

# 401k Generation, Inc.

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## ADV Part 2 A Brochure

March 31, 2017

This brochure provides information about the qualifications and business practices of 401k Generation, Inc. ("401KG") If you have any questions about the contents of this brochure call Chris Austin (407) 636-6689 or e-mail [caustin@401kgeneration.com](mailto:caustin@401kgeneration.com) at any time to receive a copy of the 401k Generation, Inc. Form ADV Part 2A Brochure or if you have any questions about the contents of this Brochure. 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.

401K Generation, Inc. is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. This document has been filed with the Securities and Exchange Commission and certain states in which 401K Generation is conducting business and will be given to each new prospective client as required by SEC and State Rules; however, 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 401K Generation, Inc. is available on our website at [www.401kgeneration.com](http://www.401kgeneration.com) as well as on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Our Firm's SEC identification number is 801- 71606.

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### Item 3- Material Changes

This section would include specific material changes made to the ADV Part 2A Brochure dated April 30, 2016 previously filed with the Securities and Exchange Commission and given to our clients. ***This amended Brochure dated March 31, 2017 contains no material changes.*** However, certain information has been updated and the amended brochure has been filed with the Securities and Exchange Commission and will be given to all clients beginning 3/31/17.

Pursuant to SEC and State Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year which is December 31st. We will continue to provide you with disclosure information about material changes as necessary, and our most current Brochure may be requested at any time, without charge, by contacting Chris Austin at (407) 636-6689, or by e-mail [caustin@401kgeneration.com](mailto:caustin@401kgeneration.com).

## Item 4- Advisory Business

401K Generation, Inc. ("401KG") was established in June of 2010 and is owned by partners Eddie Rojas and Kelli D. Rojas. Each partner owns a 50% share of the Firm. 401KG offers retirement plan consulting services to Plan Sponsors and fiduciaries as well as Individual Managed Accounts and Investment Advisory services solicited primarily to plan participants. Investment Advisory and Consulting services are tailored to the individual needs of the plan sponsors and clients, through analysis and discovery meetings. Clients may restrict the range of investments used in their portfolios via notation on their Consulting or Investment Advisory Agreement. We do not offer a wrap fee program. As of 2/28/17, we managed \$3,543,280 in individual client assets on a discretionary basis; and \$10,124,083 in individual client assets on a non-discretionary basis. In addition, we act as a pension consultant to plans holding approximately \$248,000,000 in plan assets.

### Retirement Plan Consulting Services

Retirement plan consulting services primarily consist of: evaluation of existing plans as well as assistance in implementing new plans for employer sponsored plans including some or all of the following: advising on plan fund offerings, cost and fee ratios, allocation strategies, maximization of plan value through employee education and participation. We currently model these consultative services to mutual funds and ETF's only.

401KG provides retirement plan advisory services to sponsors of participant account directed Plans covered by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). There is no plan size minimum. Open architecture retirement plan services are provided in conjunction with an administration and recordkeeping service provider and generally a broker-dealer or investment advisory firm. The plan sponsor enters into both (i) an Investment Advisory Agreement with 401KG and (ii) separate services agreement(s) with each service provider, e.g. administrative, recordkeeping, third-party money manager.

401KG provides comprehensive qualified retirement plan consulting services including: fiduciary services that would otherwise be the responsibility of the employer under ERISA Section 3(16) as the sponsor of a retirement savings plan; acting as a "fiduciary" to certain plan sponsor clients consistent with Section 3 (38) of ERISA; investment advice and fiduciary due diligence services; employee plan and investment education; asset allocation services; and, 401(k) proposal and vendor research and analysis to qualified retirement plan sponsors and business entities. These services may include the identifications and recommendation of a third party money manager, monitoring investment manager performance and reporting of plan investment assets.

Plan sponsors authorize 401KG to recommend the selection, addition, removal and/or replacement of funds available for purchase by plan participants. Recommendations must be consistent with any written investment policy approved by the plan sponsor and provided to 401KG along with any requirements under ERISA. Based upon the evaluation of each fund's performance the plan sponsor will determine the appropriateness and continued suitability of available investment options.

