

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

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This brochure provides information about the qualifications and business practices of ING Financial Partners, Inc. ("IFP"). If you have any questions about the contents of this brochure, please contact us at 800-356-2906 or email us at [ingfp.compliance@us.ing.com](mailto:ingfp.compliance@us.ing.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 ING Financial Partners 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. IFP's CRD number is 2882.

## **Item 2    Material Changes**

The SEC adopted "Amendments to Form ADV" in July, 2010. This Brochure, dated March 31, 2011, is IFP's new disclosure document prepared according to the SEC's new requirements and rules. This IFP Brochure is in a narrative format that is different in form and content than IFP's prior brochure, and it also includes some new information that was not previously required to be disclosed.

After IFP's initial filing of this IFP Brochure, IFP will periodically provide clients with a summary of new and/or updated information. IFP will inform clients of specific changes based on the content of the updated information.

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

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#### **Item 4     Advisory Business**

IFP is dually registered as an SEC-registered investment adviser and broker-dealer with its principal place of business located in Des Moines, Iowa. IFP 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 IFP).

- Lion Connecticut Holdings, Inc., 100% Shareholder

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

- ING Groep, N.V., Sole Shareholder ING Verzekeringen, N.V.
- ING Verzekeringen, N.V., Sole Shareholder ING Insurance International B.V.
- ING Insurance International B.V., Sole Shareholder ING America Insurance Holding, Inc.
- ING America Insurance Holding, Inc., Sole Shareholder Lion Connecticut Holdings, Inc.

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

#### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT**

##### **Prime Portfolio Services ("Prime"), Preferred Asset Management ("Preferred") and Strategic Advisory Services ("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.

Prime, Preferred and SAS accounts are managed on a non-discretionary basis, meaning the IAR must have verbal authorization from the client to execute each recommendation made, unless both the client and IFP have provided the IAR with written authorization to exercise discretion. 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.

IARs may recommend selected investments including, but not limited to, certain stocks, bonds, closed-end mutual funds, no-load or load-waived mutual funds, Unit Investment Trusts (UITs), Real Estate Investment Trusts (REITs), Direct Participation Programs (DPPs) Certificates of Deposit (CDs), and variable annuity contracts.

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

## **INVESTMENT SUPERVISORY SERVICES MODEL PORTFOLIO MANAGEMENT**

### **ING Wealth Management / ING Wealth Management Tax Sensitive, ING Momentum ETF Strategy**

IFP has an agreement with an unaffiliated, independent investment adviser, Ibbotson Associates Advisors, LLC ("Ibbotson"), to provide investment recommendations to IFP in two programs: (1) the ING Wealth Management and a tax-sensitive version known as the ING Wealth Management Tax Sensitive (collectively, "Wealth Management Program"), and (2) the ING Momentum ETF Strategy (the "ETF Program"). The recommendations are based on asset allocation models developed by IFP's affiliate, ING Investment Management Co., for the Wealth Management Program and asset allocation models developed by Ibbotson for the ETF Program.

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 portfolio is managed based on the overall model, rather than specifically to each client's individual needs. Clients may still have the opportunity to place reasonable restrictions on the types of investments to be held in their account. Clients retain individual ownership of all securities. Clients give IFP limited trading discretionary authority to execute trades, without the client's prior approval for each trade, in accordance with Ibbotson's recommendations.

The investments recommended by Ibbotson for the Wealth Management Program are selected from a list of mutual funds and other investment options that IFP may make available for the programs. In the ETF Program, Ibbotson implements the asset allocation models using Exchange Traded Funds ("ETFs"). The Wealth Management program is also offered in a tax sensitive version, ING Wealth Management Tax Sensitive. Ibbotson manages the portfolio seeking to maximize portfolio return while managing risk and attempting to minimize the effect of taxation on a portfolio.

## **ING Choice Advisory**

ING Choice Advisory, which includes ING Opportunity Choice Advisory, is referred to as "ING Choice." ING Choice is an asset allocation program managed by IFP's Investment Selection Committee ("ISC"). The ISC uses model asset allocations provided by IFP's affiliate, ING Investment Management Co., as the basis for developing model portfolios. The model asset allocations are defined in terms of risk from conservative to aggressive.

