

**Part 2A of Form ADV: *Firm Brochure***

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This brochure provides information about the qualifications and business practices of Voya Financial Advisors, Inc. ("VFA" or "Firm"). If you have any questions about the contents of this brochure, please contact us at 800-356-2906 or email at [voyafacompliance@voya.com](mailto:voyafacompliance@voya.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities body or regulatory authority.

Additional information about Voya Financial Advisors is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. VFA's CRD number is 2882.

## **Item 2    Material Changes**

The SEC adopted "Amendments to Form ADV" in July, 2010. This Brochure, dated April 23, 2018, is prepared according to the SEC's new requirements and rules. This VFA Brochure is in a narrative format and includes new and/or updated information from VFA's March 29, 2018 Brochure.

VFA will periodically provide clients with a summary of new and/or updated information. VFA will inform clients of specific changes based on the content of the updated information.

Consistent with the new rule, VFA will provide clients a summary of any material changes to this and subsequent Brochures within 120 days of the close of VFA's fiscal year, which ends December 31st. Furthermore, VFA will provide clients with other interim disclosures about material changes as necessary. The VFA Brochure may be requested by email sent to [voyafacompliance@voya.com](mailto:voyafacompliance@voya.com) or by calling 800-356-2906.

The following summarizes the material changes made to VFA's brochures since March 2018:

### **1) Item 4    Advisory Business**

Item 4 has been updated to include information regarding the Rep As Manager program, where IARs may be assessed either ticket-charges for each transaction made in an account, or an asset-based fee derived from a percentage of the total assets held in an account.

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## Item 4 Advisory Business

VFA is dually registered as an SEC-registered investment adviser and broker dealer with its principal place of business located in Des Moines, Iowa. VFA began conducting business in 1994. Listed below is the Firm's principal shareholder (i.e., those individuals and/or entities that control 25% or more of VFA).

- Voya Holdings, Inc., 100% Shareholder

In addition, the following affiliates indirectly own 25% or more of VFA:

- Voya Financial, Inc., Sole Shareholder Voya Holdings, Inc.

VFA offers the following investment advisory services through its associated or access persons, who are also known as Investment Adviser Representatives ("IARs").

Your IAR does not have the ability to withdraw cash from your account without your express authorization.

Unless specifically stated, you may make additions and withdrawals from your account at any time. If your account falls below the minimum required account value, VFA may terminate your account. You may add securities to your account, however, VFA reserves the right to not accept particular securities into your account.

VFA cannot guarantee future financial results or the achievement of your financial goals through implementation of a financial plan or any advice or recommendations provided to you. VFA does not monitor the day-to-day performance of your specific investments.

If your financial situation changes, including your goals and objectives, it is important that you let your advisor know as soon as possible.

Client's understanding of the ability to tolerate market fluctuations is important in designing any investment portfolio. The Client's ability to tolerate the uncertainties, complexities and volatility inherent in the investment markets is considered by the IAR in the development of the Client's investment strategy.

Under each program, a risk profile is developed, in part, based on data the Client furnished to the IAR, including information about his or her time horizon, investment goals, and other factors. Some of the factors that influence the Client's risk tolerance assessment include but are not limited to present financial condition, financial ability to accept risk, future financial goals, discretionary income and its variability, and willingness to accept return volatility. These factors, combined with the Client's personal risk profile, indicate the Client's ability to accept investment risk in order to meet long-term financial goals. The Client understands that higher returns may involve more volatility and a willingness to tolerate some declines in the value of the portfolio to achieve those returns. The Client risk profile is reflected on the Client's Agreement with VFA, the Investment Policy Statement, and Risk Tolerance Questionnaire, which will be reviewed with the Client annually.

### REP AS MANAGER PROGRAM

The Rep as Manager Program is a managed account program offered by VFA in which the IAR has discretionary authority to transact in the Client's account, which means that the IAR will not seek Client's prior approval for transactions executed on the Client's behalf in the account. The IAR will purchase and sell securities in Client's account that are consistent with Client's investment objectives, time horizon, financial situation and risk tolerance.

IARs may recommend investments including, but not limited to, certain stocks, bonds, closed-end mutual funds, no-load or load-waived mutual funds and Exchange Traded Funds ("ETFs"). Unit Investment Trusts ("UITs"), Real Estate Investment Trusts ("REITs"), Direct Participation Programs ("DPPs") and Certificates of Deposit ("CDs") may be offered if the Firm determines that the product's pricing and liquidity attributes are compatible with an investment advisory account.

Under the Rep As Manager program, IARs may be assessed either ticket-charges for each transaction made in an account, or an asset-based fee derived from a percentage of the total assets held in an account. IARs can select the method by which they are charged. This creates a conflict of interest because it incentivizes IARs to trade less frequently in the account if the ticket-charge method is selected.

## **SELECT ADVANTAGE ADVISORY IRA**

The Voya Select Advantage Advisory IRA Program is an individual retirement account program offered through VFA in which trading and custodial services are provided by Voya Institutional Trust Company (VITC) and administrative and recordkeeping services are provided by Voya Retirement Insurance and Annuity Company (VRIAC). VFA and the IAR assigned to the account provide non-discretionary investment advice regarding investments in the Client's account. Both VRIAC and VITC are affiliated companies of VFA.

The Voya Select Advantage Advisory IRA Program offers the Client a range of mutual funds in which to invest. The mutual funds are contained in a mutual fund custodial account custodied by VITC. VRIAC performs all administrative and recordkeeping services in the mutual fund custodial account, including effecting transactions in the mutual fund custodial account, and performing accounting services, fee calculations and fee deductions.

VFA and the IAR assigned to the account will provide account services for the Voya Select Advantage Advisory IRA Program, including an initial consultation to determine the Client's financial situation and investment objectives. Based on the Client's financial situation, goals, objectives, and other information provided by the Client, the Client will be provided with investment recommendations and periodic investment related services in connection with assets in the account. Client understands and agrees that Client is not obligated to follow any investment recommendations made by VFA or IAR.

Transactions (mutual fund rebalancing, purchases, sales exchanges and liquidations) in the account initiated upon advice by the IAR will be executed on a non-discretionary basis, meaning that the IAR must obtain the Client's prior authorization before entering any such transaction. The prior sentence does not, however, apply to automatic rebalancing transactions effected in accordance with Client's elections in the Voya Select Advantage Advisory IRA Application.

## **INVESTMENT SUPERVISORY SERVICES ("ISS")**

### **INDIVIDUAL PORTFOLIO MANAGEMENT**

**Preferred Asset Management and Preferred Strategic Advisory Services Select (collectively "Preferred"), Comprehensive Advice Program ("CAP"), Prime Portfolio Services ("Prime"), Total Advice Program ("TAP"), and Strategic Advisory Services Select ("SAS")**

IARs provide continuous investment advice to clients regarding the investment of clients' funds based on the individual needs of each client. The IAR and the client discuss the client's particular circumstance and establish goals and objectives. The IAR helps the client determine the client's individual objectives, time horizon, risk tolerance and liquidity needs. As appropriate, they also review and discuss the client's prior investment history as well as family composition and background. The IAR then helps the client to develop a personal investment policy statement ("IPS"), create an asset allocation model, make recommendations of securities and manage the portfolio based on the IPS.

ISS accounts are managed on a non-discretionary basis, meaning the IAR must obtain permission from the client prior to executing each and every transaction. Account management is based on the client's stated goals and objectives as outlined in the IPS. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Provided however, that VFA may refuse to accept or to continue such program assets, as the case may be, if it determines such restrictions are unreasonable. If client refuses to modify or withdraw such restrictions after VFA has notified client that the restrictions are unreasonable and given client an opportunity to withdraw or modify the restrictions, then a client account will not be opened or, in the case of an existing account, such account will be closed and (i) VFA will no longer be responsible for implementing investment decisions for the account, and (ii) all holdings will be transferred into a brokerage account in client's name held through VFA.

IARs may recommend investments including, but not limited to, certain stocks, bonds, closed-end mutual funds, no-load or load-waived mutual funds and Exchange Traded Funds ("ETFs"). Unit Investment Trusts ("UITs"), Real Estate Investment Trusts ("REITs"), Direct Participation Programs ("DPPs") and Certificates of Deposit ("CDs") may be offered if the Firm determines that the product's pricing and liquidity attributes are compatible with an investment advisory account.

IARs also may render non-discretionary investment management services to clients relative to variable annuity products that they may own, and/or 529 plans or other products that may or may not be held by VFA's primary custodian. In so doing, the IAR either guides or suggests the allocation of client assets among the various investment options that are available within the product. Client assets are maintained at the specific product issuer or custodian.

Because investments involve certain degrees of risk, they will be recommended when they are consistent with the client's stated investment objectives, risk tolerance, time horizon and liquidity needs.

IARs may recommend a tactical investment strategy in response to market conditions to sell defensively or buy to restore the original asset allocation of a portfolio.

## **INVESTMENT SUPERVISORY SERVICES**

### **MODEL PORTFOLIO MANAGEMENT**

**Morningstar Wealth Management and Morningstar Wealth Management Tax Sensitive Model Portfolio Program, Voya Global Perspectives Market Models Series, Select Adviser Series Program and Unified Managed Account Program**

#### **Morningstar Wealth Management and Morningstar Wealth Management Tax Sensitive Model Portfolio Program**

VFA has an agreement with an unaffiliated, independent investment adviser, Morningstar Investment Management, LLC. ("Morningstar"), to provide model portfolio allocations to VFA in two programs: (1) the Morningstar Wealth Management Program and a tax-sensitive version known as the Morningstar Wealth Management Tax Sensitive (collectively, "Morningstar Wealth Management Program"). Morningstar also provides Capital Market Assumptions to VFA at no additional cost as part of the suite of services provided.

Morningstar selects the investment options included in the Morningstar Wealth Management Program from a universe of investment options that VFA makes available for the Program. The Morningstar Wealth Management Program is also offered in a tax sensitive version, Morningstar Wealth Management Tax Sensitive. Morningstar constructs and manages the Tax Sensitive Program with the objective to seek to maximize portfolio return while managing risk and attempting to minimize the effect of taxation.

Each model portfolio is designed to meet a particular investment goal (i.e. income, growth and income, growth or aggressive growth), as well as tax considerations. The IAR and the client discuss a client's particular circumstance and establish goals and objectives. The IAR helps determine the client's individual objectives, time horizon, risk tolerance and liquidity needs. The IAR then helps the client to develop an IPS that results in the recommendation of a model portfolio that is suitable for the client.

Once the model portfolio is recommended to the client, the client's account is managed based on the overall model, rather than specifically to each client's individual needs. Clients give VFA limited trading discretionary authority to execute trades, without the client's prior approval for each trade, in accordance with Morningstar's model portfolio allocations. Clients will have the opportunity, subject to a non-negotiable \$5,000 administrative fee as described in Item 5, to place reasonable restrictions on the types of investments to be held in their account. Clients retain individual ownership of all securities.

#### **Voya Global Perspectives Market Models ("GPMM")**

GPMM is a portfolio management service that offers model asset allocation portfolios ("GPMM Models") for clients to choose from (i.e., income, growth and income, growth or aggressive growth). The GPMM strategy is available through either open-end mutual funds or Exchange Traded Funds ("ETFs").

##### **Mutual Fund Series**

In the GPMM - Mutual Fund Series, clients invest exclusively in mutual funds from the Voya family of mutual funds ("Voya Funds"). Voya Investment Management ("Voya IM"), an affiliate of Voya, is the strategist for each of these GPMM Models (the "Voya IM Strategist"). In making their fund selections, the Voya IM Strategist chooses from the Voya Funds. The Program relies on a set of predetermined rules to make any changes or modifications to or to rebalance the GPMM - Mutual Fund Series Models

Voya IM serves as the adviser to Voya funds and receives a management fee from each fund; these management fees are in addition to any fee paid by the client. Participation in GPMM is not necessary to purchase Voya funds, which can be purchased separately. Additional information about each fund in the GPMM model is set forth in the fund prospectus and additional information about the GPMM program is set forth in the GPMM Schedule 1.

## **ETF Series**

In the GPMM - ETF Series, clients invest exclusively in ETFs. Voya IM, an affiliate of Voya, is the strategist for each of these GPMM - ETF Series models (the "Voya IM Strategist"). In making their selections, the Voya IM Strategist chooses from a list of approved ETFs. The Program relies on a set of predetermined rules to make any changes or modifications to or to rebalance the GPMM - ETF Series models.

The IAR and the client discuss a client's particular circumstances. The IAR helps the client determine his or her goals and objectives, time horizon, risk tolerance and liquidity needs. The IAR then helps the client to develop an IPS that results in the recommendation of an investment portfolio that includes GPMM - Mutual Fund Series Models or ETF Series Models. Generally, GPMM Accounts are managed by Voya IM based on the overall model, rather than on each client's individual needs. Clients, nevertheless, may impose reasonable restrictions on the assets in the Program, provided however, that VFA may refuse to accept or to continue to provide investment advisory services with respect to such program assets, as the case may be, if it determines such restrictions are unreasonable. Clients retain individual ownership of all securities.

With respect to GPMM, the portfolio is automatically rebalanced on a quarterly basis so that the percentages invested in each fund are adjusted to approximate the percentages invested in each fund initially; this may entail reducing the investment in certain funds and increasing the investment in others. With respect to the GPMM ETF Series, rebalancing occurs quarterly when a position increases or decreases by 5% or more, subject to a \$250 trade minimum. With respect to the GPMM Mutual Fund Series, rebalancing occurs quarterly when a position increases or decreases by 5% or more and is not subject to a minimum trade restriction.

In addition, on a quarterly basis, tactical adjustments occur when year-over-year earnings growth of companies in the Standard & Poor's 500 Index change from positive to negative - half of the equities are sold and reinvested in fixed income Mutual Funds or ETFs; if earnings growth changes from negative to positive - the portfolios are restored to their original allocation. Client acknowledges that these transactions are part of the GPMM Series and provides authorization to implement these rules-based transactions on Client's behalf on a quarterly basis.

In certain situations, such as when a mutual fund or ETF closes or when a portfolio manager departs, Voya IM may replace the fund or ETF with another appropriate investment provided the management fee and other compensation paid to Voya IM and its affiliates from the new investment is no greater than that paid from the investment being replaced.

Neither VFA nor its affiliates have discretion over client's investment decisions. The final decision to select and invest in a portfolio managed by Voya IM is made by the client. Furthermore, with respect to the portfolio managed by Voya IM, neither VFA nor its affiliates is acting as a fiduciary within the meaning of the Employee Retirement Income Security Act of 1974 ("ERISA") or the Internal Revenue Code of 1986.

## **Voya Choice Advisory**

Voya Choice Advisory, which includes Voya Opportunity Choice Advisory, is referred to as "Voya Choice." Voya Choice is an asset allocation program managed by the Investment Selection Committee ("ISC"). The ISC uses model asset allocations provided by Morningstar, as the basis for developing model portfolios. The model asset allocations are defined in terms of risk from conservative to aggressive. Morningstar also provides Capital Market Assumptions to VFA at no additional cost as part of the suite of services provided.

The ISC periodically reviews the investment options available in the model portfolios. Investment selections in each model portfolio are reviewed using information such as performance, risk, risk-adjusted performance, style, consistency and expenses. Upon review, the ISC makes specific recommendations of investment options for the model portfolios. The investments in the model portfolios for Voya Choice are selected by the ISC from a menu of approximately 225 mutual fund families, as well as other possible investments.

The IAR and the client discuss a client's particular circumstance and establish goals and objectives. The IAR helps determine the client's individual objectives, time horizon, risk tolerance and liquidity needs. The IAR then helps the client to develop an IPS that results in the recommendation of a model portfolio that is suitable for the client. Once the model portfolio

is recommended to the client, the portfolio is managed based on the overall model, rather than specifically to each client's individual needs. The IAR must have verbal authorization from the client to execute each recommendation made.

Clients will have the opportunity, subject to a non-negotiable \$5,000 administrative fee as described in Item 5, to place reasonable restrictions on the types of investments to be held in their account.

### **Voya Portfolio Track**

Portfolio Track is an asset allocation program managed by the VFA Investment Selection Committee ("ISC"). The ISC uses asset allocation models provided by Voya Investment Management ("Voya IM"), as a basis for developing their model portfolios. The model asset allocations are defined and titled in terms of risk, from conservative to aggressive. Individual asset classes and the recommended allocation to those asset classes are determined by the model selected. The IAR has a choice of investment options (mutual funds) within each asset class to complete the model portfolio.

The ISC periodically reviews the investment options in the model portfolios. Investment options are reviewed using information such as performance, risk, style, consistency and expenses. Upon review the ISC makes recommendations of investment options to be made available in the model portfolios.

The IAR helps determine the client's individual objective, time horizon, risk tolerance and liquidity needs. The IAR then helps the client to develop an IPS that results in the recommendation of a model portfolio that is suitable for the client.

### **The Fidelity Program**

The Voya Asset Management Program through Fidelity Investments is referred to as the "Fidelity Program." The Fidelity Program is a non-discretionary managed account program offered only to participants in non-ERISA retirement plans where a Voya company does not have a product offering available to the plan.

The IAR and the client discuss a client's particular circumstance and establish goals and objectives. The IAR helps determine the client's individual objectives, time horizon, risk tolerance and liquidity needs. The IAR then helps the client to develop an IPS that results in the recommendation of an asset allocation that is suitable for the client. Once the asset allocation is recommended to the client, the portfolio is managed based on the overall model, rather than specifically to each client's individual needs. Mutual funds offered by Fidelity Investments are used to fulfill the recommended asset allocation. Client transactions may be executed through the retirement plan and/or through a brokerage account established with Fidelity Investments. Clients sign a limited written trading authorization allowing the IAR to execute Fidelity mutual fund transactions in the client's account. Transactions are executed through Fidelity Investments using their Wealth Central System. Fidelity Management Trust Company, 82 Devonshire Street, Boston, MA 02109 is the custodian for these accounts.

### **Select Adviser Series Program**

VFA also sponsors the Select Adviser Series Program ("SASP Program"), a wrap fee program. A wrap fee program is an advisory program under which a specified fee or fees, not based directly on transactions in the client's account, is charged for advisory services. Services may include portfolio management or advice concerning the selection of other investment advisers, and the execution of client transactions and custody of program assets.