At least annually, 401KG will meet with plan sponsors and review the plan's investment options to determine ongoing appropriateness. If an existing fund is no longer suitable as an investment option, we will assist in the transition to the replacement option if requested by plan sponsor. 401KG will monitor the relevant data on the performance of each investment option and provide the plan sponsor, through the record keeper or administrator, with services described in the advisory agreement. In order to fulfill expanded transparency requirements set forth under Section 408(b)(2) of ERISA, 401KG discloses detailed information regarding fees, services and fiduciary status to plan sponsors within the Investment Advisory Agreement which is executed by all plan sponsors.

401KG will not be acting as the "plan administrator" or the "named plan fiduciary" as defined by ERISA. Unless 401k Generation and Employer agree otherwise in writing, 401k Generation is only a fiduciary to the plan for purposes of the fiduciary services specified in the Investment Advisory Agreement executed by 401KG and the plan sponsor and is not a fiduciary to the plan when performing any other services for the Plan.

### **ERISA Section 3 (38) Services**

401k Generation will distribute to Plan participants, beneficiaries and alternative payees, as applicable (collectively, "participants"), via a mailing or electronic delivery in accordance with electronic delivery methods permitted by the DOL and/or IRS, those notices, communication materials and Plan distribution forms/information (collectively, the "materials"), for which 401k Generation has responsibility as indicated below. To the extent 401k Generation distributes materials to a participant electronically but 401k Generation has actual knowledge that the delivery attempt to the participant failed, 401k Generation will redistribute the materials to such participant via a mailing.

### **Election of Services**

- Participant Notification Services to include Sub-QDIA, Participant Fee Disclosure, Summary Plan Description, Safe Harbor Notice, and Auto Enrollment Notification.
- Hardship Approval
- Qualified Domestic Relations Order Services
- Delivery of Enrollment Materials to Participants
- 5500 Submission

### **Description of Services**

## Participant Notification Services

*Required Notices.* Beginning on or before 30 days of the Addendum Effective Date, 401k Generation will create and distribute to Plan participants the following required notices to the extent applicable to the design of the Plan:

|   |   |   |
|---|---|---|
| Annual Fee Disclosure Notice (required by ERISA Section 404(a)(5))  | QDIA Notices (required by ERISA Section 404(c)(5))    | Summary Plan Description (required by ERISA Section 101(a)(1))          |
| Fee Disclosure Change Notices (required by ERISA Section 404(a)(5)) | Blackout Notices (required by ERISA Section 101(i))   | Summary of Material Modifications (required by ERISA Section 104(b)(1)) |
| Summary Annual Report (required by ERISA Section 103(a))            | Safe Harbor Notices (required by Code Section 401(k)) | ACA, EACA, QACA Notices (required by Code Sections 401(k)(13), 414(w))  |

## **Transaction Processing Services**

For distribution events occurring on or after the Addendum Effective Date, 401k Generation will provide the following transaction processing services:

*Distribution Processing Services.* 401k Generation will: (1) accept and review a Plan participant's request for a Plan distribution, including termination, hardship, and in-service (as applicable to the Plan); (2) communicate to participants, as necessary, about their distribution requests; and (3) oversee and authorize Plan distributions in accordance with the Plan through the assigned TPA.

## **Qualified Domestic Relations Order Services**

401k Generation will process qualified domestic relations orders under Code Section 414(p) ("QDRO"). 401k Generation will: (1) adopt reasonable QDRO procedures on behalf of the Plan; (2) accept and review any domestic relations order that purports to divide a participant's benefit under the Plan to determine whether the order is a QDRO in accordance with the Plan, the law and the Plan's QDRO procedures; (3) communicate to Plan participants and other necessary parties about the qualified status of a domestic relations order; (4) notify TPA to oversee and authorize any action necessary to freeze or otherwise handle a participant's account as a result of a domestic relations order or a possible or pending domestic relations order that Employer or a third party communicates in writing to 401k Generation; (5) notify TPA to oversee and authorize the creation of the alternate payee's account upon determination of a domestic relations order as a QDRO; and (6) notify TPA to oversee and authorize Plan distributions, if applicable, under a QDRO or by the alternate payee in accordance with the Plan. If a dispute arises between the Plan and a participant subject to a domestic relations order, 401k Generation will direct that dispute to the Employer to handle. Employer agrees to immediately notify 401k Generation of any possible or pending domestic relations order of which it becomes aware.

