

# Asset Management Solutions<sup>SM</sup>

Form ADV Part 2A, Appendix 1

“Wrap Fee Program Brochure”

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This wrap fee program brochure is dated April 1, 2017.

This wrap fee program brochure provides information about the qualifications and business practices of First Command Advisory Services, Inc. If you have any questions about the contents of this brochure, please contact us at 1-800-443-2104 (or, if overseas, 817-731-8621). 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 First Command Advisory Services, Inc. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

First Command Advisory Services, Inc. is an SEC-registered investment adviser. Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

## Material Changes

This brochure is dated April 1, 2017. We may update this brochure at any time. We will notify you whenever there are material changes to our disclosures in this brochure. In addition, we will annually send you a summary of material changes along with an offer to provide you with a current copy of this brochure. You may request a current copy of this brochure at any time by contacting your Financial Advisor, calling First Command's Home Office at 800.443.2104 (overseas, call 817.731.8621), or visiting [www.firstcommand.com](http://www.firstcommand.com).

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# I. Services, Fees and Compensation

## Introduction.

First Command Advisory Services, Inc. ("First Command") is registered with the SEC as an investment adviser and has filed notices in all states where filings are required. The disclosures in this brochure are formatted to comply with the SEC's Form ADV Part 2A, Appendix 1, which governs the preparation of this document.

First Command Advisory Services, Inc. is the sponsor and investment adviser which offers and administers the Asset Management Solutions ("AMS") program. Our services are provided to you through investment adviser representatives which we refer to as Financial Advisors ("Advisor"). As a "wrap fee program," we provide investment advisory services, brokerage and non-IRA custody services for a single, inclusive fee (i.e., wrap fee). To enroll in AMS, you will be required to complete our new account application and execute our Investment Management Agreement, which contains additional terms and conditions governing your AMS account and your relationship with us.

All references to "you" and "your" in this brochure refer to prospective and existing AMS program clients of First Command. References to "we," "us" or "our" may collectively refer to First Command and/or your Advisor.

We also offer other investment advisory services, including financial planning services, not discussed in this brochure. You may request a copy of our Description of Services brochure (i.e., Form ADV, Part 2A brochure) if you wish to learn more about these other services.

## Overview of the AMS Program.

As part of the AMS program, we offer three services: the Foundations Investment Program ("Foundations"), the Core Investment Program ("Core") and the Select Investor Program ("SIP"). The AMS program enables us to provide you with customized investment portfolio options ("Model Portfolios") composed of mutual funds and/or exchange-traded products ("Model Portfolios") managed by our Investment Management Team ("IMT").

Your Advisor will work with you to gather information about your financial situation, goals and objectives, including information on your investment time horizon (this is the length of time before you intend to sell your investments), risk tolerance (certain investments are more risky than others) and other relevant factors. Based on this information, your Advisor will then propose an overall strategy that includes asset allocation (this is the practice of attempting to limit risk by investing among a range of different investment types) and investment portfolio recommendations in the form of one or more Model Portfolios, with each Model Portfolio to be managed in a separate account within either Foundations, Core or SIP. Your Advisor will periodically meet with you to discuss any changes to your financial situation, goals and objectives to ensure that the Model Portfolio upon which your investments are based continues to meet your investment needs.

Each of the Model Portfolios are designed using asset allocation and diversification strategies to help you pursue investment opportunities and manage risk. For some Model Portfolios, taxable and tax-sensitive options are available. Additional Model Portfolios may be added over time.

The IMT determines which mutual funds and/or exchange-traded products to include in the Model Portfolios and will periodically adjust and rebalance Model Portfolio investments to remain consistent with their investment strategies. Any modifications to the Model Portfolios by the IMT are effected through the sale of securities in your account, which may have tax ramifications for you based on the transactions that result. While the IMT is responsible for managing the Model Portfolios which are recommended to you by your Advisor, the IMT does not possess knowledge of your individual information or investment goals and objectives or provide personalized investment advice to you. You remain the owner of all securities held in your Model Portfolio account and have all ownership rights associated with these securities.

This brochure provides you with a general overview of our responsibilities. You can obtain more specific information about the process by which Model Portfolios are constructed, the mutual funds and exchange-traded products currently held within each of the Model Portfolios, how investment strategies are carried out, options to customize your investments, the IMT, investment returns, and other information through discussion with your Advisor. We encourage you to review this brochure carefully and talk to your Advisor to make certain you fully understand our investment process and the features available to you as a participant in the AMS program.

## Model Portfolios and Implementation Strategies.

As discussed above, the Model Portfolios will consist of mutual funds and/or exchange-traded products ("ETPs") selected by the IMT.

A mutual fund is a pooled investment company that brings together money from many people which it invests in stocks, bonds or other assets. If your assets are invested in mutual funds, First Command will act as your agent and not as a dealer for the mutual fund issuing the shares.

An exchange-traded product (also called an "ETP") is an open-ended investment product that is listed on an exchange and whose shares are traded like ordinary shares of a public company. Unlike traditional mutual funds, which are priced at the end of the day,

ETPs can be bought and sold throughout the trading day at the prevailing price. ETPs may be passively managed investments aiming to replicate the performance of a given market, generally by tracking an underlying benchmark index (an “index” is a method of tracking the overall investment performance of a large category of selected securities, like stocks or bonds), or may be actively managed (where a manager selects underlying investments based on a specified investment strategy). Even with respect to ETPs that are designed to track the performance of a specific index, there is no assurance that the price and investment return of the specified index can be fully matched. ETPs may be used in an attempt to gain broad exposure and diversification of investments held by a client, achieve lower expenses, facilitate increased selling capability, and attain improved tax efficiency. ETPs include but are not limited to exchange-traded funds (ETFs) and exchange-traded notes (ETNs).

### **Management of Your AMS Program Account.**

The Model Portfolios are developed and managed by the IMT. Our Investment Oversight Committee will periodically review the ongoing performance of the IMT. The IMT will periodically assess and rebalance the asset weightings within the Model Portfolios to realign their underlying investments. Fluctuations in the value of investments over certain time periods (known as “dispersion”) may occur between the holdings and performance of the Model Portfolios and the actual AMS program accounts that are maintained by clients based on the Model Portfolios. Account dispersion may be due to differences in account size, cash flow, and the timing of securities trades placed by the IMT, certain trading and system limitations, and other factors.

### **Discretion and Restrictions.**

To participate in the AMS program, you must grant us discretionary authority to manage all of your invested assets by signing an Investment Management Agreement (“IMA”) at account opening. Neither you nor First Command may transact in your AMS program account other than as described in the IMA. The IMA allows you to impose certain restrictions. These restrictions must be requested in writing and are as follows:

- You may direct at any time that you wish to terminate the rebalancing of your account assets.
- You may direct that the payment of lump sum withdrawals shall be from the investment assets instead of from the cash or cash equivalent position within your account.
- You may direct that the payment of a specific lump sum withdrawal be made from a particular investment in the account assets rather than from the cash or cash equivalent position within your account.
- You may direct that a particular sum be held in a cash or cash equivalent position for a specified period of time.

Other than by choosing your Model Portfolios and as described in the IMA, you may not place other restrictions on investing in your account, including imposing restrictions on investing in certain securities or types of securities.

### **Services Provided.**

The following services are included as part of Foundations, Core and SIP:

- Asset management as described above.
- Account statements that will include all investment positions, market values and transactions.
- Annual tax reports for use in preparing federal and state tax returns.
- Online quarterly portfolio performance reports.
- Online quarterly economic and market summaries.
- No-cost First Command Bank Checking and Money Market Savings Accounts (overdraft, stop-payment and similar fees may apply).

In addition to the above services, SIP clients only will have access to the following additional services:

- Automatic bill payment.
- Payment of estimated tax payments.

### **Fees and Compensation.**

The following fees and compensation are applicable to AMS program accounts:

#### **a) Wrap Fees.**

This is the fee we charge for the day-to-day asset management, oversight and trading in your AMS account. Fees are non-negotiable, and will be assessed quarterly in arrears based on assets under management as of the last day of each calendar quarter. Fees will be deducted from your account assets when due. The wrap fee that we charge pays for advisory services, brokerage expenses incurred in your account (i.e., commissions, ticket charges, etc.) and non-IRA custodial services. You are not charged any separate trading fees.

### **Foundations Investment Program**

The annual wrap fee for Foundations will be calculated as follows:

<u>Annual Fee</u>	<u>Assets Under Management</u>
1.35%	Up to \$20,000 and until \$50,000

Foundations accounts valued at \$50,000 or greater in assets under management at the end of each month will be automatically converted (without additional notice) into Core accounts to allow you to take advantage of the lower fee and additional diversification (i.e., additional mutual funds, ETPs and additional asset classes) associated with Core. This conversion will take place no later than 30 days from the end of the month in which your Foundations account becomes valued at \$50,000 or greater in assets under management.

Upon conversion, you will receive a transaction statement and trade confirmations (unless you have elected trade confirmation suppression) which will detail the purchases and sales made by First Command to convert your Foundations account into a Core account. The conversion from a Foundations account to a Core account may be a taxable event in a non-tax qualified account.

### **Core Investment Program**

The annual wrap fee for Core will be calculated as follows:

<u>Annual Fee</u>	<u>Assets Under Management</u>
1.15%	Up to \$50,000 and until \$100,000
Plus 1.10%	Of the Next \$100,001 – \$250,000
Plus 1.00%	Of the Next \$250,001 – \$500,000
Plus 0.75%	Of the Next \$500,001 – \$1 million
Plus 0.60%	Of the Next \$1,000,001 – \$2 million
Plus 0.40%	Of the Next \$2 million and greater

### **Select Investor Program**

The annual wrap fee for SIP will be calculated as follows:

<u>Annual Fee</u>	<u>Assets Under Management</u>
1.25%	Up to \$250,000
Plus 1.10%	Of the Next \$250,001 – \$500,000
Plus 0.85%	Of the Next \$500,001 – \$1 million
Plus 0.70%	Of the Next \$1,000,001 – \$2 million
Plus 0.50%	Of the Next \$2 million and greater

You may aggregate assets you have in Foundations, Core and/or SIP for purposes of qualifying for a lower annual fee. Assets may be aggregated regardless of whether you invest only in Foundations, only in Core, only in SIP, or any combination of Foundations, Core, or SIP.

If you invest in any combination of Foundations, Core or SIP, your wrap fees will be calculated using a blended fee structure. We will: (1) first calculate the fee that would result if all assets were held in each program; (2) and then determine the percentage of assets held in each program compared to all AMS assets; (3) finally, the percentage realized for each program in step '(2)' will be applied to the fee determined for that program in step '(1)' to arrive at the final prorated Foundations, Core and SIP wrap fees.

We reserve the right to maintain prior fee schedules for existing clients and to offer fee discounts to our employees or employees of our affiliates.

### **b) Fees and Expenses Outside the Wrap Fee.**

- (1) **Fees for Certain Requested Services and Specific Account Actions.** All securities and brokerage transactions in the AMS program are effected by First Command Financial Planning, Inc., as an introducing broker-dealer. As described above, you will not pay a separate fee for brokerage expenses incurred in your account (i.e., commissions, ticket charges, etc.).

However, First Command Financial Planning, Inc. may incur certain fees pursuant to its clearing relationship with Pershing LLC related to processing requested services and facilitating specific administrative actions for your AMS account. Pershing LLC is the firm that is responsible for custodianship of assets and execution and settlement of all trades within the AMS program. These fees are passed along to you after being adjusted to take into account First Command Financial Planning, Inc.'s compensation for assisting with the service or action.