Through the SASP Program, clients are provided with portfolio management services using model asset allocation portfolios or separately managed accounts which offer single investment disciplines or may combine multiple investment disciplines and investment options in a single portfolio. Investment portfolio options include, but are not limited to, mutual funds, exchange-traded funds ("ETFs"), stocks and bonds. VFA provides clients with advice, custodial, trade execution and related services for a single asset-based fee. The SASP Program is designed to coordinate the client's overall investment management process.

VFA has selected certain affiliated and unaffiliated asset managers to participate in the SASP Program (the "Strategists"). An affiliate of VFA, Voya Investment Management ("Voya IM"), is the affiliated Strategist (the "Affiliated Strategist"). Additionally, VFA has selected unaffiliated Strategists ("Unaffiliated Strategist"). VFA has authorized the Strategists to develop and manage model portfolios ("Model Portfolios"). The Model Portfolios are administered by VFA using a third party technology platform. Each Model Portfolio is designed to meet a particular investment goal.



Generally, the SASP Program is managed by the Strategist based on the portfolio's goal, rather than on each client's individual needs. Clients, nevertheless, may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors, provided, however, that VFA may refuse to accept or to continue to provide investment advisory services with respect to such program assets, as the case may be, if it determines such restrictions are unreasonable or impracticable.

For additional details on the SASP Program please review VFA's Form ADV Part 2A, Appendix 1 Wrap Program Brochure, which is available upon request from your IAR or from VFA.

### **Unified Managed Account Program**

VFA sponsors the Unified Managed Account Program ("UMA Program"), a wrap fee program. A wrap fee program is an advisory program under which a specified fee or fees, not based directly on transactions in the client's account, is charged for advisory services. Services may include portfolio management or advice concerning the selection of other investment advisers, and the execution of client transactions and custody of program assets.

Through the UMA Program, clients are provided with investment services from the IAR and/or Independent Investment Strategists ("IIS"). The UMA Program combines multiple investment disciplines and investment options in a single account. Each account may contain multiple sleeves, including sleeves managed by the IAR ("Adviser Sleeves") and sleeves managed by affiliated or unaffiliated IISs ("IIS Sleeves"). The IIS(s) may have limited discretionary trading authority as it relates to the sleeve they manage, if authorized by the Client. Investment options include, but are not limited to, mutual funds, fixed income securities, exchange-traded funds ("ETFs"), separately managed accounts, model portfolios, stocks and bonds. VFA provides clients with advice, custodial, trade execution and related services for a single asset-based fee. Trades will be executed by our overlay manager, FolioDynamix, Inc. ("Folio") and cleared through Pershing LLC.

Your IAR will assist you in determining an appropriate investment strategy to follow. Folio will generally rebalance your account quarterly, whenever the portfolio and/or investments within a sleeve fall outside of certain allocation parameters.

IIS Sleeves are managed by the IIS(s) based on the portfolio's goal, rather than on each client's individual needs. Clients, nevertheless, may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors, provided, however, that VFA may refuse to accept or to continue to provide investment advisory services with respect to such program assets, as the case may be, if it determines such restrictions are unreasonable or impracticable.

For additional details on the UMA Program please review VFA's Form ADV Part 2A, Appendix 1 Wrap Program Brochure, which is available upon request from your IAR or from VFA.

### **THIRD PARTY MONEY MANAGER PROGRAMS**

VFA also offers investment advisory management programs to clients through third party money manager programs.

The IAR and the client discuss a client's particular circumstance and establish goals and objectives. The IAR helps determine the client's individual objectives, time horizon, risk tolerance and liquidity needs. The IAR then helps the client to develop an IPS that results in the recommendation of a model portfolio that is suitable for the client.

The IAR then recommends an unaffiliated third party money manager on VFA's approved list of providers which has a portfolio management style that is suitable for that client. Factors considered in recommending a third party money manager include account size, risk tolerance, the opinion of each client and the investment philosophy of the selected registered investment adviser. Depending on the third party money manager program, the client's portfolio will either be managed based on the client's specific investment objectives or according to a specific model portfolio. Clients should refer to the recommended registered investment adviser's Firm Brochure or other disclosure document for a full description of the services offered by the third party money manager. IARs are available to meet with clients as needed to discuss any changes and review the performance of their account.

VFA periodically reassess, but does not continuously monitor, the performance of the selected third-party money managers. If VFA or the IAR determines that a particular selected third-party money manager is not managing the client's portfolio in a manner consistent with the client's IPS, or the client's investment objectives and situation changes, the IAR may recommend a different third party money manager. Under this scenario, the IAR assists the client in selecting a new registered investment adviser and/or program. However, the decision to move to a new registered investment adviser and/or program

is solely at the discretion of the client.

## FINANCIAL PLANNING

VFA and its IARs provide individual and specialty financial planning services to clients on either a one-time or an annual/ongoing basis. Financial planning is a comprehensive evaluation and analysis of a client's current and future financial situation and needs using variables that may include current and future income, expenses, investment growth, cash flows, asset values and withdrawal plans. Based on the client's financial situation, goals, investment objectives, needs and risk tolerance, IARs may make asset class or asset allocation recommendations. Through the financial planning process, all questions, information and analysis are considered as to how they may impact the financial situation of the client. Clients receive a written plan or report which provides the client with a detailed financial plan designed to help them achieve their financial goals and objectives.

VFA cannot guarantee future financial results or the achievement of the client's financial goals through implementation of a financial plan or any advice or recommendations provided. VFA does not monitor the day-to-day performance of the client's specific investments.

In general, the financial plan may address the following services in either the one-time or the annual/ongoing plan. Not all services listed are available in an annual/ongoing financial plan:

**Business planning services:** Provide planning techniques for business owners to help preserve the value of the client's business or to pass on ownership. IAR will not provide tax or legal advice pursuant to this service. This financial planning and service agreement is not valid for establishment, structuring, monitoring and maintenance of the business-controlled ERISA qualified retirement and employee benefit plans.

**Cash flow, budgeting, and major purchase buy/sell decisions:** Evaluate spending habits, cash flow and help identify the right financial path. Set budgets to assist in reaching current and long-term financial goals.

**Divorce planning:** Assist individuals subject to current or potential divorce proceedings with financial planning prior to divorce and post-marital transfers of assets. Client may not be a VFA investment advisory client to be eligible for divorce planning services.

**Education planning and funding choices:** This service will help the client plan for funding future college expenses, and understand strategies for the client's personal circumstances and priorities.

**Estate planning and gifting strategies:** Provide guidance to help the client pass his/her legacy to heirs and fulfill the client's philanthropic aspirations.

**Estate distribution services:** Assist estate attorneys, executors, trustees and designated beneficiaries in post-death transfers of assets.

**Executive planning with stock option and deferred compensation evaluations:** Provide corporate executives with customized tax, estate and financial planning guidance to help maximize the value of company-provided compensation and benefits.

**Financial organization through personal financial website, cash flow, budgeting, and major purchase buy/sell decisions:** We assist in helping determine how monthly and large purchase decisions may affect the client's overall financial objectives. The client may also receive guidance on how to pay off debt early, the potential impacts of down-sizing a home, the various types of sales transactions (cash, leaseback, installment sales) and how to manage overall debt.

**General analysis and planning:** IARs can also provide financial planning on a more focused basis. This may include advice on a modular basis covering one or more financial planning areas or concerns such as education planning, estate planning, retirement planning or other specific goal planning.

**Insurance profile/analysis:** IARs may provide a detailed analysis and make recommendations as to the adequacy of life, health or disability income and/or property casualty insurance protection depending on the client needs and specific insurance licenses held and state insurance laws and requirements.

**Individual savings goals, asset allocation and insurance planning:** Identify the client's individual risk tolerance and align it with investment objectives/goals. Review the appropriate amount of insurance (e.g. disability income, life insurance, long-term insurance) needed to protect the client's family.

**Investment planning:** Develop a plan to help maximize potential investment returns for a given level of risk. Investment

planning services are available only for portfolio assets and accounts where VFA is not listed as broker-dealer of record or provides investment advisory services pursuant to an investment advisory contract.

**Plan reviews:** Review the client's annual/ongoing financial plan periodically to make any savings rate, asset allocation and portfolio rebalancing adjustments to help keep the plan on track. In addition, this service may include coordinating reviews of tax-efficient accumulation or distribution options and legal documents (e.g. wills, trusts, medical directives, powers-of-attorney) with the client's tax or legal advisors to help ensure they are up to date.

**Qualified plan and IRA distribution analysis:** Analyze various retirement plan and IRA distribution scenarios and beneficiary structures to determine how to optimize distribution options from retirement accounts.

**Retirement accumulation planning:** Develop a savings and asset allocation plan clarifying optimal retirement age, savings rate, tax location of future savings and asset allocation based upon the client's personal willingness to take investment risk. Review strategies to address shortages and manage surpluses based upon confidence level.

**Retirement income planning:** Develop a savings and asset allocation plan to forecast and plan for a potential lifetime income stream. Clarify an optimal retirement age and savings rate for the client's remaining working years.

**Retirement Social Security benefit analysis:** Provide a review of the personal Social Security statement the client provides to illustrate potential retirement, dependent and survivor benefit options based on the client's unique characteristics. This planning service does not determine eligibility for ANY government entitlement benefit.

**Special needs planning:** Preparing and assisting caregivers in preparing for the financial future of their dependent with special needs.

Client is under no obligation to act on the advice of VFA, IAR or any other affiliated persons. The client must decide whether to implement any advice or recommendations made by VFA, IAR or any other affiliated person. If the client does follow such recommendation, client acknowledges that he/she is under no obligation to effect the transactions through VFA or its affiliates. Client should carefully review all sales charges, front-end or deferred, and ongoing fees and loads charged in all products or service programs before investing.

### **Financial Planning Term**

One-time financial planning services do not require VFA or IAR to monitor client's assets or monitor financial markets on an ongoing basis for such client, and do not include periodic plan reviews or updates. Delivery of the written evaluation constitutes completion of the one-time service and shall occur within ninety (90) days of the signing of the financial planning agreement for most one-time planning services. Certain specialty planning services may take longer to complete.

Annual/ongoing financial planning services begin on the date of the signing of the planning agreement and continue until the renewal date, as defined in the financial planning agreement. The annual planning service will automatically renew on the first day of the month following the annual anniversary date for a period of one (1) year unless terminated by either party pursuant to the terms described below. Delivery of the written evaluation does not constitute completion of the Planning Agreement and shall occur within ninety (90) days of the initial planning year and within ninety (90) days of the renewal date for each subsequent renewal year.

To prepare a financial plan the IAR gathers information through personal interviews. Information gathered may include the client's current financial status, tax status, future goals, return objectives and attitudes towards risk. The IAR carefully reviews documents supplied by the client, which may include a questionnaire completed by the client, and prepares a written report. Should the client choose to implement the recommendations contained in the plan, the IAR recommends the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

IARs do not make recommendations concerning the purchase or sale of specific securities when preparing financial plans. However, in response to requests by clients for advice or recommendations to implement a financial plan, the IAR's recommendations are limited to only those products offered through VFA, where the IAR is registered as an investment adviser representative and as a registered representative of the broker dealer. Similarly, any insurance recommendations will be limited to the insurance companies the IAR is appointed with as an insurance agent or broker. This creates a conflict of interest as the Firm may recommend the use of proprietary insurance or investment products offered through affiliated firms, or products for which VFA will earn compensation.

### **Termination of the Financial Planning Agreement**

Client may terminate the financial planning agreement without penalty within five business days of entering into a financial planning agreement. Any party may terminate the financial planning agreement at any time after the five business day period without penalty upon written notice to the other party. Client agrees that such termination will not affect the liabilities or obligations which arise from transactions initiated prior to termination. Upon termination of this Agreement, any fees collected by VFA for one-time planning services will be reimbursed in full if a plan has not been delivered. Any annual planning fees collected but not earned will be reimbursed to Client at a pro-rata share based on the amount of days remaining in the payment installment period. Reimbursement will be provided through check regardless of payment method. The agreement will not terminate in the event that the IAR establishing the agreement is no longer associated with VFA or is otherwise removed from the agreement. VFA reserves the right to replace the IAR providing services under the agreement, with or without cause.

**The VFA Financial Planning and Services Client Agreement that the client is required to review and execute prior to the preparation and delivery of any type of financial plan contains additional disclosures. Please review that agreement carefully prior to signing the agreement.**

### **RETIREMENT READINESS PROGRAM**

Retirement Readiness is a program for employees of selected worksite plan sponsors who are clients of a VFA affiliate. Retirement Readiness gives employees access to VFA financial professionals who can help them prepare for retirement. Through Retirement Readiness, VFA may make available financial planning services to employees of selected worksite plan sponsors. The cost for products are pre-negotiated for all employees participating in the Retirement Readiness program. Additionally, VFA may make available free-of-charge advisory services on a one-time, non-discretionary basis at the client's request.

**Financial Planning/Analysis Services:** Consists of consultation with the client to collect information about client's goals, risk tolerance and current financial situation, and financial analysis that results in a written evaluation addressing client's retirement income goals and other financial goals as well as risk analysis. The consultation sessions typically will not exceed three sessions of one hour each. The written evaluation will address the financial plan and any of the following goals, as described above: Asset Allocation; Business Retirement Planning; Education Funding; Estate Planning; Financial Analysis and Statements; General Analysis and Planning; and Insurance Profile/Analysis. If additional time is required to develop the plan, additional consultations are available at an hourly rate.

The financial planning services offered through Retirement Readiness follow the guidelines found in this Brochure. For additional information about financial planning services offered by VFA, please see the section titled "Financial Planning" in this Item 4.

**Retirement Readiness Advisory Services:** VFA may also offer a variety of free-of-charge advisory services to Retirement Readiness clients on a one-time, non-discretionary basis. These advisory services provide basic asset allocation and funding guidance appropriate for client's goals and risk tolerance, and in certain instances, provide corresponding investment recommendations. The Retirement Readiness Advisory Services are not a substitute for a comprehensive financial plan.

Neither the Financial Planning Services nor the Retirement Readiness Advisory Services offered to Retirement Readiness clients shall require VFA or IARs to monitor clients' assets on an ongoing basis, nor shall it require that VFA or IARs update recommendations to reflect changes in clients' circumstances. These services will also not require VFA or IARs to monitor financial markets and conditions for clients and will not require that VFA or IARs perform ongoing analysis of clients' assets for factors that may impact performance.

Clients may request an annual review session. Such annual review sessions shall review changes to the client's financial situation. The annual review may or may not include an accompanying written report. The annual review is not a substitute for a comprehensive financial plan. Clients are solely responsible for contacting their IAR to schedule an annual review session. VFA reserves the right to subsequently limit, modify or discontinue offering annual review sessions or to charge a fee for annual reviews in the future.

Clients are solely responsible for implementing any recommendations made as part of the Financial Planning and Retirement Readiness Advisory. IARs will not exercise discretion over a client's assets in connection with these services.

In addition to the Financial Planning Services and Retirement Readiness Advisory Services described in this section, Retirement Readiness clients may also be offered certain advisory products as described elsewhere in this Brochure.

### **FINANCIAL PLANNING SEMINARS**

IARs may conduct seminars which may include, among other topics, presentations on financial planning, various securities and insurance strategies, business planning, long-term care and/or retirement planning. Attendees are under no obligation to do so, but are encouraged to have individual consultations with the IAR and to have a financial plan prepared. In addition, certain IARs receive approval to charge the corporate sponsors of their seminars a fixed fee to hold seminars for the corporation's employees. This fee is not tied to a per employee attendance count.

### **ERISA PLAN INVESTMENT CONSULTING ("EPIC Services")**

VFA offers consulting and advisory services for employer-sponsored retirement plans that are designed to assist plan sponsors of employee benefit plans ("Plan Sponsor(s)"). VFA may also assist Plan Sponsors with enrollment and/or providing investment education to plan participants and beneficiaries. VFA provides these retirement plan services through certain of its investment adviser representatives who have gone through specific training and received approval to offer these services, and may charge a fee for EPIC Services, as described in this Form ADV Part 2A and the ERISA Plan Investment Consulting Agreement ("Agreement").

EPIC Services are either ERISA fiduciary services or ERISA non-fiduciary services. ERISA non-fiduciary services may be performed only so that they would not be considered fiduciary services under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). When delivering ERISA fiduciary services, VFA will perform those services to the plan as a fiduciary under ERISA Section 3(21)(A)(ii) and will act in good faith and with the degree of diligence, care and skill that a prudent person rendering similar services would exercise under similar circumstances. When providing any ERISA fiduciary services, VFA will solely be making recommendations to the Plan Sponsor and the Plan Sponsor retains full discretionary authority and control over assets of the plan.

Plan Sponsor may engage VFA to perform EPIC services by completing an ERISA Plan Investment Consulting Advisory Services Agreement providing information about the plan, including but not limited to options available through the plan, plan objectives, investment objectives, investment risk tolerance, demographics about plan participants, and third-party service providers. VFA will provide Plan Sponsor a copy of this Form ADV Part 2A and the Agreement for review. The Agreement describes the terms of the arrangement between VFA and the Plan Sponsor, including a description of the retirement plan services and the fees to be charged by VFA. By signing the Agreement, the Plan Sponsor represents that Plan Sponsor has received sufficient information and determined that the retirement plan services selected are: (i) necessary for the operation of the plan and (ii) reasonable and appropriate based upon the compensation to be paid for the Services. Plan Sponsor must sign and submit the Agreement to VFA before VFA performs any Retirement Plan Services.

