may be negotiable and vary based on the size of the account, complexity of the portfolio, extent of activity in the account, or other reasons agreed upon by RIS and the client such as frequency of reviews or additional services provided.

For both Asset Management and Asset Monitoring, RIS may allow investments in accounts of members of the same household or family to be aggregated for purposes of meeting fee breakpoints. RIS may allow such aggregation, for example, where we service accounts on behalf of minor children of current clients, individual and joint accounts for a spouse, and other types of related accounts. In the event client withdraws more than \$50,000 of account assets, we reserve the right to charge the fees due RIS on the amount withdrawn on a time-weighted basis.

RIS may amend its fee upon 30 days advance notice to clients.

Clients may make payment of the Asset Monitoring and Review and Asset Management and Review fees directly to RIS, upon invoice. Clients may also provide written instruction to the qualified custodian authorizing the advisory fee to be deducted from the client account that is managed by RIS. RIS does not have authority to deduct advisory fees from client accounts without written consent by the client to the qualified custodian. Further, the qualified custodian delivers an account statement, at least quarterly, directly to the client, showing all transactions, including advisory fee deductions. Clients should not rely upon the custodian to verify the calculation or accuracy of investment advisory fees.

RIS will comply with all applicable laws and regulations relating to receiving fees by debiting a client's account directly with client authority.

The Agreement may be terminated by either a client or RIS within five days of the date of acceptance without penalty to the client. After the five-day period, either party, upon receipt of written notice from the other, may terminate the Agreement. In the event of termination, fees will be charged on a pro-rata basis based upon the number of days services were provided.

RIS may have arrangements with other professionals such as CPA's and attorneys whereby it will offer a discount on asset management fees to clients of those professionals who have been referred to RIS by such professionals.

#### **SEI Asset Management Program Fees**

RIS's fees for participation in the SEI Program and our Asset Management and Review service is 1% of the account value up to \$500,000 and 0.60% thereafter, or as otherwise negotiated. SEI Program fees may be paid directly by a client or may be debited from a client's accounts with authorization from the client. Fees are payable quarterly in arrears, based upon the market value of the client's account at the end of the billing period. Fees are net of any applicable account and performance reporting charges not charged to the customer. Either RIS or the client may terminate the agreement with SEI upon written notification. Prorated fees will be charged based on market value on the date notice is received. RIS may amend its fee upon 30-days advance notice to clients.

#### **Third Party Investment Adviser Fees**

Fees paid by the client to TPA's are established and payable in accordance with the Form ADV Part 2A disclosure document provided by each TPA to whom RIS refers its clients. These fees may or may not be negotiable. Clients who are referred to TPA's will receive full disclosure, including services to be provided and fee schedules, at the time of the referral. RIS or the TPA will deliver a copy of the relevant TPA's Form ADV Part 2A. We or the TPA will provide to each client all appropriate disclosure statements, including disclosure of solicitation fees to RIS.

#### **Retirement and Financial Planning Fees**

RIS provides retirement and financial planning for a fixed fee ranging from \$300 to \$1,000, depending upon the complexity of the plan. (In the alternative, RIS may charge hourly rates of \$150 for a Senior Planner, \$75 for an Associate Planner and \$50 for a clerical person. Such expenses shall be due and payable upon completion of the services rendered.)



### **Retirement Plan Consulting Fees**

On an annualized basis, the fee for Retirement Plan Consulting Services is one percent (1.0%) of account value of Participants' accounts.

Fees for accounts maintained at SEI are calculated at the end of each quarter based upon the account value of the Participants' accounts at the end of the quarter. If client terminates the agreement, RIS will charge pro-rated fees based on the account value on the date notice is received and the time since the last billing.

The first payment of investment advisory fees will be due the day after the end of the first calendar quarter in which this Agreement is executed and will be prorated for the first quarter's fees. The fees shall be paid based on the average of the account value at the beginning and end of the calendar quarter of the Participants' accounts' assets. SEI fees are billed quarterly in arrears.

Fees for this service will be deducted directly from Participants' accounts or will be paid by the Plan directly to RIS. The fees for this service are separate and apart from the fees charged by SEI or other third parties.

### **General Information on Advisory Fees**

RIS does not have custody of any client funds or securities. We use services of an independent qualified custodian for these asset management services.

