



## **Cobb Retirement Solutions, LLC**

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This brochure provides information about the qualifications and business practices of Cobb Retirement Solutions, LLC. If you have any questions about the contents of this brochure, please contact us at (713) 660-9605 and/or mcobb@cobb-retirement.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.

Additional information about Cobb Retirement Solutions, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Material Changes**

Because much of the information in this Part 2A of Form ADV is additional information not previously provided in our Part II of Form ADV, we recommend that you read this Part 2A of Form ADV in its entirety.

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## ADVISORY BUSINESS

### Advisory Firm Description

Cobb Retirement Solutions, LLC ("CRS" or the "Firm") has been in business since June 2003. The principal owner is Marshall Cobb.

### Types of Advisory Services

CRS provides consulting services to qualified retirement plans and financial planning to retirement plan participants. The Firm also provides qualified retirement plan analysis services.

#### Consulting Services for Qualified Retirement Plans:

The Firm helps each client design and implement 401(k), profit sharing, defined benefit plans and non-qualified plans which will benefit both the employer and its employees. The Firm does not offer recordkeeping services or proprietary investments, nor does it accept compensation from any service provider or investment manager. Instead, the Firm offers its clients unbiased expertise and research regarding current or potential service providers and investment products.

The Firm works with its clients to attain three goals:

- Identify ALL plan-related fees.
- Reduce the workload of internal staff.
- Develop the most effective qualified plan for the clients' employees.

The Firm accomplishes these goals by providing assistance to its clients in each of the following areas:

- **Request for Proposal (RFP)**
  - Search for new record keepers and investment managers.
- **Investment Oversight**
  - Provide detailed analysis based on the client's investment policy statement guidelines.
- **Fiduciary Oversight**
  - Provide prudent, reasonable, and impartial information, endeavoring to create a paper trail for our clients.
- **Education and Enrollment**
  - Create and deliver presentations/workshops and conduct one-on-one consultations with employees.
- **Vendor Oversight**
  - Proactively monitor fees, administration and performance.
- **Administrative Support**

- Coordinate with the clients' auditors, attorneys and internal staff, providing assistance with discrimination testing, payroll and plan document issues. (The Firm does not provide legal or accounting advice.)

When a client has a plan in place, the Firm's first step is to evaluate the client's plan. CRS accomplishes this by reviewing the following documents:

- Vendor contract(s) and 12 months of invoices
- Adoption agreement and summary plan description
- Enrollment kit
- Discrimination testing results
- Most recent Form 5500 filing
- Plan level investment balances
- Actuarial valuation (defined benefit plans)
- Investment policy statement
- Minutes from the last investment/committee meeting
- A list of all office locations, including the number of employees at each location.

CRS provides investment analysis and advice in order to assist plan fiduciaries in their decision-making processes. The Firm is a fiduciary with regard to the information it provides but does not act as a fiduciary of the plan itself, unless an additional agreement is specifically executed to that effect.

The Firm will only act as a fiduciary if the following criteria are met:

- Mr. Cobb is given an actual vote on the client's investment committee.
- Mr. Cobb is provided with all non-public corporate information that may have an impact on the plan.
- The Firm receives an annual fee for fiduciary services based on plan assets. Please see "Fee" section below.

(To date, the Firm has not been selected as a plan fiduciary.)

*Financial Planning Services for Retirement Plan Participants:*

Additionally, the Firm may provide basic investment education to the employees covered by the plan. This is not specific investment advice geared to an individual's objectives. Each plan participant retains sole responsibility for the selection of his or her investments within the plan.

Investment education covers a broad array of topics and usually includes: investment types, retirement planning, estate planning, higher education costs, mortgages, and asset allocation. Group meetings of employees may be held based on the client's wishes and according to the Agreement in place with the Firm. The Firm's basic investment education component of a client's qualified plan allows for a 30-minute consultation on a one-on-one basis.