#### **Description of the Retirement Plan Services**

VFA offers the following 3(21) Fiduciary and Non-Fiduciary Retirement Plan Services:

Plan Sponsor - ERISA 3(21) Fiduciary Services:

- 1) Recommendations to establish or revise the Plan's Investment Policy Statement ("IPS")
- 2) Recommendations to select and monitor the Designated Investment Alternatives ("DIAs")
- 3) Recommendations to allocate and rebalance model asset allocation portfolios
- 4) Recommendations to select and monitor investment managers

Plan Sponsor - ERISA Non-Fiduciary Services:

- 1) Assistance with Plan governance and committee education
  - a) Determining Plan objectives and options available through the plan
  - b) Reviewing retirement plan committee structure and requirements
  - c) Reviewing participant education and communication strategy, including ERISA 404(c) requirements
  - d) Coordinating and reconciling participant disclosures under ERISA 404(a)

- e) Developing requirements for responding to participant requests for additional information
- f) Developing and maintaining a fiduciary audit file
- g) Attending periodic meetings with plan committee (upon request by plan sponsor)

2) Assistance with Plan fiduciaries' vendor management (service provider selection/review)

- a) Reviewing fees and services and identifying procedures to track the receipt and evaluation of ERISA 408(b)2 disclosures
- b) Providing periodic benchmarking of fees and services to assist review for reasonableness
- c) Reviewing ERISA spending accounts or plan expense recapture accounts ("PERAs")
- d) Generating and evaluating service provider requests for proposals ("RFPs") and or requests from information ("RFIs")
- e) Support with contract negotiations
- f) Service provider transition and/or plan conversion

3) Investment Education for Plan fiduciaries

- a) Investment Policy Statements
- b) Assessment of overall investment structure of Plan
- c) Review of the Plan's investment options
- d) Review of Qualified Designated Investment Alternatives ("QDIA")
- e) Search and review of investment managers

Plan Participant - ERISA Non-Fiduciary Services

1) Employee investment education and communication

- a) Providing group enrollment and investment education meetings
- b) Providing fee specific education and communicate the Plan's requirements for requesting additional information about plan fees and expenses
- c) Supporting individual participant questions
- d) Providing periodic updates, upon request of newsletter
- e) Assisting participants with retirement preparation

**Potential Additional Retirement Services Provided Outside of the Agreement**

In providing EPIC Services, VFA and its IARs may establish a client relationship with one or more plan participants or beneficiaries. Such client relationships develop in various ways, including, but not limited to:

- 1) as a result of a decision by the participant or beneficiary to purchase services from VFA not involving the use of plan assets;
- 2) as part of an individual or family financial plan for which any specific recommendations concerning the allocation of assets or investment recommendations relate exclusively to assets held outside of the plan; or
- 3) through an Individual Retirement Account rollover ("IRA Rollover").

If VFA is providing EPIC Services to a plan, IARs may, when requested by a plan participant or beneficiary, arrange to provide services to that participant or beneficiary through a separate agreement that excludes any investment advice on plan assets (but may consider the participant's or beneficiary's interest in the plan in providing that service). If a plan participant or beneficiary desires to affect an IRA Rollover, IAR will obtain a written acknowledgment from the plan participant. Any decision to affect the rollover or about what to do with the rollover assets remains that of the participant or beneficiary alone.

## **AMOUNT OF MANAGED ASSETS**

As of December 31, 2017, VFA had \$11,146,389,504 of assets under management on a non-discretionary basis plus \$3,256,322,351 of assets under management on a discretionary basis.

## **LOANADVANCE ACCOUNTS**

A LoanAdvance account is an account held through Pershing through which you may borrow money from Pershing by pledging the securities in the account. Unlike a margin account, these borrowed funds cannot be utilized to purchase additional securities. If you decide to open a LoanAdvance account, please carefully consider the following:

1. You are borrowing money that you will be required to pay back.
2. LoanAdvance is only available for accounts that are not retirement accounts. For purposes of this Brochure, a "Retirement Account" is an account held by an ERISA plan or an account otherwise subject to Section 4975 of the Internal Revenue Code (e.g., IRA).
3. You are using the securities that you own in the account as collateral.
4. You are charged an interest rate that is subject to change and the rate can go up or down.
5. VFA or Pershing can force the sale of securities or other assets in any of your accounts held at VFA or Pershing at any time and without notice, to cover any deficiency in the value of the securities pledged for the loan. This forced selling could occur at any time, including during times of increased market volatility, potentially negatively affecting your investment returns and potentially resulting in negative tax consequences for you.
6. VFA or Pershing can decide which securities to sell without consulting with you.
7. Due to the fact that securities are pledged to support the outstanding loan amount, VFA or Pershing can limit client withdrawals from the pledged account until loan requirements are met or the loan is paid off.
8. VFA or Pershing may request additional information such as, but not limited to, a credit check in order to complete our review of your account(s).

Please also carefully review the LoanAdvance Lending Agreement, LoanAdvance Disclosure Statement and Restricted Control Stock Disclosure and Interest Rate Acknowledgment, for additional risks involved in opening a LoanAdvance account. VFA reserves the right to approve or reject any particular client's participation in LoanAdvance for any reason or for no reason at all.

## **Cash Advantage Program**

AssetMark offers the Cash Advantage program to VFA clients with certain AssetMark Trust Company custodial accounts. The Cash Advantage program is a securities-backed line of credit linked to your account held at AssetMark Trust. Unlike a margin account, these borrowed funds cannot be utilized to purchase additional securities. If you decide to open a Cash Advantage account, please carefully consider the following:

1. You are borrowing money that you will be required to pay back.
2. Cash Advantage is only available for accounts that are not retirement accounts. For purposes of this Brochure, a "Retirement Account" is an account held by an ERISA plan or an account otherwise subject to Section 4975 of the Internal Revenue Code (e.g. IRA).
3. You are using the securities that you own in the account as collateral.
4. You are charged an interest rate that is subject to change and the rate can go up or down.
5. Depending on the relation between the account value, credit limit and amount borrowed, collateral devaluations may limit the available credit or possibly require a deposit of additional assets or immediate payment.
6. Due to the fact that securities are pledged to support the outstanding loan amount, AssetMark Trust Company can limit client withdrawals from the account until loan requirements are met or the loan is paid off.
7. AssetMark Trust Company may request additional information such as, but not limited to, a credit check in order to complete their review of your account(s).

For the Cash Advantage program, there is an agreement between AssetMark Trust Company and The Bancorp, Inc

("Bancorp"). No agreements are in place between VFA and Bancorp. Bancorp does not compensate VFA for referrals or otherwise. VFA allows AssetMark to offer this service as a courtesy to our clients, and in no way oversees the program.

**Item 5 Fees and Compensation**

In general, fees for VFA investment advisory services are based upon a percentage of assets under management and are charged monthly or quarterly in advance by debiting advisory fees from client accounts, except as otherwise specified below. Prorated charges or refunds of fees will be assessed on additions or withdrawals greater than \$10,000 and will be processed on a daily basis. Certain clients may have unique fee arrangements that are not specified herein.

Fees that are specific to each VFA investment advisory program are described in detail in the sections below. Account sizes specified for each program may be negotiable under certain circumstances. VFA may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

Although VFA has established the fee schedules described in this Brochure, VFA may negotiate alternative fees on a client-by-client basis. Depending on the distribution channel of your IAR, you may receive higher or lower fees in any of VFA's investment advisory programs. For Retirement Readiness the fees may be fixed or negotiable. Client facts, circumstances and needs are considered in determining the fee schedule. These facts include the complexity of the client's situation, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style and account composition, among other factors. The specific annual fee schedule is identified in the contract between the IAR and each client.

VFA policies make certain financial products available only in the Firm's role as a broker-dealer, for which it receives commissions. Other registered investment advisors may offer such financial products in an investment advisory account, shares of which may be purchased net of commission, resulting in more shares to the customer than if the same product is purchased through the Firm on a commission basis. Purchasing such products through the Firm in its role as broker-dealer will result in the client receiving fewer shares for the same purchase price than the customer would receive if purchased in an investment advisory account. Clients will receive lower investment returns over the short term, and incur higher execution costs due to the Firm's policy, as compared to the same financial product held in an investment advisory account. Since offering such financial products only in the Firm's capacity as a broker-dealer creates a conflict of interest, the Firm has an obligation to notify clients of, and to obtain informed consent for, these types of recommendations at the time of sale.

Advisory services fees charged by other investment advisers may be similar to or lower than the fees that VFA charges.

**Termination of the Advisory Relationship**

A client agreement may be terminated at any time, by either party, for any reason. Termination by the client is effective upon receipt of written notice by VFA unless a later date is requested in the client's notice and agreed to by VFA. Termination by VFA is effective 30 days from the date of written notice to the client, unless a later date is stated in the notice. Client may terminate without penalty within five business days of entering into an investment advisory agreement. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, VFA will pro rate the reimbursement according to the number of days remaining in the billing period.

**REP AS MANAGER PROGRAM**

In the Rep as Manager Program, the Client is responsible for paying the advisory fee charged by the IAR, subject to the Maximum Allowed Fees below. In addition, certain miscellaneous fees are assessed for certain activities in Client's account. Client is responsible for paying these fees. Client understands and agrees that VFA may change the fees identified in in this document at any time by giving the Client written notice as described in the Client's investment advisory account agreement with VFA.

Portfolio Value	From	To	Annual Total Client Fee



First	\$ 0 - \$ 250,000	2.50%
Next	\$ 250,001 - \$ 500,000	2.30%
Next	\$ 500,001 - \$ 1,000,000	1.75%
Next	\$ 1,000,001 - \$ 2,000,000	1.50%
Next	\$ 2,000,001 - \$ 5,000,000	1.50%
Next	\$ 5,000,001 - \$ 10,000,000	1.25%
Next	\$10,000,001 and over	1.25%

The above stated fees are blended: i.e., as the portfolio value reaches each threshold in the above table, the assets above the threshold may be charged successively lower percentages, but the assets below the threshold will be charged the higher percentage.

### **Miscellaneous Fees**

As stated above, the Client is subject to certain miscellaneous fees in connection with activity within the Client's account. Miscellaneous fees are imposed by Pershing in connection with the Client's account. These fees are unique to the account activity and include, but are not limited to, wire transfer fees, transfer out fees, the annual IRA maintenance fee and any other charges assessed by Pershing at an individual account level. The chart contained in the Client's agreement with VFA describes the miscellaneous fees applicable to the Client's account. The Client is responsible for paying the miscellaneous fees as described.

### **SELECT ADVANTAGE ADVISORY IRA**

The Client will be charged, and VFA and the IAR will receive, an advisory fee for the investment advice and other services provided to the account by VFA and the IAR. The advisory fee amount and frequency are determined by an agreement between the Client and the IAR and are reflected in the Voya Select Advantage Advisory IRA Program account application. The advisory fee is calculated based on the average monthly account value over the assessment period as of the last day of the calendar quarter or month. The advisory fee is deducted by VRIAC from the Client's account in arrears and is paid to VFA either quarterly or monthly (based on the frequency chosen). Please see the Voya Select Advantage Advisory Account Agreement for more information regarding the advisory fee, including the maximum advisory fee that VFA and its IAR may charge.

In addition to the advisory fee, accounts in the Voya Select Advantage Advisory IRA Program are subject to a variety of additional fees and expenses assessed by VRIAC and VITC. Information concerning these fees are included in the Voya Select Advantage Advisory IRA Disclosure Statements and Custodial Account Agreement disclosure document under "What Fees will I Pay?" Some of these fees are received by VRIAC and VITC, and others are received by unaffiliated mutual fund companies.

The Voya Select Advantage Advisory Program is sponsored and administered by affiliates of VFA. Therefore, VFA has a conflict of interest when it recommends the Voya Select Advantage Advisory Program, as the Voya Select Advantage Advisory Program provides a financial benefit to affiliates of VFA.

### **INVESTMENT SUPERVISORY SERVICES**

#### **INDIVIDUAL PORTFOLIO MANAGEMENT FEES**

**Preferred Asset Management, Preferred Strategic Advisory Services Select, Comprehensive Advice Program, Prime Portfolio Services, Total Advice Program and Strategic Advisory Services Select**

The annualized fees for ISS are charged as a percentage of assets under management, according to the following schedule:

Portfolio Value	From	To	Annual Total Client Fee

			Prime/SAS/TAP	Preferred/CAP
First	\$ 0	- \$ 250,000	2.50%	2.25%
Next	\$ 250,001	- \$ 500,000	2.30%	2.00%
Next	\$ 500,001	- \$ 1,000,000	1.75%	1.50%
Next	\$ 1,000,001	- \$ 2,000,000	1.50%	1.25%
Next	\$ 2,000,001	- \$ 5,000,000	1.50%	1.25%
Next	\$ 5,000,001	- \$ 10,000,000	1.25%	1.00%
Next	\$10,000,001	and over	1.25%	1.00%

A minimum of \$25,000 of assets under management is generally required for these programs.

#### **Additional Charges to Preferred Program Clients:**

In addition to the portfolio management fees set forth above, clients with Preferred accounts are also charged transaction fees. Such fees are due and payable at the time orders are placed and do not include a postage and handling charge of \$4.00 per transaction and certain other miscellaneous charges. Certain "no load" fund shares may be required to be held for a minimum time period, generally six months. In the event that such shares are redeemed prior to the end of the minimum holding period, the shares may be subject to a redemption fee. A \$10 servicing fee may be assessed by Pershing for each purchase and sale transaction in certain mutual fund families identified by Pershing. The IAR, upon request, will provide the client with a list of mutual fund families in which purchase and sale transactions are currently assessed the \$10 servicing fee.

This list may change from time to time. The fee may be assessed by VFA's clearing firm, or directly by the mutual fund sponsors as described in their prospectuses.

Transaction fees per trade charged to Preferred accounts are as follows:

Security Type	Ticket Charge Per Transaction
	Prime / SAS Select / Rep as Manager
Listed Equities - Market <5,099 shares	\$7 per order
Listed Equities - Market >5,099 shares	\$6 flat + \$0.01 per share
Listed Equities - Limit	\$6 flat + \$0.0125 per share
ETFs - Market <5,099 shares	\$7 per order
ETFs - Market >5,099 shares	\$6 flat + \$0.01 per share
ETFs - Limit	\$6 flat + \$0.0125 per share
OTC Equities - Market <5,099 shares	\$7 per order
OTC Equities - Market >5,099 shares	\$6 flat + \$0.01 per share
OTC Equities - Limit	\$6 flat + \$0.0125 per share
Corporate Bonds	\$18 per order
Municipal Bonds	\$18 per order

Treasuries	\$18 per order
Physicals (Agency/Zeros)	\$18 per order
Money Market Instruments (BAs/CDs/Commercial Paper)	\$18 per order
UITs	\$18 per order
Mortgage Backed When Issued	\$18 per order
Mutual Fund - No Load <sup>1,2</sup>	\$5 per order
Mutual Fund - Load	\$5 per order
Mutual Fund Exchanges	\$0
Systematic Mutual Fund	\$0
Options <sup>3</sup>	\$9 flat + \$0.25 per contract

<b>FundVest Focus Fund (Pershing No-Load, No-Transaction Fee Program)</b>	
	<b>Ticket Charge</b>
Initial Purchase	\$0
Subsequent Purchase	\$0
Redemption (After 30 Day Holding Period)	\$0
Redemption (Prior to 30 Day Holding Period)	\$30
Systematic Redemption (Prior to 30 Day Holding Period)	\$5

1. Certain fund families have an additional \$10 ticket charge: Aegis, Allianz Funds, Apline, Ashport, CGM, Colorado Bondshares, Dimensional Fund Advisors, Dodge & Cox, First Puerto Rico Offshore, Loomis Sayles, New Alternatives, Northeast Investors, Optimum Funds, Pacific Captial, PIMCO Allianz Funds, Pimco Institutional, Sequoia, Stratton and Vanguard. Additional funds within fund families also have an additional \$10 ticket charge. A complete list of funds is available from the Client's IAR.

2. Ticket charges apply for the investor share class.

3. Additional option regulatory fees apply and are assessed to Client.

In the Preferred Asset Management, Preferred Strategic Advisory Services Select and Comprehensive Advice Programs, transaction charges or an Asset-Weighted Fee (as defined below) are paid by you. The receipt of these transaction charges creates a conflict of interest for your IAR, as your IAR has an incentive to open these accounts versus a Prime Portfolio Services, Strategic Advisory Services Select or Total Advice Program account based on expected or anticipated trading volume. To help mitigate this conflict of interest, the Firm applies a lower maximum fee schedule for Preferred Asset Management, Preferred Strategic Advisory Services Select and Comprehensive Advice Programs.

#### **Additional Charges to Comprehensive Advice Program Clients:**

The Comprehensive Advice Program (CAP) will be charged an annualized asset-weighted fee ("Asset-Weighted Fee") of 9 basis points for Program services, which includes transaction fees, paper surcharges and the annual IRA custodial fee. The total Asset-Weighted Fee is a blended rate based on the total Portfolio Value as of the last business day of the proceeding calendar quarter. Client understands and agrees that Sponsor, Pershing, their Affiliates and their representatives, consultants, or other agents in connection with the performance of their respective services, shall be entitled to and will share in the Asset Weighted Fee.

#### **Preferred, CAP, Prime, Voya Portfolio Track, TAP and SAS Potential Transaction Fee Waiver**

VFA IARs may recommend mutual funds that participate in Pershing LLC's FundVest Program to Preferred, CAP, Prime, Voya Portfolio Track, TAP and SAS clients that meet certain purchase requirements. The FundVest mutual fund program (the "FundVest Program") was established and is maintained by Pershing LLC, VFA's clearing firm ("Pershing"). FundVest Program transaction charges are waived for purchases of funds that would normally carry a transaction charge, which provides your advisor with an incentive to recommend a FundVest mutual fund. Pershing, in its sole discretion, may add or

remove mutual funds from the FundVest Program without prior notice.

### **Preferred, CAP, Prime, Voya Portfolio Track, TAP and SAS Redemption Fees**

Mutual funds that participate in Pershing's FundVest Program will be assessed by Pershing a short-term redemption fee if sold within three months. Similar short-term redemption fees may be charged by mutual fund families that are part of and outside of the FundVest Program. FundVest short-term redemption fees are not covered by your advisory fee and will be charged to you if you have a Preferred, CAP, Prime, Voya Portfolio Track, TAP or SAS account.

## **INVESTMENT SUPERVISORY SERVICES**

### **MODEL PORTFOLIO MANAGEMENT FEES**

**Morningstar Wealth Management / Morningstar Wealth Management Tax Sensitive Model Portfolio Program, Voya Global Perspectives Market Models Series, Voya Choice Advisory, Voya Portfolio Track, The Fidelity Program, Select Adviser Series Program and Unified Managed Account Program**

The annualized fee will be charged as a percentage of assets under management, according to the following schedule:

#### **1. Morningstar Wealth Management / Morningstar Wealth Management Tax Sensitive Model Portfolio Program**

##### **Maximum Annual Total Client Fee**

Portfolio Value	From	To	Annual Total Client Fee
First	\$ 0	- \$ 250,000	2.75%
Next	\$ 250,001	- \$ 500,000	2.75%
Next	\$ 500,001	- \$ 1,000,000	2.50%
Next	\$ 1,000,001	- \$ 2,000,000	2.35%
Next	\$ 2,000,001	- \$ 5,000,000	2.10%
Next	\$ 5,000,001	- \$ 10,000,000	2.05%
Next	\$10,000,001	and over	2.00%

A minimum of \$25,000 of assets under management is generally required for the Morningstar Wealth Management Programs. Clients electing to exclude certain funds from their Morningstar Wealth Management Program accounts will be assessed a non-negotiable \$5,000 administrative fee. A minimum of \$10,000 of assets under management is generally required for the Voya Portfolio Track program. Morningstar also provides Capital Market Assumptions to VFA at no additional cost as part of the suite of services provided.