Below is a schedule of such fees and how much you will be charged:

Returned ACH Fee .....	\$30.00
Stop Payment Fee .....	\$20.00
ACAT Processing Fee .....	\$90.00
Wire Fee (U.S.) .....	\$25.00
Wire Fee (Foreign) .....	\$30.00

**Courier Fees:**

Overnight Standard .....	\$12.00
Saturday .....	\$18.00
Overnight Foreign.....	\$25.00
Returned Check Fee .....	\$30.00
Inactive Account.....	\$35.00

**Paper Surcharge Fees:**

Transaction Statements* .....	\$.75 each
Trade Confirmations.....	\$.75 each

*\*The paper surcharge fee for transactions statements for SIP and Core accounts (but not Foundations accounts) will be waived for existing AMS clients as of January 1, 2012. This waiver will not apply to Foundations accounts. In addition, this waiver will not apply to accounts that are converted from Foundations to Core or SIP, or accounts that are converted from Core or SIP to Foundations due to a failure to maintain account minimums and then converted back to Core or SIP when the account minimums for those programs are re-met.*

Other fees and charges not listed above may apply depending on the services and account actions requested by you. These fees and charges will be disclosed to you on your transaction statements. Should you have any questions, please do not hesitate to contact us.

The above fees and charges are not shared by Pershing LLC or First Command Financial Planning, Inc. with First Command Advisory Services, Inc. or your Advisor.

- (2) **IRA Custodial Fees.** If you own an IRA account within the AMS program, First Command Bank will serve as your IRA custodian. First Command Bank will charge the following fees for the administrative services it performs as your IRA custodian:

Annual Maintenance Fee:

- \$35 per Traditional IRA, Roth IRA, SEP IRA or Coverdell ESA account;
- \$50 per SARSEP or SIMPLE IRA account.

First Command Bank will waive the annual maintenance fee for Traditional and Roth IRA accounts in excess of \$250,000. The account value will be calculated as of September 30 each calendar year. (The waiver shall not apply to the other types of IRA accounts listed above.)

Termination Fee:

- \$75 per IRA account

First Command Bank will share the above IRA Custodial fees with First Command Financial Planning, Inc. and Pershing LLC in consideration for the services provided by these entities to support First Command Bank as custodian of your IRA. Neither First Command Advisory Services, Inc. nor your Advisor receives any portion of the IRA custodial fees described above.

**c) Indirect Costs of Mutual Funds and ETPs.**

- (1) **Mutual Fund Related Costs.** First Command will not receive any compensation from a mutual fund company related to the purchase and holding of mutual funds in the AMS program. However, you should be aware of the following fees, costs, expenses, and reimbursements, and their impact on your investment rate or return:

- **Internal Expenses of the Mutual Funds.** Assets invested in the AMS program will be subject to the internal expenses of the underlying mutual funds. These expenses are assessed by the mutual fund companies and disclosed in fund prospectuses and other offering documents. You may request copies of fund prospectuses and other offering documents from First Command or your Advisor, or by visiting the fund's website at any time at no cost. These expenses may include, but are not limited to, fund operating expenses, management fees, distribution/service fees and/or redemption fees (including short-term trading redemption fees). The internal expenses of the underlying mutual funds will typically range from 0.5% to 1.5% of your assets annually, and are in addition to the AMS and other fees discussed above. The internal expenses of the underlying mutual funds can have a negative impact on your investment rate of return.

- **Sales Charges and 12b-1 Fees.** First Command will not select or hold mutual funds in the AMS program that pay front-end or back-end sales charges or 12b-1 fees. All mutual fund shares held in the AMS program will be purchased at Net Asset Value ("NAV"). Therefore, sales charges and 12b-1 fees will not impact the rate or return of your investments in the AMS program.
- (2) **ETP Related Costs and Expenses.** First Command will not receive any compensation related to the purchase and holding of ETPs in the AMS program. However, you should be aware of the following fees, costs, and expenses and their impact on your investment rate or return:
- **Internal Expenses of ETPs.** Assets invested in the AMS program will be subject to the internal expenses of the underlying ETPs, if any. These expenses are assessed by the ETPs and disclosed in their offering documents. You may request copies of these offering documents from First Command or your Advisor, or by visiting the ETP's website at any time at no cost. These expenses may include, but are not limited to, the ETP sponsor fee, the trustee fee, ETP custodian's fee, stock exchange listing fees, SEC registration fees, printing and mailing costs, audit fees, legal fees, licensing fees, marketing expenses and other operating expenses. The internal expenses of the ETP can have a negative impact on your investment rate of return.
  - **Bid-Ask Spread.** You will also incur the cost of the "bid-ask spread." The "ask" (or "offer") is the market price at which an ETP can be bought, and the "bid" is the market price at which the same ETP can be sold. Many complicated factors drive bid/ask spreads, including the extent of market maker competition, market maker inventory management costs, and the liquidity of the ETP itself. We will monitor ETPs trades to ensure that Pershing LLC, our clearing firm, ensures best execution of trades in ETPs. The bid/ask spread of the ETP can have a negative impact on your investment rate of return.
  - **Other Costs and Expenses.** First Command will not charge any commissions for trades, receive payments for order flow or directing of trades, or receive any other compensation from the issuer of an ETP or Pershing LLC related to the purchase or holding of ETPs in AMS accounts.

**d) Additional Compensation Received from Mutual Fund Companies and Others.**

- **Revenue Sharing.** First Command Financial Planning, Inc. receives payments that range from 0.01% to 0.15% of net assets invested and/or fund sales for the marketing support and client service it provides on behalf of the distributors of certain mutual fund companies. Currently, Invesco, Fidelity Advisor, Pioneer, Franklin Templeton, J.P. Morgan Chase, Aston Asset Management, Ivy Funds, Touchstone Investments, Sterling Capital Management, William Blair, Neuberger Berman, and MFS pay these fees to First Command Financial Planning, Inc. Similar arrangements may be established with additional mutual fund companies in the future. These fees are paid to First Command Financial Planning, Inc. by the distributors of the funds from their own assets and resources (not the assets of the funds). There is no additional cost to shareholders or the funds.
- **Additional Revenue from Pershing LLC.** First Command Financial Planning, Inc. receives revenue pursuant to its relationship with Pershing LLC. Pershing LLC receives servicing fees from distributors of mutual funds that participate in Pershing LLC's mutual fund no-transaction-fee program (FundVest® Focus and FundVest® Institutional mutual funds). Pershing LLC shares a portion of such fees with First Command Financial Planning, Inc. in accordance with an asset-based formula.

In addition, Pershing LLC also pays to First Command Financial Planning, Inc. an administrative services fee for certain customer and other services provided by First Command Financial Planning, Inc. related to non-FundVest® mutual funds. The administrative services fee is paid to First Command Financial Planning, Inc. based on the number of eligible positions held at Pershing LLC by First Command Financial Planning, Inc. clients. An eligible position is a mutual fund position where Pershing LLC collects a certain minimum amount from the fund company, and includes only those funds that are not part of the FundVest® program. First Command Financial Planning, Inc. may not receive an administrative fee for all non-FundVest® mutual funds.

First Command Financial Planning, Inc. may receive this revenue for certain funds from Pershing LLC and also receive the Revenue Sharing described above for the same funds directly from the distributors of the mutual fund companies.

We recognize the above-described additional compensation may create a potential for conflict of interest when deciding which funds to hold within the AMS portfolio. This conflict is disclosed to you in this brochure. In order to address this conflict, We maintain policies and procedures to ensure that the above-described additional compensation is not a factor in deciding which funds to hold within AMS portfolios. We recognize our fiduciary duty and base our decisions regarding which funds to hold on what serves our clients' best interests.

In addition, the above additional compensation is not shared with First Command Advisory Services, Inc. or your Advisor. Neither First Command Advisory Services, Inc. nor your Advisor consider such compensation when deciding which investments to recommend to you or which funds should be held in the AMS program.

**e) Reimbursement for Training, Education and Due Diligence Meetings.**

Occasionally, one or more of the mutual funds or ETPs held within the AMS program may offer reimbursement for costs related to:

- their participation in training and education sessions that We conduct for our Advisors at companywide or regional meetings;
- educational sessions We hold for our clients;
- reasonable expenses associated with conducting due diligence review of their companies and their products; or
- our attendance at their training and educational conferences, including travel and other related expenses.

This reimbursement is applied to offset the expenses of the applicable event, is not based on any particular sales target, and is paid by the distributors of the funds from their own assets and resources (not the assets of the funds). There is no additional cost to shareholders or the funds. As such, such reimbursement will not impact the rate or return of your investments in the AMS program.

**f) Overall Cost.**

You have the option to purchase products similar to the AMS program from other financial services firms. These products may be available at lower or higher overall costs.

You may also be able to purchase many of the mutual funds and ETPs held within the AMS program without participating in the AMS program. It may cost more or less to purchase such mutual funds and ETPs separately depending on the funds, share classes and ETPs that are available to you outside of the AMS program.

Some factors that bear upon the relative cost of the AMS program are:

- ability for you to purchase fund shares outside of the AMS program at NAV based on existing mutual fund relationships;
- ability for you to purchase ETPs outside of the AMS program without incurring brokerage commissions;
- elimination of separate fees for execution of trades;
- payment of wrap fee; and
- tax impact of transferring assets from one mutual fund or ETP to another to meet asset allocation goals.

If you currently own assets in a systematic investment plan, or any other mutual fund or ETP, you may have other alternatives with lower fees than moving those assets into the AMS program.

**g) Compensation to Your Advisor.**

First Command and your Advisor will each receive a portion of the wrap fee. (The other fees discussed above related to your AMS account are not shared with your Advisor, and, as such, your Advisor does not consider such fees when deciding which investments to recommend to you.) This compensation is paid to Advisors for consultation and other services to you. The amount paid to your Advisor is initially less than if you had purchased the same funds outside the program. However, for assets remaining in the program for the long term, your Advisor's compensation may be more than would be received if you had purchased the funds outside the program.

**Choosing Mutual Funds and ETPs to Hold in the AMS Program.**

The IMT will choose mutual funds and ETPs for AMS Model Portfolios from the entire universe of funds that are available on the Pershing LLC platform. These funds will include mutual funds that participate in Pershing LLC's mutual fund no-transaction-fee program (FundVest® Focus and FundVest® Institutional mutual funds) as well as non-FundVest® mutual funds. Per First Command Financial Planning, Inc.'s agreement with Pershing LLC, First Command Financial Planning, Inc. is allowed to make a certain amount of trades per year in non-FundVest® funds before being charged for additional trades. If First Command Financial Planning, Inc. exceeds the amount of trades allowed in non-FundVest® funds, Pershing LLC will charge First Command Financial Planning, Inc. transaction fees on the additional trades. First Command Financial Planning, Inc. will pay for these transaction fees without passing on the charge to AMS clients.

We recognize the above-described additional charge may create a potential for conflict of interest when deciding which funds to hold within an AMS model portfolio. This charge is disclosed to you in this brochure. In order to address this conflict, we maintain policies and procedures to ensure that this charge is not a factor in deciding which funds to hold within AMS model portfolios. We recognize our fiduciary duty and base our decisions regarding which funds to hold on what serves our clients' best interests.

**Choosing Mutual Fund Share Classes.**

First Command's IMT strives to choose the share class with the lowest internal expenses consistent with what serves our clients' best interests. The appropriate share class will be chosen from among share classes for which the AMS model portfolios are eligible, after considering the underlying expense ratio of the share class, as well as any other relevant factors. First Command will generally select the share class that has historically experienced the lowest expense ratio from among the share classes that it is eligible to purchase.



at the model portfolio level. Typically, the share class chosen will be an institutional or similar share class. In certain instances, a lower cost share class may be available but First Command may be ineligible to purchase such share class at the model portfolio level due to the requirements of the mutual fund. You may be eligible to purchase such share class outside of the AMS Model Portfolio. Higher internal expenses will reduce investor returns.

All accounts in an AMS model portfolio will use the same share class in order to maintain the efficiency of the AMS program. The IMT will select the most appropriate share class that all clients in an AMS model portfolio are eligible to purchase as opposed to selecting the share class by individual account. As such, there may be a share class for a particular mutual fund that experiences lower expenses than the share class selected for such fund in an AMS model portfolio. Accordingly, you may be eligible to purchase certain share classes for a particular mutual fund outside of the AMS model portfolio that may experience lower expenses than the share class used for such fund in an AMS model portfolio.

### **Execution of Trades.**

First Command Financial Planning, Inc. executes trades as a block for the benefit of all accounts invested in a particular AMS model portfolio. Given the large transaction size and percentage of holdings of certain mutual funds within an AMS model portfolio, it may take an extended period of time to execute a buy or sell which could result in a higher or lower price for the mutual fund, potentially affecting the profitability of your investment.

