



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

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

June 27, 2017

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 818.325.3000. 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 June 27, 2017**

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.

Material changes from kPlans’ brochure dated March 31, 2017:

### ***Cover Page***

We have changed the name of the firm to kPlans Investment Services, Inc.

### ***Item 10 and Item 14***

kPlans no longer has a related third party administrator firm. Dan Kravitz sold his interest in Kravitz Inc. to Ascensus Consulting, LLC (“Ascensus”), which provides actuarial and consulting advice on the design and administration of retirement plans. Ascensus is not affiliated with kPlans, but Dan Kravitz and other kPlans personnel are employed by Ascensus. As a result of his employment with Ascensus, Dan Kravitz will continue to be Chairman and a strategic owner of kPlans, but will not be President or responsible for day-to-day management of the firm. In addition, Dan Kravitz is no longer a co-portfolio manager of the Payden/Kravitz Fund. kPlans has a marketing agreement in place with Ascensus, under which Steve Sansone will refer clients to Ascensus in the course of his speaking and advisory activities.

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## ITEM 4 - ADVISORY BUSINESS

### Description of Advisory Firm

kPlans Investment Services, Inc. (“kPlans,” “we,” “our” or “us”) is a privately owned corporation headquartered in Encino, 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 investment advisory services to 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 designed exclusively for Cash Balance Plans. In 2015, kPlans created three risk based investment strategies, using a multi-manager focus, and partnered with Reliance Trust Company to launch the Reliance Trust Cash Balance Collective Trust Series. kPlans serves as the sub-adviser to these investment strategies.

### Advisory Services Offered

#### Consulting Services

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

We use our independence and objectivity as an Advisor to help plan clients find an appropriate Recordkeeper for the plan. We help confirm that the Recordkeeper’s pricing, investment offerings, plan features and services are competitive and reasonable in light of the services being rendered. kPlans works with plan fiduciaries to implement an investment selection and monitoring process, which includes an investment policy statement and a quarterly monitoring and reporting process.

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

#### Investment Oversight

ERISA (Employee Retirement and Income Security Act) imposes high standards of fiduciary duty upon those responsible for administering a retirement plan and investing its assets. ERISA requires that plan fiduciaries establish a prudent investment selection and monitoring process for their retirement plans. Once accomplished, plan fiduciaries need to construct an investment menu that allows participants the opportunity to create portfolios that are appropriate to their goals and objectives. kPlans offers investment advisory services to participant directed and non-participant directed retirement plans and their plan sponsors.

For participant directed retirement plans, kPlans will recommend a range of investment options, generally in mutual funds and/or separate accounts managed by third party portfolio managers specializing in a specified asset class, to be made available to participants in the plan. When recommending separate accounts, we suggest that our clients consider several vendors. The named fiduciaries of the retirement plan are responsible for reviewing and approving these options. For non-participant trustee directed retirement plan clients, kPlans will recommend the investment options to the named fiduciaries of the retirement plan. kPlans offers quarterly monitoring of investment performance, unless a plan client agrees to an alternate protocol.

kPlans' recommendations are based on the investment strategy discussed below under **Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss**. All recommendations we make will be in accordance with the plan's written investment guidelines and any legal and/or client restrictions. kPlans may assist the plan client with the preparation of a written investment policy statement that is based upon the plan's specific goals and objectives. All plan clients are responsible for informing kPlans of any changes to their investment policy statement, guidelines and any restrictions.

kPlans may also offer portfolio construction and/or educational services for participants of retirement plans. All services provided will be outlined in the written investment services agreement executed with each plan client.

kPlans' recommendations will primarily include mutual funds and may include separate accounts, depending on the options available through the plan vendor. We describe the material investment risks for the types of securities that we recommend under the heading **Specific Security Risks** in **Item 8** below.

We discuss the extent of our discretionary authority below under **Item 16 - Investment Discretion**.