#### **2. Voya Global Perspectives Market Models ("GPMM")**

##### **Mutual Fund Series**

The total annualized fee for services under the GPMM - Mutual Fund Series consists of a Management Fee and a Custody Fee. The Management Fee is composed of a Strategist Fee and an Advisory fee. The maximum total annual fee will not exceed 2.75%. The Management Fee is assessed based on the total market value of the GPMM account and applied by asset tier per account, as stated on the Fee Schedule in the GPMM account agreement. IIM has waived charging a strategist fee for the GPMM - Mutual Fund Series, although IIM will receive management fees from the Voya funds. No portion of any affiliated product's advisory, administrative, service, or other fees will be offset against the asset-based fee.

A minimum of \$10,000 of assets under management is generally required for GPMM - Mutual Fund Series.

### ETF Series

The total annualized fee for services under the GPMM - ETF Series consists of a Management Fee and a Custody Fee. The Management Fee is composed of a Strategist Fee and an Advisory Fee. The maximum total annual fee will not exceed 2.75%. The Management Fee is assessed based on the total market value of the GPMM account and applied by asset tier per account, as stated on the Fee Schedule in the GPMM account agreement. No portion of any affiliated product's advisory, administrative, service, or other fees will be offset against the asset-based fee.

A minimum of \$50,000 of assets under management is generally required for GPMM - ETF Series

#### Maximum Annual Total Client Fee

Portfolio Value	From	To	Annual Total Client Fee
First	\$ 0	- \$ 250,000	2.75%
Next	\$ 250,001	- \$ 500,000	2.75%
Next	\$ 500,001	- \$ 1,000,000	2.50%
Next	\$ 1,000,001	- \$ 2,000,000	2.35%
Next	\$ 2,000,001	- \$ 5,000,000	2.10%
Next	\$ 5,000,001	- \$ 10,000,000	2.05%
Next	\$10,000,001	and over	2.00%

### 3. Voya Choice Advisory

#### Maximum Annual Total Client Fee

Portfolio Value	From	To	Annual Total Client Fee
First	\$ 0	- \$ 250,000	2.75%
Next	\$ 250,001	- \$ 500,000	2.75%
Next	\$ 500,001	- \$ 1,000,000	2.50%
Next	\$ 1,000,001	- \$ 2,000,000	2.35%
Next	\$ 2,000,001	- \$ 5,000,000	2.10%
Next	\$ 5,000,001	- \$ 10,000,000	2.05%
Next	\$10,000,001	and over	2.00%

A minimum of \$25,000 of assets under management is generally required for Voya Choice. Clients electing to exclude certain funds from their Voya Choice Advisory accounts will be assessed a non-negotiable \$5,000 administrative fee.

#### 4. The Fidelity Program

Assets Under Management	Maximum Annual Fee
Up to \$250,000	1.00%
\$250,001- \$500,000	0.75%
\$500,001 and greater	0.50%

There is a \$5,000 minimum account balance for participation in the Fidelity Program.

In the Fidelity Program, the client fee is deducted by Fidelity upon calculation and instruction from VFA in accordance with direction from the client. Clients who invest through the Fidelity Program must maintain sufficient assets in the account to meet quarterly fee deductions. The fee is calculated using the account balance on the first business day of the previous quarter. Advisory fee deduction will commence on the first full quarter following enrollment in the Fidelity Program.

#### Additional Charges to Fidelity Program Clients:

Clients may pay separate custodial fees or charges associated with the maintenance of accounts at Fidelity Investments. Brokerage link clients will pay transaction charges for purchases and sales in their account. Fidelity Program clients should refer to their agreement with Fidelity Investments for information regarding applicable custodial and transactional fees.

#### 5. Select Adviser Series Program:

The total annual client fee for services under the SASP Program consists of the Management Fee and the Custody Fee. The Management Fee is composed of the Strategist Fee(s) and an Advisory Fee. The maximum total annual fee will not exceed 2.75%. The Management Fee is assessed based on the total market value of the SASP account and applied by asset tier per account, as stated on the Fee Schedule in the SASP account agreement. On the client's behalf, VFA pays a portion of the asset-based fee to the Strategist for services. Any transfer of assets from one Strategist to a different Strategist may result in a higher or lower Management Fee, as a result of the difference in the Management Fees that each Strategist charges. No portion of any affiliated product's advisory, administrative, service, or other fees will be offset against the asset-based fee.

#### Maximum Annual Total Client Fee

Portfolio Value	From	To	Annual Total Client Fee
First	\$ 0	- \$ 250,000	2.75%
Next	\$ 250,001	- \$ 500,000	2.75%
Next	\$ 500,001	- \$ 1,000,000	2.50%
Next	\$ 1,000,001	- \$ 2,000,000	2.35%
Next	\$ 2,000,001	- \$ 5,000,000	2.10%
Next	\$ 5,000,001	- \$ 10,000,000	2.05%
Next	\$10,000,001	and over	2.00%

## 6. UMA Program:

The total annual client fee for services under the UMA Program consists of the Management Fee and the Custody Fee. The Management Fee is composed of the Strategist Fee(s) and an Adviser Fee. As shown in the table below, the maximum total annual fee for the IIS Sleeve(s) will not exceed 2.75% or 2.25% for the Adviser Directed Sleeve. The Management Fee is assessed based on the total market value of the UMA account and applied by asset tier per account, as stated on the Fee Schedule in the UMA account agreement. On the client's behalf, VFA pays a portion of the total annual client fee to the IIS for services. Any transfer of assets from one IIS to a different IIS may result in a higher or lower Management Fee, as a result of the difference in the Management Fees that each IIS charges. No portion of any affiliated product's advisory, administrative, service, or other fees will be offset against the total annual client fee.

The Adviser Directed Sleeve of the UMA Program also charges an annualized asset-weighted fee ("Asset-Weighted Fee") of nine bases points (0.09%) for UMA Program services. The total Asset-Weighted Fee is a blended rate based on the total portfolio value as of the last business day of the preceding calendar quarter or month. Client understands and agrees that Sponsor, Pershing, their Affiliates and their representatives, consultants, or other agents in connection with the performance of their respective services, shall be entitled to and will share in the Asset-Weighted Fee.

The Firm performs certain shareholder services on behalf of Horizon Funds, which are available in the UMA Program, pursuant to a Shareholder Services Agreement. In exchange for shareholder services rendered, the Firm receives monthly compensation at an annual rate equal to 0.25% of the average daily net asset value of the shares of Funds for which shareholder services are rendered. The receipt of such compensation creates a conflict of interest as it incentivizes the Firm to recommend use of Horizon Funds over other funds for which the Firm does not render shareholder services.

The UMA Program incorporates fees that would otherwise be assessed to the client account including, among other things, transaction costs, paper surcharges and the annual IRA custodial fee. Certain account-level miscellaneous fees assessed by Pershing are not incorporated.

### Maximum Total Annual Client Fee

Portfolio Value	From	To	Annual Total Client Fee of IIS Sleeve(s)	Annual Total Client Fee of Adviser Directed Sleeve
First	\$ 0	- \$ 250,000	2.75%	2.25%
Next	\$ 250,001	- \$ 500,000	2.75%	2.00%
Next	\$ 500,001	- \$ 1,000,000	2.50%	1.50%
Next	\$ 1,000,001	- \$ 2,000,000	2.35%	1.25%
Next	\$ 2,000,001	- \$ 5,000,000	2.10%	1.25%
Next	\$ 5,000,001	- \$10,000,000	2.05%	1.00%
Next	\$10,000,001	and over	2.00%	1.00%

A minimum account value of \$100,000 for a portfolio that consists of individual equities and \$250,000 for a portfolio that consists of fixed income securities is generally required for the Unified Managed Account Program.

Certain IIS Sleeves may have different account minimums.

### THIRD PARTY MONEY MANAGER PROGRAM FEES

Fees for the Third Party Money Manager Programs may be negotiated but generally range from 0.75 to 2.50%, depending on the third party money manager program selected, the size of the account and the services provided. Under some programs, an inclusive fee covers account management, brokerage, clearing, custody and administrative services. In other programs, the account may be charged separately for these services. The amount of the fees, the services provided, the

payment structure, termination provisions, account minimums, and other aspects of each program are detailed and disclosed in the unaffiliated third party money manager's disclosure document. VFA may share in the fee.

From time to time, VFA may add or remove third-party asset management programs to or from its investment advisory program platform. During such transitions, VFA may offer incentives to customers in the form of discounts or other incentives on certain programs, to either encourage adoption of those certain program(s) or to ameliorate potential costs of such removals. VFA may also provide increased compensation to IARs who use those certain program(s) for customers whose previous program(s) have been removed. This increased compensation creates a conflict of interest for your IAR by incentivizing the choosing of one program over another.

### **FINANCIAL PLANNING FEES**

VFA's financial planning fee is determined based on the nature of the services provided and the complexity of each client's circumstances. All fees are agreed to prior to entering into the financial planning agreement with any client. You should discuss financial planning fees and services with your advisor as the fees may be negotiable.

Financial planning fees are calculated on either a flat fee or an hourly basis. Fees are generally based on the complexity of the client's situation and/or the amount of time necessary to prepare a financial plan as agreed upon in writing by the client. Your IAR will provide an estimate of the total hours at the time of signing of the financial planning agreement.

The one-time financial planning fee may be payable at the time the client signs the financial planning agreement, within 30 days of delivery of the completed plan, or a portion of the fee may be collected at the time the agreement is signed with the remaining portion of the fee due within thirty days of the delivery and presentation of the plan. Annual planning service fees are billed and due monthly, quarterly, or annually, in advance for the services agreed upon. The financial planning agreement contains payment installment options that the client may select. Please review the financial planning agreement carefully prior to signing.

Client may terminate without penalty within five business days of entering into a financial planning agreement. Upon termination of any agreement after the initial five-day period, any one-time fees collected will be reimbursed in full if the financial plan has not been delivered. Any prepaid, unearned annual planning fees will be promptly refunded. In calculating a client's reimbursement of annual planning fees, VFA will pro rate the reimbursement according to the number of days remaining in the billing period.

### **FINANCIAL PLANNING SEMINAR FEES**

Seminar fees are set by the IAR who is conducting the seminar and may be up to \$500 per person; however, in many cases the charge will be less. IARs that have been given approval may charge the corporate sponsors of their seminars a fixed fee, not to exceed \$10,000, to hold seminars for the corporation's employees. This fee is not tied to a per-employee attendance count.

### **ADDITIONAL POTENTIAL FEES**

**Mutual Fund Fees:** All fees paid to VFA for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. The fees and expenses of mutual funds and ETFs are described in each fund's prospectus. These fees will generally include a management fee and other fund expenses, and may include asset based sales charges, service fees, and/or distribution fees ("12b-1 fees"). VFA receives 12b-1 fees from certain mutual funds with respect to the following accounts: (1) accounts that are managed on a non-discretionary basis ("Non-Discretionary Accounts"); and (2) accounts that are both managed on a discretionary basis and are not Retirement Accounts ("Discretionary Non-Retirement Accounts").

Some mutual funds make available share classes that do not pay 12b-1 fees (e.g., institutional share classes) only if a client's holding meets a certain asset minimum. The receipt of 12b-1 fees presents a conflict of interest because it gives VFA and its IARs an incentive to recommend mutual funds for accounts based on the compensation received rather than on a client's needs. To help mitigate this conflict of interest, VFA monitors the sales activities of its IARs to ensure that products and services that your IAR offers to you are appropriate for your specific situation. You should be aware of this conflict and discuss with your IAR whether mutual funds selected or to be selected for account pay a 12b-1 fee. You should consider 12b-1 fees when negotiating fees with your IAR. In the event that VFA receives 12b-1 fees for funds, VFA will credit the account for such fees. If the fund also imposes sales charges, a client may pay an upfront or deferred sales



charge. A client could invest in a mutual fund directly, without VFA's investment advisory services, which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and VFA's investment advisory fees to fully compare and understand the total amount of fees to be paid by the client and, therefore, evaluate the advisory services being provided.

**Wrap Fee Programs and Separately Managed Account Fees:** Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by VFA. Such fees may include the investment advisory fees of the independent third party money managers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for investment advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charges in a wrap fee program. In evaluating the wrap fee program, the client should also consider that, depending upon the level of the wrap fee charged by the third party investment adviser, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. The client's IAR will review with clients any separate program fees that may be charged to clients.

**Additional Fees and Expenses:** In addition to VFA's investment advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer for a third party investment adviser.

VFA's clearing firm, Pershing charges a paper surcharge of \$1 for each paper statement and trade confirmation issued to clients for transactions in an account. This fee is waived for clients opting for electronic delivery of these statements and confirmations.

Pursuant to an agreement with Pershing, Pershing reimburses the Firm for transition fees incurred in moving new customer assets to the Pershing platform. Additionally, pursuant to its agreement with Pershing, the Firm is credited \$5.00 of each annual maintenance fee as revenue sharing for Individual Retirement Accounts (IRA) held on the Pershing platform. This reimbursement and credit creates a conflict of interest as it incentivizes the Firm to custody assets, including IRA accounts, on the Pershing platform as opposed to another custodian that neither reimburses the Firm for transition fees nor credits the Firm a portion of the annual IRA maintenance fee.

Through an agreement with Pershing, VFA is paid a percentage fee by Pershing on all assets (mutual funds, exchange traded funds, equities, bonds and other assets) above a certain threshold custodied at Pershing by VFA customers. VFA receives this percentage fee payment from Pershing in addition to any payments it may receive on such assets from its Product Partner firms described above. In addition, Pershing pays VFA a per account fee for each customer account of VFA held at Pershing. These payments create a conflict of interest between VFA and its customers, as these payments provide VFA with an incentive to recommend investing through Pershing as opposed to another investment program that does not provide VFA with such fees.

### EPIC SERVICES FEES

Fees for the EPIC Services ("Fees") are negotiable. A description of the different types of fees for EPIC Services appears in the fee schedule below.

Fee Type	Fee Range
Asset based Fees (% of Plan assets)	Up to a maximum of 100 basis points
Hourly Rate	Up to a maximum of \$500 per hour
Flat Fee	Flat fees will be negotiated with and agreed upon by plan sponsor up to a maximum of \$100,00 per plan per year

How EPIC Services Fees May Be Paid
The fees described above may be paid by the Plan record keeper directly from Plan assets, accounts or investments. Alternatively, fees for retirement plan services may be billed to the Plan Sponsor.
How Asset Based Fees are Calculated
<ul style="list-style-type: none"> <li>The initial Fee will be prorated based upon the number of days remaining in the initial quarterly period from the date of execution of the Agreement.</li> </ul>
<ul style="list-style-type: none"> <li>The initial Fee will be based upon the market value of the plan assets at the close of business on the last business day of the initial quarterly period.</li> </ul>
<ul style="list-style-type: none"> <li>Thereafter, the quarterly portion of any annual asset-based Fees will be based upon the market value of the plan assets at the close of business on the last business day of the previous calendar quarter (without adjustment for anticipated withdrawals by plan participants or beneficiaries or other anticipated or scheduled transfers or distributions of assets)</li> </ul>
Calculation of Prorated Asset Based Fee (Upon Termination)
If the Agreement is terminated prior to the end of a quarter, VFA will be entitled to a quarterly fee, prorated for the number of days in the quarter prior to the effective date of termination, and for asset-based fees, based on the market value of the plan assets at the close of business on the effective date of termination.

Plan Sponsors receiving EPIC Services may pay more or less than a client might otherwise pay if purchasing the EPIC Services separately or through another service provider. There are several factors that determine whether the costs would be more or less, including, but not limited to, the size of the plan, the specific investments made by the plan, the number of locations of participants, the EPIC Services offered by another service provider, and the actual costs of EPIC Services purchased elsewhere. In light of the specific EPIC Services offered by VFA the Fees charged may be more or less than those of other similar service provider.

All fees paid to VFA for EPIC Services are separate and distinct from the fees and expenses charged by mutual funds, variable annuities and exchange traded funds to their shareholders. These fees and expenses are described in each investment's prospectus. These fees will generally include a management fee, other expenses, and possible distribution fees. If the investment also imposes sales charges, a client may pay an initial or deferred sales charge. The EPIC Services provided by VFA may, among other things, assist the client in determining which investments are most appropriate to each client's financial condition and objectives and to provide other administrative assistance as selected by the client. Accordingly, the client should review both the fees charged by the funds, the fund manager, the plan's other service providers and the fees charged by VFA to fully understand the total amount of fees to be paid by the client and to evaluate the EPIC Services being provided.

No increase in the Fees will be effective without prior written Notice. While not necessarily related to the Services, various vendors, product providers, distributors and others provide non-monetary compensation by paying some expenses related to training and education, including travel expenses, and attaining professional designations. VFA might receive payments to subsidize its own training programs. Certain vendors invite VFA IARs to participate in conferences, on-line training or provide it publications that may further its IARs and employees' skills and knowledge. Some occasionally provide VFA IARs gifts, meals and entertainment of reasonable value consistent with industry rules and regulations. Such payments and non-monetary compensation reflect a conflict of interest for your IAR and VFA because they may incentivize VFA or your IAR to use certain vendors over others.

#### **LOANADVANCE ACCOUNT FEES**

The LoanAdvance interest rate charged to a client is variable based on the amount of credit borrowed by such client and

can fluctuate based on the current prime rate as published by The Wall Street Journal. The prime rate may change with fluctuations in the Federal Funds rate. The LoanAdvance interest rate will consist of the prime rate plus an additional margin as provided below. The added margin may be changed by VFA from time to time. VFA and your IAR have a conflict of interest when a LoanAdvance account is offered to you. This conflict occurs because VFA and your IAR will receive a portion of the interest charged on your loan as compensation. We attempt to mitigate this conflict by reviewing your accounts to determine whether or not the use of LoanAdvance is appropriate and in line with your goals and objectives.