### **Opening a New Account in the Asset Management Solutions (AMS) Program.**

The process to open a new account in the AMS program begins with you and your Financial Advisor completing an AMS account application. This application, along with your initial deposit check (made payable to Pershing LLC) or transfer instructions, is then mailed to our Home Office in Fort Worth, TX for processing. Once the application is received and deemed to be in good order at the Home Office, the new account is opened and your funds are deposited. Within 48 business hours from this point, Pershing LLC will initiate the necessary transactions to invest your funds in line with the model portfolio you have chosen. This entire process can take several days to complete. During this time, the market will fluctuate, which could result in you receiving a higher or lower price for the mutual funds that are purchased in your AMS account and potentially affect the profitability of your investment.

### **Liquidating Funds from Your AMS Account.**

You may request a liquidation by calling (if you have telephone redemption privileges) your Financial Advisor or the First Command Customer Service Center, or by writing to the First Command Home Office.

If the request is made in good order and cash does not need to be raised in your account (i.e., positions do not need to be sold), your request will be processed no later than the next business day and your funds will be disbursed according to your instructions.

If cash needs to be raised in your account (i.e., positions need to be sold), your request will take longer to process. Once your request is received by the Home Office in good order, we will process your request and send it to Pershing LLC no later than the next business day. Within 48 business hours of receipt of your request from First Command Financial Planning, Inc., Pershing LLC will initiate the necessary trades in your account to raise the cash needed to comply with your liquidation request (provided there are no other restrictions on your account). Your funds will then be disbursed upon settlement of the trades. This entire process can take several days to complete. During this time, the market will fluctuate, which could result in you receiving a higher or lower price for the mutual funds being sold to comply with your liquidation request and potentially affect the profitability of your investment.

## **II. Account Requirements and Types of Clients**

### **Account Minimums.**

The minimum initial investment requirement to participate in Foundations is \$20,000 per registration type; the minimum initial requirement to participate in Core is \$50,000 per registration type; and the minimum initial requirement to participate in SIP is \$100,000 per registration type. If the minimum initial investment amount is not met within 90 days of account opening, we reserve the right to: (1) terminate your IMA, liquidate your account and send the proceeds to you; (2) convert your account from SIP to Core or Foundations depending on the account balance at that time; or (3) convert your account from Core to Foundations. We will provide you with prior notice indicating the specific action we will take if the minimum asset amount is not met in a timely manner. Liquidating your account or converting your account from SIP to Core or Foundations, or from Core to Foundations, may result in a taxable event and/or higher wrap fee. The minimum initial investment amount may be changed from time to time or waived at First Command's sole discretion. Subsequent investments shall not be less than \$100.

In the event that account assets are reduced due to client withdrawals to less than the account minimum, We will notify you and you will have 30 days from the date such notice is sent to restore the account assets to meet the account minimum. If you fail to restore the account assets to the minimum within the 30 day period, we reserve the right to: (1) terminate your IMA, liquidate your account and send the proceeds to you; (2) convert your account from a SIP account to a Core account or a Foundations account, depending on

the account balance; or (3) convert your account from a Core account to a Foundations account. Liquidating your account or converting your account from SIP to Core or Foundations, or from Core to Foundations, may result in a taxable event and/or a higher wrap fee. The notice we send to you will state the specific action we will take if the account assets are not restored to meet the account minimum in a timely manner.

### **Types of Clients.**

The AMS program is open to individuals, corporate entities and trusts only. We do not do business with pension plans, investment companies or institutional clients.

## **III. Portfolio Manager Selection and Evaluation**

The IMT serves as the portfolio manager of the AMS program. Performance for individual AMS accounts is calculated by Pershing LLC, the custodian of assets for the AMS program. Performance for Model Portfolios is calculated by the IMT using Morningstar Direct. Performance of Model Portfolios is measured against customized blended benchmarks chosen by the IMT, available through Pershing LLC's systems, and calculated by Pershing LLC.

First Command does not use a third-party to review its performance information. First Command relies on the calculations made by Pershing LLC for performance of individual AMS accounts and Morningstar Direct for performance of Model Portfolios.

All members of the IMT are salaried employees of First Command Financial Services, Inc., the parent company of First Command Advisory Services, Inc. First Command does not compensate IMT members in any way that may result in a conflict of interest which may cause the IMT to make an investment decision that is not in the best interests of our clients. In addition, First Command maintains policies and procedures to eliminate and/or mitigate conflicts of interests. If a conflict of interest does arise that cannot be eliminated, First Command will seek to mitigate such conflict and disclose it to you. Further, as part of its policies and procedures, First Command requires that its Investment Oversight Committee ("IOC") review, approve and oversee changes to the Model Portfolios and customized blended benchmarks made by the IMT. Members of the IMT and IOC are chosen by the principal executive officers of First Command Financial Services, Inc. Members may be added or removed from the IMT or the IOC whenever the principal executive officers of First Command Financial Services, Inc. determine that such changes are in the best interests of the AMS program and clients.

### **Other Advisory Services.**

In addition to our AMS program, we offer our clients personalized investment advisory services and financial planning services through our Tailored Professional Services ("TPS") program.

TPS program clients are entitled to personalized investment advisory services and financial planning services from us for a term of 12 months. The initial 12 month term begins on the date that the client signs an Investment Advisory Agreement.

The following services are included as part of the TPS program:

- Reasonable personal or telephone access to the Advisor for continued financial advice.
- A written financial plan with recommendations for cash management (banking), wealth accumulation and management (investments), and risk management (insurance) during the initial term of service.
- An updated written financial plan during any renewal term in which a TPS client reports a material change to the client's circumstances.
- Full access to First Command's web features, as well as reviewing My Financial Journey™ with an Advisor during appointments.
- Periodic financial reviews or "progress meetings" with an Advisor within the Service Period.

Income tax preparation services and "cost basis calculations" through First Command Tax Services at a reduced rate for the Service Period.

When appropriate, and with the client's consent, bringing together other professionals into a "deliverables team" to provide more complete service. This may include a CPA/accountant, tax analyst, estate planner, attorney, real estate specialist and/or financial product specialist. Note: The TPS fee does not cover fees charged by other professionals on the deliverables team who will bill separately for their services.

In addition to the above services, we will also provide TPS clients with other advisory services based upon the client's specific situation and needs. At the beginning of the initial term, as well as at each renewal term, each TPS client and the client's Advisor will discuss the services expected to be provided during the term when negotiating the fee for that term.

In order to provide clients with TPS, our Advisors will gather detailed information from the client to determine the client's existing financial condition, attitudes, goals, risk tolerance and planning horizon. We rely on the client to provide us with the client's complete financial situation, goals and needs, as well as any updates to the client's situation. Any financial plan and/or other recommendations prepared for a TPS client will address the client's current financial circumstances and goals, and will be based on the information the

client provided on questionnaires, documents and during interviews with the client's Advisor. We will work collaboratively with each TPS client and encourage them to be an active participant in all discussions related to the advisory services we provide.

Additional information about the Tailored Professional Services program is available in our Description of Services brochure (i.e., Form ADV, Part 2A brochure). You may request a copy of our Description of Services brochure by contacting your Advisor, calling First Command's Home Office at 800.443.2104 (overseas, call 817.731.8621), or visiting [www.firstcommand.com](http://www.firstcommand.com).

For non-AMS accounts, our recommendations for investments will focus on mutual funds, variable annuities, variable life insurance, and Section 529 Plans brokered by First Command Financial Planning, Inc. Our advice will generally be limited to these types of investments only. We may also give clients suggestions to manage risk (insurance); however, no part of the advisory fee charged is for recommendations related to insurance. Each client determines whether to implement any of the recommendations provided to the client and the client is under no obligation to purchase any product or service through First Command or its affiliates.

We will not exercise any discretion or monitor client investments that are not in the AMS program. This means that we will have no authority to buy or sell any security without a client's specific authorization for such investments. All transactions will be executed only with the client's prior approval.

First Command and your Advisor share the wrap fee charged to you if you participate in the AMS program. First Command and your Advisor share the TPS fee charged to you if you participate in the TPS program. If you invest in non-advisory products brokered by First Command Financial Planning, Inc., First Command Financial Planning, Inc. and your Advisor will be compensated via sales commissions and other third-party payments from the applicable investment and/or insurance company.

### **Assets Under Management.**

As of September 30, 2016, First Command Advisory Services, Inc. manages \$10.4 billion on a discretionary basis as part of its AMS program.

### **Performance Based Fees and Side-By-Side Management.**

We do not charge performance-based fees. We also do not offer side-by-side management.

### **Methods of Analysis, Investment Strategies and Risk of Loss.**

The IMT conducts the firm's due diligence on investment products offered to our clients and manages the day-to-day decisions for the Model Portfolios in the AMS program. Information about the IMT is included in Section II of this brochure.

First Command requires the IMT to follow a disciplined approach in researching current and potential investments, with decisions based on:

- **Philosophy.** We are biased toward managers who select investments based on fundamental analysis of underlying business characteristics, comprehensive review of financial statements, and prudent consideration of risks including security valuation. Additionally, we complement these managers with exposures to low-cost passive index funds and ETPs.
- **Process.** We demand alignment of the process with the stated philosophy and evidence of its consistency and successful execution over time.
- **People.** The character of the individuals who will manage our clients' assets is of the utmost importance. We must maintain high confidence in the experience, integrity, and dedication of those who have primary responsibility for investment decisions and be comfortable with the teams which support them and the firm cultures in which they operate.
- **Price.** We must believe that the cost of a product is reasonable in the context of the value it can deliver for clients and in comparison to similar alternatives.

The IMT uses a variety of quantitative and qualitative techniques as part of its analysis, including many principles which have collectively become known as Modern Portfolio Theory. Modern Portfolio Theory is a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully choosing the proportions of various assets. Of course, while risk can be managed, it cannot be avoided. We do not guarantee the performance of any investments or guarantee that our investment advice or strategies or that of any Advisor will be successful or that your investment objectives will be met. Investment advice or financial planning recommendations provided by us or any Advisor are largely a matter of professional judgment, and neither us nor any Advisor with whom you have worked shall be liable for performance or non-performance of any investment advice or recommended investment made in good faith and with reasonable care. Investing in securities involves risk of loss that clients should be prepared to bear.

The sources of information used by the IMT include research materials prepared by organizations such as Morningstar, Inc. and the Investment Company Institute, financial periodicals, annual reports, prospectuses and the other documents created by the product issuers.

The actual risks associated with the investments selected will vary depending on the particular investment chosen, but the most important risk—like with all securities—remains the potential for loss of principal and income. Other material risks include: (1) the possibility of costs even in case of negative returns; (2) lack of control (the fund manager or portfolio manager controls the buying and selling as well as the timing of those trades); and (3) price uncertainty (the price at which you purchase or redeem shares of a mutual fund will depend on the fund's NAV, which may not be calculated until many hours after you have placed your order, and the market price of an ETP's shares may fluctuate with the market and may differ from its NAV). Stock market volatility, interest rate changes, inflation risk, interest rate risk, credit risk, political and country risk, management and company risk, etc. should also be taken into account.

A mutual fund or ETP in a Model Portfolio may be replaced at any time the IMT determines it no longer meets the requirements of a Model Portfolio. Reasons for replacement may include change of investment objective, manager, or fund performance.

### **Voting Client Securities.**

For AMS accounts, we maintain a Proxy Voting Policy which reflects our duty as a fiduciary to vote proxies in your best interest. Generally, First Command will vote in support of management changes, recommendations for routine mutual fund housekeeping proposals, including election of trustees, reorganizations, amendments of charters, and dissolution of a fund (since this usually indicates that the fund has few remaining assets). We will consider all proposals on a case-by-case basis and vote all proxies the same way for each client.

In the event of a material conflict of interest that is not otherwise addressed through our Proxy Voting Policy, we will notify you of the conflict and the actions we will take to address the conflict.