## **Delivery of Enrollment Materials to Participants**

401k Generation will distribute to participants via electronic delivery an enrollment booklet to enable the participants to enroll in the Plan. A hardcopy of the enrollment materials can be sent via a mailing upon request.

## **Individual Managed Accounts**

Our Individual Managed Accounts and Investment Advisory services are solicited primarily to plan participants as an added value to 401k Generation's services. Services consist of investment advice and portfolio model allocations as well as Financial Planning when requested. We have registered a DBA in Florida, Winter Park Wealth Management, primarily for use with such Individual asset management accounts. Our advisory is capable of transacting business in all types of securities; however, our business model is tailored to mutual funds, ETF's and insurance. 401KG will manage assets only on a non-discretionary basis on behalf of our client's.

### **Third-Party Money Managers**

We may also identify and monitor appropriate unaffiliated Third-Party Money Managers who will implement trading strategies for our clients. Any Third Party Money Manager utilized will be: party to an executed Agreement with 401KG; subject to a due diligence review; licensed as an investment advisor with the SEC and/or the appropriate state; and, will provide its own ADV Part 2 A disclosure document and client agreement to each client describing its services, compensation arrangements and any potential conflicts of interest.

## **Item 5- Fees and Compensation**

### **Retirement and Pension Consulting Fees**

Fees for retirement and pension consulting services will be based on either the market value of the plan assets; or on a flat fee, all to be agreed upon by both 401KG and the client and specifically documented in the Investment Advisory Agreement.

The fee range for these services is negotiable and may vary according to facts and circumstances including the scope of services to be provided, the duration of services and the size of the client as measured by the number of employees, plan or individual assets, and other demographic factors. Retirement and pension consulting services for which a fee is charged based on the assets within the plan are generally determined based on the tiered fee schedule shown below.

### **Retirement and Pension Consulting Fee Schedule**

| <b>Portfolio Balance</b>      | <b>Annual Consulting Fee</b> |
|-------------------------------|------------------------------|
| <b>Up to - \$249,999</b>      | <b>125 bps to 100 bps</b>    |
| <b>\$ 250,000 - \$749,999</b> | <b>100 bps to 75 bps</b>     |
| <b>\$ 750,000 - and above</b> | <b>75 bps to 50 bps</b>      |



## ERISA Section 3 (16) Services

| Portfolio Balance      | Annual Consulting Fee |
|------------------------|-----------------------|
| Up to - \$249,999      | 47 bps                |
| \$ 250,000 - \$749,999 | 38 bps                |
| \$ 750,000 - and above | 20 bps                |

## ERISA Section 3 (38) Services

| Portfolio Balance      | Annual Consulting Fee |
|------------------------|-----------------------|
| Up to - \$249,999      | 125 bps to 100 bps    |
| \$ 250,000 - \$749,999 | 100 bps to 75 bps     |
| \$ 750,000 - and above | 75 bps to 50 bps      |

*(\*\*all rates shown reflect the annual fee rate)*

Fees are negotiable by both 401KG and the client and are payable on either a monthly, quarterly or annual basis in arrears or in advance. Fees are deducted from the plan assets by the custodian and paid to 401KG. Any such consulting fees collected in advance will be refunded to the client on a pro rata basis upon account termination as described in the Client Agreement. 401KG's fees are competitive with the fees charged by other investment advisors for comparable services. However, similar services may be available from other sources for lower fees.

### Fee Calculation

401KG does not perform the calculations or actual fee deductions on 401(k) plan assets. The following fee billing information is believed to be valid and true with respect to fee billings as performed by the custodians utilized. For purposes of calculating Account Fees, we request plan custodians/TPA's to bill our advisory plans on either a monthly, quarterly or annual basis.

Your first consulting fee deduction may include a prorated fee amount for the partial quarter or month, if advisory services began prior to the quarter end date.

