



**PlanMember Advisors Corporation**

*Planning your future...today.®*

6187 Carpinteria Ave  
Carpinteria CA 93013  
800.874.6910

[www.planmember.com](http://www.planmember.com)

This Form ADV Part 2A (Investment Advisor Brochure) gives information about the investment advisor and its business for the use of clients and prospective clients. If you have any questions about the contents of this brochure, please contact us using one of the methods listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration is mandatory for all persons meeting the definition of investment advisor and does not imply a certain level of skill or training.

Additional information about our firm is available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

### ***Material Changes***

There have been no material changes to the Firm's ADV Part II Brochure since its last update, which was filed March 2011.

Material changes to the ADV Brochure will be provided as a separate document to clients who have received previous versions of brochure.

## *Table of Contents*

<b>Material Changes .....</b>	<b>1</b>
<b>Table of Contents .....</b>	<b>2</b>
<b>Advisory Business .....</b>	<b>3</b>
<b>Fees and Compensation .....</b>	<b>3</b>
<b>Performance-Based Fees And Side-By-Side Management.....</b>	<b>3</b>
<b>Types of Clients .....</b>	<b>3</b>
<b>Methods of Analysis, Investment Strategies, and Risk of Loss.....</b>	<b>4</b>
<b>Disciplinary Information .....</b>	<b>6</b>
<b>Other Financial Industry Activities and Affiliations .....</b>	<b>6</b>
<b>Code of Ethics, Participation or Interest In Client Transactions, and Personal Trading .....</b>	<b>6</b>
<b>Brokerage Practices .....</b>	<b>7</b>
<b>Review of Accounts .....</b>	<b>7</b>
<b>Client Referrals &amp; Other Compensation .....</b>	<b>8</b>
<b>Custody .....</b>	<b>8</b>
<b>Investment Discretion .....</b>	<b>8</b>
<b>Voting Client Securities .....</b>	<b>8</b>
<b>Financial Information .....</b>	<b>9</b>

## ***Advisory Business***

### **Advisory Firm**

PlanMember Advisor Corporation (PAC) is a SEC registered investment advisor and is currently in the primary business of providing advisory services of managed portfolios of mutual funds. PAC has been providing investment advisory services since 1994. Jon M. Ziehl is the founder and President and has been in the financial services industry since 1980.

### **Advisory Services**

As of December 31, 2010, PAC does not have any assets under management on either a discretionary basis or a non-discretionary basis.

PAC has developed five model investment portfolios, among the Funds ranging from high growth (Portfolio V) to capital preservation (Portfolio I) through a combination of qualitative and quantitative analysis and the use of a strategic asset allocation model that provides a historical basis for current investment decisions. These model portfolios will be provided to types of clients described in this Form ADV to use as the investment options in retirement programs. PAC will periodically review and update portfolio recommendations.

In addition to asset allocation services, PAC will provide written quarterly investment updates and newsletter, which can be used by clients for their participant communications. Any publication of reports offered will be provided as part of the advisory services and not for a subscription or fee.

### ***Fees and Compensation***

In consideration for the services provided to clients invested in the PlanMember Services Programs, PAC does not charge an annual advisory fee.

PAC or clients may terminate their use of the asset allocation and related advisory services at any time upon prior written notice.

Investors will be charged indirectly the fees and expenses charged by mutual funds including redemption fees based upon short term sales of the Funds. A description of these fees and expenses are available in each fund's prospectus.

### ***Performance-Based Fees And Side-By-Side Management***

PAC does not charge performance-based fees, which is based on capital gains in the client account.

### ***Types of Clients***

PAC provides advisory services to trust departments of banks regarding appropriate asset allocation strategy for qualified retirement plans, "PlanMember Services Program"; other corporation's investment committees or outside trustees regarding the asset allocation strategy for various qualified and non-qualified retirement plans. Additionally, PAC may provide advisory services to pension and profit sharing plans and other ERISA accounts, estates, and business entities.