We maintain relevant and appropriate proxy records in accordance with our Proxy Voting Policy. If you would like to receive a copy of our Proxy Voting Policy or specific voting records for proxies related to your holdings, please write to:

SVP, Operations  
Attn: Proxy Voting Policy  
1 FirstComm Plaza, Fort Worth, TX 76109-4999

You may also write to the above address if you desire to direct a vote in a particular solicitation.

## **IV. Client Information Provided to Portfolio Managers**

First Command's IMT is responsible for managing the Model Portfolios in the AMS program. They do not, however, possess knowledge of your individual information or investment goals and objectives and do not provide investment advice directly to you.

## **V. Client Contact with Portfolio Managers**

Any questions regarding the management of the AMS program or your account should be directed to your Advisor or First Command's Home Office at 1-800-443-2104, Overseas, Call 817-731-8621.

## **VI. Additional Information**

### **Disciplinary Information.**

First Command Advisory Services, Inc. has not been subject to any reportable legal or disciplinary events.

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

First Command Financial Services, Inc. is the parent company of First Command Advisory Services, Inc., First Command Financial Planning, Inc., First Command Insurance Services, Inc., First Command Bank, First Command Financial Services, Inc. (a separate Montana domestic corporation), and First Command Europe Ltd.

First Command Financial Planning, Inc. is a broker-dealer. It offers brokerage services and securities products, including but not limited to mutual funds, Section 529 Plans, variable annuities, and variable life insurance products. First Command Financial Planning, Inc. is a member of the Financial Industry Regulatory Authority ("FINRA"). First Command Financial Planning, Inc. is authorized to conduct business in all 50 states, and the District of Columbia. It is also a member of the Securities Investor Protection Corporation ("SIPC") and the Municipal Securities Rulemaking Board ("MSRB").

First Command Insurance Services, Inc. is a life insurance general agency. Insurance products and services are offered by First Command Insurance Services, Inc. in all states except Montana, where as required by law, insurance products and services are offered

by First Command Financial Services, Inc. (a separate Montana domestic corporation). Insurance product offerings include life insurance; long term care insurance; disability income insurance; liability, property and casualty insurance; and annuities.

First Command Bank is a federally chartered savings and loan association and a member of the Federal Deposit Insurance Corporation (FDIC). Personal banking products and services offered by First Command Bank include checking and savings accounts, money market accounts, certificates of deposit, mortgage loans, automobile loans, secured and unsecured personal loans, debt consolidation loans, credit and debit cards, online banking services, and trust services. Commercial banking products and services offered by First Command Bank include commercial checking accounts, money market savings accounts, commercial loans, business credit and debit cards and online banking services.

Our Advisors are investment adviser representatives for First Command Advisory Services, Inc., registered representatives for First Command Financial Planning, Inc. and insurance agents for First Command Insurance Services, Inc. and/or First Command Financial Services, Inc. (a separate Montana domestic corporation). Our Advisors will also receive support fees from First Command Bank in recognition of their efforts to promote your banking relationship with First Command Bank.

In Europe, investment and insurance products and services are offered through First Command Europe Ltd. First Command Europe Ltd. is authorized and regulated by the Financial Conduct Authority (FCA) and is bound by the FCA's rules and regulations in the conduct of its business. First Command Europe Ltd.'s FCA register number is 482323 and its head office is located at: Unit 4, Wallis Court, James Carter Road, Mildenhall, Bury St. Edmunds, Suffolk, IP28 7DD.

You may check First Command Europe Ltd.'s authorizations with the FCA at [www.fsa.gov.uk/register/home.do](http://www.fsa.gov.uk/register/home.do), by calling the FCA at 0845 606 1234, or by writing to the FCA at 25 The North Colonnade, Canary Wharf, London, E14 5HS. Certain investment and insurance products offered in the United States may not be available in Europe.

We recognize there is a potential for conflict of interest when offering investment advisory services while our affiliates are also being compensated for the sale of securities, insurance and banking products. This conflict is disclosed to you in this brochure. In order to address this conflict, First Command maintains policies and procedures to ensure that any recommendations made to you are in your best interests and consistent with First Command's and your Advisor's fiduciary responsibilities. If a situation arises where we feel we cannot make recommendations to you that are in your best interests, we will notify you and may terminate your advisory relationship if we or you determine appropriate.

### **Code of Ethics, Participation or Interest in Clients Transactions and Personal Trading.**

First Command has adopted a Code of Ethics that sets forth the ethical standards of business conduct that we require of our employees and Advisors. Our Code ensures our compliance with applicable Federal Securities Laws, regulatory oversight, enforcement and recordkeeping provisions.

A copy of our Code of Ethics is available to any client or prospective client upon written request to:

Chief Compliance Officer  
Attn: First Command Code of Ethics  
1 FirstComm Plaza, Fort Worth, TX 76109-4999

First Command, its parent company and affiliates participate in many of the same securities we recommend to you for their corporate holdings and their retirement plans maintained for employees. In all instances, the positions these companies maintain are small enough to have no impact on the pricing or performance of the security. First Command, its parent company and affiliates do not buy from, sell to, or otherwise enter into transactions for securities with clients or client accounts.

### **Brokerage Practices.**

First Command Advisory Services, Inc. will recommend its affiliate First Command Financial Planning, Inc. for all brokerage transactions.

For transactions in AMS accounts, we will submit your trade to First Command Financial Planning, Inc., as the introducing broker-dealer. Pershing LLC is the custodian of assets and executes and settles all trades for AMS accounts pursuant to its clearing agreement with First Command Financial Planning, Inc. Pershing LLC and First Command Financial Planning, Inc. are not affiliated entities of each other. Pershing LLC is a subsidiary of BNY Mellon and a member of the Securities Investor Protection Corporation (SIPC®). Pershing LLC will mail you a disclosure statement with important information about itself and its clearing agreement with First Command Financial Planning, Inc. upon account opening. You may also visit Pershing LLC's website at [www.Pershing.com](http://www.Pershing.com).

You may not choose to use a broker-dealer other than our affiliate First Command Financial Planning, Inc. for transactions in our AMS program. You may also not choose a custodian of assets other than Pershing LLC. We reserve the right to change the custodian of assets and will notify you in the event of such a change.

Your investment in each Model Portfolio you select will be held in a separate brokerage account maintained by Pershing LLC. Mutual fund shares are issued in "book" form, meaning that a certificate of ownership is not issued, although the shares remain assets held within your Model Portfolio account.

As noted above, trading will occur through the brokerage accounts you establish with the Custodian. The IMT will initiate trades at their discretion. First Command Financial Planning, Inc. has an obligation to monitor for “best execution” (a regulatory requirement to ensure the best combination of net price and execution) when placing trades for your accounts through its clearing relationship with Pershing LLC. Various factors are considered in analyzing overall execution quality including but not limited to:

- Transaction costs associated with the purchase and sale of investments;
- The trade execution, clearance, and settlement capabilities of the broker-dealer;
- The size of brokerage transactions accommodated;
- The efficiency and timing of brokerage transactions;
- The activity existing and anticipated in the market for a particular security;
- The nature of the securities being purchased or sold and access to purchasers and sellers within the investing marketplace (which may be limited due to thin trading activity or unavailability of certain securities);
- The financial stability and reputation of the executing broker-dealer; and
- The other services provided.

First Command Financial Planning, Inc. regularly monitors the reporting of execution costs and quality to evaluate the brokerage services provided to our clients in comparison to industry standards.

### **Review of Accounts.**

The IMT will periodically rebalance your AMS account assets consistent with the benchmark allocation of your selected Model Portfolio. A rebalancing review will be conducted periodically. The IMT may time the rebalancing to allow for payment of fees, estimated taxes or withdrawals prior to rebalancing. This rebalancing will be accomplished by selling the over-weighted investment assets and purchasing corresponding dollar amounts of underweighted investment assets. Rebalancing is effected through the sale and purchase of securities in your account, which may have tax ramifications for you based on the transactions that result.

A mutual fund or ETP may also be replaced at any time the IMT determines it no longer meets the requirements of a Model Portfolio. Reasons for replacement may include change of investment objective, manager, or fund performance.

We recommend that all clients meet with their Advisor on at least an annual basis for a review. During reviews, your personal financial information will be updated. We may recommend more frequent reviews depending on your particular situation or if a periodic review raises questions about your portfolio. You should contact your Advisor any time a material change in your circumstances occurs which might affect the manner in which your assets should be invested. A revised recommendation will be made, if appropriate.

Account statements will be provided to you in writing or electronically on at least a quarterly basis. These statements will contain balances as well as transaction history for your account during the indicated period. You should review your account statements and confirmations closely to ensure there are no unauthorized transactions in your account. You should notify us in writing within 30 days of receipt of your account statement or confirmation if you have any questions or concerns regarding the information contained therein. Unless you notify us within 30 days, we will not be responsible for any unauthorized transactions or other errors in your account.

### **Client Referrals and Other Compensation.**

We do not receive any compensation for our advisory services other than compensation related to our AMS program (as described in this brochure) and our Tailored Professional Services program (see our Description of Services brochure, i.e., our Form ADV Part 2A brochure). We also do not pay fees to other parties for client referrals.

### **Custody.**

We do not have custody of your assets. Pershing LLC (Member FINRA, SIPC) is the custodian of assets and executes and settles all trades for AMS accounts. Pershing LLC will send you statements on at least a quarterly basis.

### **Investment Discretion.**

For the AMS program, We will exercise our discretion as granted by you in the IMA. Neither you nor First Command Advisory Services, Inc. may transact in Foundations, Core or SIP account other than as described in the IMA. However, the IMA does allow you to impose certain restrictions.

These restrictions must be requested in writing and are as follows:

- You may direct at any time that you wish to terminate the rebalancing of your account assets.
- You may direct that the payment of lump sum withdrawals shall be from the investment assets instead of from the cash or cash equivalent position within your account.

- You may direct that the payment of a specific lump sum withdrawal be made from a particular investment in the account assets rather than from the cash or cash equivalent position within your account.
- You may direct that a particular sum be held in a cash or cash equivalent position for a specified period of time.

Other than by choosing your model portfolios and as described above and in the IMA, you may not place other restrictions on investing in your account, including imposing restrictions on investing in certain securities or types of securities.

## Financial Information.

First Command is financially able to meet all of its obligations. We have not been the subject of a bankruptcy petition and do not anticipate any issues that would limit our ability to meet our contractual obligations to our clients or business partners.

## VII. Brochure Supplements for Our Investment Management Team

First Command Advisory Services, Inc.  
1 FirstComm Plaza, Fort Worth, TX 76109  
800.443.2104

This brochure supplement is dated April 1, 2017.

This Brochure supplement provides information about First Command's IMT and supplements the First Command Description of Services Brochure ("DOS"). Please contact our Home Office at 800.443.2104 if you did not receive a complete copy of the DOS or if you have any questions about the contents of this supplement. Additional information about the First Command's IMT is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### Educational Background and Business Experience

#### **Collin Geninatti, CFA \*\***

Year of Birth: 1988

Education:

Illinois State University, Normal, IL ..... 2010 B.S.

Chartered Financial Analyst\*\* ..... 2014

Employment:

*First Command Advisory Services, Inc.*

Senior Investment Analyst ..... 7/2013 – Present

*Edward Jones*

Associate Analyst ..... 6/2010 – 7/2013

#### **Jared S. McFerron**

Year of Birth: 1993

Education:

The University of Texas at Arlington, TX ..... 2015 B.B.A.

Employment:

*First Command Advisory Services, Inc.*

Junior Investment Analyst ..... 06/2015 – Present

#### **Brandon S. Pizzurro, CFP® \***

Year of Birth: 1981

Education:

Baylor University, Waco, TX ..... 2004 B.B.A.

Certified Financial Planner\* ..... 2007

Employment:

*First Command Advisory Services, Inc.*

Senior Investment Analyst ..... 5/2010 – Present

*1st Global*

Financial Consulting Director ..... 6/2005 – 4/2010

#### **Joshua P. Walshe, CFA \*\***

Year of Birth: 1979

Education:

The University of Texas at Dallas, Richardson, TX ..... 2001 B.S.  
Texas Christian University, Fort Worth, TX.....2014 MBA  
Chartered Financial Analyst\*\* ..... 2006

**Employment:**

*First Command Advisory Services, Inc.*

Sr. Portfolio Manager .....10/2008 – Present

*Stanford Group Company*

Investment Analyst..... 11/2007 – 10/2008

*Bank of New York*

Investment Analyst..... 7/2001 – 11/2007

The IMT is supervised by:

**John S. Weitzer, CFA \*\***

Year of Birth: 1967

Education:

Marquette University, Milwaukee, WI ..... 1990 B.A.