Subject to the foregoing, the rate of interest that will be charged on any credit extended in the LoanAdvance account is equal to the following Tiered Interest Rate Schedule:

Approval Amount	Pershing Lending Rate <sup>1</sup>	VFA's Compensation	Client Interest Rate <sup>1</sup>
\$25,001 - \$100,000	3.25%	1.50%	4.75%
\$100,001 - \$250,000	3.25%	1.25%	4.50%
\$250,001 - \$500,000	3.25%	1.00%	4.25%
\$500,001 - \$1,000,000	3.25%	0.75%	4.00%
\$1,000,000+	3.25%	0.50%	3.75%

<sup>1</sup> Rate Subject to Change

## Item 6 Performance-Based Fees and Side-By-Side Management

VFA does not charge performance-based fees, so there are no situations where accounts with performance-based fees are managed side-by-side with accounts subject to the fees described in Item 5.

## Item 7 Types of Clients

VFA provides investment advisory services to the following types of clients:

- Individuals, including high net worth individuals
- Pension and profit sharing plans (and plan participants)
- Charitable organizations
- Corporations or other businesses not listed above

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

Most of the advisory services we provide involve the purchase or liquidation of securities. All investing involves some level of risk. In many cases, the risk may include the potential to lose your entire principal value. All securities sold have disclosure documentation that discusses these risks. These disclosure documents are commonly referred to as prospectus, but may be called something else depending on the type of security you have purchased. In any case, it is extremely important that you read these documents in their entirety. If you have any additional questions regarding your investments, please speak with your IAR immediately.

### Methods of Analysis

IARs use a variety of methods to analyze a client's situation as well as economic factors, to develop investment advice. IARs may use one or more of the following methods of analysis to formulate investment advice and/or manage client assets.

**Charting:** The IAR reviews charts of market and security activity to discern trends in market movements in an attempt to potentially predict future market trends.

**Fundamental Analysis:** IARs evaluate economic and financial factors to determine if a security may be underpriced, overpriced or fairly priced.

**Technical Analysis:** IARs analyze past market movements and apply that analysis to the present conditions in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

**Cyclical Analysis:** IARs analyze past market movements and apply that analysis in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movements.

**Quantitative Analysis:** IARs analyze mathematical models in an attempt to obtain more accurate measurements of a company's value to potentially predict changes to that data.

**Qualitative Analysis:** IARs subjectively evaluate non-quantifiable factors, and attempt to potentially predict changes to share price based on that data.

**Asset Allocation:** IARs attempt to identify an appropriate ratio of asset classes that are consistent with the client's investment goals and risk tolerance.

**Mutual Fund and/or ETF Analysis:** IARs evaluate a variety of factors in an attempt to potentially predict the future performance of the mutual fund or ETF. The IAR may consider, among other things, the experience, expertise, investment philosophy, and past performance to determine if the manager has demonstrated an ability to invest over a period of time and in different economic conditions. The IAR may monitor the manager's underlying holdings, strategies and concentrations.

**Third Party Money Manager Analysis:** The IAR may evaluate the experience, expertise, investment philosophies, and past performance of independent third party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. The IAR may monitor the manager's underlying holdings, strategies and concentrations.

### **Risks of Various Methods of Analysis**

There are risks inherent in each type of analysis described above. For example, a risk of any method of analysis that considers past performance as a predictor of future performance is that past performance is no guarantee of future results. Some methods of analysis, such as fundamental analysis, focus on identifying the value of the company, without considering external factors such as market movements. Failure to consider external factors presents a potential risk, as the price of a security may be impacted by the overall market, regardless of the economic and financial factors considered in evaluating the specific stock.

Other methods of analysis, such as technical analysis, evaluate external factors, but do not consider the underlying financial condition of a company. Failure to consider a company's underlying value presents a risk that a poorly-managed or financially unsound company may under-perform regardless of positive market movements.

A risk of investing with a third party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as VFA does not control the underlying investments in a third party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for clients. Moreover, as VFA does not control the manager's daily business and compliance operations, VFA may not be aware of any lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

Most methods of analysis require the IAR to make one or more assumptions or subjective judgments. If any of the assumptions or judgments are incorrect or are not realized, then the analysis may be inaccurate. Finally, all of the methods of analysis described above rely on the assumption that all publicly-available sources of information are accurate and that the analysis is not compromised by inaccurate or misleading information.

### **Investment Strategies**

The following strategies may be used in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases:** IAR recommends the purchase of securities with the idea of holding them in the client's account for a year or longer. Typically this strategy is used when the IAR believes the securities may be currently undervalued, and/or the IAR wants exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, the IAR may not take advantage of short-term gains that could be profitable to a client. Moreover, if the strategy is incorrect, a security may decline sharply in value before the IAR makes the recommendation to sell. Additionally, although historical data indicates that the purchase and holding of securities over a long period of time can produce a positive return, the approach tends to be more successful for investors who have a significant period of time to invest, such as ten to twenty years, in order to be able to withstand market fluctuations. Investors who need access to their assets may be forced to sell assets in a declining market, and may be subject to many of the risks experienced by short-term investors. See the discussion of risks in the section on "Short-term purchases" below.

**Short-term purchases:** When utilizing this strategy, IAR recommends securities with the strategy of selling them within a relatively short time (typically a year or less) in an attempt to take advantage of conditions that the IAR believes could soon result in a price swing in the securities recommended. Short-term purchases may enable a client to take advantage of market volatility. However, there are costs and risks associated with short-term trading. Frequent trading can increase the transaction costs associated with a portfolio, and reduce the client's overall return. Frequent trading can also lead to undesirable tax consequences and complex reporting obligations. It is possible to lose money if an investment declines in value. The risk of loss is amplified if the client's portfolio is leveraged.

**Margin transactions:** A margin account is an account where you may borrow funds for the purpose of purchasing additional securities. With the client's prior authorization, securities may be purchased for the client's portfolio through a margin loan. Purchasing securities on margin allows the client to purchase more than he or she would be able to with available funds and allows the purchase of additional securities without having to sell other holdings. The use of a margin loan creates a conflict of interest in that portfolio risk, indebtedness and the investment advisory fee paid may be higher than if such a strategy were not used. Also, since the client is taking out a loan to purchase securities the client is charged interest on the margin loan balance. The interest rate charged is determined by VFA and Pershing.

Margin investing is not right for every investor. Margin borrowing increases an investor's level of market risk; a declining market may result in even greater losses than if the client invested without margin. A client must repay a margin loan, regardless of the underlying value of the securities purchased. If the value of the margined securities in a client's account falls below the minimum maintenance requirements, Pershing will issue a maintenance call requiring the client to deposit additional cash or acceptable collateral. If a client fails to meet a maintenance call, Pershing may be forced to sell some or all of the securities in the account to protect its loan, even if the client is not able to provide prior approval.

**Option writing:** With the client's prior authorization and VFA's approval, IARs may recommend options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell a security at a specific price on or before a certain date. An option is a type of security, just like a stock or bond. An option is also a derivative, because it derives its value from the value of an underlying asset. Options can be used to speculate on the possibility of a sharp price swing. They can also be used to provide a "hedge" against the purchase of the underlying security. Options can be used to limit the potential upside and downside fluctuations of a security in a portfolio.

Option strategies involve risk, and they are not suitable for every investor. Many options strategies are designed to minimize risk by hedging existing portfolios. Such strategies can also prevent upside appreciation in a security. Options carry no guarantees. It is possible to lose all

of the principal amount invested, and sometimes more can be lost as well. Gains earned on an option can be realized very quickly, but losses can mount quickly as well. It is important to understand all the risks associated with holding, writing, and trading options before including them in an investment portfolio.

**Risk of Loss:** Investing in securities involves risk of loss that clients should be prepared to bear. Any of the following risks, among others, could affect performance or cause an investment to lose money or to underperform market averages.

*Diversification:* Allocation among different asset classes does not guarantee a profit or protect against risk of loss.

*Equities:* The price of a given company's stock could decline or under perform for many reasons including, among others, poor management, financial problems, or business challenges. If a company declares bankruptcy or becomes insolvent, its stock could become worthless.

*Fixed Income:* Fixed income products are affected by a number of risks, including fluctuations in interest rates, credit risk, and prepayment risk. In general, as prevailing interest rates rise, fixed income prices will fall. Bonds face credit risk if a decline in an issuer's credit worthiness causes a bond's price to decline. Finally, fixed income products may be subject to prepayment risk; when interest rates fall, a borrower may choose to borrow money at a lower rate, while paying off previously issued bonds. High yield bonds are subject to additional risks, such as increased risk of default and greater volatility.

*International Investments:* International investing may not be suitable for every investor and is subject to additional risks, including currency fluctuations, political factors, withholding, lack of liquidity, absence of adequate financial information, and exchange control restrictions impacting foreign issuers. These risks may be magnified in emerging markets impacting foreign issuers.

*Market Capitalization:* Stocks fall into three broad market capitalization categories - large, mid and small. Investing primarily in one category carries the risk that, due to current market conditions, that category may be out of favor with investors. If valuations of large capitalization companies appear to be greatly out of proportion to the valuations of mid or small capitalization companies, investors may migrate to the stock of mid and small capitalization companies causing an investment in these companies to increase in value more rapidly than an investment in larger, fully-valued companies. Investing in mid and small capitalization companies may be subject to special risks associated with narrower product lines, more limited financial resources, smaller management groups, and a more limited trading market for their stock as compared with larger companies. As a result, stock of mid and small capitalization companies may decline significantly in market downturns.

*Past Performance:* Past performance is no guarantee of future results.

*Stock Prices:* Stock prices are volatile and are affected by the real or perceived impacts of such factors as economic conditions and political events. The stock market tends to be cyclical, with periods when stock prices generally rise and periods when stock prices generally decline. Any given stock market segment may remain out of favor with investors for a short or long period of time, and stocks as an asset class may underperform bonds or other asset classes during some periods.

Securities investments fluctuate and are not guaranteed and clients may lose the principal invested. IARs work closely with their clients to help them understand their tolerance for risk.

## **Item 9    Disciplinary Information**

The following are disciplinary events relating to VFA and/or VFA's management personnel that are material to an evaluation of VFA's investment advisory business and the integrity of VFA's management:

1) The Commonwealth of Massachusetts Securities Division alleged that Voya Financial Advisors, Inc. ("Firm") violated the Massachusetts Uniform Securities Act, Mass. Gen. Laws Ch. 110A ("Act"), by failing to register two (2) of its investment adviser representatives who had a place of business in Massachusetts and provided investment advisory services to residents of the Commonwealth between August 24, 2012 to January 30, 2017 (the "Relevant Period"). The Firm admitted to the facts described but neither admitted nor denied any violations of law. The Firm consented to the entry of a Consent Order that found that the Firm violated sections 201(c) and 201(d) of the Act. The Firm agreed to i.) cease and desist from any violations of sections 201(c) and 201(d) of the Act in the Commonwealth, ii.) register its investment adviser representatives in the Commonwealth prior to them providing investment advisory services in the Commonwealth, iii.) review its written supervisory policies and procedures with respect to, and provide compliance with sections 201(c) and 201(d) of the Act, iv.) pay restitution of all asset management fees paid by clients located in the Commonwealth to the representatives in question during the Relevant Period ("Eligible Clients"), which was determined to amount to \$10,936.47, v.) memorialize its restitution in a letter ("Restitution Letter") to each Eligible Client within thirty (30) days of the Consent Order, and vi.) provide the Restitution Letter to the Division at least ten (10) days prior to the sending of the Restitution Letter to Eligible Clients. The Firm further agreed to reimburse the asset management fees to each Eligible Client within forty-five (45) days of the Consent Order, and submit to the Division a report detailing the distribution of all funds to Eligible Clients within ninety

(90) days of the Consent Order. The Firm paid a fine of \$75,000. This matter was resolved on July 31, 2017.

2) The Securities and Exchange Commission ("SEC") alleged that Voya Financial Advisors, Inc. ("Firm"), in its role as a Registered Investment Adviser, failed to disclose to its clients the compensation it received through an arrangement with a third party broker-dealer ("Clearing Firm"), and conflicts of interest arising from that compensation. Through an addendum to the fully-disclosed clearing agreement between Clearing Firm and the Firm, Clearing Firm shared with the Firm certain revenues it received from the mutual funds in Clearing Firm's no-transaction-fee mutual fund program ("NTF Program"). In a separate agreement, Clearing Firm agreed to pay the Firm a certain percentage of service fees that Clearing Firm received from certain mutual funds in the NTF Program in exchange for the Firm performing certain administrative services on Clearing Firm's behalf. The SEC alleged that these payments created a conflict of interest in that they provided a financial incentive for the Firm to favor the mutual funds in the NTF Program over other investments when giving investment advice to its advisory clients. The SEC alleged that the Firm did not disclose the aforementioned arrangements or the resulting conflict of interest to its advisory clients, resulting in a violation of Sections 206(2) and 207 of the Advisers Act. The SEC also alleged that, by not adequately implementing policies and procedures reasonably designed to ensure proper disclosure of conflicts of interests, the Firm violated Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder. Without admitting or denying these findings, the Firm consented to the entry of an Order Instituting Administrative and Cease and Desist Proceedings ("Order"). The Firm agreed to a censure and disgorgement of \$2,621,324, prejudgment interest of \$174,629.78 and a civil monetary penalty of \$300,000. The Firm agreed to cease and desist from committing or causing any violations or future violations of Sections 206(2), 206(4) and 207 of the Advisers Act and Rule 206(4)-7 thereunder. The Firm further agreed to comply with the following undertakings: the Firm will provide a copy of the Order to each of the Firm's existing advisory clients within forty-five days of the entry of the Order and further comply with all disclosure obligations concerning the Order under the Advisers Act. The Firm will certify its compliance with the previous undertaking no later than sixty days from the completion of the undertaking. The Order was executed on March 8, 2017.

3) The Financial Industry Regulatory Authority ("FINRA") alleged that Voya Financial Advisors, Inc. ("Firm") failed to report to TRACE 100 transactions in TRACE Agency/Securitized Products ("SP") within the time permitted by FINRA Rule 6730, constituting 26.25 percent of the transactions in TRACE-eligible SP (381) that the Firm reported to TRACE during the fourth quarter of 2015. This conduct constituted separate and distinct violations of FINRA Rule 6730(a) and a pattern or practice of late reporting without exceptional circumstances in violation of FINRA Rule 2010. Without admitting or denying FINRA's findings, the Firm accepted and consented to the described findings and to the entry of a censure and fine in the amount of \$7,500 by agreeing to a Letter of Acceptance, Waiver and Consent ("AWC") with FINRA. FINRA accepted the AWC on March 1, 2017.

4) The Financial Industry Regulatory Authority ("FINRA") alleged that Voya Financial Advisors, Inc. ("Firm") failed to (a) implement a supervisory system and procedures designed to reasonably ensure suitability of its multi-share class variable annuities sold to customers, (b) identify and investigate red flags in variable annuity sales, (c) supervise variable annuity sales, and (d) implement an adequate supervisory system and procedures for variable annuity exchange transactions. The Firm's failures included, but were not limited to supervision and oversight, and the maintenance of policies and procedures regarding the sale of L-share variable annuities with Long-Term Income riders and no persistency credits to investors with long-term time horizons. Without admitting or denying FINRA's findings, the Firm accepted and consented to the entry of findings and the sanctions described below by agreeing to a Letter of Acceptance, Waiver and Consent ("AWC") that was accepted by FINRA on November 2, 2016. The AWC included a Firm censure and fine in the amount of \$2,750,000. The Firm agreed to pay restitution to customers in accordance with a plan not unacceptable to FINRA in an amount that will total not less than \$1,800,000. The Firm additionally agreed to review and revise, as necessary, its systems, policies and procedures and training with respect to multi-share class variable annuity sales. The Firm will certify to FINRA that it has established policies and procedures that are reasonably designed to achieve compliance with applicable FINRA and NASD rules.

5) The Commonwealth of Massachusetts Securities Division (the "Division") alleged that the Firm violated Section 204(a)(2)(J) of the Massachusetts Uniform Securities Act by failing to include specific policies regarding voting shareholder proxies in its written supervisory procedures or other manuals. The Division found that two Firm representatives voted shareholder proxies on behalf of customers despite VFA's position that it does not permit registered representatives to vote shareholder proxies on behalf of customers. VFA entered into a Consent Order with the Division on June 22, 2016. VFA admitted the Division's Statement of Facts but neither admitted nor denied the Violations of Law contained therein. VFA was censured and paid an administrative fine of \$100,000.00 to the Commonwealth of Massachusetts. VFA was also required to certify that it had reviewed its written supervisory policies and procedures with respect to broker-dealer representative proxy voting. VFA agreed to report to the Division within thirty (30) days of the Consent Order regarding the steps taken by VFA during its review, along with conclusions and recommendations resulting from the review.

6) The Florida Office of Financial Regulation alleged that Voya Financial Advisors, Inc. ("Firm") was in violation of Rule 69W-600.013(1)(h)(1), Florida Administrative Code, by violating NASD Rule 3010(b)(1), by failing to enforce its written supervisory procedures in the supervision of variable annuity purchases. Without admitting or denying the findings, the Firm consented to the described sanctions and to the entry of a Final Order. In the Final Order, the Florida Office of Financial Regulation stated that the Firm's trade review principals failed to request additional information to determine suitability for six (6) customer annuity purchases, failed to obtain full documentation of variable annuity purchases for four (4) customer files, and failed to adequately review surrender charges on twenty-two (22) annuity transactions, of which fourteen (14) were identified by the Firm. The Firm agreed to cease and desist from violations of Chapter 517, Florida Statutes, and the Office's rules promulgated thereunder, and agreed to strictly comply with all provisions of Chapter 517, Florida Statutes, and the Office's rules promulgated thereunder. The Firm paid an administrative fine of \$50,000. This matter was resolved on February 25, 2016.

7) The Financial Industry Regulatory Authority ("FINRA") alleged that Voya Financial Advisors, Inc. ("Firm") failed to identify and apply volume discounts to certain customers' eligible purchases of Real Estate Investment Trusts ("REITs") and Business Development Companies ("BDCs"), resulting in customers paying excessive sales charges of approximately \$42,000. The Firm has paid restitution in the amount of \$42,166.56, in addition to interest in the amount of \$3,519.65. Also, it was found the Firm failed to establish, maintain and enforce a supervisory system and written supervisory procedures with respect to the sale of REITs and BDCs. The FINRA findings also stated that the Firm failed to identify and apply sales charge discounts to certain customers' eligible purchases of Unit Investment Trusts ("UITs"). Specifically, the Firm failed to supply discounts resulting in the customers paying excessive sales charges of \$322,000. The Firm has already paid restitution to all affected customers. Also, the Firm failed to establish, maintain and enforce a supervisory system and written supervisory procedures reasonably designed to ensure customers received sales charge discounts on eligible UIT purchases. Without admitting or denying FINRA's findings, the Firm consented to the described sanctions and to the entry of findings by agreeing to a Letter of Acceptance, Waiver and Consent with FINRA on July 20, 2015, which included a Firm censure and fine in the amount of \$325,000.