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

#### Collective Investment Trust (CITs)

kPlans is the Sub-Advisor of three collective investment trust funds:

- Reliance Trust Ultra Conservative Cash Balance Plan Fund
- Reliance Trust Conservative Cash Balance Plan Fund
- Reliance Trust Moderate Cash Balance Plan Fund

Reliance Trust is the trustee and kPlans is the Sub-Advisor for the CITs, managing each of the funds utilizing a strategic 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 qualified retirement plans. For certain bundled plan structures, kPlans is limited to those investment providers and investment options chosen by the plan administrator. 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. Similarly, when kPlans is providing services to retirement accounts in a group annuity structure through an Insurance Company Recordkeeper, kPlans is limited to those investment options made available by the insurance company. No such limitations exist in an open architecture plan structure.

If desired, kPlans' services may include conducting a Recordkeeper search, providing information for the plan sponsor to compare the current vendor with other vendors.

### **Wrap Fee Programs**

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

### **Assets Under Management**

kPlans provides continuous and regular investment supervisory services to plan clients. As of 12/31/2016, the amount of assets under our management was:

Discretionary Assets	\$ 45,825,213
<u>Non-Discretionary Assets</u>	<u>\$ 261,914,283</u>
Total Assets	\$ 307,739,496

## **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

kPlans will generally charge an annual asset based fee of up to 1.00% per annum of the value of assets in the plan, payable quarterly in arrears, subject to a minimum annual fee ranging from \$2,500 to \$10,000. 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.

kPlans may also charge an hourly rate ranging from \$100 to \$300 per hour (or a per diem fee) for investment education meetings with retirement plan participants when this service is not included in the annual fee structure of the previous paragraph. kPlans charges either a fixed dollar amount or an hourly rate (ranging from \$200 to \$400 per hour) for consulting services in connection with special projects, such as conducting a full scope Vendor search for a Client. 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.

### Collective Investment Trust

Participating plans investing in the Trust will pay trustee fees, management fees and plan expenses. Each participant in the various classes of the Trust will pay a management fee of either 0.25% or 0.35% to kPlans on an annual basis depending on the fund share class. 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 management 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.

## **Payment Terms**

Plan clients typically provide written authorization to the plan's record keeper to pay kPlans' fees per the agreement in place with the plan. Alternatively, plan clients may be invoiced for fees due. 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. It is often possible to use plan assets to pay some of a plan's expenses. However, certain requirements must be met and there are some expenses that cannot be



paid with plan assets. To avoid problems, plan clients should contact us or legal counsel before using plan assets to pay expenses.

In some cases, kPlans provides advisory services to plans in a group annuity structure. In such cases, kPlans, as a licensed insurance agency, may receive our advisory fees in the form of group annuity asset based commissions. Any commissions or other payments we receive in excess of kPlans fees will be returned to the plan client and applied pursuant the terms of the plan. See **Item 10 – Other Financial Industry Activities and Affiliations** below for a description of fee sharing arrangements we currently have in place.

## **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 plans. 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 retirement plans, including profit sharing plans, defined benefit plans, and cash balance plans, and to collective investment trust funds. As part of our services to the plan, we may also provide education to individual plan participants.

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

### Methods of Analysis and Investment Strategies

kPlans seeks to help qualified retirement plans in developing a prudent investment decision making process. 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
- Provide for services to assist the participants in making investment decisions.

Then, kPlans can assist the plan in implementing the investment process. We make recommendations regarding the investments or investments options to be included in the plan, in accordance with the plan’s written investment guidelines and any legal and/or plan restrictions. kPlans offers ongoing investment monitoring services, providing quarterly analysis reports that evaluate the investment options within the plan based on the factors and methodology adopted by the plan sponsor.

### Methods of Analysis for Selecting Securities

The plan client’s IPS will outline the investment selection and monitoring process adopted by the plan. kPlans assists plans by making recommendations of specific mutual fund investments for the plan or options for the plan to make available to participants consistent with the IPS. Criteria we use to evaluate funds may include time horizons, tenure of manager, size of fund, performance history, and risk analysis.