Marquette University, Milwaukee, WI .....1993 J.D.

Chartered Financial Analyst\*\* ..... 2003

Employment:

*First Command Advisory Services, Inc.*

SVP, Chief Investment Officer .....1/2017 – Present

*Wells Fargo*

Wealth Advisor, SVP ..... 07/2011 – 12/2016

*Wells Fargo*

Senior Investment Manager, SVP ..... 01/2009 – 06/2011

*Wells Fargo*

Senior Investment Manager, VP..... 09/2008 – 12/2008

*Wells Fargo*

Regional Investment Manager, VP ..... 02/2006 – 08/2008

*Wells Fargo*

Investment Research, VP ..... 01/2005 – 02/2006

*Strong Capital Management, Inc*

Investment Research and Communication, Director ..... 09/2003 – 12/2004

*\*The CERTIFIED FINANCIAL PLANNER™ credential is awarded by the Certified Financial Planner Board of Standards, Inc. (CFP Board) to individuals who fulfill requirements including the completion of an advanced college-level course of study addressing specific financial planning subject areas and the attainment of a bachelor's degree from an accredited college or university; passage of the comprehensive CFP® Certification Examination; at least three years of full-time financial planning-related experience or the equivalent; and agreement to be bound by the CFP Board's Standards of Professional Conduct. Maintenance of the certification requires a minimum of 30 hours of continuing professional education every two years and continuing adherence to the ethical standards.*

*\*\*The Chartered Financial Analyst designation is awarded by the CFA Institute to individuals who possess an undergraduate degree and four years of professional experience involving investment decision making or four years of qualified work experience, who complete a three level self-directed course of study involving 250 hours at each level, and who pass final examinations at each level. No continuing education/experience is required for maintenance of the designation.*

**Disciplinary Information.**

None of the persons listed above have been subject to any reportable legal or disciplinary events.

**Other Business Activities.**

None of the persons listed above receive compensation from business activities outside of First Command Advisory Services, Inc.

Members of the IMT are employees of First Command Financial Services, Inc., the parent company of First Command Advisory Services, Inc. and First Command Financial Planning, Inc. They are compensated by salary, bonus and other employee benefits. They may be registered through First Command Advisory Services, Inc. as investment adviser representatives and/or First Command Financial Planning, Inc. as broker-dealer registered representatives. However, they do not receive a portion of the annual wrap fee charged to AMS accounts or commissions based on the sale of securities or other investment products.



**Additional Compensation.**

None of the persons listed above receive compensation for providing advisory services from sources other than First Command Advisory Services, Inc.

**Supervision.**

Our IMT serves as the portfolio manager for all Model Portfolios within the AMS program. They are responsible for managing and continuously reviewing the investments within the Model Portfolios. A mutual fund or exchange trade product may be replaced at any time the IMT determines it no longer meets the requirements of a Model Portfolio. Reasons for replacement may include change of investment objective, manager, or fund performance. First Command's IOC is responsible for overseeing changes to the Model Portfolios made by the IMT. Members of the IMT and IOC are chosen by the principal executive officers of First Command Financial Services, Inc. Members may be added or removed from the IMT or the IOC whenever the principal executive officers of First Command Financial Services, Inc. determine that such changes are in the best interests of the AMS program and clients.

The persons listed above report directly to **John S. Weitzer, Senior Vice President, Chief Investment Officer**. You may contact John S. Weitzer at 800.443.2104. John S. Weitzer's education and employment information is provided above.

**Our Financial Advisors.**

Your First Command Financial Advisor will provide you a separate brochure supplement with information about himself or herself. You may contact your Financial Advisor or our Home Office at 800.443.2104 if you have any questions about your Financial Advisor's brochure supplement.

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# GENERAL DISCLOSURE STATEMENT

## TERMS AND CONDITIONS

**SINGLE-OWNER (INDIVIDUAL) ACCOUNT WITHOUT "T.O.D." (TRANSFER ON DEATH) BENEFICIARY DESIGNATION.** On the death of the individual account owner, ownership of the account passes under the terms of the decedent/owner's will, and in the absence of a will under the law of intestate succession of the decedent/owner's state of residence.

**SINGLE-OWNER (INDIVIDUAL) ACCOUNT WITH "T.O.D." (TRANSFER ON DEATH) BENEFICIARY DESIGNATION.** In order to designate T.O.D. beneficiaries on the account, You must complete and execute the "Individual Transfer On Death Account Agreement." You may obtain this form from Your Financial Advisor or First Command Advisory Services, Inc., the investment adviser for your account, and First Command Financial Planning, Inc., the introducing broker-dealer for your account (together "First Command"). On the death of the individual account owner, ownership of the account will pass to the T.O.D. beneficiaries of the account under the terms and conditions of the Individual Transfer On Death Account Agreement.

**MULTIPLE-OWNER ACCOUNT HELD AS TENANTS-IN-COMMON.** First Command may pay upon demand of any owner any part up to all of the account at any time. On the death of an owner, the deceased owner's portion of the account passes under the terms of the deceased owner's will or by the law of intestate succession of the deceased's owner's state of residence. Payment will be made to the personal representative or heirs of a deceased owner only after receipt by First Command of adequate proof of the owner's death and entitlement to the funds. First Command shall be the sole arbiter of the adequacy of such proof.

**MULTIPLE-OWNER ACCOUNT AS JOINT-TENANTS WITH RIGHT OF SURVIVORSHIP.** First Command may pay upon demand of any owner any part up to all of the account at any time. On the death of an owner, the deceased owner's portion of the account passes to the surviving owners in equal shares and any sums in the account may be paid, on written request, to any owner without regard to whether the other owner or owners is/are incapacitated or deceased at the time payment is demanded. Payment will be made to the personal representative or heirs of a deceased owner only after receipt by First Command of adequate proof of the owner's death and entitlement to the funds. First Command shall be the sole arbiter of the adequacy of such proof. You may designate T.O.D. beneficiaries on the account by completing and executing the "Joint Transfer on Death Account Agreement." You may obtain this form from Your Financial Advisor or First Command. On the death of both joint tenants, ownership of the account will pass to the T.O.D. beneficiaries of the account under the terms and conditions of the Joint Transfer on Death Account Agreement.

**ACCOUNT HELD BY HUSBAND AND WIFE AS TENANTS BY THE ENTIRETIES.** First Command may pay upon demand of any owner any part up to all of the account at any time. On the death of a spouse, the remaining spouse owns by operation of law the entire account. Payment will be made to the surviving spouse only after receipt by First Command of adequate proof of the owner's death and entitlement to the funds. First Command shall be the sole arbiter of the adequacy of such proof.

**TRUST.** The owner of the account is the Trust. First Command may pay any sum (up to all) in the account under the terms of the trust document. A successor Trustee may not withdraw any funds from the account until proof is presented to First Command that the Successor Trustee has succeeded the Trustee or Co-Trustee named on the account. A beneficiary of the Trust may not withdraw funds from the account until proof of ownership of the account passing to the beneficiary is presented to First Command, the adequacy of such proof shall be determined in the sole discretion of the First Command.

**TRADITIONAL and ROTH IRA.** The owner of a Traditional or Roth IRA is the participant. First Command Bank ("FCB") is the custodian of Your individual retirement account ("IRA") as permitted by section 408(a)(2) and 408(n) of the Internal Revenue Code. Contributions to and distributions from the Traditional or Roth IRA shall be governed by the terms of the Traditional/Roth IRA Custodial Agreement and Disclosure Statement. The terms and conditions of the Traditional/Roth IRA Custodial Agreement and Disclosure Statement between the participant and FCB are hereby incorporated by reference. To the extent of a conflict between any of the provisions of the Traditional/Roth IRA Custodial Agreement and Disclosure Statement and this Asset Management Solutions Account Application or the IMA, the terms of the Traditional/Roth IRA Custodial Agreement and Disclosure Statement shall control.

**SIMPLE IRA.** The owner of a savings incentive match plan for employees individual retirement account ("SIMPLE IRA") is the participant. FCB is the custodian of Your SIMPLE IRA as permitted by section 408(a) and 408(p) of the Internal Revenue Code. Contributions to and distributions from the SIMPLE IRA shall be governed by the terms of the SIMPLE IRA Custodial Agreement and Disclosure Statement. The terms and conditions of the SIMPLE IRA Custodial Agreement and Disclosure Statement between the participant and FCB are hereby incorporated by reference. To the extent of a conflict between any of the provisions of the SIMPLE IRA Custodial Agreement and Disclosure Statement and this Asset Management Solutions Account Application or the IMA, the terms of the SIMPLE IRA Custodial Agreement and Disclosure Statement shall control.

**COVERDELL ESA.** The owner of a Coverdell education savings account ("ESA") is the Responsible Individual. FCB is the custodian of Your ESA as permitted by section 530 of the Internal Revenue Code. Contributions to and distributions from the ESA shall be governed by the terms of the Coverdell ESA Custodial Agreement and Disclosure Statement. The terms and conditions of the Coverdell ESA Custodial Agreement and Disclosure Statement between the participant and FCB are hereby incorporated by reference. To the extent of a conflict between any of the provisions of the Coverdell ESA Custodial Agreement and Disclosure Statement and this Asset Management Solutions Account Application or the IMA, the terms of the Coverdell ESA Custodial Agreement and Disclosure Statement shall control.

**COMPANY SPONSORED RETIREMENT PLAN:** The Company is the plan sponsor of the Retirement Plan, and the Board of Directors and/or decision-making executives of the Company acknowledge that they may have certain fiduciary responsibilities concerning the Retirement Plan pursuant to the Employee Retirement Income Security Act ("ERISA") and/or state law. Additional documentation will be required to open these account types. Please consult with your Financial Advisor.

**PLEDGE OF SINGLE/MULTIPLE OWNER ACCOUNT AS COLLATERAL.** Any owner of a single/multiple owner account may pledge the account as collateral or create a security interest in the account without the joinder of a T.O.D. beneficiary or any other owner of the account, regardless of whether there is a right of survivorship.

**CREDITOR'S RIGHTS REGARDING THE MULTIPLE OWNER ACCOUNTS.** An owner(s) of a multiple-owner account is/are not able/permitted to transfer sums in the account to a survivor or a T.O.D. beneficiary to the detriment of a creditor of the deceased owner's estate to the extent the assets in the deceased owner's estate are insufficient to pay the taxes, debts, expenses of administration including statutory allowances to the surviving spouse and minor children or a secured creditor who has a

lien on the account. The survivor or T.O.D. beneficiary of the multiple owner account will be liable to the personal representative of the deceased owner's estate or to the secured creditor to the extent of the amount received from the multiple owner account to pay any of the above mentioned debts or expenses. First Command **shall not be liable** to the estate of a deceased owner of a multiple owner account for making a distribution to the survivor or T.O.D. beneficiary according to the terms of the account, and the owners hereby hold First Command harmless for any such distribution and agree that each owner's estate shall look solely to the survivor(s) or T.O.D. beneficiary(ies) for recovery of any such sum received as a distribution from the account necessary to satisfy the taxes, debts, and expenses of the administration (including statutory allowances to the surviving spouse and minor children). No distributions will be made from a multiple owner account to the survivor of T.O.D. beneficiary if First Command has received written notice that a lien exists on the account in favor of a secured creditor of a deceased owner's estate.

**SET-OFF RIGHTS OF FIRST COMMAND BANK.** If an owner of a multiple owner account is indebted to First Command Bank ("FCB"), FCB has a right of set-off against the account in which the owner has or had immediately before his death a present right of withdrawal (without qualifying for any other statutory right to set-off). The amount subject to set-off is that proportion to which the debtor/owner is, or was immediately before death, beneficially entitled, and in the absence of proof of net contributions, an equal share with all owners having a present right of withdrawal from the account.