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 ING Choice are selected by the ISC from a menu of mutual funds offered by approximately 30 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. Clients give IFP limited trading discretionary authority to execute trades, without the client's prior approval for each trade, in accordance with Ibbotson's recommendations.

Clients still have the opportunity to place reasonable restrictions on the types of investments to be held in their account.

## **The Fidelity Program**

The ING 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 retirement plans such as 403(b) or 401(k) plans where an ING 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. Clients establish a brokerage account with Fidelity Investments and then 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 Advisor Channel System. Fidelity Management Trust Company, 82 Devonshire Street, Boston, MA 02109 is the custodian for these accounts.

### THIRD PARTY MONEY MANAGER PROGRAMS

IFP also offers investment advisory management programs to clients through Third Party Money Manager Programs ("Third Party 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 IFP'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.

IFP and the IAR monitor the performance of the selected registered investment adviser(s). If 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 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

IFP and its IARs provide financial planning services. 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. 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 paying a fee for financial planning 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.

In general, the financial plan can address any or all of the following areas:

**Asset Allocation:** Based on the client's financial situation, goals, investment objectives, needs and risk tolerance, IARs may make asset class or asset mix recommendations.

**Education Planning:** Based on the client's financial situation, goals, investment objectives,

needs and risk tolerance, IARs may make an analysis and recommendations as to the savings and investment goals clients would need to set in order to provide for adequate education funding.

**Estate Planning:** Based on the client's financial situation, investment and estate distribution objectives, and risk tolerance, IARs may make an analysis and recommendations for strategies to help provide clients maximum estate value retention and liquidity.

**Financial Analysis and Statements:** IARs may provide clients with a balance sheet, income statement or cash flow analysis showing the client's current financial situation.

**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 specific insurance licenses held and state insurance laws and requirements.

**Retirement Planning and Analysis:** Based on the client's financial situation, goals, investment objectives, needs and risk tolerance, IARs may make an analysis and recommendations as to the savings and investment goals and returns on their investments they would need to set in order to reach their goals and provide for adequate income to maintain their standard of living during retirement.

**Business Retirement Planning:** Based on a business's objective to provide or assess retirement planning opportunities for its employees and/or partners, an IAR may provide an analysis and review of a current business retirement plan, assist in the review or preparation of an Investment Policy Statement, or work with the business to install a retirement plan.

To prepare a financial plan the IAR gathers information through in-depth personal interviews. Information gathered may include the client's current financial status, tax status, future goals, returns 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.

Typically the financial plan is presented to the client within 90 days of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.



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 IFP, 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.

### **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.

### **AMOUNT OF MANAGED ASSETS**

As of December 31, 2010, IFP had \$3,034,940,003.65 of assets under management on a non-discretionary basis plus of \$439,650,108.58 assets under management on a discretionary basis. In addition IFP had \$1,204,966,723 of clients' assets being managed by third-party money managers.

## **Item 5 Fees and Compensation**

In general, fees for IFP investment advisory services are based upon a percentage of assets under management and are charged quarterly in advance by debiting advisory fees from client accounts, except as otherwise specified below. Under no circumstances does IFP require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered. Certain clients may have unique fee arrangements that are not specified herein.

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

Although IFP has established the fee schedules described in this Brochure, IFP may negotiate alternative fees on a client-by-client basis. 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.

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

### **Termination of the Advisory Relationship**

A client agreement may be canceled at any time, by either party, for any reason. Termination by the client is effective upon receipt of written notice by IFP unless a later date is requested in the client's notice and agreed to by IFP. Termination by IFP 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, IFP will pro rate the reimbursement according to the number of days remaining in the billing period.