Subsequent Account Fee payments are due and assessed at the beginning of each quarter or month based on the value of the assets under management as of the close of business on the last business day of the preceding quarter or month (billing period) and as valued by the third-party custodian of the account. Additional deposits and withdrawals will be added or subtracted from portfolio assets, as the case may be, which may lead to an adjustment of the advisory fee.

Our fee is deducted from the plan's account pursuant to the applicable authorization agreement on file with the named custodian. Unless otherwise negotiated, our fee is payable annually, quarterly or monthly, in advance and is exclusive of fund expenses, third party administration and execution costs.

**\*\*It is imperative that plan administrators review and understand their plan documents and fee disclosure statements provided for each customized plan. These are provided by your 3<sup>rd</sup> party plan administrator via quarterly fee disclosure statements.**

### **Individual Managed Account Fees**

401KG will receive an asset based advisory fee from clients investing in individually managed accounts. The amount of the fee to be charged will be specifically disclosed in a written contract to be executed with each client. 401KG's fee is separate from and in addition to, any applicable fees including but not limited to third party manager advisory or platform fees, brokerage commissions, custodial charges, ticket fees and asset specific fees such as those charged by funds for management and administration.

Our asset based advisory fees are based on the grid noted below and are negotiable at our discretion. Employees and related family accounts are generally handled on a no fee basis. 401KG's investment management fees are competitive with the fees charged by other investment advisors in the area for comparable services. However, similar services may be available from other sources for lower fees.

| <b>Portfolio Balance</b> | <b>Annual Consulting Fee</b> |
|--------------------------|------------------------------|
| <b>All</b>               | <b>50 bps to 1.00 bps</b>    |

*(\*\*all rates shown reflect the annual fee rate)*

### Third Party Asset Manager Program Fee

401KG will receive a portion of the asset based advisory fee paid by the clients it refers to other investment advisers. The amount of the fee to be charged will be specifically disclosed in a written contract to be executed with each client. 401KG's fee is separate from and in addition to, any program or asset management fees charged by the Third Party Money Manager as disclosed in that Investment Adviser's ADV Part 2A Brochure and contract. Certain Third Party Money Managers may also have a required minimum asset value for establishing an account. The total asset based advisory fees for such Third Party Managed accounts are generally based on the grid noted below and are not negotiable by 401KG; however, such fees may be negotiable at the discretion of the Third Party Manager utilized.

| Portfolio Balance |            | Annual Consulting Fee |
|-------------------|------------|-----------------------|
| Up to             | \$ 250,000 | 125 bps to 100 bps    |
| Over              | \$ 250,000 | 100 bps to 50 bps     |

(\*\*all rates shown reflect the annual fee rate)

### Fee Calculation

Fees are collected quarterly, in advance, based upon the aggregate market value of the assets in client's account. The first payment is due upon receipt of initial assets and will be assessed pro rata in the event this Agreement is executed at any time other than the first day of the calendar quarter. Subsequent payments are due, and will be assessed, on the first day of each calendar quarter based on the value of assets under management in client's accounts as of the close of business on the last business day of the preceding calendar quarter. Advisory fees collected in advance will be refunded to the client on a pro rata basis upon account termination as described in the Client Advisory Agreement. Clients should review all fees noted on the invoice provided by the custodian and any fee discrepancies noted should be communicated to us immediately.

Our advisory fees are exclusive of and in addition to any applicable fees including but not limited to third party manager advisory or platform fees, brokerage commissions, custodial charges, ticket fees and asset specific fees such as those charged by funds for management and administration.

At our discretion, client minimum account balances and assets under management used to determine advisory fee rates may include family and other related account balances held in accounts identified by the client. Advisory affiliates, employees, contractors, service providers and staff accounts may be charged a reduced fee or no advisory fee based solely on our discretion. Such fee reductions will not apply to those items noted in the "Other Fees" section below.

## **Other Fees**

In addition to the Account Fee, Client may also incur certain charges imposed by third parties in connection with investments made through program accounts. These may include, but are not limited to, the following: custodial annual account fees, mutual fund or money market 12b-1, sub transfer agent fees, omnibus processing fees and networking fees, mutual fund or money market management fees and administrative expenses, mutual fund transaction fees, certain deferred sales charges on previously purchased mutual funds transferred into the account, annuity expenses, other transaction charges and service fees, IRA and qualified retirement plan fees, administrative servicing fees, creation and development fees or similar fees imposed by unit investment trust sponsors, hedge fund investment management fees, managed futures investor servicing fees, participation fees from auction rate preferred securities, and other charges required by law.