**DISCHARGE FOR CLAIMS.** Payment by First Command or FCB according to the terms set forth in this Asset Management Solutions Account Application and the Investment Management Agreement for the type of account selected by the owner(s) shall discharge First Command and FCB from all claims for amounts so paid whether or not the payment is consistent with the beneficial ownership of the account as between owners or T.O.D. beneficiaries.

**UNIFORM GIFTS TO MINORS ACT/UNIFORM TRANSFERS TO MINORS ACT.** This account allows an adult, designated the "Custodian," to contribute to a custodial account in a minor's name without having to establish a trust or name a legal guardian. The rules dealing with UGMA/UTMA accounts place a legal duty on the Custodian of the account to transfer the assets to the beneficiary when the beneficiary reaches a specified age. The age at which this transfer must take place can vary between age 18 and age 25, depending on the laws of the state under which the account was established. Custodians should calendar the date when this change is to occur and ensure that the re-registration takes place. First Command assumes no responsibility to remind the Custodian of when this re-registration is to occur, and the Custodian agrees to and does indemnify First Command, its directors, officers and employees, from any loss or damage sustained that results from the Custodian's failure to re-register the account or use of the funds in a manner not authorized by the UGMA or UTMA.

**LEGAL ACCOUNT. A Guardianship or Conservatorship Account** is created by a person, the Guardian or Conservator (the function is the same and which term is used is depends on the practice in the state where it is created), who has been appointed by a court to administer the financial affairs of a person who does not have capacity to act for themselves. This is typically a minor or an adult person who is disabled in some manner that prevents the incapacitated person from attending to his or her own business affairs. The authority of the Guardian or Conservator to create the account and take action in operation of the account is wholly dependent on the order of court creating the Guardianship or Conservatorship. The Guardian or Conservator agrees to and does indemnify First Command, its directors, officers and employees from any loss or damage sustained that results from the Guardian's or Conservator's failure to follow the terms and directions of the court's order or subsequent orders related to the account or use of the funds in a manner not authorized by the court's order.

The Asset Management Solutions program offers model portfolios consisting of mutual funds and exchange traded products. The model portfolios are designed using asset allocation and diversification strategies to help you pursue investment opportunities and manage risk. For some of the model portfolios listed below, taxable and tax sensitive options are available. Additional model portfolios may be added over time. The portfolios offered are listed in order from least to greatest risk.

**SHORT TERM INCOME MODEL (lowest risk):** This model is designed primarily for preserving principal over short time horizons, typically less than 3 years; thus, it contains no allocation to equity investments. Current yield is a secondary objective. The fixed income component is well diversified with an emphasis on mitigating interest rate risk and limiting overall volatility. This model may be suitable for investors who have short-term goals (1-3 years) and can tolerate very little risk.

**STRATEGIC INCOME MODEL:** This model is a total return-oriented model with an income focus. The strategy predominantly incorporates a diversified array of fixed income investments (~50%), which are complemented with allocations to equity investments (with a conservative income orientation), real asset exposure, and flexible strategies exposure.

**GLOBAL FLEXIBLE RISK MODEL:** This model utilizes managers who have the internal flexibility (by prospectus) to reduce or expand risk based on their analysis of company and asset fundamentals and/or the macro environment risks. Managers have the capacity and flexibility to reduce or expand risk as the manager deems appropriate to take advantage of investment opportunities as they arise, regardless of asset class or asset type.

**CAPITAL PRESERVATION MODEL:** This model is designed primarily to safeguard principal and generate income over longer time horizons. Minor allocations to equities and real assets provide some potential for growth in excess of the rate of inflation and can help reduce volatility over a full market cycle. This model may be suitable for investors who can tolerate very little risk but have longer time horizons (3+ years) and desire higher levels of current income.

**CONSERVATIVE GROWTH MODEL:** This model may be suitable for investors who have short-term to intermediate goals (3-5 years), want some growth potential but prefer modest volatility, and desire current income. The portfolio consists mostly of fixed income assets, but with a secondary emphasis on the potential for growth of principal through equities and real assets.

**MODERATE GROWTH MODEL:** This model may be suitable for investors who have intermediate goals (5-8 years), are willing to sacrifice some potential for growth in exchange for less exposure to market volatility and desire some current income. The portfolio consists of a balanced mix of equities and other assets, including fixed income.

**WEALTH BUILDING MODEL:** This model may be suitable for investors who have intermediate to long-term goals (7-10 years) and are seeking to build wealth using a diversified approach which may sacrifice some potential for growth in exchange for less exposure to market volatility. The portfolio does have a bias toward equities.

**HIGH GROWTH MODEL:** This model may be suitable for investors who have long-term goals (10 years or more), are seeking the highest potential return for a long-term investment, and can accept the risks of market fluctuations. This portfolio maintains some of the risk reduction benefits of investments in fixed income assets, although only to a small degree.

**AGGRESSIVE GROWTH MODEL (greatest risk):** Like the high growth model, this model may be suitable for investors who have long-term goals (10 years or more), are seeking the highest potential return for a long-term investment, and are willing to accept more risk and the effects of market fluctuations. This portfolio consists almost entirely of equities.

# INVESTMENT MANAGEMENT AGREEMENT

**First Command Advisory Services, Inc.** ("First Command," "We" or "Us") is a Registered Investment Adviser. **Client** ("Client," "You," "Your" or "Owner") has requested investment management and other investment advisory services in the First Command Asset Management Solutions ("AMS"). This Agreement ("Agreement" or "IMA") explains how First Command will provide investment management and other investment advisory services for You. First Command and Client may individually be referred to as a "Party."

**First Command and Client agree:**

## **1. Disclosure; We will explain who We are and our services and products.**

You have received a copy of First Command's Wrap Fee Brochure at least forty-eight (48) hours prior to receiving this Agreement. The Wrap Fee Brochure tells You about First Command and its products and services including the Foundations Investment Program ("Foundations"), Select Investor Program ("SIP") and Core Investment Program ("Core"). **It is important to Us that You have the opportunity to ask questions about First Command and its products and services.** If You did not receive the Wrap Fee Brochure at least 48 hours prior to execution of this Agreement, You have five (5) business days from the date of execution of this Agreement to terminate this Agreement and receive a refund of all investment advisory fees paid under this Agreement.

## **2. We may prepare an Asset Management Financial Plan for You.**

You have completed an AMS Account Application and Risk Profile that tells Us about Your financial circumstances and investment objectives. It is important that the information You give is complete and accurate in all respects. Based on the information You supplied We may develop a Financial Plan ("Plan"). You should read the Plan carefully. The Plan or a subsequent Review contains a recommended Benchmark Asset Allocation Model ("Benchmark Allocation") that balances Your investment objectives and risk tolerance as You have described to Us as part of a long-term investment strategy. You have confirmed Your acceptance of the recommended Benchmark Allocation in the AMS Account Application. We have told You that the Benchmark Allocation is a model with various classes of investment assets in certain proportions and is not a portfolio of specific investment assets.

In the event Your circumstances change in any manner that You believe to be material, You should call or write to Us and explain the change. A material change is one of real consequence for Your financial situation and is essential for Us to know and consider in providing guidance on important matters for You. In the event of a material change, We will work with You to adjust Your account based on the new information You provided.

## **3. How transactions will be effected; How will Your Assets be held**

All brokerage transactions in Your AMS account will be effected by First Command Financial Planning, Inc., an introducing broker-dealer. First Command Financial Planning, Inc. will appoint Pershing LLC ("Pershing") as its clearing firm and service agent for various administrative and reporting duties, and to hold the assets in the accounts under a separate agreement. In addition to holding the account assets, Pershing will conduct certain record keeping, trade execution and other operational services. Neither First Command Financial Planning, Inc. nor Pershing will perform investment management or other advisory services for You.

## **4. How will We use the Discretionary Authority You give; How the Investment Management Services work.**

You authorize Us to exercise discretionary authority consistent with the Benchmark Allocation You selected. This means We will manage Your assets in line with the Benchmark Allocation model You selected, and You do not require Us to contact You each time We act. We will determine the investments that make up the account assets consistent with the Benchmark Allocation. We will also conduct such additional transactions as You specifically direct in separate instructions to Us. We may rely on Your written instructions, and on instructions received from You by telephone unless You tell Us to only rely on written instructions.

We will periodically rebalance Your account assets consistent with the Benchmark Allocation. We will tell First Command Financial Planning, Inc. and Pershing, as its clearing firm, which assets are required to effect the transactions. A rebalancing review will be conducted periodically. We may time the rebalancing to allow for payment of fees, estimated taxes or withdrawals prior to rebalancing. This rebalancing will be accomplished by selling the over-weighted investment assets and purchasing corresponding dollar amounts of underweighted investment assets. **Rebalancing will be a taxable event in non-tax qualified accounts.**

If You transfer investment assets to Your AMS account from another financial services firm and such assets are received in-kind via Automated Customer Account Transfer Service ("ACAT") or otherwise, You authorize Us to liquidate such assets in order to align Your account with the Benchmark Allocation You selected. **Liquidating investment assets may be a taxable event in non-tax qualified accounts.** You agree that such authorization is a part of and consistent with the discretionary authority You grant to Us herein, and You do not require Us to contact You each time We act.

On occasion, an investment asset held as part of the Benchmark Allocation will fail to maintain the characteristics necessary for the strategy underlying that particular Benchmark Allocation. In that case, We will realign the asset mix by replacing the asset with another asset whose characteristics support the asset allocation of the Benchmark Allocation. This replacement of an investment asset may be a taxable event in a non-tax qualified account. On other occasions We may determine that the selected Benchmark Allocation is achieved by re-weighting selected assets in the asset mix, or adding or subtracting particular assets and then re-weighting the result, all to implement the Benchmark Allocation.

We will review periodically the economic, market conditions or other general investment considerations that may impact the recommended Benchmark Allocation and, in the exercise of our discretion, We may revise the Benchmark Allocation to better reflect Your stated investment objectives. **A revision of the Benchmark Allocation may be a taxable event in a non-tax qualified account.**

You may also impose certain restrictions or modifications on the management of Your account. These restrictions must be requested in writing. The restrictions or modifications are:

- 1) A direction at any time to terminate the rebalancing of Your account assets. In the event You terminate the rebalancing of Your account assets, You acknowledge and agree that the asset mix may fluctuate with market conditions, and as a result may be at variance with the Benchmark Allocation You selected. Termination of rebalancing will not prevent the realignment of account assets, such as the selling of specific mutual funds or exchange traded products out of the account assets in a commercially reasonable effort to comply with the Benchmark Allocation model.
- 2) Direct that the payment of lump sum withdrawals shall be from the account assets instead of the Benchmark Allocation cash position. The management system will automatically make liquidations from the cash position unless You elect otherwise.
- 3) Direct that the payment of a specific lump sum withdrawal be made from a particular mutual fund or exchange traded product in the account assets rather than from the Benchmark Allocation's cash position.
- 4) Direct that a particular sum be held in the Benchmark Allocation's cash position for a specified period of time.

## 5. Statements.

As discussed above in Section 3, Pershing holds the assets for all accounts within the Asset Management Solutions program. Pershing will provide transaction statements to You quarterly at a minimum. Additional statements will be provided to You if Your account has specific activity that occurs during any month. You may elect to receive the statements electronically or mailed to Your address of record. In the event the statements are initially mailed, You may at any time later choose to receive electronic delivery of Your transaction statements.

## 6. Other services We will perform for You.

We will ensure that Pershing provides You with transaction statements which will include all investment positions, market values, and transactions. In addition, We will provide You with quarterly performance monitoring for Your account which may be accessed electronically through First Command's Client Portal (i.e., "CommandCenter").

Your First Command Investment Advisor Representative will be reasonably available to You for consultation regarding the management of the account and Your financial situation and investment objectives. Based on the managed account program You elect, You may authorize Us to direct Pershing to pay specified debts or obligations for You from account assets.

We will not routinely provide You with the offering materials and prospectuses related to the assets held in Your account. However, We will provide the offering materials and prospectuses for the funds and exchange traded products held in Your account and other available asset information, upon Your request.