### Qualified Retirement Planning Analysis:

Approximately 5% of the Firm's time is spent providing general consulting and support services not directly tied to investment analysis. These services typically include:

- Analyzing and coordinating payroll processing links between the client and their retirement vendor
- Analyzing census data and participant information
- Aiding in the analysis of discrimination testing results
- Providing support for plan conversion
- Surveying employees to determine the level of understanding they have of their benefits

### **Tailored Advisory Services**

On rare occasions, plan participants seek specific recommendations for assets not connected with the client's qualified plan. In these instances participants will be asked to review and sign a Financial Planning Agreement with the Firm. The Firm will then undertake a full review of the participant's personal financial information and provide specific recommendations. These recommendations are discussed between the Firm and the participant and may be implemented at the participant's sole discretion, with the corresponding professional adviser, i.e., broker, accountant, attorney, etc., of the participant's choosing.

In special situations, the Firm may agree to provide investment supervisory or monitoring services for a participant's non-plan assets.

### **Client Assets Under Management**

At December 31, 2010, the Firm had \$2.1 billion of non-discretionary assets under management.

## **FEES AND COMPENSATION**

### Fees for Consulting Services for Qualified Retirement Plans:

Fees for such consulting services for retirement plans range from 0.10% to 0.50% of plan assets per year. The fee is set on a client-by-client basis and is determined by the size and complexity of the client's account, on whether the client also requires financial planning services and the level of communication with the Firm desired by the client throughout the year. Fees are negotiable; therefore, clients receiving the same service from the Firm may be paying different fees. Fees may be billed at a lesser amount or sliding scale once plan assets meet a certain amount. Each client's Agreement clearly defines the fee structure for its plan.

Fees are billed quarterly in arrears and are based on plan assets as reported by the custodian at market close of the last day of the prior quarter. Each vendor/custodian offers internet access to the plan level balances and the Firm prints a report at each quarter-end from each vendor's system. There is no minimum quarterly fee.

Fees are sent directly from the client to the Firm and are due to the Firm within 20 business days. Alternately, fees can be charged directly against plan assets upon written approval and direction by the client. It is the client's responsibility to notify the Firm immediately if there is any question or concern regarding fees deducted from the plan.

If the Firm is acting as a fiduciary for a plan, the annual fee for fiduciary services based on plan assets is negotiated on a plan-by-plan basis, but should range between \$50,000 and \$100,000/year. (To date, the Firm has not been selected as a plan fiduciary.)

*Fees for Financial Planning Services for Retirement Plan Participants:*

The Firm charges an hourly fee of \$200 for this review and consultation, which is due immediately upon receipt of the service.

*Fees for Qualified Retirement Planning Analysis:*

Mr. Cobb's services are billed at \$200 per hour, Mr. Ferrari's services are billed at \$150 per hour, Mr. Matejka's services are billed at \$150 per hour and Andrew Fugett administrative services are billed at \$75 per hour.

**Termination**

Both parties to the Financial Planning or Retirement Plan Consultation Agreement may terminate this relationship immediately upon receipt of written notice. Clients terminating within five (5) business days of executing the Agreement will not be charged any fees or penalties. Client agrees to remit any fees due the Firm immediately upon termination.

**PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

This section does not apply to CRS.

**TYPES OF CLIENTS**

CRS provides investment advisory services to:

- Pension and profit sharing plans
- Trusts, estates or charitable organizations
- Corporations and other businesses

The Firm has a preferred minimum account size of \$1,000,000 for the qualified retirement plans it services. This minimum may be reached by aggregating plans. However, there may be occasions when the Firm accepts smaller accounts, which is determined on a case-by-case basis. Services for smaller accounts are typically billed on an hourly basis at \$200 per hour. Minimum account size for accounts the Firm manages directly is \$100,000, but is negotiable.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

The Firm believes that proper asset allocation is the primary driver for a successful long-term return. This is particularly important for qualified retirement plans where duplication in investment offerings has the potential to overexpose participants to one particular category, increasing risk due to the unintentional concentration in one sector, class or industry. Moreover, the mutual funds and other similar products utilized in 401(k) and profit-sharing plans have the tendency to “drift” from one “style” or category to another over time.

With this emphasis on asset allocation in mind, the Firm’s analysis of a client’s qualified plan begins with a review of the current investment policy statement (IPS) and the minutes from the client’s committee meetings for the past two years. The Firm reviews the actual investment menu available to participants over the two-year period against the stated screening factors (management tenure, information ratio, R2, etc.) in the IPS to determine if any inconsistencies or gaps exist. These findings are presented to the client for the initial discussion.