401KG may receive a portion of these fees through soft dollar arrangements detailed below. Further information regarding charges and fees assessed by a mutual fund are available in the prospectus.

## **Fees paid in advance**

Unless restricted by the third party administrator, all account fees are paid in arrears or in advance. When fees have been paid in advance, and an advisory contract is terminated prior to the end of the billing period in which fees have been paid, a refund may be requested in writing to the Advisor, and a prorated refund will be issued, with the accounts last billing amount divided by 90 and multiplied by the number of days remaining unused in the period. A refund will be issued directly to the account. In no case are fees in excess of \$1,200 collected over 6 months in advance.

## **Additional Compensation**

Conflict of interest: Associated persons of the advisor are not registered representatives of a registered broker/dealer. Associated persons of the Adviser may recommend broker dealers or custodians; however they will receive no direct commissions if products are purchased through any such recommended Firm. The advisor may however receive indirect compensation and economic benefits from such recommendations as discussed in item 14 below. Clients are under no obligation to act upon any recommendations of the associated persons or effect any transactions through the recommended firm if they decide to follow the recommendations.

## **Item 6- Performance Fees**

401KG does not charge clients based upon a percentage of the capital gains or capital appreciation in their accounts.

## **Item 7 –Types of Clients**

401KG provides retirement and pension consulting and investment advisory services to: individuals, banks and thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities. We have not established a minimum value of assets to establish a relationship with a client.

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

401KG manages its model portfolio offering based on the research of its investment committee. This includes various methods of research, investment style and management philosophy. Fund and ETF selection is based on various performance criteria and on the continual research of all investment opportunities. A point system is utilized for grading the funds for more specific review and possible addition or deletion from our tracking. Performance returns, Financial Ratios, Quartile Rankings, and Ratings are some of the considerations when grading funds and ETFs. Growth, Moderate, and Income based portfolio models are offered.

The 401KG Investment Policy Committee is also responsible for oversight of 401KG's investment selection process, and for reviewing and approving certain products to be offered in the 401KG models which are available to the plan or client at the custodian level. The members of the Investment Policy Committee will be the registered advisory personnel of 401KG. Different types of investments involve varying degrees of risk, including risk of loss. It should not be assumed that future performance of any specific investment or investment strategy will be profitable or equal any specific or past performance level.

Prospective clients should read and understand this statement and all firm disclosure documents prior to engaging our firm's services.

401KG will assist clients in determining investment objectives general portfolio strategies and where appropriate, the selection of a third party money manager. 401KG will continue to evaluate, manage or supervise the overall strategy and performance of the investment advisers selected. We will review the performance of each money manager chosen including routine due diligence, a review of the client's asset allocation, style drift; performance comparisons to other similar management philosophies; and comparison to a comparable index. We cannot guarantee our analysis methods and recommendations will yield a return.

Investing in securities and various investment or insurance products involve risk of loss and any investment recommendations are subject to various market, currency, economic, political and business risks.

401KG will recommend the selection, addition, removal and/or replacement of funds available for purchase by plan participants. Recommendations must be consistent with any written investment policy approved by the plan sponsor and provided to 401KG along with any requirements under ERISA. Based upon the evaluation of each fund's performance the plan sponsor will determine the appropriateness and continued suitability of available investment options.

## **Item 9- Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal, regulatory or disciplinary matters that would be considered material to your evaluation of the firm or the integrity of its management team. 401KG has no information subject to disclosure under this Item.

## **Item 10- Other Financial Industry Activities and Affiliations**

Associated persons of the advisor are not registered representatives of a registered broker/dealer. Associated persons of the Adviser may recommend securities, or other products as well as broker dealers or custodians; however they will receive no direct commissions if products are purchased through any such recommended Firm. The advisor may however receive indirect compensation and economic benefits from such recommendations as discussed in item 14 below. Clients are under no obligation to act upon any recommendations of the associated persons or effect any transactions through the recommended firm if they decide to follow the recommendations, nor are they obligated to transact brokerage business through our firm if they choose to follow our recommendations. In no case will we receive fees on a holding which a brokerage commission was derived.