### **INVESTMENT SUPERVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT FEES**

#### **Prime Portfolio Services, Preferred Asset Management and Strategic Advisory Services**

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

<b><i>Assets Under Management</i></b>	<b><i>Prime and SAS Annual Fee</i></b>	<b><i>Preferred Annual Fee</i></b>
First \$250,000	2.50%	2.25%
\$250,001 - \$499,999	2.30%	2.00%
\$500,000 - \$999,999	1.75%	1.50%
\$1,000,000 - \$1,999,999	1.50%	1.25%
\$2,000,000 - \$4,999,999	1.50%	1.25%
\$5,000,000 - \$9,999,999	1.25%	1.00%

\$10,000,000 and above	1.25%	1.00%
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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 IFP'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:

<b>Type of Security</b>	<b>Maximum Charge</b>
Listed Equities	\$16.00 + \$0.015 per share
Exchange Traded Funds (ETFs)	\$19.00
Over The Counter (OTC)	\$19.00
Equities	
Options	\$23.00 + \$1.50 per contract
Corporate Bonds - Listed	\$30.00 + \$1.00 per bond
Corporate Bonds - OTC	\$35.00
Municipal Bonds	\$40.00
U.S. Treasuries	\$35.00
Unit Investment Trusts (UITs)	\$30.00
U.S. Agencies, Zero coupon bonds, Collateralized Mortgage Obligations (CMOs)	\$45.00
Money Market Instruments	\$40.00
Mortgage Backed Securities	\$20.00
Mutual Funds: Load	
Buy	\$9.00
Sell	\$9.00
Systematic investments of mutual fund shares	\$0
Exchanges within mutual fund family	\$4.00

Pershing, LLC FundVest Funds No transaction fee  
 Mutual Funds: No Load  
 Buy/Sell \$15.00

### **Prime, Preferred and SAS Potential Transaction Fee Waiver**

IFP IARs may recommend the FundVest mutual fund program to Prime, Preferred and SAS clients. The FundVest mutual fund program (the "FundVest Program") was established and is maintained by Pershing, LLC, IFP's clearing broker/dealer ("Pershing"). FundVest Program transaction charges are waived for purchases of program-qualified funds that would normally carry such charges. Pershing, in its sole discretion, may add or remove mutual funds from the FundVest Program without notice.

### **INVESTMENT SUPERVISORY SERVICES MODEL PORTFOLIO MANAGEMENT FEES**

#### **ING Wealth Management/ING Wealth Management Tax Sensitive, ING Momentum ETF Strategy, ING Choice Advisory and The Fidelity Program**

The annualized fee for ING Wealth Management/ ING Wealth Management Tax Sensitive accounts will be charged as a percentage of assets under management, according to the following schedule:

#### **ING Wealth Management/ ING Wealth Management Tax Sensitive**

<i><b>Assets Under Management</b></i>	<b>Minimum Annual Fee</b>	<b>Maximum Annual Fee</b>
\$50,000 - \$1,00,000	0.50%	2.25%
\$1,000,001 and greater	0.50%	2.00%

A minimum of \$50,000 of assets under management is required for the ING Wealth Management Program.

#### **ING Momentum ETF Strategy Program**

<i><b>Assets Under Management</b></i>	<b>Minimum Annual Fee</b>	<b>Maximum Annual Fee</b>
\$100,000 - \$1,000,000	0.85%	2.25%
\$1,000,0001 and greater	0.85%	2.00%

A minimum of \$100,000 of assets under management is required for the ING Momentum ETF Program.

### **ING Choice Advisory**

<b><i>Assets Under Management</i></b>	<b>Minimum Annual Fee</b>	<b>Maximum Annual Fee</b>
\$100,000 - \$1,000,000	0.50%	2.50%
\$1,000,0001 and greater	0.50%	2.00%

A minimum of \$50,000 of assets under management is required for ING Choice.

### **The Fidelity Program**

<b><i>Assets Under Management</i></b>	<b>Minimum Annual Fee</b>	<b>Maximum Annual Fee</b>
Up to \$250,000	0.50%	1.00%
\$250,001- \$500,000	0.50%	0.75%
\$500,001 and greater	0.50%	0.50%

There is no minimum account balance for the Fidelity Program.

In the Fidelity Program, the client authorizes IFP to deduct the fee from the client's account in arrears on a calendar-quarter basis. The fee is deducted from the account 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 last business day of the previous quarter. If the client has assets in the Fidelity Program for less than the full calendar quarter, the fee is pro-rated based on the number of days in the period that the Client had assets in the program.

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

Clients may pay separate custodial fees or charges associated with the maintenance of accounts at Fidelity Investments. Fidelity Program clients should refer to their agreement with Fidelity Investments for information regarding applicable custodial fees. IFP and its IARs do not receive 12b-1 fees in the Fidelity program.