In addition, the IPS will identify an ongoing monitoring process to periodically review and confirm that the selection process and its criteria continue to be satisfied and that an investment option continues to be suitable and appropriate for the participants in the plan. kPlans reviews mutual funds on a regular basis to determine if they continue to meet the investment criteria identified. Funds that fail to adhere to these criteria may be placed onto a Watch List for further review or potential future termination. There are a variety of reasons that a fund may be placed onto the Watch List, including poor

performance, high risk levels, concentration issues, style drift, manager turnover, stewardship issues, and high fees.

## **Collective Investment Trust**

kPlans manages risk-based funds that seek to maximize returns for a given level of risk. Within the context of these objectives (Moderate, Conservative, Ultra Conservative), clients may select a fund that focuses on the issue of balancing return and market risk. Each fund is a “fund of funds” and will invest exclusively in a portfolio of mutual funds designed to provide broad diversification with a multi-manager mandate combining both absolute and relative return styles of management.

Selection criteria for investment selection within the collective funds may include, but are not limited to:

1. Style of management – absolute or relative
2. Style consistency within its respective asset class
3. Management tenure or manager expertise
4. Performance related criteria over various time frames either for the strategy in question or the manager’s tenure
5. Brand of the firm complex or fund manager
6. Utilization of passive management

## **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*

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 (Open-end Investment Company)*

A mutual fund is a company that pools money from many investors and invests 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 fund's 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 benefits of investing through mutual funds include professional management, diversification, affordability, and liquidity. Mutual funds also have features that some investors might view as disadvantages:

#### Costs Despite Negative Returns

Mutual funds 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. 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, 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 Funds*

When it comes to investing in mutual funds, investors have literally thousands of choices. Most mutual 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. This is true for corporate bonds, government bonds, and treasury securities. 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*

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 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**

### **Dual Registration as Insurance Agency**

kPlans is also licensed as an insurance agency in California (insurance license number 0E77910) and kPlans' personnel may be licensed as insurance agents. kPlans and our agents may sell insurance products to advisory clients and receive commissions on the sale of insurance products. As an insurance agency, kPlans' insurance commissions may partially or fully replace our advisory fees. The insurance commissions we receive will be used to offset the advisory fees that a plan client owes to kPlans for investment advisory services. In all cases, our receipt of commissions is fully disclosed to the plan client. If we receive commissions related to a plan client that are more than the amount of the advisory fees the plan client owes to kPlans, we will refund excess fees to the plan.

### **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 is Co-Chairman and Director of Payden/Kravitz. Steve Sansone is Co-President and Director 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**

Steve Sansone, kPlans' Vice-President, and other kPlans personnel are advisory representatives of Pensionmark Financial Group, LLC, a Delaware limited liability company ("Pensionmark"), an unaffiliated registered investment adviser. Through Pensionmark, these individuals provide advisory services to 401k retirement plans. Pensionmark financial advisors not associated with kPlans may use the Reliance Trust CITs for their clients, but this is an independent decision and kPlans does not have any control over their decision to use the CITs. kPlans receives no additional compensation in connection with these advisors' use of the CITs beyond our regular fees received for managing the CITs.

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. The Bank of Santa Clarita also serves as the custodian for some kPlans clients. kPlans does not conduct shared operations or have shared premises with the Bank of Santa Clarita, and Steve has no authority or ability as a member of the Bank's Board of Directors to access client funds held at the bank. In the construction of portfolios for its Defined Benefit or Cash Balance Clients, kPlans may utilize the Bank's Money Market account or CDARS program if it provides an enhanced interest rate return for kPlans Clients. In those instances, kPlans would have access to either invest the Client's assets into the Bank's Money Market Account or request that money be transferred or pulled from the Client's Money Market account in order to be properly allocated in an established Custodian account within a global asset allocation strategy that kPlans has created for the Client. We have no reason to believe that this activity creates a conflict of interest for our clients or presents a time burden on Steve's required duties to kPlans and our clients.