In a separate contract, We have arranged for You to receive, at no monthly service charge, a Checking and/or Money Market Savings Account issued by First Command Bank as long as this Agreement is in force. Overdraft, stop-pay, and similar fees may apply to such accounts, based upon the separate terms and conditions of each such savings account held by Pershing for You.

## 7. Account Minimum; How will Purchases and Redemptions be made?

The minimum initial amount of account assets for an individual account is \$20,000 for Foundations, \$50,000 for Core and \$100,000 for SIP. When assets are received into a new AMS account they will remain invested in a cash position until 80% of the account minimum is reached. Once that threshold is met (\$16,000 for Foundations, \$40,000 for Core or \$80,000 for SIP), the assets will be invested into the model allocation selected by You in conjunction with Your financial advisor. Until this threshold is met, Your assets will remain in the cash position.

If the minimum asset amount (\$20,000 for Foundations, \$50,000 for Core and \$100,000 for SIP) is not met within 90 days of account opening, we reserve the right to: (1) terminate this Agreement, liquidate Your account and send the proceeds to You; (2) convert Your account from SIP to Core or Foundations depending on the account balance at that time; or (3) convert Your account from Core to Foundations. We will provide You with prior notice indicating the specific action We will take if the minimum asset amount is not met in a timely manner. **Liquidating Your account or converting Your account from SIP to Core or Foundations or from Core to Foundations may result in a taxable event and/or higher Management Fee.** The minimum asset amount may be changed from time to time or waived at First Command's sole discretion. Subsequent investments shall not be less than \$100. Such subsequent investments will be deposited in the cash position held in the account assets until the turnover amounts have been reached. Additionally, You may direct Us to make redemptions which We will do by debiting first cash position in Your account. If sufficient funds are not available in the cash position in Your account, assets will be redeemed from the model to accommodate the redemption, provided that such redemptions may be delayed pending liquidation/partial liquidation of such assets.

## 8. The Fees We will charge.

You may pay certain costs related to the underlying expenses of the mutual funds and exchange traded products in which we invest Your assets. These fees are charged by the mutual fund companies and issuers of the exchange traded products. These fees and their impact on the fund are explained in each fund prospectus. Mutual fund shares will be purchased at Net Asset Value ("NAV") without custodian fees, front-end or back-end sales charges, or 12b-1 fees. The appropriate share class will be determined by the AMS Investment Management Team after considering the underlying expenses of the mutual fund or exchange traded product as well as other relevant factors.

You will pay Us a quarterly investment advisory fee ("Management Fee") which will be debited from Your account. The Management Fee will be assessed on the entire value of assets in the account on the last business day of each calendar quarter. Your Advisor will receive a portion of this Management Fee.

All accounts owned by Client within a Plan will be combined for determining the value of account assets. Each account will pay a pro rata portion of the total Management Fee, unless You specifically tell Us in writing to pay the Management Fee from a single account.

The Management Fee for Foundations accounts will be calculated as follows:

Value of Account Assets	Foundations Investment Program
	Annual Management Fee
Up to \$20,000 and until \$50,000	1.35%

Foundations accounts valued at \$50,000 or greater in assets under management at the end of each month will be automatically converted (without additional notice) into Core accounts in order to allow You to take advantage of the lower Management Fee and additional diversification (i.e., additional mutual funds or exchange traded products and additional asset classes) associated with Core. This conversion will take place no later than 30 days from the end of the month in which Your Foundations account becomes valued at \$50,000 or greater in assets under management. Upon conversion, You will receive a transaction statement and trade confirmations (unless You have elected trade confirmation suppression as discussed in Section 28 below) which will detail the purchases and sales made by First Command to convert Your Foundations account into a Core account. **The conversion from a Foundations account to a Core account may be a taxable event in a non-tax qualified account.**

The Management Fees for Core and SIP accounts will be calculated as follows:

Value of Account Assets	Core Investment Program
	Annual Management Fee
Up to \$50,000 and until \$100,000	1.15%
On next \$100,001 - \$250,000	1.10%
On next \$250,001 - \$500,000	1.00%
On next \$500,001 - \$1 million	0.75%
On next \$1,000,001 - \$2 million	0.60%
Over \$2 million	0.40%

Value of Account Assets	Select Investor Program
	Annual Management Fee
Up to \$100,000 and until \$250,000.00	1.25%
On next \$250,001 - \$500,000	1.10%
On next \$500,001 - \$1 million	0.85%
On next \$1,000,001 - \$2 million	0.70%
Over \$2 million	0.50%

**Blended Fees:** If You have accounts in Foundations, SIP and Core, Your management fees will be calculated using a blended fee structure for all programs. We will:

- 1) first calculate the management fee that would result if all assets were held in each program;
- 2) and then determine the percentage of assets held in each program compared to all AMS assets;
- 3) finally, the percentage realized for each program in step '2)' will be applied to the management fee determined for that program in step '1)' to arrive at the final prorated Foundations, SIP and Core management fees.

These blended fees more fairly assess program costs across all of Your accounts. Examples of this blended fee approach are attached as Schedules '1' and '2'.

The Management Fee will be deducted from Your account, and, in the event You have more than one account, You may specify the account from which the Management Fee will be deducted. Payment of the Management Fee will be reflected on the periodic account statement. In the event of termination, the Management Fee will be assessed until the termination date of the account. Except as otherwise discussed in Section 1 of this Agreement, no refunds of Management Fees are available as Management Fees are charged in arrears (i.e., after services have already been provided to You).

## 9. Service Fees.

In addition to the Management Fee, the following additional service fees will be charged for the specific activity or action noted:

Returned ACH Fee .....	\$30.00	Inactive Account .....	\$35.00
Stop Payment Fee .....	\$20.00	Paper Surcharge Fee .....	
ACAT Processing Fee .....	\$90.00	Transaction Statements* .....	\$ .75 each
Wire Fee (U.S.) .....	\$25.00	Trade Confirmations .....	\$ .75 each
Wire Fee (Foreign) .....	\$30.00		
Courier Fees:		*The paper surcharge fee for transactions statements for SIP and Core accounts (but not Foundations accounts) will be waived for existing AMS clients as of January 1, 2012. This waiver will not apply to Foundations accounts. In addition, this waiver will not apply to accounts that are converted from Foundations to Core or SIP, or accounts that are converted from Core or SIP to Foundations due to a failure to maintain account minimums and then converted back to Core or SIP when the account minimums for those programs are re-met.	
Overnight Standard .....	\$12.00		
Saturday .....	\$18.00		
Foreign .....	\$25.00		
Returned Check Fee .....	\$30.00		

## 10. IRAs

As discussed above in Section 3, Pershing holds the assets for all accounts within the Asset Management Solutions program. For purposes of Section 408 (a) (2) and (n) of the Internal Revenue Code of 1986, First Command Bank will administer and maintain all documents for accounts registered as individual retirement accounts ("IRA"). First Command Bank is a federally chartered savings and loan association.

First Command Bank will charge the following fees for the services it performs as custodian of Your IRA:

Annual IRA Annual Records Management and Administration Fee	
Roth & Traditional IRA accounts* .....	\$35.00
SEP IRA Fee .....	\$35.00
Coverdell ESA .....	\$35.00
SIMPLE IRA Fee .....	\$50.00
SAR-SEP Fee .....	\$50.00
IRA Termination Fee .....	\$75.00

\*First Command Bank will waive the Annual IRA Annual Records Management and Administration Fee for Traditional and Roth IRA accounts in excess of \$250,000 as of September 30. This waiver shall not apply to the other types of IRA accounts listed above.

The above fees charged by First Command Bank are separate and apart from the Management Fee discussed in Section 8 and the Services Fees discussed in Section 9.

## 11. How are the Account Assets valued?

In computing the value of account assets for purposes of preparing periodic statements and calculating Management Fees payable by You, mutual fund assets and exchange traded products shall be valued at their respective net asset values as calculated on the valuation date in accordance with each applicable current prospectus. The net asset value of an exchange traded product may vary from its market price. An exchange-traded product's market price is the price at which shares in the exchange traded product can be bought or sold on the exchanges during trading hours, while the net asset value represents the value of each share's portion of the fund's underlying assets and cash at the end of the trading day.

## 12. We can rely on Your Authority to Act.

You have the legal ability to enter into this Agreement and it is valid and binding. If You are acting on behalf of a corporation, limited liability company or partnership including a charitable organization such as a church (collectively "Your Company"), You state that Your Company has given You the authority to act. If We ask, You agree to provide other papers to prove Your authority to act.

## 13. How will Proxies and other legal notices be handled?

We may vote or render any advice about the voting of proxies solicited by the issuers of any securities held in the account and may render advice or take any action on Your behalf with respect to account assets presently or formerly held in the account, or the issuers of the assets, which become the subject of any legal proceedings, including bankruptcies, except as otherwise required by law. We will comply with the rules of the Financial Industry Regulatory Authority ("FINRA") and the U.S. Securities and Exchange Commission relating to proxy voting. We will have no obligation to forward proxies or other materials related to investment assets to You unless requested by You to do so or unless required by law.

## 14. How long does this Agreement Last?

This Agreement will continue unless cancelled by either You or First Command upon thirty (30) days written notice sent by one to the other.

Upon termination of this Agreement, account assets will remain in Your account held by Pershing until specific liquidation or transfer instructions are received from You. Liquidation or transfer instructions will be processed in a commercially reasonable manner. Until final termination of the account, the normal Management Fee will continue to be assessed. You agree that termination may prevent Us from continuing to hold investment assets of the same specific type or class as held under the terms of this Agreement. In that case the assets may be sold.

In the event of the termination of this Agreement by written notice from You, You shall hold Us harmless from any loss suffered and We shall incur no liability by reason of any action taken by Us before receipt of written notice of such termination.

In the event that account assets are reduced due to Client withdrawals to less than the account minimum We have established, We will notify You and You will have 30 days from the date such notice is sent to restore the account assets to meet the account minimum. If You fail to restore the account assets to the minimum within the 30 day period, We reserve the right to: (1) terminate this Agreement, liquidate Your account and send the proceeds to You; (2) convert Your account from SIP to Core or Foundations depending on the account balance; or (3) convert Your account from Core to Foundations. **Liquidating Your account or converting Your account from SIP to Core or Foundations or from Core to Foundations may result in a taxable event and/or a higher Management Fee.** The notice We send to You will state the specific action We will take if the account assets are not restored to meet the account minimum in a timely manner.

**15. We can use affiliated companies and other providers of services to help You.**

First Command is a subsidiary, or part, of First Command Financial Services, Inc. ("FCFS") and exchanges services with FCFS. First Command also exchanges services with First Command Financial Planning, Inc., First Command Bank and other subsidiaries of FCFS. Unless You tell us to the contrary, We will use corporations affiliated with First Command (an "Affiliated Company") to help Us provide advisory, brokerage, insurance, banking and other services that You request. This includes effecting brokerage transactions through First Command Financial Planning, Inc., as discussed in Section 3, and appointing First Command Bank as custodian of IRAs within the Asset Management Solutions program, as discussed in Section 10. The Affiliated Company will be paid for providing this help. So that We may provide reasonable services to You, We will share with Affiliated Companies any information We have or may obtain about You. We will also hire any nonaffiliated companies ("Providers") to help Us serve Your needs. This would include certain banks, insurance companies, mutual fund companies, exchange traded product issuers, transfer agents and directly related businesses.

**16. You are responsible for preparing all tax returns and paying all taxes.**

You will make and file all tax returns, state, local, or federal, and pay all taxes upon account assets held hereunder and on the resulting income. Neither First Command, First Command Financial Planning, Inc., nor Pershing shall be under duty to make or file any tax returns or to pay any such taxes.