### **PlanMember Services Programs**

PAC utilizes strategic asset allocation, i.e. a top-down approach, in the management of client portfolios. Portfolios are primarily constructed using mutual funds, which are an investment vehicle that provides diversification in a cost-effective manner. Within each investment program, clients can generally pick from a series of five portfolios (labeled I through V) that graduate risk from conservative to aggressive. One typically finds higher equity allocations in the more aggressive portfolios, and higher fixed-income allocations in the more conservative portfolios.

PAC's investment process can be divided into 3 main parts:

First, PAC develops a broad, intermediate to long-term view of the global economy and financial markets, emphasizing evaluation of current economic conditions relative to the historic business cycle, prospects for economic growth, the direction of monetary and fiscal policy, factors influencing inflation and interest rates and other special economic and political factors that could impact the financial markets. The goal of this process is to identify key emerging economic trends and quantify their potential impact on financial markets.

Once a high-level view of the economy and financial markets has been formulated, PAC develops its strategy for each managed portfolio. Such strategy may increase or decrease expected portfolio risk, or shift into or out of investments based on their perceived attractiveness. Examples of possible strategic moves include raising or lowering equity exposure, increasing or decreasing fixed-income maturities and emphasizing or deemphasizing corporate bonds over U.S. government bonds.

The final step in our portfolio construction translates PAC's investment strategy into specific mutual fund weightings. Adjustments to the strategy can be made depending on strengths and weaknesses of the individual mutual funds being used. Since some of PAC's products are limited to a single fund company or a specific set of funds, a meaningful deviation from the desired strategy may occur. These deviations usually occur due to incomplete asset class coverage or to avoid what PAC perceives to be a problematic mutual fund.

After PAC's process has been completed and the portfolios have been allocated according to the investment strategy, PAC begins a monitoring process to identify if and when another portfolio reallocation or rebalancing should occur. Decisions to change portfolio weightings rely on Strategic Rebalancing Events (SREs). These events can be classified into the following categories (but are not exclusive).

1. **Economic Circumstances:** A Quarterly Economic Framework published by PAC provides the basic overview of the economy and financial markets. This overview is updated on a continuous basis and focuses on recent events that might affect the current forecasts of key economic and market variables.
2. **Financial Market Disparities:** Trends can have unusual effects on the normal relationships among financial asset classes. For example, growth stocks widely outperformed value stocks in the late 1990s. This disparity was corrected in the early 21st century. Through analysis we make portfolio weighting decisions that can take advantage of these disparities.
3. **Drift-based Repositioning:** Over time, variable performance among individual mutual funds will cause funds to move away from their target weighting. When the drift materially changes the overall portfolio structure, decisions will be made as to either allow the drift to continue or to rebalance the portfolio. Because existing client portfolios will drift over time while the model allocations for new contributions and new clients will remain the same, the Investment Department monitors both sets of

allocations in an effort to keep the structure of the PlanMember portfolios in line with their objectives. The Investment Department may update the model allocations to match the drift, which would cause new clients and new contributions to match the existing drifted portfolios.

4. Ad Hoc Repositioning: Events affecting the unique character of individual mutual funds can trigger an SRE. Examples would be abnormal performance and changes in portfolio managers or objectives.

### ***Risks***

Investing involves risk. The investment return and principal value will fluctuate and, when redeemed, the investment may be worth more or less than the original purchase price.

By its nature, asset allocation looks to the long-term. After the client's short-term cash needs and emergency fund is evaluated, investment and insurance strategies are designed to help the client achieve his or her financial goals.

While there is risk in all investments, some carry a greater degree of risk or higher costs. There is no guarantee that the investment strategy selected for the client will result in the client's goals being met, nor is there any guarantee of profit or protection from loss. For those investments sold by prospectus, clients should read the prospectus in full.

PAC is disclosing those risks and opportunities for our investment strategy or for particular types of securities used.