If needed, the Firm provides the committee with additional screening factors for consideration and/or implementation. Only those factors for which there is 100% agreement are then placed into the revised investment policy statement.

Additionally, the Firm researches all explicit costs and “soft-dollar” revenue-sharing arrangements associated with the plan’s investments to ensure that the client fully understands the cost structure of the plan. Once the IPS is updated with all approved screening factors and the costs and revenues have been identified, the Firm will present the client with a full review of each of the investments currently offered under the plan. When appropriate, alternate investment options will be presented to the client as potential replacements for an existing option.

In practice, the Firm has found that clients and their committees prefer simple, clear factors by which to judge their plan’s investments. Therefore, in addition to any other criteria dictated by the IPS, the Firm typically encourages clients utilizing mutual funds or collective investment trusts to place an emphasis on the following attributes:

- Management tenure of at least three years
- Returns consistent with the market benchmark
- Returns in top half of the peer group
- Quantifiable style consistency
- Indexed/passive approaches as a complement to actively managed funds
- Funds with less-than-average risk
- Coverage of the major asset categories with little to no redundancy
- Fully disclosed costs that are in line with the committee’s expectations and are explained to the plan participants

The Firm utilizes Morningstar Principia and Zephyr Style Advisor as the main analysis and presentation tools. Additional research information is gathered directly from the investment managers and through various financial publications.



Currently, the Firm does not perform suitability or performance analysis for plan sponsors on individual stocks and bonds (this includes company stock of the firm that sponsors the plan as well as any positions within brokerage accounts linked to the plan). While all current and past clients of the Firm retain sole responsibility for the inclusion of their own company stock within their plan, the Firm may be hired as an independent fiduciary to oversee the performance and suitability of company stock. This service would require separate fee and service agreements detailing the breadth and scope of the analysis. To date the Firm has not been retained in this capacity. It is anticipated that the fee for this service would be in excess of \$100,000 on an annual basis -- primarily to cover the potential liability to the Firm.

On a regular basis the underlying assets of mutual funds, collective investment trusts (CITs) and group variable annuities (all products regularly reviewed by the Firm) may be discussed as part of the ongoing analysis. The discussion of these underlying stock and bond positions is not a recommendation regarding that particular issue and is provided simply to add depth to the analysis of the fund, CIT or group annuity product.

CRS does not guarantee the future performance of the plan or any specific level of performance, or the success of any investment decision or strategy that the plan may use. The client understands that investment decisions made for the plan are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable. The client understands that investing in any security entails risk of loss.

#### **DISCIPLINARY INFORMATION**

There have been no disciplinary actions against CRS or its owners.

#### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Approximately 5% of the Firm's time is spent providing general consulting and support services not directly tied to investment analysis. These services typically include:

- Analyzing and coordinating payroll processing links between the client and their retirement vendor
- Analyzing census data and participant information
- Aiding in the analysis of discrimination testing results
- Providing support for plan conversion
- Surveying employees to determine the level of understanding they have of their benefits

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

##### **Code of Ethics**

CRS has adopted a Code of Ethics which describes the general standards of conduct that the Firm expects of all Firm personnel (collectively referred to as "employees") and

focuses on three specific areas where employee conduct has the potential to adversely affect the client:

- Misuse of nonpublic information
- Personal securities trading
- Outside business activities

Failure to uphold the Code of Ethics may result in disciplinary sanctions, including termination with the Firm. Any client or prospective client may request a copy of the Firm's Code of Ethics which will be provided at no cost.

The following basic principles guide all aspects of the Firm's business and represent the minimum requirements to which the Firm expects employees to adhere:

- Clients' interests come before employees' personal interests and before the Firm's interests.
- The Firm must fully disclose all material facts about conflicts of interest of which it is aware between itself and clients as well as between Firm employees and clients.
- Employees must operate on the Firm's behalf and on their own behalf consistently with the Firm's disclosures and to manage the impacts of those conflicts.
- The Firm and its employees must not take inappropriate advantage of their positions of trust with or responsibility to clients.
- The Firm and its employees must always comply with all applicable securities laws.