### **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. IFP will share in the fee.

### **FINANCIAL PLANNING FEES**

IFP's financial planning fee is determined based on the nature of the services being 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.

Financial planning fees are calculated on either a fixed or hourly basis. Fixed fees typically range from \$0 to \$15,000 depending on the specific arrangement reached between the IAR and the client. Hourly fees range from \$0 to \$500 per hour. Although the length of time necessary to prepare a financial plan depends on each client's personal situation, the IAR will provide an estimate of the total hours at the time of signing of the financial planning agreement.

The financial planning fee may be payable at the time the client signs the financial planning agreement or a portion of the fee may be collected at the time the agreement is signed with the remaining portion of the fee due at the time of the delivery and presentation of the plan. However, advance payment will not exceed \$500 for development of a financial plan that will not be completed within six months.

### **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 most 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 ING Financial Partners for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible 12b-1 distribution fee. 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 IFP'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 IFP'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 IFP. 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 IFP'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 with which an independent third party investment adviser effects transactions for the client's account(s).

IFP's clearing broker-dealer, 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 access to these statements and confirmations.

**ERISA Accounts:** ING Financial Partners is deemed to be a fiduciary to investment advisory clients that are employee benefit plans pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, IFP is subject to specific duties and obligations under ERISA that include, among other things, restrictions concerning certain forms of compensation. IFP only charges fees for investment advice on products for which IFP and/or IFP related persons do not receive any commissions or 12b-1 fees. In the event that IFP receives commissions or 12b-1 fees, however, such fees will be credited to the account.

**Fees Upon Termination of the Investment Advisory Account:** A client agreement for any of the programs described above may be canceled at any time, by the client, for any reason upon receipt of written notice to IFP. IFP may cancel a client agreement for any of the programs by giving the client 30 days written notice. Upon termination of an advisory relationship, any prepaid, unearned fees will be promptly refunded on a pro rata basis according to the number of days remaining in the billing period. A client may terminate a financial planning services agreement within five business days of entering into the agreement without penalty. After five business days the client may terminate the agreement but may the client be responsible for any time spent by the IAR in preparing the financial plan.

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

IFP 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**

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

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

**Item 8 Methods of Analysis, Investment Strategies and Risk of Loss****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 predict future market trends.

**Fundamental Analysis.** IARs evaluate economic and financial factors to determine if a security is under priced, 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 predict changes to that data.

**Qualitative Analysis.** IARs subjectively evaluate non-quantifiable factors, and attempt to 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 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 IFP 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 IFP does not control the manager's daily business and compliance operations, IFP may be unaware 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 strategy(ies) may be used in managing client accounts, provided that such strategy(ies) 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.** IARs recommend 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, IARs recommend 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 overall return that a client receives. 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.** With the client's prior authorization, securities may be purchased for the client's portfolio through a margin loan borrowed from a related commission based brokerage account. 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 IFP and Pershing, LLC.

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 IFP'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 underperform 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.

**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-sized 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 IFP and/or IFP's management personnel that are material to an evaluation of IFP's investment advisory business and the integrity of IFP's management:

1) 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, IFP 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.

2) The State of Illinois Securities Department alleged that two former IFP 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 IFP 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, IFP 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.

3) The State of Utah Securities Division alleged that an IFP registered representative conducted several seminars in April 2006 that utilized unapproved materials and included misrepresentations and omissions of material facts relating to variable annuities. The Division also alleged that IFP failed to supervise the representative in connection with the seminars and associated materials and the representative's business entity held itself out as an unlicensed investment adviser. Without admitting or denying the Division's findings and conclusions, IFP entered into a stipulation and consent order with the Division requiring the firm to pay a fine of \$75,000 within 30 days of the entry of the order and to comply with certain undertakings related to its representatives conducting seminars in Utah and to its sale of variable annuities in Utah. This matter was resolved on March 12, 2008.

4) The Commonwealth of Massachusetts Securities Division alleged that during the period of at least December 1, 2004 through September 22, 2006, an IFP registered representative defrauded investors in the Eastern Massachusetts Greek community by inducing those investors to transfer funds to him under the auspices of high interest rate loans, when in fact the registered representative converted those funds to his own use and benefit. The Division also alleged that IFP failed to reasonably and properly supervise the representative. IFP consented to cease and desist from further violations of the Massachusetts Uniform Securities Act, a censure, a \$100,000 administrative fine, agreed to provide the Division an accounting of all IFP customers known by IFP to have provided money to the representative and agreed to an order to pay restitution to customers. This matter was resolved on October 22, 2007.