## **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 that we also recommend to clients. 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 Reliance Trust CITs 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.

As Sub-Advisor of the Reliance Trust CITs, kPlans may invest a portion of the assets in the Payden/Kravitz Fund, which represents a conflict of interest. To mitigate this conflict, kPlans' portion of the management fee on the Payden/Kravitz Fund will be rebated to the CIT, which will eliminate the financial incentive to invest in the fund.

## **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. For large plans, kPlans' assistance in searching for a retirement plan provider may be part of the consulting services outlined in

our agreement with the plan client, comparing alternative vendors for the plan's consideration. For other plans, kPlans may suggest vendor options that we feel might be appropriate for the investment style or structure of the plan, such as John Hancock Life Insurance Company or Great West Life & Annuity Insurance Company. kPlans is not affiliated with John Hancock or Great West. For plans held in their custody, these companies may pay kPlans' fees through insurance commissions or other form of payment on the plan's purchase of products or services. Any payments we receive from John Hancock or Great West will be used to offset the advisory fees that the plan client would otherwise owe to kPlans. The plan client may choose any retirement plan provider they desire to serve the needs of the plan.

kPlans may alternatively recommend that clients in need of brokerage or custodial services use Charles Schwab & Co., Inc. ("Schwab") or TD Ameritrade, Inc. Member FINRA/SIPC ("TD Ameritrade"). The client will enter into a separate agreement with TD Ameritrade/Schwab 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 TD Ameritrade/Schwab.

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. TD Ameritrade/Schwab 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.

TD Ameritrade/Schwab 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.

TD Ameritrade/Schwab 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.

TD Ameritrade/Schwab may make available, arrange, and/or pay third-party vendors for the types of services provided to kPlans. TD Ameritrade/Schwab 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. TD Ameritrade/Schwab 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 Reliance Trust CITs may be available as investment options on these recordkeepers' platforms.

In connection with kPlans' services to the Reliance Trust CITs, kPlans also has access to a risk management tool provided without charge by a mutual fund sponsor. kPlans has used the sponsor's mutual funds in the Reliance Trust CITs and may use these funds for investment management clients.

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 contact plan clients to conduct a plan review meeting with each plan client annually, usually in conjunction with presenting a written investment monitoring report. kPlans also offers to provide or coordinate education meetings for plan participants to those plan clients who contract for these services.

### **Account Reporting**

kPlans prepares and sends investment monitoring reports to plan clients that outline and review investment performance and asset allocation on a quarterly 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, under which Steve Sansone will refer clients to Ascensus in the course of his speaking and advisory activities. Ascensus is not affiliated with kPlans, but Dan Kravitz and other kPlans personnel are employed by Ascensus.

## ITEM 15 - CUSTODY

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 to deduct management fees directly from the plan or participants’ accounts and provide them to kPlans; however, kPlans does not have the authority to independently direct the custodian to debit fees. In these cases, the custodian will determine and debit the fees based on kPlans’ agreement with the plan client per the plan client’s written authorization.

## ITEM 16 - INVESTMENT DISCRETION

The majority of kPlans’ services are provided on a non-discretionary basis, but in some cases we will accept discretionary authority or act as an ERISA 3(38) Investment Manager upon the request of the client. Under our non-discretionary advisory services, kPlans makes recommendations to retirement plans on what investments or investment options to include the plan and it is up to the plan’s named fiduciary to approve the recommendations we make. When kPlans accepts discretionary authority over Defined Benefit 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 Reliance Trust 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 Reliance Trust CITs.

## ITEM 17 - VOTING CLIENT SECURITIES

### Proxy Voting

kPlans does not accept the authority or responsibility to vote plan client securities. 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.