- High yield, high risk bonds generally involve more credit risk. These securities may also be subject to greater market price fluctuations than lower yielding higher rated debt securities. Fixed income investments are subject to interest rate risk and values may decline in an increasing interest rate environment.
- Lower-rated bonds are subject to greater fluctuations in value and risk of loss of income and principal. Investing outside the United States entails additional risks, such as currency fluctuations, as more fully described in the prospectus.

The return of principal for the bond holdings is not guaranteed. Fund shares are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings.

- There are tax consequences for short-term trading wherein capital gains are taxed as ordinary income. Additionally, some Funds charge short-term trading fees that are more fully disclosed in the Fund families' prospectus.
- Small cap and Mid-cap investments may have additional risk, including greater price volatility.
- While diversification through an asset allocation strategy is a useful technique that can help to manage overall portfolio risk and volatility, there is no certainty or assurance that a diversified portfolio will enhance overall return or outperform one that is not diversified. An investment made according to one of these asset allocation models neither guarantees a profit nor prevents the possibility of loss.
- 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.

Investment portfolio rebalancing is subject to market risk, primarily that the value of redeemed and purchased shares may vary during the rebalancing process, resulting in gains or losses to your account. To avoid rebalancing market risk you may notify your registered representative to move your account to a non-managed program with a static asset allocation as PlanMember will not periodically rebalance such accounts.

### ***Disciplinary Information***

An investment advisor must disclose material facts about any legal or disciplinary event that is material to a client's evaluation of the advisory business or of the integrity of its management personnel.

PAC has no disciplinary history.

### ***Other Financial Industry Activities and Affiliations***

PAC may exercise agreements with other Registered Investment Advisors and recommend other Advisors to clients. In such instances, PSEC may receive a portion of the account fee or commissions. In these instances, we will make available to the client a "Compensation Disclosure Statement" and the Investment Advisor Brochure for the other Advisor. The client is under no obligation to use the services of the other Advisor(s) recommended.

PAC is affiliated by common ownership with PlanMember Services Corporation ("PSC"), a pension administration and recordkeeping company, registered with the SEC as a transfer agent. PSC will perform client level recordkeeping and plan administration for PAC clients enrolled in the PlanMember Advisor and PlanMember Preference Programs and may receive fees for such services from the Fund Companies.

### ***Code of Ethics, Participation or Interest In Client Transactions, and Personal Trading***

PAC maintains a Code of Ethics. The Code of Ethics sets forth standards of conduct expected of advisory personnel; requires compliance with federal securities laws; and, addresses conflicts that arise from personal trading by advisory personnel.

In summary, PAC's Code of Ethics establishes rules of conduct for all access persons of PAC and is designed to, among other things, govern personal securities trading activities in the accounts of access persons. The Code of Ethics is based upon the principle that PAC and its access persons owe a fiduciary duty to PAC clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm, and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

The Code of Ethics is designed to ensure that the high ethical standards long maintained by PAC continue to be applied. The purpose of the Code of Ethics is to preclude activities that may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business

conduct. The excellent name and reputation of our firm continues to be a direct reflection of the conduct of each access person.

Clients may request a copy of the Code of Ethics by calling the PSEC Customer Service Center at (800) 874-6910.

### **Personal Trading**

At times PAC and/or its IA Reps may take positions in the same securities as clients, and we will try to avoid conflicts with clients. The firm and its IA Reps will generally be “last in” and “last out” for the trading day when trading occurs in close proximity to client trades. We will not violate our fiduciary responsibilities to our clients. Scalping (trading shortly ahead of clients) is prohibited. Should a conflict occur because of materiality (i.e. a thinly traded stock), disclosure will be made to the client(s) at the time of trading. Incidental trading not deemed to be a conflict (i.e. a purchase or sale which is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price), would not be disclosed at the time of trading.

### **Brokerage Practices**

#### **Selection or recommendation of broker/dealers**

In some cases where a trustee or co-trustee relationship exists, PAC may have to seek authority to buy and sell securities and the amount of securities to be bought or sold. In most cases, the trustee that holds assets will have the authority to direct the broker transactions. If appropriate, PAC will recommend the use of a discount broker to the trustee if transaction costs can be reduced.