The fees charged are calculated as described above, and we do not charge fees on the basis of a share of capital gains upon, or capital appreciation of, the funds, or any portion of the funds of an advisory client.

RIS does not represent, warranty, or imply that the services or methods of analysis used can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections.

RIS's fees for services may be higher or lower than charged by other advisers.

Advice offered by RIS may involve investments in mutual funds. All fees paid to us for investment advisory services are separate and distinct from the fees and expenses charged internally by mutual funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. Further, there may be transaction charges involved with purchasing or selling of securities. We do not share in any portion of the brokerage fees/transaction charges imposed by the custodian holding the client funds or securities. The client should review all fees charged by mutual funds, RIS and others to fully understand the total amount of fees to be paid by the client.

There is a conflict between the interest of RIS and the interests of the client. Further, the client is under no obligation to act upon our recommendations, and if the client elects to act on any of the recommendations, the client is under no obligation to effect the transactions through RIS. Clients are hereby advised that lower fees for comparable services may be available.

Advisory fees payable to RIS do not include all the fees you will pay when we purchase or sell securities for your account(s). Commissions on transactions and other account fees will also be charged by brokerage firms in accordance with the account's brokerage firm's normal commission schedule. In some cases RIS may negotiate reduced fees with brokerage firms.

In addition, RIS does not have or employ any “employee” that receives any compensation from the sale of securities or investments that are purchased, sold or recommended for your account. As a result, we are a “fee only” investment adviser.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

RIS does not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance based fees). Our advisory fee compensation is charged only as disclosed in Item 3.

## **Item 7 – Types of Clients**

RIS provides services to a number of clients:

- ♦ Individuals, including high net worth individuals
- ♦ Trusts, estates and charitable organizations
- ♦ Pension and profit sharing plans
- ♦ Corporations or other business entities
- ♦ Not for profit entities
- ♦ Among others.

RIS has a minimum annual fee of \$1,000 per family or individual client, which can be waived.

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

### **Methods of Analysis:**

Depending upon where the client's assets are custodied, RIS primarily utilizes no-load mutual funds and ETF's (Exchange Traded Funds) to implement investment strategies; however, we may use other investment vehicles in certain circumstances. All strategies, investment decisions and investment vehicles involve some level of risk and losses can occur by using any investment strategy, including those strategies used by RIS.

RIS utilizes numerous analytical tools and data sources to analyze the economic environment and investment alternatives. A few of these data sources include Bloomberg, Morningstar and Ibbotson Associates, and economic and market commentary and analysis provided by various industry sources. We analyze historical data, market trends, correlation between investments, and assessment of risk/reward potential to identify and determine investment strategies, vehicles and decisions.

### **Investment Strategies:**

RIS employs investment strategies in client portfolios, and the use of specific strategies depends on each client's unique objectives and circumstances. Diversification (mixing a variety of investments within a family portfolio) is an investment strategy that is frequently used as a risk management technique. We may use other strategies and investment vehicles to meet specific client objectives, such as cash flow or income needs, tax situation, retirement status, or risk tolerance.

RIS employs several active management strategies in client accounts. While the types of active management vary, the primary goals are to:

- Try to preserve principal in intermediate-term down markets by moving to a more defensive position;
- Adjust a portfolio's exposure to stock or bond markets in response to the perceived risk of the market; or
- Invest opportunistically in rising segments of the market while trying to avoid those losing value or showing little current potential for gain.

Examples of active management strategies used by RIS include the Seasonal Strategy and the Tactical Investment Strategies. The implementation of active management strategies may change based on market or economic conditions. In the Seasonal Strategy, RIS conducts a formal review of investments used in this strategy as RIS deems necessary. This may result in portfolio allocation or investment changes being made at RIS' discretion. Based upon analysis of investment cycles and business cycles, RIS may vary the mix of investments between growth and value, large and small, U.S. and international companies and vary the mix of various bond categories.

In the Tactical Investment Strategies, RIS may trade as frequently as determined by each underlying strategy. The goal of active management is to reduce risk at times when circumstances are less favorable to certain investments. However, active management could

increase risk in some environments or with certain investment decisions or vehicles. Risk of loss exists in all strategies utilized by RIS.