**17. If We do what You tell us to, We are not responsible for the results; Indemnity if We follow Your directions.**

First Command, Affiliated Companies, Pershing and the Advisor will not be liable to You for what We, Affiliated Companies, Pershing or Advisor do or fail to do if done in good faith in reliance on the information You have given or Your instructions to Us. You agree that You will indemnify, or compensate, Us, Affiliated Companies, Pershing or Advisor for losses, costs, damages, or expenses suffered, including reasonable attorneys' fees that may have to be paid, that result from any action taken based on Your instructions to Us, Affiliated Companies, Pershing or the Advisor in preparing a Plan and purchasing at Your direction products described in the Plan, or other loss We, Affiliated Companies, Pershing or Advisor incur by following Your directions, such as market loss and bank fees resulting from Your checks returned for insufficient funds and short term trading fees charged by the various mutual funds in the event You withdraw funds within the short term trading time described in the prospectus. These limitations on Our liability do not relieve Us, Affiliated Companies, Pershing or Advisor from responsibility or liability to You that may exist under state or federal law.

**18. What if more than one person is on the account?**

If more than one person signs this Agreement as Client, the term "Client" throughout this Agreement shall mean all persons signing the Agreement. **An instruction or notice to Us from any one person signing this Agreement as Client will constitute an instruction or notice to Us from all persons who signed the Agreement,** unless the account is opened in the name of a Trust, in which event We will operate as directed in the trust documentation. **A communication from Us to any one person signing this Agreement as Client shall constitute a communication to all persons so signing.** Account assets may be paid or delivered by Us to or on the written instructions of any one person signing this Agreement as Client.

**19. Transfer (Assignment)**

Neither You nor First Command may assign or transfer this Agreement or any part of it unless there is written consent from the Party that is not attempting the transfer.

**20. Your Privacy**

All of Your private information that is collected as part of this Agreement, called non-public personal information, and all recommendations or suggestions will remain confidential. We will share Your non-public personal information only with Affiliated Companies and Providers that give direct service to Us on Your behalf, and only as permitted by law. We will use commercially reasonable efforts to have all Providers agree to protect Your nonpublic personal information. For more information about Our privacy practices, You may review the First Command Privacy Policy which is available online at [www.firstcommand.com](http://www.firstcommand.com).

**21. New York Law controls this Agreement**

This Agreement is governed by the laws of the State of New York, U.S.A., without regard to New York conflict of laws rules, and shall remain in full force and effect unless terminated in accordance with Section 14 of this Agreement. This Agreement shall be binding upon the persons that come to control Your interests and those persons to whom You transfer this Agreement with Our consent.

**22. Anti-Money Laundering Representations**

Fighting terrorism and illegal activity is the responsibility of all persons. The evidence of identity and all related information You have provided in connection with this Agreement must be true and correct. You must provide any information deemed necessary by Us in Our sole discretion to comply with the U.S.A. Patriot Act, the First Command anti-money laundering program and related responsibilities. In the event of delay or failure by You to produce any information requested in this Agreement or required for verification purposes, We may refuse to act.

You represent that neither You, nor any person controlling, controlled by, or under common control with You, nor any person having a beneficial interest in You or any company You represent related to this Agreement, is an individual, organization, or entity listed on the List of Specially Designated Nationals and Blocked Persons (the "OFAC Control List") maintained by the U. S. Office of Foreign Assets Control ("OFAC") (available at <http://www.ustreas.gov/ofac/t11sdn.pdf>), and that You are not investing and will not invest on behalf of or for the benefit of any individual, organization, or entity listed on the OFAC Control List.

**23. Acceptance of this Agreement is within our discretion.**

We reserve the right in Our sole discretion to refuse to accept or renew this Agreement.

**24. Amendments or Changes to this Agreement**

This Agreement may be amended or changed if We give You written or electronic notice of a change. Any such changes may only be done under applicable law and shall only be effective thirty (30) days after We mail written notice to You by U.S. mail to Your last known address of record, or electronically delivery such notice to You pursuant to Your authorization.

## 25. Inaction to enforce this Agreement does not prevent future enforcement.

If We do not enforce a part of this Agreement in a given instance, that does not prevent Us from enforcing the same or another part in the future.

## 26. Investments are subject to the risks of the marketplace; Limitation on our Liability

Investments that You decide to make, including Your selection of the Benchmark Allocation model, are subject to risks associated with investing in securities, including various market, currency, economic, political and business risks. We do not guarantee the performance of Your investments or guarantee that Our investment advice, strategies or management, or that of any Advisor will be successful or that Your investment objectives will be met. Investment advice or management provided by Us or any Advisor is largely a matter of professional judgment, and neither We nor any Advisor with whom You have worked shall be liable for performance or non-performance of any investment advice, management or recommended investment made in good faith and with reasonable care.

## 27. What if there is a dispute between You and First Command, or between You and Pershing?

**ARBITRATION NOTICE.** THIS AGREEMENT CONTAINS A PREDISPUTE ARBITRATION CLAUSE. IN SUCH AN ARBITRATION AGREEMENT YOU AGREE AS FOLLOWS:

- ALL PARTIES TO THIS AGREEMENT ARE GIVING UP THE RIGHT TO SUE EACH OTHER IN COURT, INCLUDING THE RIGHT TO A TRIAL BY JURY, EXCEPT AS PROVIDED BY THE RULES OF THE ARBITRATION FORUM IN WHICH A CLAIM IS FILED.
- ARBITRATION AWARDS ARE GENERALLY FINAL AND BINDING; A PARTY'S ABILITY TO HAVE A COURT REVERSE OR MODIFY AN ARBITRATION AWARD IS VERY LIMITED.
- THE ABILITY OF THE PARTIES TO OBTAIN DOCUMENTS, WITNESS STATEMENTS, AND OTHER DISCOVERY IS GENERALLY MORE LIMITED IN ARBITRATION THAN IN COURT PROCEEDINGS.
- THE ARBITRATORS DO NOT HAVE TO EXPLAIN THE REASON(S) FOR THEIR AWARD, UNLESS, IN AN ELIGIBLE CASE, A JOINT REQUEST FOR AN EXPLAINED DECISION HAS BEEN SUBMITTED BY ALL PARTIES TO THE PANEL AT LEAST 20 DAYS PRIOR TO THE FIRST SCHEDULED HEARING DATE.
- THE PANEL OF ARBITRATORS WILL TYPICALLY INCLUDE A MINORITY OF ARBITRATORS WHO WERE OR ARE AFFILIATED WITH THE SECURITIES INDUSTRY.
- THE RULES OF SOME ARBITRATION FORUMS MAY IMPOSE TIME LIMITS FOR BRINGING A CLAIM IN ARBITRATION. IN SOME CASES, A CLAIM THAT IS INELIGIBLE FOR ARBITRATION MAY BE BROUGHT IN COURT.
- THE RULES OF THE ARBITRATION FORUM IN WHICH THE CLAIM IS FILED, AND ANY AMENDMENTS THERETO, SHALL BE INCORPORATED INTO THIS AGREEMENT.

### ARBITRATION AGREEMENT.

ANY CONTROVERSY BETWEEN YOU AND US, FIRST COMMAND FINANCIAL PLANNING, INC., AND/OR PERSHING, SHALL BE SUBMITTED TO ARBITRATION BEFORE THE NEW YORK STOCK EXCHANGE, INC., ANY OTHER NATIONAL SECURITIES EXCHANGE ON WHICH A TRANSACTION GIVING RISE TO THE CLAIM TOOK PLACE (AND ONLY BEFORE SUCH EXCHANGE), OR THE FINANCIAL INDUSTRY REGULATORY AUTHORITY. NO PERSON SHALL BRING A PUTATIVE OR CERTIFIED CLASS ACTION TO ARBITRATION, NOR SEEK TO ENFORCE ANY PREDISPUTE ARBITRATION AGREEMENT AGAINST ANY PERSON WHO HAS INITIATED IN COURT A PUTATIVE CLASS ACTION; OR WHO IS A MEMBER OF A PUTATIVE CLASS WHO HAS NOT OPTED OUT OF THE CLASS WITH RESPECT TO ANY CLAIMS ENCOMPASSED BY THE PUTATIVE CLASS ACTION UNTIL; (I) THE CLASS CERTIFICATION IS DENIED; (II) THE CLASS IS DECERTIFIED; OR (III) THE CUSTOMER IS EXCLUDED FROM THE CLASS BY THE COURT. SUCH FORBEARANCE TO ENFORCE AN AGREEMENT TO ARBITRATE SHALL NOT CONSTITUTE A WAIVER OF ANY RIGHTS UNDER THIS AGREEMENT EXCEPT TO THE EXTENT STATED HEREIN. THE LAWS OF THE STATE OF NEW YORK GOVERN.

## 28. Trade Confirmation Suppression

A trade confirmation is a written statement acknowledging the purchase or sale of a mutual fund, exchange traded product or other financial instrument. Many written trade confirmations would be generated by the activity of managing Your AMS account over the course of a quarter. If You do not wish to receive individual written trade confirmation statements in the mail for each trade in your AMS account(s), **You may direct Us, First Command Financial Planning, Inc., and Pershing LLC to discontinue mailing separate trade confirmations to You. To do this, check the first box in the "Elections on Receipt of Information" section, located in the Signature area of the application.**

In the event You elect to not receive individual written trade confirmations, the following will still apply:

- You will have the ability to review all transactions in Your AMS account at any time online via CommandCenter or on Your account statements. Your account statement will include a Quarterly Confirmation Report.
- You will not pay a different asset management fee based on the decision to not receive trade confirmations.
- You can obtain, upon request to Us and at no additional charge, information regarding a trade confirmation in Your account, and/or a paper or electronic copy of a trade confirmation at any time.
- Making the election below is not a condition to Your initiating or continuing trade confirmation suppression.
- You can rescind this instruction to discontinue mailing of trade confirmations at any time.

**Your request to not receive separate trade confirmations shall apply to all AMS accounts for which You are an owner, joint owner, custodian, trustee, or participant.**

## 29. This IMA states all of the agreements between You and First Command.

This Agreement states all of the matters upon which You and First Command have agreed. If a subject is not covered in writing in this Agreement, then as between You and First Command it does not exist.

By signing below, First Command agrees to the terms and conditions of this Agreement.



Lori A. Sidrony  
Senior Vice President, First Command Advisory Services, Inc.



### Schedule 1

SIP account #1.....	\$	300,000.00	
Core account #1.....	\$	225,000.00	
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Total AMS assets.....	\$	525,000.00	
<b>Step 1:</b>			
Annual mgmt fee if all assets in SIP.....	\$	3,125.00	1.25% of first \$250,000
	\$	2,750.00	1.10% of next \$250,000
	\$	212.50	.85% of next \$25,000
	<hr/>		
	\$	6,087.50	
Annual mgmt fee if all assets in Core.....	\$	1,150.00	1.15% of first \$100,000
	\$	1,650.00	1.10% of next \$150,000
	\$	2,500.00	1.00% of next \$250,000
	\$	187.50	.75% of next \$25,000
	<hr/>		
	\$	5,487.50	
<b>Step 2:</b>			
% assets in SIP .....	57.14%	\$300,000 / \$525,000	
% assets in Core .....	42.86%	\$225,000 / \$525,000	
<b>Step 3:</b>			
Prorated SIP fee.....	\$	3,478.57	\$6,087.50 x 57.14%
Prorated Core fee.....	\$	2,351.79	\$5487.50 x 42.86%
	<hr/>		
Total Annual AMS management fee .....	\$	5,830.36	

## Schedule 2

Foundations account #1 .....	\$	23,000.00	
Core account #1.....	\$	100,000.00	
Core account #2.....	\$	127,000.00	
Total AMS assets.....	\$	250,000.00	
<b>Step 1:</b>			
Annual mgmt fee if all assets in Foundations.....	\$	675.00	1.35% of first \$50,000
	\$	575.00	1.15% of next \$50,000
	\$	1,650.00	1.10% of next \$150,000
	\$	2,900.00	
Annual mgmt fee if all assets in Core.....	\$	1,150.00	1.15% of first \$100,000
	\$	1,650.00	1.10% of next \$150,000
	\$	2,800.00	
<b>Step 2:</b>			
% assets in Foundations .....	9.2%	\$23,000 / \$250,000	
% assets in Core .....	90.8%	\$227,000 / \$250,000	
<b>Step 3:</b>			
Prorated Foundations fee.....	\$	266.80	\$2,900 x 9.2%
Prorated Core fee.....	\$	2,542.40	\$2,800 x 90.8%
Total Annual AMS management fee .....	\$	2,809.20	