#### **Soft Dollar Practices**

PAC does not receive compensation from a brokerage firm in the form of products or services (“soft dollars”). Brokers are suggested on the basis of minimum commissions, electronic transaction capabilities and fees. There are no soft dollar relationships between PAC and individual brokers. PAC receives no benefits from any broker that is recommended to clients.

It is possible that when a firm uses client brokerage commissions to obtain soft dollars, the firm receives a benefit by not having to produce or pay for such items. A firm may have an incentive to select or recommend a broker/dealer based on soft dollars received, rather than best execution for the client.

PAC understands its duty for best execution and considers all factors in making recommendations to clients. While PAC may not always obtain the lowest commission rate, PAC believes the rate is reasonable in relation to the value of the brokerage services provided.

### **Review of Accounts**

The PlanMember Services Program composition of portfolios are under continuous review for purposes of recommending specified allocation percentage as a result of evaluation of individual funds and financial market conditions. Additionally, periodic allocation shifts in customer accounts and new portfolio reallocations may be implemented. This investment decision will depend on a change in the economy or as a result of market events. The composition of client portfolios are determined through a combination of qualitative and quantitative analysis and the use of a strategic asset allocation. Market conditions that might cause a wide variance in the specified asset allocation, or other factors could cause a more frequent review.



In addition to asset allocation services, PAC will provide written quarterly investment updates and newsletter, which can be used by clients for their participant communications. Any publication of reports offered will be provided as part of the advisory services and not for a subscription or fee.

### ***Client Referrals & Other Compensation***

#### **Referral Fees Paid**

PAC may pay a referral fee to individuals (either registered representatives of affiliated broker dealer, PSEC or unregistered persons) for investment advisory account referred to PAC. The fee is stated as an annual percentage of the gross fee received by PAC from each account referred. These fees are calculated and paid quarterly for as long as the account is active. This arrangement is disclosed to all advisory clients in writing prior to execution of the administrative services agreement, and a copy of PAC ADV Part II is provided at that time.

#### **Referral Fees Received**

PAC may exercise agreements with other Registered Investment Advisors and recommend other Advisors to clients. In such instances, PAC may receive a portion of the account fee or commissions. In these instances, we will make available to the client a "Compensation Disclosure Statement" and the Form ADV for the other Advisor. The client is under no obligation to use the services of the other Advisor(s) recommended.

#### **Sales Awards**

PAC does not offer sales contests to registered representatives that provide additional incentives. If PAC did, PAC would include all approved products on the platform and would not restrict contests to compensating sponsors only. Top registered representative achievers in these contests could receive PAC sponsored trips, cash prizes, bonus commissions, product fee waivers, differential compensation or other nominal non-cash prizes. All contests would be across the entire product line available on the platform. NO contest will be offered which will award the registered representative based upon the specific product being sold to one product sponsor over another.

### ***Custody***

PAC is not deemed to have custody of client funds solely because PAC does not have authority to deduct fees granted by the client in the investment advisory agreement.

Clients will receive account statements at least quarterly from the broker-dealer or other qualified custodian. Client is urged to review all custodial account statements for accuracy. The custodial statement is the official record of your account for tax purposes.

### ***Investment Discretion***

PAC does not have discretion over any client accounts. PAC does not have authority to withdraw funds or take custody of client funds or securities.

### ***Voting Client Securities***

PAC does not vote proxies. It is the client's responsibility to vote proxies. Clients will receive proxy materials directly from the custodian. Questions about proxies may be made via the contact information on the cover page or the custodian directly.

### ***Financial Information***

An investment advisor must provide financial information if a threshold of fee prepayments is met; there is a financial condition likely to impair the ability to meet contractual commitments; or, a bankruptcy within the past ten years. PAC does not have any disclosure items in this section.