5) NASD alleged that from December 1, 2005 through January 21, 2006 IFP failed to promptly forward checks submitted with direct way business to issuers or to return checks to customers. Therefore, IFP did not comply with the requirements of the exemption set forth in SEC Rule 15C3-3(K)(2)(II). Thus, IFP became fully subject to the requirements of SEC Rule 15C3-3. Because IFP was operating under an exemption to SEC Rule 15C3-3, it did not meet all of the requirements of the Rule, including the requirement to maintain a special reserve account for the exclusive benefit of customers pursuant to SEC Rule 15C3-3(E). Without admitting or denying the allegations, IFP entered into an Acceptance, Waiver and Consent with the NASD, consenting to the imposition of a \$10,000 fine and censure. This matter was resolved on April 27, 2007.

6) The NASD found that IFP and its control affiliates (Primevest Financial Services, Financial Network Investment Corporation and Multi-Financial Securities Corporation) maintained a Strategic Partner Program whereby IFP and its control affiliates received directed brokerage commissions from mutual funds to pay for participation in the program. The total monetary

fine was \$7,000,000, of which IFP paid \$1,291,000. IFP and its control affiliates were also censured. This matter was resolved on July 27, 2006.

7) The NASD found that IFP violated NASD Conduct Rule 2110. A review of forty settlement agreements executed by IFP from January 2003 to June 2003 revealed that eleven of the agreements contained confidentiality clauses that appeared to curtail the customers' ability to cooperate with self-regulatory organizations such as the NASD. IFP consented to the imposition of a censure and a fine in the amount of \$7,500. This matter was resolved on September 16, 2005.

8) The NASD found that IFP violated NASD Conduct Rules by failing to file in a timely manner certain Form U4 and U5 amendments. From January 2002 through March 2004, 160 amendments were late, representing 77% of the required amendments relating to customer complaints, regulatory actions and criminal disclosures. The firm's supervisory procedures and systems were not reasonably designed to achieve compliance with its reporting requirements. IFP was censured, fined \$200,000 and required to comply with certain undertakings. This matter was resolved on November 30, 2004.

9) The NASD found that IFP, acting through its agents, effected purchase of large positions of Class B mutual fund shares in seven customer accounts between May 1999 and June 2001. The customers were deprived of the benefits of breakpoints and lower 12b-1 fees than they would have received had they purchased Class A shares. IFP failed to establish and enforce a supervisory system reasonably designed to scrutinize Class B share purchases in order to detect and prevent unsuitably large Class B share purchases. Without admitting or denying the allegations, IFP consented to the described sanctions of the AWC. IFP was censured, fined \$50,000 and ordered to pay \$48,955.35 in partial restitution to public customers who purchased B shares. This matter was resolved on April 2, 2004.

10) The Commonwealth of Virginia State Corporation Commission-Division of Securities alleged that three former IFP representatives, while registered with IFP, violated the Virginia Securities Act by omissions, misrepresentation, transaction of business as an unregistered agent, sale of unregistered securities, sale of securities not recorded on the regular books of IFP, unsuitable investments and fraud and deceit. Without admitting or denying any allegations, IFP agreed to pay \$218,015.62, to Virginia residents. IFP also agreed to exercise reasonable and diligent supervision of its agents and paid the Commission \$15,000. This matter was resolved on November 4, 2002.

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

### **Affiliations:**

IFP is indirectly owned by ING Groep NV (ING) and is under common control with the following insurance companies: Security Life of Denver Insurance Company, ING Life Insurance and Annuity Company, ING USA Annuity and Insurance Company, ReliaStar Life Insurance Company and ReliaStar Life Insurance Company of New York. Additionally, IFP is under common control with various other ING broker/dealers that may conduct business

similar to ING Financial Partners.

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

In addition to IFP being a registered investment adviser, IFP 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 IFP are also separately registered with IFP 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.