Certain associated persons of 401KG are also insurance agents licensed and appointed with various insurance agencies and issuers including, but not limited to Winter Park Insurance Group, an agency under common control with 401KG. Such industry affiliations cause an inherent conflict of interest as the registered persons may earn reasonable and customary fees, commissions and or 12b-1 fees on the sale of insurances products. Any such compensation will be outlined in the product's prospectus (if sold by prospectus) or otherwise described to the client in detail before the product is sold. Advisory clients of 401KG are not required to effect transactions through these entities and are under no obligation to act upon any recommendations.

401KG and its related persons also receive the benefits of certain products and services provided by these entities, such as fundamental research reports, technical and portfolio analyses, pricing services, economic forecasting and general marketing information, historical database information and computer software. Such benefits may be provided either directly or through third party money managers, clearing firms or other service providers.

## **Item 11- Code of Ethics**

401KG has in place Ethics Rules (the “Rules”), which are comprised of its Code of Ethics and its Insider Trading policies and procedures. The Rules are designed to ensure that personnel (i) observe applicable legal (including compliance with applicable state and federal securities laws) and ethical standards in the performance of their duties; (ii) at all times place the interests of clients and the execution of the client’s transactions first; (iii) disclose all actual or potential conflicts; (iv) adhere to the highest standards of loyalty, candor and care in all matters relating to its clients; (v) conduct all personal trading consistent with the Rules, including executing all client transactions prior to personal or Firm transactions, and in such a manner as to avoid any actual or potential conflict of interest or any abuse of their position of trust and responsibility; and (vi) not use any material non-public information in securities trading.

The Rules also establish policies regarding other matters such as outside employment, the giving or receiving of gifts, and safeguarding portfolio holdings information. Under the general prohibitions of the Rules, personnel may not: 1) effect securities transactions while in possession of material non-public information; 2) disclose such information to others; 3) participate in fraudulent conduct involving securities held or to be acquired by any client; 4) engage in frequent trading activities that create or may create a conflict of interest, limit their ability to perform their job duties, or violate any provision of the Rules.

401KG staff are required to conduct their personal investment activities in a manner that is not detrimental to its advisory clients. Personnel are not permitted to personally trade securities except under circumstances specified in the Code of Ethics. However, there may be circumstances where 401KG personnel may buy and sell on behalf of its clients, securities or other investments in which they own securities or otherwise have a personal interest. The policy requires all Access Persons (defined as all personnel employed by 401KG and its related parties, officers of 401KG, and other designated persons) to report all personal transactions in securities not otherwise exempt under the policy. All reportable transactions shall be reviewed for compliance with the Code of Ethics. The Rules and the Code of Ethics are available to clients and prospective clients of 401KG upon request.

401KG is committed to safeguarding your confidential information and hold all personal information provided to it in the strictest confidence. These records include all personal information that we collect from you or receive from other firms in connection with any of the financial services they provide. We also require other firms with whom we deal with to restrict the use of your information.

401KG has a duty to disclose all potential and actual conflicts of interest. We also have a duty to report potential and actual conflicts of interest to the Company. Gifts of other than a nominal value (generally defined as under \$100) should not be accepted from persons or entities doing business with us.

## **Item 12 - Brokerage Practices**

### **Selecting brokerage firms**

Brokerage services for plans on which 401k Generation is consultant are determined in part by the selection of third party administrator as well as by the plan sponsor directly. We are not limited as to what brokerage firm can be utilized along with our consulting services.

Brokerage services for individual managed accounts are effected through Schwab, with no transactional commissions being paid to 401KG. While 401KG has made every attempt to obtain the best custodial arrangements possible, there is no assurance that execution will be obtained at best rates. Clients should consider and discuss with their IAR the selection of the custodian and whether certain costs or disadvantages may arise as a result of the use of either of the custodians. Through our pre-established affiliations with these custodians we are able to provide our clients with access to institutional trading and custody services, which are typically not available to retail investors. Clients are under no obligation to implement a plan or its recommendations through our custodian choices.