8) The Financial Industry Regulatory Authority ("FINRA") alleged that Voya Financial Advisors, Inc. and four control affiliates (Directed Services, LLC, Voya America Equities, Inc., Voya Financial Partners, LLC, and Voya Retirement Advisors, LLC) collectively known as ("Respondent Firms"), were involved in violations of the supervision and email retention requirements of FINRA rules and federal securities laws over an extended period of time. Without admitting or denying FINRA's findings, the Respondent Firms consented to the described sanctions and to the entry of findings by agreeing to a Letter of Acceptance, Waiver and Consent with FINRA. The Respondent Firms were censured and fined in the aggregate amount of \$1.2 million, of which Voya Financial Advisors, Inc. was responsible for \$347,394.96. In the Acceptance, Waiver and Consent, FINRA acknowledged that the Respondent Firms self-reported the email issues described herein and undertook an internal review of their supervisory policies, procedures and systems relating to these issues. FINRA stated that the sanctions reflect the credit that the Respondent Firms have been given for self-reporting these issues, and for the substantial assistance they provided to FINRA during its investigation by, among other things, providing information obtained as a result of their internal investigation. The Respondent Firms further agreed to comply with the following undertakings: the Respondent Firms will each conduct a comprehensive review of their systems and procedures for the capture, retention and review of email to determine that those systems and procedures are reasonably designed to achieve compliance with the recordkeeping and supervisory requirements of FINRA rules and the federal securities laws.

9) New Jersey Bureau of Securities ("Bureau") alleges that the Voya Financial Advisors, Inc. ("Firm") failed to follow its procedures, or that its procedures were inadequate, with respect to detecting prior undisclosed employment disciplinary issues, customer fund disbursement procedures, and trade review procedures. Without admitting or denying the Bureau's findings of fact and conclusions of law, the Firm entered into a consent order with the Bureau pursuant to which the Firm agreed to cease and desist from future violations of New Jersey Uniform Securities Laws and to the payment of a \$50,000 civil monetary penalty with \$30,000 of this amount suspended based upon the Firm voluntarily and on its own initiative: 1. Promptly terminating the two subject registered representatives upon discovering their misconduct, and placing their supervisor on suspension; 2. Promptly paying restitution to certain affected customers, and; 3. Revising its supervisory procedures with respect to authorization of third party checks. The remaining civil monetary penalty in the amount of \$20,000 is due and payable within 10 days of the entry of the consent order. This matter was resolved on December 13, 2011.

10) VFA entered into a Consent Order with the New Jersey Bureau of Securities on December 1, 2011 that it failed to follow its procedures, or that its procedures were inadequate, with respect to detecting prior undisclosed employment disciplinary issues, customer fund disbursement procedures, and trade review procedures. As a result of this New Jersey matter, the Minnesota Department of Commerce stated that such conduct in New Jersey would be a violation of Minnesota Statute



80A.67 (d)(9) and subject to disciplinary action. The Firm agreed to resolve this matter with the Minnesota Department of Commerce by payment of a \$5000 civil penalty and acknowledgement of the findings of fact and conclusions of law as set forth in the Consent Order issued by the New Jersey Bureau of Securities. This matter was resolved on April 18, 2012.

11) The State of Nevada Securities Division alleged that a designated supervisor of the firm failed to take action over a period of time to ensure that a registered representative under his supervision submitted correspondence logs for review. The Division alleged a violation of firm policy and unspecified FINRA rules and state law. Without admitting or denying the Division's findings and conclusions, VFA entered into an administrative consent order with the Division requiring payment of a \$3,000 civil penalty and an inspection fee in the amount of \$1,000. This matter was resolved on April 7, 2010.

12) The State of Illinois Securities Department alleged that two former VFA registered representatives procured funds from certain investors by telling such investors that they would invest such funds in so called guaranteed investment contracts and other instruments and so called mutual bond trusts or other instruments when in fact neither representative made such investments but rather converted investors' funds to their own use and benefit. The Department also alleged the firm did not engage in oversight that uncovered the representatives' misconduct. Without admitting the Department's findings and conclusions VFA entered into a consent order with the Department requiring the firm to pay \$110,000 to the Secretary of State and Securities Investor Education Fund and, pursuant to the agreement, VFA made settlement offers to certain former customers of the representatives in the amount of \$336,788.22. This matter was resolved on September 12, 2008.

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

### **Affiliations:**

VFA is indirectly owned by Voya Financial Inc., and is under common control with the following insurance companies: Security Life of Denver Insurance Company, Voya Retirement Insurance and Annuity Company, Voya Insurance and Annuity Company, ReliaStar Life Insurance Company and ReliaStar Life Insurance Company of New York. Additionally, VFA is under common control with various other Voya broker dealers that may conduct business similar to Voya Financial Advisors.

As required, any affiliated investment advisers are specifically disclosed in Section 7.A. on Schedule D of Form ADV, Part 1. Part 1 of VFA's Form ADV can be accessed by following the directions provided on the Cover Page of this Brochure.

In addition to VFA being a registered investment adviser, VFA is registered with the Financial Industry Regulatory Authority ("FINRA") as a member broker dealer. A list of affiliated broker dealers is specifically disclosed in Section 7.A. on Schedule D of Form ADV, Part 1, which can be accessed by following the directions provided on the Cover Page of this Firm Brochure.

### **IAR Registrations:**

IARs of VFA are also separately registered with VFA as registered representatives. They also may be independent insurance agents appointed with various insurance companies. As such, IARs are able to receive separate, yet customary, commission compensation resulting from implementing brokerage and insurance product transactions on behalf of investment advisory clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of investment advisory or other recommendations. The implementation of any or all recommendations is solely at the discretion and direction of the client.

Firm policies make certain financial products available only through a commission-based transaction, in which the IAR receives commissions in his or her role as a registered representative. Purchasing such products through the Firm in its role as broker-dealer will result in the client receiving less shares for the same purchase price than the customer would receive if purchased in an investment advisory account. Since offering such financial products only in the Firm's capacity as a broker-dealer creates a conflict of interest, the Firm has an obligation to notify clients of, and to obtain informed consent for recommendations of these financial products at the time of sale.

While VFA and its IARs must place the interest of the clients first as part of VFA's fiduciary obligation, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of IARs when making recommendations. VFA takes the following steps to address this conflict:

- VFA discloses material conflicts of interest to clients, including the potential for VFA and IARs to earn compensation from advisory clients in addition to advisory fees;
- VFA discloses to clients that they are not obligated to purchase recommended investment products from IARs or affiliated companies;
- VFA collects, maintains and documents accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- VFA conducts regular reviews of client accounts to verify that recommendations made to a client are suitable to the client's needs and circumstances;
- VFA requires that IARs seek prior approval of any outside business activity so that VFA may confirm that any conflicts of interests in such activities are properly addressed;
- VFA periodically monitors these outside business activities to verify that any conflicts of interest continue to be properly addressed by VFA and VFA educates IARs regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

As previously disclosed, IARs recommend the services of various third party money managers to VFA clients. In exchange for this recommendation, VFA receives referral fees from the selected third party money managers. The fee received by VFA is typically a percentage of the fee charged by that third party money manager to the referred client. The portion of the advisory fee paid to VFA does not increase the total investment advisory fee paid to the selected investment adviser by the client. VFA does not charge the client any fees for these referrals. VFA and its IARs will only recommend investment third party managers that pay a referral fee.

VFA follows the rules of the Investment Advisers Act of 1940, as amended, and state law regarding the receipt of referral fees for solicitation of investment advisory clients.

## **Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

VFA has adopted a Code of Ethics which sets forth high ethical standards of business conduct required of our employees and IARs, including compliance with applicable federal securities laws. A copy of VFA's Code of Ethics is available to advisory clients and prospective clients. A copy may be requested by email sent to [voyafacompliance@voya.com](mailto:voyafacompliance@voya.com), or by calling 800-356-2906.

VFA's Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of VFA's employees and IARs will not interfere with (i) making decisions in the best interests of investment advisory clients, and (ii) implementing such decisions while, at the same time, allowing employees and IARs to invest for their own accounts. VFA's Code of Ethics requires the review of quarterly securities transactions reports of its IARs, including initial and annual securities holdings reports. These reports must be submitted to VFA by IARs quarterly and annually. IARs may buy or sell for their personal accounts securities identical to or different from those recommended to clients.

VFA's Code of Ethics includes the Firm's policy prohibiting the use of material non-public information. All registered employee access persons and IARs are reminded that such non-public information may not be used in a personal or professional capacity. Among other things, VFA's Code of Ethics requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) and prohibits investing in an initial public offering ("IPO"). The Code also provides for oversight, enforcement and record keeping provisions. VFA and its IARs may buy securities for the Firm or for themselves from VFA investment advisory clients, or sell securities owned by the Firm or the individual(s) to investment advisory clients. We will ensure, however, that such transactions are conducted in compliance with all the provisions under Section 206(3) of the Advisers Act governing principal transactions to investment advisory clients.

VFA may, at times, effect an agency cross transaction for an investment advisory client, provided that the transaction is consistent with the Firm's fiduciary obligation to the client and that all requirements are met. An agency cross transaction is a transaction where VFA acts as an investment adviser in relation to a transaction in which VFA or any person controlled by or under common control with VFA acts as broker for both the investment advisory client and for another person on the other side of the transaction.

Client funds may be invested in shares of mutual funds for which an affiliate of VFA serves as an investment ("Affiliated Funds"). The affiliate will receive a management fee, outlined in the prospectus, from the Affiliated Fund. Assets invested in Affiliated Funds are included in the asset-based fee charged to the client. In addition, IARs are required to report all personal securities transactions conducted in Affiliated Funds.

EPIC plan assets may not be invested in Affiliated Funds or Voya Retirement Plans.

VFA may aggregate trades of employees, associated persons and IARs with client transactions where possible and when in compliance with VFA's obligation to seek best execution for our clients. When trades are aggregated, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the cases where there is a partial execution of a particular batched order, VFA will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to VFA clients, VFA has established the following policies and procedures for implementing the Code of Ethics to ensure VFA complies with its regulatory obligations and provides its clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No VFA IAR may place his or her own interest above the interest of an investment advisory client.
2. No IAR may purchase or sell securities for their personal portfolio(s) where their decision is a result of information received due to his or her association with VFA unless the information is also available to the investing public.
3. No person associated with VFA may purchase or sell any security prior to a transaction(s) being implemented for an investment advisory client account. This prevents such individuals from benefiting from transactions placed on behalf of investment advisory client accounts.
4. VFA requires prior approval for any IPO or private placement investments by IARs of the Firm.
5. VFA maintains a record of all reportable securities holdings of its IARs. These holdings are reviewed on a regular basis by our Firm's Chief Compliance Officer or his/her designee.
6. VFA has established procedures for the maintenance of all required books and records.
7. Clients may choose to decline to implement any advice given, except in situations where the client has authorized VFA to use discretionary authority when purchasing or selling securities.
8. VFA and its IARs must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
9. VFA requires delivery and acknowledgement of the Code of Ethics by each VFA associated person.
10. VFA has established policies requiring the reporting of Code of Ethics violations to senior management.
11. Any individual who violates any of the above restrictions may be subject to disciplinary action, up to and including termination.

As disclosed in Item 10 of this Brochure, IARs are separately registered as registered representatives of VFA and/or are licensed as an insurance agent/broker of various insurance companies. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

## **Item 12 Brokerage Practices**

VFA has a fully disclosed clearing agreement with Pershing. Pershing maintains and holds funds and securities for all Prime, TAP, Preferred, CAP, SAS, Morningstar Wealth Management / Morningstar Wealth Management Tax Sensitive Model Portfolio Program, GPMM and Voya Choice advisory accounts held by VFA.

Factors considered in selecting Pershing include its expertise as a clearing firm, the existing broker dealer clearing relationship VFA has with Pershing, its financial strength, reputation, reporting, technology, and ability to work with broker dealers and investment advisers who have independent contractors, and execution pricing.

The commissions and transaction fees charged by VFA and Pershing may be higher or lower than those charged by other broker dealers. Further, the fees charged by VFA and Pershing, or any other designated custodians are exclusive of and in addition to the VFA's investment advisory fees.

VFA will hold customers' checks made payable to third parties, such as insurance companies, investment companies, and VFA's clearing broker-dealer, Pershing, LLC (Pershing) in connection with subscription-way (directly held) transactions and the opening of a new account with VFA and Pershing. VFA holds such checks during the pendency of its principal review of the transaction or the new account in accordance with applicable FINRA and SEC guidance and rules. Each check held by VFA is safeguarded in accordance with VFA's procedures. VFA may hold a check for no more than seven (7) business days. If the VFA principal reviewer approves the transaction or new account, the check will be forwarded to the product issuer or Pershing, respectively, no later than Noon on the business day following approval of the transaction or new account. If the VFA principal reviewer rejects the transaction or new account, the check will be returned to the customer no later than Noon on the business day following rejection of the transaction or new account.

## **Item 13 Review of Accounts**

### **Investment Supervisory Services**

#### **Individual Portfolio Management**

#### **Preferred Asset Management, Preferred Strategic Advisory Services, Comprehensive Advice Program, Prime Portfolio Services, Total Advice Program, and Strategic Advisory Services**

**Reviews:** VFA periodically reassess, but does not continuously monitor, the performance of the selected registered investment adviser(s). If VFA or the IAR determines that a particular selected registered investment adviser(s) is not managing the client's portfolio in a manner consistent with the client's IPS, or the client's investment objectives and situation changes, the IAR may recommend a different registered investment adviser(s). If your IAR has discretion with respect to your account, the advisor will not monitor the performance of your account on a day-to-day basis.

The IAR will offer to meet at least annually with the client to review performance, changes in the client's net worth, income, goals and investment objectives, to determine if there are material changes to the client's financial condition, and to discuss if the client wishes to impose any reasonable management restrictions on the account

**Reports:** Clients have access to monthly statements and confirmations of transactions from Pershing. Clients also have access to quarterly performance reports summarizing account performance, balances and holdings provided by request from FolioDynamix, Inc.

### **Investment Supervisory Services**

#### **Model Portfolio Management**

#### **Morningstar Wealth Management / Morningstar Wealth Management Tax Sensitive Model Portfolio Program, Voya Global Perspectives Market Models Series, Voya Choice Advisory, The Fidelity Program, Select Adviser Series Program, and Unified Managed Account Program**

**Reviews:** VFA periodically reassess, but does not continuously monitor, the performance of the selected registered investment adviser(s). If VFA or the IAR determines that a particular selected registered investment adviser(s) is not managing the client's portfolio in a manner consistent with the client's IPS, or the client's investment objectives and situation changes, the IAR may recommend a different registered investment adviser(s). If your IAR has discretion with respect to your account, the advisor will not monitor the performance of your account on a day-to-day basis.

The IAR will offer to meet at least annually with the client to review performance, changes in the client's net worth, income, goals and investment objectives, to determine if there are material changes to the client's financial condition, and to discuss if the client wishes to impose any reasonable management restrictions on the account

**Reports:** Clients have access to monthly statements and confirmations of transactions from Pershing. Clients also have access to quarterly performance reports summarizing account performance, balances and holdings provided by request from FolioDynamix, Inc.

### **Third Party Money Managers**

**Reviews:** Clients of third party money managers should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reviews provided by that independent registered investment adviser. VFA periodically reassess, but does not continuously monitor, the performance of the selected third-party money managers. If VFA or the IAR determines that a particular selected third-party money manager is not managing the client's portfolio in a manner consistent with the client's IPS, or the client's investment objectives and situation changes, the IAR may recommend a different third party money manager. Under this scenario, the IAR assists the client in selecting a new registered investment adviser and/or program. However, the decision to move to a new registered investment adviser and/or program is solely at the discretion of the client. If your IAR has discretion with respect to your account, the advisor will not monitor the performance of your account on a day-to-day basis.

**Reports:** These clients should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reports provided by that independent registered investment adviser. VFA does not typically provide reports in addition to those provided by the independent registered investment adviser selected to manage the client's assets.

### **Financial Planning Services**

**Reviews:** Reviews may occur at different stages depending on the nature and terms outlined in the financial planning agreement, however, typically no formal reviews will be conducted for clients unless otherwise specifically stated in the financial planning agreement. Typically, the agreement ends with the delivery of the financial plan, except as may be specifically stated in the financial plan.

**Reports:** Financial Planning clients receive a completed financial plan. Additional reports are not typically provided unless otherwise specifically stated in the financial planning agreement.

## **Item 14 Client Referrals and Other Compensation**

It is VFA's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to VFA.

VFA offers clients different investment options in its various products sponsored by many different companies, focusing on some of the largest product providers that offer a broad spectrum of investment products. Each product provider with whom VFA has a selling agreement has access to VFA's IARs to provide training, educational presentations, product information, information on industry trends, and new investment ideas.

VFA participates in Voya Financial, Inc.'s Product Partner Program. This program enables participating investment product providers ("Product Partners") to receive services and value from VFA through transaction reporting, marketing/sponsorship/engagement opportunities with VFA and its financial advisors, enhanced communication, education, access to key contacts at VFA, and relationship management. Participation in the Product Partners Program is contingent upon the products offered by the potential Product Partner meeting VFA's product standards.

Affiliates of VFA may be Product Partners. Product Partners may also participate in Pershing's FundVest program. Product Partners attend or sponsor education and training meetings for VFA IARs and make payments to compensate VFA for the opportunities offered through the Product Partner Program, which are conditioned on participating in the Product Partner Program at a particular Product Partner level.

The additional compensation VFA receives in connection with the sale of Product Partner products poses a conflict of interest for VFA to promote such products over other products as to which VFA does not receive such additional compensation. Clients do not pay VFA or its affiliates extra compensation nor do they pay more to purchase Product Partner products through VFA. In some cases, transaction costs that would normally be paid by the client (as in the case of a Preferred CAP account) or the IAR (as in the case of a Prime, TAP or SAS account) may be reduced or eliminated on Product Partner products. The reduction or elimination of such transaction costs in Prime, TAP or SAS accounts poses a

conflict of interest for IARs to promote certain Product Partner products over other products in a client's Prime, TAP or SAS account.