While IFP and its IARs must place the interest of the clients first as part of IFP'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. IFP takes the following steps to address this conflict:

- IFP discloses material conflicts of interest to clients, including the potential for IFP and IARs to earn compensation from advisory clients in addition to advisory fees;
- IFP discloses to clients that they are not obligated to purchase recommended investment products from IARs or affiliated companies;
- IFP collects, maintains and documents accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- IFP conducts regular reviews of client accounts to verify that recommendations made to a client are suitable to the client's needs and circumstances;
- IFP requires that IARs seek prior approval of any outside business activity so that IFP may confirm that any conflicts of interests in such activities are properly addressed;
- IFP periodically monitors these outside business activities to verify that any conflicts of interest continue to be properly addressed by IFP and
- IFP 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 IFP clients. In exchange for this recommendation, IFP receives a referral fee from the selected third party money manager. The fee received by IFP 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 IFP does not increase the total investment advisory fee paid to the selected investment adviser by the client. IFP does not charge the client any fees for these referrals. IFP and its IARs will only recommend investment advisers that pay a referral fee.

IFP 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**

IFP 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 IFP's Code of Ethics is available to advisory clients and prospective clients. A copy may be requested by email sent to [ifpcompliance@us.ing.com](mailto:ifpcompliance@us.ing.com), or by calling 800-356-2906.

IFP's Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of IFP'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. IFP'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 IFP by IARs quarterly and annually. IARs may buy or sell for their personal accounts securities identical to or different from those recommended to clients.

IFP's Code of Ethics includes the firm's policy prohibiting the use of material non-public information. All registered representatives, employees and IARs are reminded that such non-public information may not be used in a personal or professional capacity. Among other things, IFP's Code of Ethics requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering ("IPO"). The Code also provides for oversight, enforcement and record keeping provisions. IFP and its IARs may buy securities for the firm or for themselves from IFP 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.

IFP 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 IFP acts as an investment adviser in relation to a transaction in which IFP or any person controlled by or under common control with IFP, 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 IFP serves as



an investment adviser ("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.

IFP may aggregate trades of employees, associated persons and IARs with client transactions where possible and when in compliance with IFP'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, IFP 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 IFP clients, IFP has established the following policies and procedures for implementing the Code of Ethics to ensure IFP complies with its regulatory obligations and provides its clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No IFP 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 as a result of his or her association with IFP unless the information is also available to the investing public.
3. No person associated with IFP 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. IFP requires prior approval for any IPO or private placement investments by IARs of the firm.
5. IFP 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. IFP has established procedures for the maintenance of all required books and records.
7. IFP discloses to all clients that IARs may receive separate commission compensation when effecting transactions during the implementation process.
8. Clients may choose to decline to implement any advice given, except in situations where the client has authorized IFP to use discretionary authority when purchasing or selling securities.
9. IFP and its IARs must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
10. IFP requires delivery and acknowledgement of the Code of Ethics by each IFP associated person.
11. IFP has established policies requiring the reporting of Code of Ethics violations to senior management.
12. 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 Brochures, IARs are separately registered as registered representatives of IFP 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**

IFP has a fully disclosed clearing agreement with Pershing. Pershing maintains and holds funds and securities for all investment advisory accounts held by IFP.

Factors considered in selecting Pershing include its expertise as a clearing broker/dealer, the existing broker-dealer clearing relationship IFP 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 IFP and Pershing may be higher or lower than those charged by other broker-dealers. Further, the fees charged by IFP and Pershing, or any other designated custodians are exclusive of and in addition to the IAR's investment advisory fees.

### **Item 13 Review of Accounts**

#### **Investment Supervisory Services Individual Portfolio Management**

#### **Prime Portfolio Services, Preferred Asset Management and Strategic Advisory Services**

**Reviews:** Prime, Preferred and SAS accounts are reviewed by the IAR at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and goals in the client's IPS. More frequent reviews may be conducted if there are material changes in variables such as a change in the client's financial situation or changes in the market, political or economic environment. The IAR will meet at least annually with the client to review performance, changes in the client's net worth, income, goals and investment objectives and to determine material changes to the client's financial condition.

**Reports:** In addition to the monthly statements and confirmations of transactions that clients receive from Pershing, Pershing, on behalf of IFP provides, quarterly performance reports summarizing account performance, balances and holdings.