### **Research and Soft Dollar**

"Soft Dollars" include but are not limited to research and other products which are provided to us due to our affiliation with a custodian. When selecting custodians for use in our program we have made choices based on our needs for servicing the accounts as well as client needs in account features and services. Our selection of your custodian is not based on soft dollar benefits, but will be based on net assets as well as service level required.

Benefits received which may benefit the advisor and not the client accounts may include: regional or specific educational events organized and/or sponsored by Schwab Institutional. Other potential benefits may include occasional business entertainment of personnel of Adviser by Schwab, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities.



Benefits received which assist the Adviser in managing and administering clients' accounts: software and training on technology that provides access to client account data, research, pricing information and other market data; back-office training and support functions; recordkeeping and client reporting. These services may be used to service Adviser's accounts, including accounts not maintained with the custodian whom is providing the service. When client brokerage commissions are used to obtain these soft dollar benefits, the Adviser is in a position to benefit without having to pay for the products and services provided. This may create an incentive to recommend a custodian based on the Advisers interest in receiving these benefits, rather than in receiving best execution for our clients. Advisor's clients do not pay more for investment transactions effected or assets maintained at either custodian as a result of these benefits.

There is no corresponding commitment made by the Advisor or any other entity to invest in any specific mutual funds, investment securities, or other investment products as a result of the benefits. Soft dollar benefits are used without regard to which accounts cause the benefits to be derived, including use of the benefits on accounts that may be held with a different custodian altogether. During our last fiscal year, benefits were derived from our new affiliation with Schwab Institutional to include: participation in the annual Schwab Impact event, Golf Tournament tickets, Morningstar Office software, Marketing support, Transfer fee reimbursements, and other products used by the Advisor in the furtherance of our investment advisory business operations.

### **Brokerage for client referrals**

We make and receive client referrals to and from broker dealers, custodians and third party administrative providers. Acceptance of these referrals may limit us in our ability to provide competing recommendations to other more cost effective service providers. Directing clients back to referral sources will only be effected when such is in the best interest of the client.

### **Directed Brokerage**

Consultant plan clients may specify brokerages for use in effecting their administration and plan transactions. In doing so, this may limit our ability to provide best execution or best cost evaluation to the plan. Clients utilizing Individual Managed Accounts are not permitted to direct transactions or to specify a b/d to be used. All such clients are directed to Charles Schwab for brokerage and custodian services.

### **Order Aggregation**

Order aggregation is not applicable for plan clients as orders are managed by the third party administrator on behalf of the plan and its participants. For Individual Managed Accounts, if circumstances allowed, we would certainly aggregate orders in order to obtain best execution for our accounts, however, because our client Advisory accounts are non-discretionary, purchases and sales of securities are generally not aggregated, as they will be initiated by our clients directly and on an individual basis. These individual transactions by clients will likely result in higher execution for our client accounts.

### **Custodian and Brokerage Fees**

Clients incur certain charges imposed by their custodians and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, clients will incur charges by the executing broker-dealers in the form of brokerage commissions and transaction fees on the investment transactions entered into for their account(s). All of these charges, fees and commissions are in addition to our investment advisory fee.

### **Fund Disclosures**

Mutual funds, closed-end funds, exchange traded funds and alternative investment funds are investment vehicles and the investment strategies, objectives and types of securities held by such funds vary widely. In addition to the advisory fee charged by 401KG, clients indirectly pay for the expenses and advisory fees charged by the funds in which their assets are invested.

All such funds incur operating expenses in connection with the management of the fund. Investment funds pass some or all of these expenses through to their shareholders (the individual investors in the funds) in the form of management fees. The management fees charged vary from fund to fund. In addition, funds charge shareholders (individual investors in the funds) other types of fees such as early redemption or transaction fees. These charges also vary widely among funds. As a result, clients will still pay management fees and other, "indirect" fees and expenses as charged by each mutual fund (or other fund) in which they are invested.

Clients are provided a copy of a fund prospectus for each fund in which they invest by their custodian, by the fund sponsor or the third party money manager. As required by law, a prospectus represents the fund's complete disclosure of its management and fee structure. In addition, a fund's prospectus can be obtained directly from the fund.