Voya Financial Advisors does from time-to-time add or remove specific firms from its Product Partners Program. Certain products offered by the Product Partners listed are not offered through the Firm's advisory program. Below is the current list of Product Partners:

**Mutual Fund Product Partners:**

- Alliance Bernstein Funds
- Amana Mutual Funds
- Amundi Pioneer Funds
- Buffalo Funds
- Davis Funds
- Doubleline Funds
- Pioneer Funds
- Sierra Mutual Funds
- Thornburg Investment Trust
- Transamerica Fund Services
- Virtus Mutual Funds

\*The FundVest mutual fund program (the "FundVest Program") was established and is maintained by Pershing LLC, VFA's clearing firm ("Pershing"). FundVest Program transaction charges are waived for purchases of funds that would normally carry a transaction charge, which provides VFA advisors with an incentive to recommend a FundVest mutual fund. Pershing, in its sole discretion, may add or remove mutual funds from the FundVest Program without prior notice.

**Insurance product Partners:**

- AXA Equitable Life Insurance Company
- Forethought Life Insurance Company
- Great American Insurance Company
- Protective Life Insurance Company

**Third Party Platform Partners:**

- AssetMark, Inc.
- Loring Ward Financial, Inc.
- SEI Investments Co.
- WBI Investments, Inc.

**Mutual Fund Platforms:**

- FundVest® Mutual Funds

In addition to the Product Partners described above, certain distributors of units in SEC-registered public and non-SEC-registered non-public non-traded Real Estate Investment Trusts and Direct Participation Programs, shares of non-traded common stock, corporations, and shares of Regulation D offerings may pay additional amounts to Voya Financial Advisors to compensate the Firm for enhanced marketing and training opportunities.

It is important to know that although certain distributors pay extra compensation to Voya Financial Advisors or its affiliates, you do not pay more to purchase these products through Voya Financial Advisors than you would pay to purchase those products through another broker-dealer. Nevertheless, the payment of this additional compensation to Voya Financial Advisors by these distributors poses a conflict of interest and/or a financial incentive for the Firm to promote those products over other products.

The additional amounts distributors pay Voya Financial Advisors vary from one to another and from one product to another. For example, a significant portion of these payments can be calculated as a fixed amount or as a percentage of product sales (up to a maximum of 1.5%-which would be \$150 on a \$10,000 investment). Please read the prospectus and statement of additional information for each product to learn more about these payments.

Your advisor does not receive additional commissions for selling one of these products. Your advisor may attend a training and education meeting to learn more about these products, the investment features they contain, and general industry or

market trends.

#### **Alternative Investments:**

Below is the current list of companies that issue alternative investments that compensate the Firm for enhanced marketing and training opportunities:

- Advisors Asset Management, Inc.
- Altegris
- BlackStone Asset Management
- Carter Validus
- CION Investments
- CNL Corporate Capital Trust
- Cole Capital
- Griffin Capital
- Inland Real Estate
- KBS Capital Markets
- NorthStar Capital
- Pomona Investments
- SQN Securities, Inc.
- Steben & Company
- Stira Capital Markets

Prior to January 1, 2018 VFA maintained the Strategic Partner program. While the Strategic Partner Program terminated on December 31, 2017, VFA is still subject to certain Strategic Partner agreements and will continue to receive earned but not yet accrued payments from product sponsors participating in the Strategic Partner Program over the course of calendar year 2018. VFA expects to accrue payments during 2018 from the following product sponsors under the Strategic Partner program:

#### **Mutual Fund Sponsors**

- Allianz Global Investors
- American Funds
- Blackrock Investment Management
- Columbia Threadneedle Investments
- Deutsche Asset and Global Management
- Fidelity Asset Management
- Franklin Templeton Investments
- Hartford Funds
- Invesco
- John Hancock Funds
- JP Morgan Funds
- MFS Funds
- Oppenheimer Funds
- Pacific Life Funds
- PIMCO
- Prudential funds
- Putnam Funds
- Voya Funds

#### **Variable Annuity Sponsors**

- AIG SunAmerica
- Brighthouse (MetLife)
- Forethought Life Insurance Company

- Hartford life Insurance
- Jackson National Life Insurance
- Nationwide Insurance
- Pacific Life Insurance
- Prudential
- Transamerica
- Voya Insurance and Annuity Company

You may be invited to attend seminars or training and educational meetings. If you attend a training or educational meeting with your advisor and a product sponsor is present, you should assume that the product sponsor has paid for all or a portion of the cost of the meeting or event.

Companies that are not Product Partners may at times send VFA payments in recognition of VFA's efforts in educating its IARs regarding such companies' products, which payments pose a conflict of interest for VFA to promote such products over other products.

VFA and its IARs are eligible to receive incentive awards (including prizes such as trips or bonuses) for recommending certain types of insurance products or other investment products that IARs recommend. All incentive awards are pre-approved by VFA and are based on total production for all products and services. While VFA and its IARs endeavor at all times to put the interests of our clients first as part of our fiduciary obligation, the possibility of receiving incentive awards creates a conflict of interest, and may affect recommendations made.

The Firm holds competitions throughout the course of the calendar year that award tuition rebates and prizes to the top five investment adviser representatives based on assets under management. Tuition rebates and prizes provided to the top five investment advisers are worth between \$400-\$500 and \$500 respectively for each adviser. The existence of such contest(s) create a conflict of interest for your advisor, as it incentivizes your advisor to increase his or her assets under management to qualify for the prizes associated with the contest(s).

VFA advisors may use the AssetMark Platform, which may allow VFA, subject to negotiation with AssetMark, to receive certain allowances, reimbursements or services from AssetMark in connection with VFA investment advisory services to its clients, as described in Appendix 1 of the AssetMark Platform Disclosure Brochure. Under AssetMark's Gold/Platinum Premier Consultant Program, VFA would be entitled to receive a quarterly business development allowance for reimbursement for qualified marketing/practice management expenses incurred by VFA. These amounts can range from \$500 to \$50,000 annually, depending on the amount of the VFA adviser's client assets managed within the AssetMark Platform. In addition to the fee reductions and/or allowances granted VFA by AssetMark, AssetMark may agree to provide VFA or its advisers with organizational consulting, education, training and marketing support.

VFA's phone service IARs offer certain managed account services to customers who were or are participants of various plans that are recordkept by VFA's affiliates. Sales of such managed account services that are produced by VFA's phone service IARs may generate referral payments to the agent of record for the existing Voya product. Where that is the case, VFA and the agent of record may enter into rules of engagement that govern how rollover sales opportunities will be allocated between VFA's phone service IARs and the agent of record. Typically, low balance rollover opportunities are allocated to VFA's phone service IARs and higher balance opportunities are allocated to the agent of record. VFA, through its IARs, concentrates its rollover sales efforts on certain proprietary products and services. Alternative products and services are available through other distributors.

As described in Items 4 and 5, Morningstar provides Capital Market Assumptions to VFA at no additional cost as part of the suite of services it provides. For information concerning VFA's relationship with Morningstar, please consult Items 4 and 5 of this Brochure.

Advisors are required to pay a platform fee to VFA to access the Firm's systems. The fee is calculated as a percentage of the advisor's assets under their management with the Firm. As an advisor's assets under management increases, the percentage used to calculate the platform fee decreases. This decrease creates a conflict of interest as it incentivizes the IAR to increase the amount of assets under their management to pay a lower platform fee.

VFA provides forgivable promissory notes to certain IARs in connection with joining the Firm. The promissory notes are offered at VFA's discretion and vary in amount and terms. Principal amounts loaned to IARs under a promissory note are



forgiven at regular intervals based on an IAR's continued affiliation in good standing with the Firm. An IAR is responsible for paying back any amounts owed if he or she fails to abide by the terms of the promissory note, including but not limited to failure to maintain securities licensure or affiliation with the Firm. The Firm offering forgivable promissory notes to IARs creates a conflict of interest as it incentivizes IARs to select the Firm to service your account(s) instead of another firm that may not offer promissory notes.

Client cash positions in VFA investment advisory accounts will be deposited into Voya's cash sweep program, the Voya Financial Advisors Insured Bank Deposit Account ("VIBD"), subject to certain exceptions. Cash balances, including those deposited in VIBD, are subject to VFA's applicable advisory fees and other asset-based fees, and VFA includes such cash balances in its calculation of the fees payable by the client for investment advisory services. Further, VFA is compensated on cash balances in VIBD by retaining a portion of the fee that the banks pay for assets for which each bank acts as custodian. The total amount of the fee that VFA receives affects the amount of interest payable to customers on cash balances in VIBD. Therefore, VFA has a conflict of interest with regard to the VIBD program. First, it is incentivized to move customer cash balances to VIBD to earn its fee, and second, any increase in the fee VFA chooses to receive will decrease the amount of interest received by customers.

## **Item 15 Custody**

With the exception of client accounts holding the Select Advantage Advisory IRA Program, VFA does not have actual or constructive custody of client accounts. VFA, through its clearing firm, Pershing, directly debits investment advisory fees from client accounts. On at least a quarterly basis, Pershing is required to send to the client an account statement showing all activity, including deposits and withdrawals of funds, purchases and sales of securities, transfers, securities positions and charges within the account during the reporting period.

VFA calculates the amount of the investment advisory fee to be deducted. Therefore it is important for clients to carefully review their account statements to verify the accuracy of the calculation, among other things. Clients should contact VFA directly if they believe that there are any errors in their statement.

FolioDynamix, Inc., on behalf of VFA, also provides clients access to performance reports on a quarterly basis. Clients should carefully compare the information provided on these statements to confirm that all account transactions, holdings and values are correct and current. VFA statements may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities, so clients are advised to contact VFA and the custodian with questions.

VFA has constructive custody of client assets in the Select Advantage Advisory IRA Program because its affiliate, Voya Institutional Trust Company is the asset custodian for the Select Advantage Advisory IRA Program. VFA is operationally independent from Voya Institutional Trust Company.

## **Item 16 Investment Discretion**

Clients may authorize their VFA IAR to exercise discretion when executing transactions in their accounts. When an IAR is authorized by the client to exercise discretion, he or she may execute trades in a client's account without contacting the client prior to each trade to obtain the client's permission. Only IARs who have received written authorization from both the client and VFA may exercise discretion in clients' accounts. This discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the price and amount of the security to buy or sell; and/or
- determine the time to buy or sell the security

Clients give IARs discretionary authority when they sign a discretionary agreement with VFA, and may terminate this authority by giving VFA written instructions.

## **Item 17 Voting Client Securities**

As a matter of Firm policy, VFA does not vote proxies on behalf of clients and does not offer any consulting assistance regarding proxy issues to clients. Therefore, although VFA may provide investment advisory services relative to client investment assets, clients maintain the right and exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investments. Clients are responsible for instructing each custodian to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

## **Item 18 Financial Information**

VFA may require or solicit payment of fees in excess of \$1200 per client more than six months in advance of the investment advisory services rendered under an annual financial planning agreement. Therefore, VFA is required to include a financial statement. A current audited balance sheet can be found at the conclusion of this brochure.

As a registered investment adviser that maintains discretionary trading authority for client accounts, VFA is also required to disclose any financial condition that is reasonable likely to impair its ability to meet its contractual obligations. To the best of VFA's knowledge and belief, VFA has no financial circumstance that is reasonably likely to materially adversely affect its ability to provide investment advisory services to its clients, and has not been the subject of a bankruptcy proceeding.

STATEMENT OF FINANCIAL CONDITION

Voya Financial Advisors, Inc.

*December 31, 2017*

*with Report of Independent Registered Public  
Accounting Firm*

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

ANNUAL AUDITED REPORT  
FORM X-17A-5

Part III

OMB APPROVAL

OMB Number: 3235-0123  
Expires: May 31, 2017  
Estimated average burden  
hours per response... 12.00

SEC FILE NUMBER

8- 13987

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 1/1/2017 AND ENDING 12/31/17  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER DEALER: Voya Financial Advisors, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

699 Walnut Street, Suite 1000

(No. and Street)

Des Moines

IA

50309

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Kristin Hultgren

860-580-1798

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

ERNST & YOUNG LLP

(Name - if individual, state last, first, middle name)

55 IVAN ALLEN JR BLVD NW, SUITE 1000 ATLANTA

GA

30308

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions

FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240. 17a-5(e)(2).


Potential persons who are to respond to the collection of  
information contained in this form are not required to  
respond unless the form displays a currently valid OMB  
control number.


## OATH OR AFFIRMATION

I, Kristin Hultgren, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of

Voya Financial Advisors, Inc, as of

December 31, 2017, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

  
\_\_\_\_\_  
Signature  
\_\_\_\_\_  
Financial Operations Principal  
Title

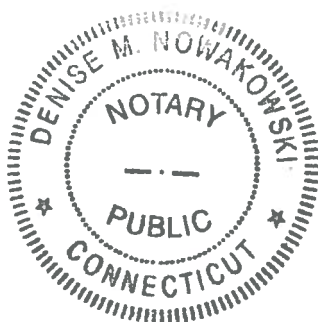
  
\_\_\_\_\_  
Notary Public

My Commission Exp. Oct. 31, 2021

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to the methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240. 17a-5(e)(3).



**Voya Financial Advisors, Inc.**  
**Statement of Financial Condition**  
**December 31, 2017**

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Statement of Financial Condition	<u>2</u>
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Ernst & Young LLP  
Suite 1000  
55 Ivan Allen Jr. Boulevard  
Atlanta, GA 30308

Tel: +1 404 874 8300  
Fax: +1 404 817 5589

## **Report of Independent Registered Public Accounting Firm**

Stockholder and Board of Directors  
Voya Financial Advisors, Inc.

### **Opinion on the Financial Statement**

We have audited the accompanying statement of financial condition of Voya Financial Advisors, Inc. (the Company) as of December 31, 2017, and the related notes (the "financial statement"). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company at December 31, 2017 in conformity with U.S. generally accepted accounting principles.

### **Basis for Opinion**

This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We have served as the Company's auditor since 2001.  
Atlanta, GA  
February 27, 2018

**Voya Financial Advisors, Inc.**  
**Statement of Financial Condition**  
**December 31, 2017**

**Assets**

Cash	\$ 61,502,811
Securities owned, at fair value	1,361,444
Commissions and concessions receivable	14,481,460
Accounts receivable, net of allowance of \$484,222	4,575,503
Prepaid expenses	2,934,765
Receivable from affiliates	5,864,770
Notes receivable, net of amortization	10,439,202
Intangibles, net of accumulated amortization of \$3,859,205	1,102,629
Deferred compensation plan investment	37,274,601
Other assets	153,015
Total assets	<u>\$ 139,690,200</u>

**Liabilities and stockholder's equity**

**Liabilities:**

Securities sold, not yet purchased, at market value	\$ 29,680
Commissions and concessions payable	18,934,230
Accounts payable and other accrued liabilities	4,386,466
Payable to affiliates, including \$3,348,981 payable under tax sharing agreement	11,729,636
Deferred compensation plans accrued liabilities	39,487,187
Other liabilities	2,062,516
Total liabilities	<u>76,629,715</u>

**Contingencies (Note 6)**

**Stockholder's equity:**

Common stock (\$10 par value; 5,000 shares authorized; 1,500 issued and outstanding)	15,000
Additional paid-in capital	88,136,757
Accumulated deficit	(25,091,272)
Total stockholder's equity	<u>63,060,485</u>
Total liabilities and stockholder's equity	<u>\$ 139,690,200</u>

*The accompanying notes are an integral part of these financial statements.*



## **1. Nature of Business and Ownership**

Voya Financial Advisors, Inc. (the "Company") is an indirect, wholly-owned subsidiary of Voya Holdings Inc. ("Parent"), and ultimately of Voya Financial, Inc. The Company is registered with the Securities and Exchange Commission ("SEC") as a broker-dealer pursuant to Section 15 of the Securities Exchange Act of 1934, and as a Registered Investment Adviser pursuant to the Investment Adviser's Act of 1940. The Company is a member of the Financial Industry Regulatory Authority ("FINRA") and is also registered with the appropriate U.S. jurisdictions, U.S. territories, and state securities authorities as a broker-dealer.

The Company is a fully disclosed broker-dealer and clears all securities transactions through an unaffiliated clearing broker. The Company does not carry customer accounts and is not required to make periodic computation of reserve requirements for the exclusive benefit of customers. Therefore, the Company is exempt from SEC Rule 15c3-3.

Prior to May 2013, Voya Financial, Inc., together with its subsidiaries, including the Company, was an indirect, wholly-owned subsidiary of ING Groep N.V. ("ING Group" or "ING"), a global financial services holding company based in The Netherlands. In May 2013, Voya Financial, Inc. completed its initial public offering of common stock, including the issuance and sale of common stock by Voya Financial, Inc. and the sale of shares of common stock owned indirectly by ING Group. Between October 2013 and March 2015, ING Group completed the sale of its remaining shares of common stock of Voya Financial, Inc. in a series of registered public offerings. ING Group continues to hold certain warrants to purchase shares of Voya Financial, Inc. common stock.

## **2. Summary of Significant Accounting Policies**

### *Basis of Presentation*

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP").

### *Use of Estimates*

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from those estimates.

### *Cash*

Cash represents cash on deposit.

### *Securities Owned*

Marketable securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities. Trading securities are carried at fair value.

### *Accounts Receivable*

Accounts receivable are reported in the Statement of Financial Condition at net realizable value. Based on management's assessment, the Company provides for estimated uncollectible amounts through a valuation allowance in the period that the receivable is determined to be uncollectible.

### *Prepaid Expenses*

The Company classifies expenses that are paid before the benefit is received as prepaid expense in the Statement of Financial Condition. This prepaid expense is charged to operations ratably over the period of benefit.

### *Notes Receivable*

The Company loans money to certain of its registered representatives under two types of promissory note agreements, which bear interest at various rates. One such agreement is a forgivable promissory note and the other is a payback promissory note which is described more fully below.

Each forgivable note contains a provision for forgiveness of principal and accrued interest based on the registered representative maintaining their securities registration with the Company. The forgiveness determination is made at specified intervals that coincide with scheduled principal and interest payments. The Company amortizes the principal balance of the notes into operations as commissions expense over the contractual term of the notes if the forgivable criteria is met. Notes receivable relating to these loan agreements in the amount of \$10,015,506 is reported in Notes receivable on the Statement of Financial Condition. There was no allowance for bad debt relating to these loan agreements as of December 31, 2017.