#### *Misuse of Nonpublic Information*

The Code of Ethics contains a policy against the use of nonpublic information in conducting business for the Firm. Employees may not convey nonpublic information nor depend upon it in placing personal securities trades.

#### *Personal Securities Trading*

The Firm currently does not trade for any of its client's accounts. However, on occasion Mr. Cobb or individuals associated with the Firm may own some of the same funds held by the plans, and may or may not own securities it has or will have recommended to individual clients. Employees may not trade in securities of firms which have been or are prospective clients. The purchase of IPOs and private placements are allowed only with prior permission from Mr. Cobb, the Firm's Chief Compliance Officer.

An employee is not required to submit a separate report of quarterly transactions if CRS is in receipt of that employee's brokerage statements or trade confirmations within 30 days following quarter-end (whether provided directly by the broker-dealer or the employee) and those statements or confirms provide all required information.

Employees are not required to report on the quarterly transaction report transactions affected through an automatic investment plan so long as the investment allocation was determined in advance of the actual trade. Any transaction that overrides the pre-set schedule or allocations of the plan must be reported as described.

Employees are required to submit reports of securities holdings annually. These are reviewed by the Chief Compliance Officer to ensure compliance with the Firm's policies.

#### *Outside Business Activities*

Employees are required to report any outside business activities generating revenue. If any are deemed to be in conflict with clients, such conflicts will be fully disclosed or the employee will be directed to cease this activity.

## **BROKERAGE PRACTICES**

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

CRS has no formal or informal soft dollar relationships, where commissions generated by client transactions are used to purchase research or other services that might benefit all clients of the firm. CRS has access to industry information, newsletters, seminars, and conferences through various vendors but without paying soft dollars for these information sources.

### **Brokerage for Client Referrals**

The Firm does not receive referrals from a broker/dealer or third party providing service to CRS.

### **Directed Brokerage**

Clients do not direct brokerage since the Firm currently does not trade for any of its client's accounts.

### **Order Aggregation**

CRS does not aggregate orders since the Firm currently does not trade for any of its client's accounts.

## **REVIEW OF ACCOUNTS**

For the Retirement Plan Consulting clients, the Firm provides written reports to their clients at least semi-annually. The frequency of the reporting is determined by the Investment Policy Statement, which is created by the client at the onset of the relationship between the Firm and the client.

These reports are presented by the Firm and contain information regarding performance, investment style, e.g., growth, value, etc., corresponding statistics and benchmarks. The Firm uses Morningstar Principia and Zephyr Style Advisor for the presentation and analysis tools. The Firm does not calculate any performance numbers. The client may receive additional statements from the Plan Provider.

The Firm may review the plan portfolio upon triggering factors that are defined in the Investment Policy Statement. These triggering factors are usually the following:

- Performance versus benchmark/peer group
- Standard deviation versus benchmark/peer group
- R2 greater than 80
- Style adherence
- Competitive fees
- Three-year track record

Mr. Cobb, President and Chief Compliance Officer, Mr. Ferrari, Investment Advisor Representative, and Mr. Matejka, Investment Advisor Representative, are the only individuals of the Firm who conduct these reviews.

The Firm acts as a liaison between clients and their corresponding broker and/or custodian; thus clients of the Firm's Financial Planning Service receive reports directly from their corresponding broker and/or custodian.

#### **CLIENT REFERRALS AND OTHER COMPENSATION**

CRS does not utilize nor compensate third parties for client referrals. The Firm does not receive additional compensation beyond those activities disclosed within this brochure.

#### **CUSTODY**

Custody is defined as having any access to client funds or securities. This limited access is monitored by the client through receipt of account statements directly from the custodian. CRS has no other access to funds.

#### **INVESTMENT DISCRETION**

CRS only manages nondiscretionary accounts. Nondiscretionary accounts are managed for clients not willing or unable to provide limited power of attorney to CRS.

#### **VOTING CLIENT SECURITIES**

CRS does not vote client securities for its clients. Clients receive proxy material directly from their account custodian by either email or U.S. mail. Clients may address questions concerning a proxy matter to Firm personnel.

#### **FINANCIAL INFORMATION**

CRS is not required to provide financial information.