**Risk of Loss:**

There may be loss or depreciation of the value of any investment due to the fluctuation of market values and the recommendations or advice given. Investments we manage are subject to various market, currency, inflationary, economic, political, business and other risks, and RIS does not guarantee the future performance or the success of any recommendation. Losses can occur by using any investment strategy, including strategies employed by RIS.

**Item 9 – Disciplinary Information**

RIS does not have any legal, financial or other “disciplinary” item to report regarding itself or any of its representatives or other related persons.

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

Pershing Advisor Solutions (PAS), SEI, Fidelity and TIAA-CREF (collectively “Service Providers”) provide RIS with a range of services and other benefits to help it conduct its business. For instance, Service Providers may pay for or provide RIS with technology to service client accounts and streamline its operations. For example, RIS may use software for order entry and client reporting purposes. Other services may include a proprietary integrated analysis, trading and reporting systems that allow RIS to communicate electronically with Service Providers. Service Providers may also offer investment research to help us make well-informed investment decisions for accounts. Trained representatives are available at their firms to provide administrative support to RIS. They may assist RIS in joining their services, and this may include providing or paying for clerical staff to assist, paying account transfer fees or other charges clients may otherwise have to pay when changing custodians or Service Providers.

These and other services that Service Providers furnish provide benefits to RIS and may be made available at no fee or at a discounted fee. The provision of these services and other benefits to RIS may be based on our clients placing a certain amount of assets in accounts with certain Service Providers within a certain period of time. We may be influenced by these benefits in recommending or requiring that clients establish accounts with these firms. Service Providers and RIS may agree to pricing (including transaction, account and services fees) for RIS client accounts based on the nature and scope of RIS’ business with these firms. That may include the current and future expected amount of RIS client assets in custody, the types of securities managed and expected frequency of trading in client accounts. Service Providers may change their pricing and the services and other benefits they provide if the nature of RIS’ business with these firms changes or does not reach certain levels. In that case, pricing for RIS’ client accounts may increase, but not to exceed standing pricing for advisers that custody client accounts with them.

For these reasons, RIS may have a conflict of interest when recommending Service Providers because use of other firms could result in higher operating costs. For information about the programs and incentives available to RIS in managing accounts through Service Providers, clients may contact us directly.

As part of their fiduciary duty, RIS and its IAR's endeavor at all times to put the interest of the client first. Clients should be aware that receipt of additional compensation itself creates a potential conflict of interest.

## **Item 11 – Code of Ethics**

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

From time to time, persons associated with RIS may buy or sell securities that are recommended to its clients or securities in which its clients are invested. It is the policy of RIS that no access person may execute a transaction for a security unless the transaction occurs after the clients' trade and approval has been obtained in advance or the transaction is part of a block transaction predetermined to be suitable for all clients within the block. The term "security" does not include shares of mutual funds, direct obligations of the Government of the United States, bankers' acceptances, bank certificates of deposit, commercial paper or high quality short term debt instruments.

### **Code of Ethics**

RIS has adopted a Code of Ethics, the full text of which is available to clients and potential clients upon request. RIS strives to comply with all applicable laws and regulations governing its practices and has adopted, in its entirety, the code of Professional Practices adopted by the CFA Board. Therefore, we have set forth guidelines for professional standards of conduct for our IARs, the goal of which is to protect client interests at all times and to demonstrate its commitment to its fiduciary duties of honesty, good faith, and fair dealing with clients. All associated persons are expected to adhere strictly to these guidelines. Our Code of Ethics requires that all employees submit personal securities transactions and holdings reports to RIS which will be reviewed by a qualified representative of RIS on a periodic basis. Associated persons are also required to report any violations of RIS's Code of Ethics. In addition, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about clients or their account holdings by RIS or any associated person.

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

## **Item 12 – Brokerage Practices**

RIS is a "fee only" investment adviser and does not engage in commission-based securities transactions. We are therefore not involved with brokerage practices such as:

- ♦ Directed brokerage
- ♦ Principal trading
- ♦ Cross transactions
- ♦ Research or other soft dollar benefits
- ♦ Brokerage for client referrals

There are two RIS brokerage practices that we need to disclose, and they are shown below:

### **Aggregation of Orders**

RIS may aggregate orders with respect to a security in various client accounts, particularly when executing trades for our Tactical Investment Strategies. When orders are aggregated, each participating account receives the average share price for the transaction and bears a proportionate share of all transaction costs, based upon each account's participation in the transaction. This is subject to RIS's discretion depending on factual or market conditions. Clients participating in block trading may include proprietary or related accounts. Such accounts are treated as client accounts and are not given preferential or inferior treatment versus other client accounts. Allocations of orders among client accounts must be made in a fair and equitable manner.