The payback notes are payable by registered representatives to the broker-dealer and are due at various maturity dates. Notes receivable relating to these loan agreements in the amount of \$423,696 is reported at December 31, 2017 within Notes receivable on the Statement of Financial Condition. There was no allowance for bad debt relating to these loan agreements as of December 31, 2017.

### *Intangibles*

On January 1, 2011, the Company purchased 973 registered representatives, and their related customer accounts from its affiliate, Voya Financial Partners, LLC (formerly ING Financial Advisers, LLC) via a sale of assets. The purpose of this transfer was to consolidate Voya's retail broker-dealer activities into one firm. Intangibles are being amortized on a straight-line basis over a period of 9 years. Definite-lived intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable (i.e., carrying amount exceeds fair value of the intangible).

### *Income Taxes*

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act ("Tax Reform"). Tax Reform makes broad changes to U.S. federal tax law, including, but not limited to (1) reducing the U.S. federal corporate tax rate from 35 percent to 21 percent; (2) changing the computations of the dividends received deduction; and (3) eliminating the net operating loss ("NOL") carryback and limiting the NOL carryforward deduction to 80% of taxable income for losses arising in taxable years beginning after December 31, 2017.

The SEC staff issued Staff Accounting Bulletin No. 118 ("SAB 118") to address situations where a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting under ASC Topic 740 for certain income tax effects of Tax Reform for the reporting period of enactment. SAB 118 allows the Company to provide a provisional estimate of the impacts of Tax Reform during a measurement period similar to the measurement period used when accounting for business combinations. Adjustments to provisional estimates and additional impacts from Tax Reform must be recorded as they are identified during the measurement period as provided for in SAB 118.

In reliance on SAB 118, the Company provisionally remeasured its deferred tax assets and liabilities based on the 21% tax rate at which they are expected to reverse in the future. We continue to analyze the effects of Tax Reform and will

record adjustments and additional impacts from Tax Reform as they are identified during the measurement period as provided for in SAB 118.

The Company uses certain assumptions and estimates in determining (a) the income taxes payable or refundable to/from Voya Financial, Inc. for the current year, (b) the deferred income tax liabilities and assets for items recognized differently in its Financial Statements from amounts shown on its income tax returns and (c) the federal income tax expense. Determining these amounts requires analysis and interpretation of current tax laws and regulations, including the loss limitation rules associated with change in control. Management exercises considerable judgment in evaluating the amount and timing of recognition of the resulting income tax liabilities and assets. These judgments and estimates are reevaluated on a periodic basis. The Company will continue to evaluate as regulatory and business factors change.

Items required by tax regulations to be included in the tax return may differ from the items reflected in the financial statements. As a result, the effective tax rate reflected in the financial statements may be different than the actual rate applied on the tax return. Some of these differences are permanent, such as the dividends received deduction which is estimated using information from the prior period and current year results. Other differences are temporary, reversing over time, such as federal and state net operating losses and temporary differences, and create deferred tax assets and liabilities.

The Company's deferred tax assets and liabilities resulting from temporary differences between financial reporting and tax bases of assets and liabilities are measured at the balance sheet date using enacted tax rates expected to apply to taxable income in the years the temporary differences are expected to reverse.

Deferred tax assets represent the tax benefit of future deductible temporary differences, net operating loss carryforwards and tax credit carryforwards. The Company evaluates and tests the recoverability of its deferred tax assets. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence, it is more likely than not that some portion, or all, of the deferred tax assets will not be realized. Considerable judgment and the use of estimates are required in determining whether a valuation allowance is necessary and, if so, the amount of such valuation allowance. In evaluating the need for a valuation allowance, the Company considers many factors, including:

- The nature, frequency and severity of book income or losses in recent years;
- The nature and character of the deferred tax assets and liabilities;
- The recent cumulative book income (loss) position after adjustment for permanent differences;
- Taxable income in prior carryback years;
- Projected future taxable income, exclusive of reversing temporary differences and carryforwards;
- Projected future reversals of existing temporary differences;
- The length of time carryforwards can be utilized;
- Prudent and feasible tax planning strategies the Company would employ to avoid a tax benefit from expiring unused; and
- Tax rules that would impact the utilization of the deferred tax assets.

In establishing unrecognized tax benefits, the Company determines whether a tax position is more likely than not to be sustained under examination by the appropriate taxing authority. The Company also considers positions that have been reviewed and agreed to as part of an examination by the appropriate taxing authority. Tax positions that do not meet the more likely than not standard are not recognized in the Financial Statements. Tax positions that meet this standard are recognized in the Financial Statements. The Company measures the tax position as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate resolution with the tax authority that has full knowledge of all relevant information.

*Securities Sold, Not yet Purchased*

Securities sold, not yet purchased, are recorded at fair value. Fair value is generally determined by quoted prices on national exchanges. If listed market prices are not available, fair value is determined based on relevant factors, including broker or dealer price quotations. Securities sold, not yet purchased, represent obligations to deliver specified securities sold short at prevailing market prices in the future to satisfy these obligations, generally within three business days.

*Commissions and Concessions Receivable*

Commissions and concessions receivable reflect commissions earned but not yet received on products sold and fee income.

*Commissions and Concessions Payable*

Commissions and concessions payable reflect the compensation to be paid to agents for products sold and advisory services.

*Financial Instruments with Off-Balance Sheet Risk*

The securities transactions of the Company's customers are introduced on a fully disclosed basis with a clearing broker-dealer. The Company holds no customer funds or securities. The clearing broker-dealer is responsible for execution, collection of and payment of funds, and receipt and delivery of securities relative to customer transactions. Off-balance sheet risk exists with respect to these transactions due to the possibility that customers may be unable to fulfill their contractual commitments. In this event, the clearing broker-dealer may charge any related losses to the Company. The Company seeks to minimize this risk through procedures designed to monitor the creditworthiness of its customers and to ensure that customer transactions are executed properly by the clearing broker-dealer.

*Subsequent Events*

The Company has evaluated subsequent events for recognition and disclosure through the date the financial statements were issued.

*Future Adoption of Accounting Pronouncements*

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (ASC Topic 606)" ("ASU 2014-09"), which requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognized when, or as, the entity satisfies a performance obligation under the contract. ASU 2014-09 also updated the accounting for certain costs associated with obtaining and fulfilling contracts with customer and requires disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. In addition, the FASB issued various amendments during 2016 to clarify the provisions and implementation guidance of ASU 2014-09. Revenue recognition for financial instruments is explicitly scoped out of the guidance.

The provisions of ASU 2014-09 are effective for fiscal years beginning after December 15, 2017, with early adoption permitted as of January 1, 2017. Initial adoption of ASU 2014-09 is required to be reported using either a retrospective or modified retrospective approach.

The Company plans to adopt ASU 2014-09 on January 1, 2018 on a modified retrospective basis. The Company does not currently expect the adoption of this guidance to have a material impact; however, finalization of implementation

efforts will continue into the first quarter of 2018. Based on review to date, the Company anticipates that the adoption of ASU 2014-09 will result in the deferral of costs to obtain and fulfill certain financial services contracts, with a related cumulative impact on retained earnings upon adoption, of approximately \$7.9 million.

### **3. Income Taxes**

The results of the Company's operations are included in the consolidated tax return of Voya Financial, Inc. Generally, the Company's financial statements recognize the current and deferred income tax consequences that result from the Company's activities during the current and preceding periods pursuant to the provisions of Income Taxes (ASC 740) as if the Company were a separate taxpayer rather than a member of Voya Financial, Inc.'s consolidated income tax return group with the exception of any net operating loss carryforwards and capital loss carryforwards, which are recorded pursuant to the tax sharing agreement. If the Company instead were to follow a separate taxpayer approach without any exceptions, the current income tax expense would be reduced by \$4,416,784. Also, any current tax benefit related to the Company's tax attributes realized by virtue of its inclusion in the consolidated tax return of Voya Financial, Inc. would have been recorded directly to equity rather than income. Under the tax sharing agreement, Voya Financial, Inc. will pay the Company for the tax benefits of ordinary and capital losses only in the event that the consolidated tax group actually uses the tax benefit of losses generated.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act ("Tax Reform"). Tax Reform makes broad changes to U.S. federal tax law, including, but not limited to (1) reducing the U.S. federal corporate tax rate from 35 percent to 21 percent; (2) changing the computations of the dividends received deduction; and (3) eliminating the net operating loss ("NOL") carryback and limiting the NOL carryforward deduction to 80% of taxable income for losses arising in taxable years beginning after December 31, 2017.

The SEC staff issued Staff Accounting Bulletin No. 118 ("SAB 118") to address situations where a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting under ASC Topic 740 for certain income tax effects of Tax Reform for the reporting period of enactment. SAB 118 allows the Company to provide a provisional estimate of the impacts of Tax Reform during a measurement period similar to the measurement period used when accounting for business combinations. Adjustments to provisional estimates and additional impacts from Tax Reform must be recorded as they are identified during the measurement period as provided for in SAB 118.

In reliance on SAB 118, the Company provisionally remeasured its deferred tax assets and liabilities based on the 21% tax rate at which they are expected to reverse in the future. The Company continues to analyze the effects of Tax Reform and will record adjustments and additional impacts from Tax Reform as they are identified during the measurement period as provided for in SAB 118.

**Voya Financial Advisors, Inc.**  
**Notes to Statement of Financial Condition**

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Deferred income taxes have been established by each member of the consolidated group based upon the temporary differences within each entity. Significant components of the Company's deferred tax asset at December 31, 2017 are as follows:

Deferred tax assets:

Federal Loss Carryforwards	\$	4,800,549
Compensation and benefits		8,699,203
State deferred tax assets		2,766,216
Other		1,031,424
Total deferred tax asset	\$	17,297,392

Deferred tax liability:

Investments	\$	970,111
Net deferred tax asset before tax valuation allowance		16,327,281
Less tax valuation allowance		16,327,281
Net deferred tax asset	\$	—

Valuation allowances are provided when it is considered more likely than not that some portion or all of the deferred tax assets will not be realized. Management believes that it is more likely than not that the benefit from federal and state net operating losses and temporary differences will not be realized. Accordingly, a valuation allowance of \$16,327,281 has been provided on the deferred tax assets relating to these federal and state net operating losses and temporary differences.

The Company has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with ASC Topic 740, *Income Taxes*, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Company.

Voya Financial, Inc. return is currently under audit by the Internal Revenue Service ("IRS"), and it is expected that the examination of tax year 2016 will be finalized within the next twelve months. Voya Financial, Inc. and the IRS have agreed to participate in the Compliance Assurance Process for the tax years 2016 through 2018.

#### **4. Related-Party Transactions**

The Company is allocated a portion of their general administrative expenses from its affiliates based on volume, number of personnel, and activity.

Receivables and payables with Voya Financial, Inc. and affiliated entities are settled in cash on a regular basis.

Amounts reported in the Statement of Financial Condition related to transactions and agreements with affiliates may not be the same as those recorded if the Company was not a wholly-owned subsidiary of its Parent.

The Company entered into perpetual marketing allowance agreements on January 1, 2006 and April 1, 2017 with Voya Insurance and Annuity Company ("VIAC"), an affiliate of the Company. Under the agreements, the Company provides VIAC with the opportunity to market its products by participating in national conferences, sales and annual meetings where VIAC is given the opportunity to educate and train the Company's registered representatives about VIAC products. To compensate the Company for providing these enhanced marketing and training opportunities, VIAC has agreed to make payments to the Company based on product sales and assets.

Effective January 1, 2012, the Company and Voya Investment Management LLC ("VIM"), an affiliate of the Company, entered into an agreement where VIM and/or its subsidiaries agree to pay the Company on average net assets invested in VIM Funds by the Company's clients.

Effective January 1, 2017, the Company entered into a selling agreement with Security Life of Denver Insurance Company ("SLD"), an affiliate of the Company. The Company agrees to provide SLD with opportunities to build relationships with and market to its registered representatives.

The Company sells variable life and annuity products and mutual funds issued by Voya Retirement Insurance and Annuity Company ("VRIAC"), ReliaStar Life Insurance Company ("RLIC"), SLD and VIAC, affiliates of the Company. The Company further facilitates payment of commissions from VRIAC, VIAC, SLD and RLIC directly to its registered representatives.

The Company distributes Voya mutual funds which are underwritten by Voya Investments Distributor, LLC, an affiliate of the Company.

The Company entered into an agreement with VIAC whereby the Company reimburses VIAC for certain services performed in connection with commission payments.

## **5. Employee and Registered Representative Benefits**

### *401(k) and Pension Plans for Employees*

The employees of affiliated companies providing services to the Company are covered by a variety of employee benefit plans (401(k), pension and deferred compensation plans) that are administered by affiliates. The different plans have various eligibility standards, vesting requirements, and guidelines for matching. The Company had no separate employee benefit plans in 2017 and relied on its affiliated companies to cover all eligible employees. All benefits paid by affiliates are charged back to the Company for reimbursement.

### *Deferred Compensation Plans for Employees and Registered Representatives*

The Company maintains deferred compensation plans (Plans) for registered representatives and other eligible employees. Under the Plans, if certain eligibility requirements are met, a participant may defer a portion of their income, including commission and fee earnings, as applicable. Such amounts are reported as Salaries and employee benefits in the Statement of Operations. Additionally, the Company may, at its discretion, allocate additional amounts to participants. Participants may elect to have all or a portion of their deferred compensation account indexed to rates of return on a variety of investment options, including a fixed rate option. The Company accrues interest based upon the actual rate of return on the underlying investment index choice. Such amounts are reported in Salaries and employee benefits in the Statements of Operations. The plans are unfunded; therefore, benefits are paid from the general assets of the Company. However, for one of the Plans, the Company purchased investments that mirror amounts and elections of the participants, of which \$37,274,601 is included as a Deferred compensation plan investment on the Statement of Financial Condition and is carried at market value. The total of net participant deferrals, which is reflected within Deferred compensation plans accrued liabilities on the Statement of Financial Condition, was \$39,487,187 as of December 31, 2017.

## **6. Contingencies**

The Company is party to claims, lawsuits, and/or arbitrations arising in the course of its normal business activities. While it is not possible to forecast the outcome of such lawsuits/arbitrations, in light of existing insurance and established reserves, it is the opinion of management that the disposition of such lawsuits/arbitrations will not have a materially adverse effect on the Company's operations or financial position.

The Company and its affiliates periodically receive informal and formal requests for information from various state and federal governmental agencies and self-regulatory organizations in connection with inquiries and investigations of the products and practices of the Company, its affiliates or the financial services industry. Such investigations and inquiries could result in regulatory action against the Company. The potential outcome of any such action is difficult to predict but could subject the Company or its affiliates to adverse consequences, including, but not limited to, settlement payments, penalties, fines and other financial liability.

For some matters, the Company is able to estimate a possible range of loss. For such matters in which a loss is probable, an accrual is made. For matters where the Company, however, believes a loss is reasonably possible, but not probable, no accrual is required. For matters for which an accrual is made, but there remains a reasonably possible range of loss in excess of the amounts accrued or for matters where no accrual is required, the Company develops an estimate of the reasonably possible range of losses in excess of reserves. As of December 31, 2017, the aggregate range of reasonably possible losses in excess of any amounts accrued for these matters as of such date, is not material to the Company.

For other matters, the Company is currently not able to estimate the reasonably possible loss range or range of loss. The Company is often unable to estimate the possible loss or range of loss until developments in such matters have provided sufficient information to support an assessment of the range of possible loss, such as quantifications of a damage demand from plaintiffs, discovery from plaintiffs and other parties, investigation of factual allegations, rulings by a court on motions or appeals, analysis by experts and the progress of settlement discussions. On an ongoing basis, the Company reviews relevant information with respect to litigation and regulatory contingencies and updates the Company's accruals, disclosures and reasonably possible losses or ranges of loss.

## **7. Fair Value of Financial Instruments**

ASC Topic 820, *Fair Value Measurements and Disclosures* (ASC Topic 820), defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by ASC Topic 820, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included in level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Company's own data.)



**Voya Financial Advisors, Inc.**  
**Notes to Statement of Financial Condition**

The following table presents the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>Total</u>
<b>Assets:</b>					
<b>Securities owned:</b>					
Bonds	665	—	—	—	665
Equities	67,943	—	—	—	67,943
REITS <sup>(1)</sup>	174,426	—	—	1,118,410	1,292,836
<b>Deferred compensation plan investment:</b>					
Cash and money market funds	4,193,246	—	—	—	4,193,246
Mutual funds	33,081,355	—	—	—	33,081,355
<b>Liabilities:</b>					
<b>Securities sold, not yet purchased</b>					
Bonds	\$ 569	\$ —	\$ —	\$ —	\$ 569
Equities	\$ 29,111	\$ —	\$ —	\$ —	\$ 29,111

<sup>(1)</sup>REITS are comprised of several assets that use NAV to calculate fair value. Business Development Corporation has a balance of \$433,375, Phillips Edison II has a balance of \$251,129, InvenTrust has a balance of \$185,869, Steadfast Apartment has a balance of \$150,083, Northstar has a balance of \$72,312 and Hospitality Investors Trust has a balance of \$25,642. Business Development Corporation provides financing solutions to a variety of industries. The remaining companies primarily invest in retail, residential, and healthcare real estate. These REITS are excluded from the company's net capital.

Certain investments are measured at fair value using NAV per share as a practical expedient and have not been classified in the fair value hierarchy.

The Company assumed the ownership of certain limited partnership shares and REITS as a result of legal settlements. The partnerships, in which the Company owns shares, are primarily engaged in the business of the acquisition and development of commercial real estate, the drilling of natural gas development wells, and the trading of futures in agriculture, metals energy and interest rates. The securities are held as trading securities by the Company, but by their nature are illiquid investments with limited marketability. Therefore, in some cases the Company has referenced third-party information, which consists of financial statements providing net asset value, to determine the fair value of the investments as of December 31, 2017.

## **8. Net Capital Requirements**

The Company is subject to the SEC Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital. The Company has elected to use the alternative method, permitted by the Rule, which requires that the Company maintain minimum net capital, as defined, equal to the greater of \$250,000 or 2% of aggregate debit balances arising from customer transactions, as defined.

As of December 31, 2017, the Company had net capital of \$29,022,335, which was \$28,772,335 in excess of the required net capital of \$250,000. The Company had no aggregate debit items at December 31, 2017.