#### **Investment Supervisory Services Model Portfolio Management**

#### **ING Wealth Management/ING Wealth Management Tax Sensitive, ING Momentum ETF Strategy, ING Choice Advisory and The Fidelity Program**

**Reviews:** The accounts in the ING Wealth Management / ING Wealth Management Tax Sensitive, ING Momentum ETF Strategy, ING Choice Advisory and Fidelity Program are reviewed by the IAR at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and IPS. More frequent reviews may be conducted if there are

material changes in variables such as a change in the client's financial situation or changes in the market, political or economic environment. The IAR will meet at least annually with the client to review performance, changes in the client's net worth, income, goals and investment objectives and to determine any material changes to the client's financial condition.

**Reports:** In addition to the monthly statements and confirmations of transactions that clients receive from Pershing, Pershing, on behalf of IFP, provides quarterly performance reports summarizing account performance, balances and holdings to clients in the ING Wealth Management / ING Wealth Management Tax Sensitive, ING Momentum ETF Strategy, ING Choice Advisory

### **Third Party Money Managers**

**Reviews:** Clients of third party money managers should refer to the independent registered investment adviser's 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. IFP IARs will periodically review reports provided by the registered investment adviser and will contact the client at least annually to review these reports with the client and to review the client's financial situation and objectives and communicate information to the investment adviser, if needed.

**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. IFP 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 IFP's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to IFP.

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

IFP concentrates its marketing and training efforts on investments offered by certain fund

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families ("Strategic Partners), selected by IFP, in part, based on whether they offer competitive products, their technology, their customer service, and their training and education capabilities. Some Strategic Partners are affiliates of IFP. Strategic Partners attend or sponsor education and training meetings for IFP IARs and make payments to compensate IFP for these enhanced marketing and training opportunities.

The additional compensation IFP receives in connection with the sale of Strategic Partner products may pose a conflict of interest for IFP to promote such products over other products. Clients do not pay IFP or its affiliates extra compensation nor do they pay more to purchase Strategic Partner products through IFP. In some cases, transaction clearing costs that would normally be paid by the client (as in the case of a Preferred Asset Management account) or the IAR (as in the case of a Prime or SAS account) may be reduced or eliminated on Strategic Partner products. The reduction or elimination of such clearing costs in Prime or SAS accounts may pose a conflict of interest for IARs to promote certain Strategic Partner products over other products in a client's Prime or SAS account.

Companies that are not Strategic Partners may at times send IFP payments in recognition of IFP's efforts in educating their investment adviser representatives regarding such companies' products, which may pose a conflict of interest for IFP to promote such products over other products.

IFP and its IARs are eligible to receive incentive awards (including prizes such as trips or bonuses) for recommending certain types of insurance policies or other investment products that IARs recommend. All incentive awards are pre-approved by IFP and are based on total production for all products and services. While IFP 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.

## **Item 15 Custody**

IFP does not have actual or constructive custody of client accounts. IFP, through its clearing broker-dealer, 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.

Pershing 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 IFP directly if they believe that there are any errors in their statement.

In addition to the periodic statements that clients receive directly from their custodians, Pershing, on behalf of IFP, also provides performance reports to clients on a quarterly basis.

Clients should carefully compare the information provided on these statements to confirm

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that all account transactions, holdings and values are correct and current. IFP statements may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities, so clients are advised to contact IFP and the custodian with questions.

### **Item 16 Investment Discretion**

Clients may authorize their IFP IAR to exercise discretion when executing transactions in their accounts. When an IAR is authorized by the client to exercise discretion, he or she executes 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 IFP 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
- determine the time to buy or sell the security

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

### **Item 17 Voting Client Securities**

As a matter of firm policy, IFP does not vote proxies on behalf of clients and does not offer any consulting assistance regarding proxy issues to clients. Therefore, although IFP 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 investment assets. 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**

IFP does not require or solicit payment of fees in excess of \$1200 per client more than six months in advance of the investment advisory services rendered. Therefore, IFP is not required to include a financial statement.

As a registered investment adviser that maintains discretionary trading authority for client accounts, IFP 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 IFP's knowledge and belief, IFP 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.