## **Item 13 - Review of Client Accounts**

**Periodic Reviews.....**Because we use model portfolios, we are constantly evaluating the portfolio holdings and will make changes to model portfolios and proactively distribute market commentary and pertinent information to our client database via email. Plans are reviewed at a minimum of annually for fund offering updates as well as for enrollment and educational meeting opportunities.

Individual Managed Accounts are reviewed by the managing advisor no less than quarterly to ensure client's needs are addressed and any updates subsequent to the last review are made. However, account review consultations may be requested by the client on an as-needed basis. Reviews of investment accounts typically look at performance and portfolio consistency with regard to client's risk tolerance, tax situation, investment time horizon, performance objectives, and asset allocation instructions. Accounts will be reviewed by your assigned investment advisory representative with oversight by the Firm's Chief Compliance Officer, Mr. Chris Austin.

**Review Triggers.....**Although they will be scheduled with a certain frequency, a review may be requested at any time by a client and is recommended when significant changes occur (i.e. death, marriage, divorce, sale of business, etc.) These reviews will be conducted by an Investment Advisor Representative of our firm.

**Regular Reports.....**You will always receive statements from the administrator of the assets, as well as the custodian of the funds. Reports should be verified against the custodian statements you receive directly. At a client review, written asset reports may be provided for the asset holdings we manage. You will always receive statements from the custodian of the assets, and the values we give you on 401KG reports should be verified against the custodian statements you receive directly.

## **Item 14 - Client Referrals and other Compensation**

401KG receives the benefits of certain products and services, such as fundamental research reports, technical and portfolio analyses, pricing services, economic forecasting and general marketing information, historical database information and computer software either directly from third party money managers, custodial or other service providers. We are approached by fund companies and service providers to partake in hosted educational events. Conflict may arise when an Advisor also benefits from these events however every investment decision is made through our investment committee and standardized process, without regard to any benefits derived.

**Third Party Solicitors.....**Advisor may receive client referrals from both affiliated and unaffiliated individuals who are not its supervised persons. We currently have solicitor agreements of this nature in accordance with Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state requirements. Any such referral fee shall be paid solely from the Advisors investment management fee and shall not result in any additional charges to the client. If the client is introduced to the Advisor by an unaffiliated solicitor, the solicitor at the time of the solicitation shall disclose the nature of its solicitor relationship and provide the prospective client a copy of the Advisors disclosure documents (Investment Advisory Agreement, ADV Part 2A well as solicitation disclosure document).

## **Item 15 - Custody**

We do not hold custody of client funds in any way, and utilize relationships with independent custodians in order to safeguard our client's assets. Clients will always receive account valuation statements from the custodian of their assets directly. Any values given on reports received from this Adviser should be verified against the custodian statements you receive directly. Our fee may be debited from our client's account by a third party money manager or custodian. That entity would then pay our portion of any such fee directly to us. These arrangements, if applicable, will be detailed in the custody agreement or ADV Part 2A disclosure document provided to each client by the third party money manager.

## **Item 16 - Investment Discretion**

Investment management may be provided on either a discretionary or non-discretionary basis for our clients. Discretionary authority means that we would have power to execute transactions without obtaining specific consent prior to every transaction.

Discretionary authority will be specified in the 401KG advisory agreement executed with each client. If you elect to implement recommendations by an unrelated investment adviser recommended by us, a separate advisory agreement must be entered into governing that relationship. Any such agreement must also be accompanied by that Adviser's Form ADV Part 2A disclosure brochure.

## **Item 17 - Proxy Policy**

We do not have authority, nor do we accept authority to vote client securities in the portfolio we manage. Upon account set up, custodians are directed to forward this information to you directly. Should you have any questions with regard to voting proxies, we remain available to assist, however we will not proactively contact you with regards to any voting issues.

## **Item 18 - Financial Information**

401KG does not collect Fees in excess of \$1200 more than 6 Months in advance; does not have discretionary authority of any client accounts; does not have any financial commitment that would impair its ability to meet any contractual or fiduciary obligations to its clients; nor has the Firm been the subject of any bankruptcy proceeding.