Clients are hereby advised that in the event orders are not aggregated, clients may receive different prices for the same securities transactions, may not be able to buy and sell the same quantities of securities and may be charged higher transaction fees than if orders were aggregated.

### **Suggestion of Broker-Dealers**

RIS will recommend that a client in need of brokerage and custodial services utilize PAS, TIAA-CREF, Fidelity, and SEI among others.

RIS believes that PAS and other recommended broker-dealers provide the best services at competitive rates. While RIS believes that broker-dealers we recommend provide best execution, the fees charged by PAS and other recommended custodians may be higher or lower than those charged by other broker-dealers. In determining whether PAS and other broker-dealers RIS recommends provide best execution, we consider factors that we deem relevant, including, among others, the value of research provided, reputation, execution capability, fees, responsiveness and the quality of service rendered.

Best execution is not measured solely by reference to fees charged. Paying a broker a higher fee than another broker might charge is permissible if the difference in cost is reasonably justified by the quality of the brokerage services offered.

## **Item 13 – Review of Accounts**

RIS conducts a regular review of our clients' accounts in the process of preparing its quarterly performance reports. One of our IAR's reviews each quarterly report and if changes are warranted they will be made.

In general, RIS conducts a thorough review of clients' accounts twice a year when we execute our Seasonal Strategy. Each IAR is assigned a number of client accounts which they review in detail to identify funds or securities that are to be bought or sold to achieve the desired account balance. We make these decisions after RIS' Investment Committee has agreed upon guidelines that reflect the outlook for financial markets over approximately the next six months. IARs make changes according to the Investment Policy Statement for each client.

In addition to these regular reviews, RIS uses Tactical Investment Strategies for a selected number of clients that require continuous monitoring of financial markets and quick buy or sell actions with specific securities when indicated.

RIS' Investment Committee meets as circumstances require, normally monthly, to review general market conditions as well as specific investment vehicles that might be placed or replaced in clients' accounts. We also periodically review the mutual funds and other investments that are included in RIS' "preferred list" to ensure that they are still appropriate.

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

### **Compensation for Client Referrals**

RIS may enter into agreements whereby it compensates firms or Independent Associates for referring clients to RIS. All such agreements will comply with the requirements set forth in Rule 206(4)-3 of the Investment Advisers Act of 1940, and/or applicable state statutes, to the extent they apply. Under these arrangements, the client does not pay higher fees than RIS's normal/typical advisory fees.

## **Item 15 – Custody**

RIS does not take custody of client funds or securities. These safekeeping services are typically provided to managed accounts only by the brokerage firm processing the securities transactions ordered by RIS.

To the extent a client receives any account or other investment ownership statement from RIS, RIS recommends the client carefully compare the information in the report to that in the custodian's statements.

## **Item 16 – Investment Discretion**

### **Investment or Brokerage Discretion**

The client grants RIS as agent and attorney-in-fact with discretionary authority to supervise and direct investments of and for clients' account(s) by the IAR from time to time in accordance with an executed client agreement. Such discretionary authorization shall only confer upon RIS the right to execute transactions in the client's account solely for the purposes of rebalancing or

modifying the asset allocation of client's account within specified guidelines/percentages as stated in client's Investment Policy Statement (IPS). In addition, such discretionary authority may be exercised to satisfy the payment of RIS's advisory fees in the event there is insufficient cash in the client's account to satisfy the payment of such fees.

### **Item 17 – Voting *Client* Securities (i.e., Proxy Voting)**

RIS will not take any action or render any advice with respect to voting of proxies solicited by, or with respect to, the issuers of securities in which client assets may be invested. Although, on rare occasions and only at the client's request, RIS may offer clients advice regarding corporate actions and the exercise of proxy voting rights. All proxy related materials received directly by RIS will be forwarded to the client for direct action.

### **Item 18 – Financial Information**

RIS does not require or solicit pre-payment of \$1,200 or more in fees per client six or more months in advance, thus no financial statement for RIS is attached. RIS does not have any financial conditions that are reasonably likely to impair its ability to meet its contracted commitment to any client.