

# Guideline, Inc. - Form ADV Part 2A

*Updated: March 30, 2020*

## **Item 1: Guideline, Inc.**

This brochure provides information about the qualifications and business practices of Guideline, Inc. ("Guideline"), an investment adviser registered with the Securities and Exchange Commission (the "SEC"). Registration does not imply a certain level of skill or training but only indicates that Guideline has registered our business with the SEC. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Guideline and our Individual Retirement Account services is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and our website at [www.guideline.com/ira](http://www.guideline.com/ira).

If you have any questions about the contents of this brochure, please contact us at (888) 228-3491 or [hello@guideline.com](mailto:hello@guideline.com).

## **Item 2: Material Changes**

Since our previous Form ADV Part 2 brochure was published on November 11, 2019, there have been no materials changes.

Guideline maintains a separate Form ADV Part 2 brochure regarding our service offerings for 401(k) plans. IRA owners are encouraged to review this entire Form ADV Part 2 for IRA services.

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## Important Information

Throughout this brochure, Guideline may also be referred to as “our,” “we,” or “us.” Clients or prospective clients may also be referred to as “IRA owners” or “owners.”

## Item 4: Advisory Business

This brochure is intended to help you learn more about Guideline’s IRA services. If you cannot find what you are looking for here, please direct your questions to [hello@guideline.com](mailto:hello@guideline.com), or visit our website at [www.guideline.com/ira](http://www.guideline.com/ira).

### A. Firm

Guideline is a Delaware corporation formed on June 25, 2015. On February 28, 2019, Guideline became the successor investment adviser to Guideline Investments, L.L.C. when Guideline Investments, L.L.C., a wholly-owned subsidiary of Guideline, was merged with and into Guideline.

### B. Individual Retirement Accounts (IRAs) Services

Guideline acts as sponsor of IRAs, providing account set-up, administration, recordkeeping, and maintenance.

Guideline also provides investment management services to IRAs, including selecting, monitoring, and managing portfolios for the accounts. We provide investment recommendations to retirement IRA owners via our proprietary software, and recommend managed portfolios composed of mutual funds.

Guideline’s investment advice recommendation decisions are made via a proprietary software that takes into consideration age, timeline until retirement, and risk tolerance. Guideline, in developing our proprietary system, has acted in the best interest of IRA owners. Guideline’s economic, investment, and other financial interests are not taken into consideration when making investment decisions.

### C. Client-Tailored Services and Client Restrictions

Guideline offers two types of IRAs to IRA owners:

- Traditional IRA - an individual retirement account which allows owners to direct pre-tax income towards investments that can grow tax deferred.
- Roth IRA - an individual retirement account that accrues gains tax-exempt using after-tax money to invest.

Our IRA services include account setup, administration, recordkeeping, and maintenance. IRA owners are able to modify their portfolio, create a custom portfolio, make contributions, and distribute funds from their IRA.

Our service also includes automated investment advice to IRA owners via our proprietary software. Guideline provides a selection of diversified investments representing a range of risk/return characteristics. IRA owners can choose to either invest in one of our managed portfolios - recommended by our proprietary system based on the owner’s reported risk tolerance and estimated time until retirement - or they can create a custom portfolio from our investment menu.

IRA owners may not impose restrictions on investing in certain securities or types of securities in accordance with their values or beliefs.

## D. Wrap Fee Programs

In a wrap fee investment program, the investor pays one stated fee to cover management fees, transaction costs, fund expenses, and other administrative fees. Guideline does not participate in any such wrap fee program.

## E. Client Assets

As of March 30, 2020, Guideline managed \$4,009,937.93 in IRA assets under management on a discretionary basis, and \$779,612.93 on a non-discretionary basis. In addition, Guideline as an investment advisor has \$1,303,060,151.18 of discretionary assets under management and \$478,100,741.48 of non-discretionary assets.

# Item 5: Fees and Compensation

## A. Fees

Guideline charges fees directly to the account as set forth below. Guideline shall not modify these fees during the term of the agreement without the consent of the IRA Owner.

<u>Type of Service</u>	<u>Fee</u>
Account Charge (accounts with \$10,000 or less in assets)*	\$2/month
Account Charge (accounts with more than \$10,000 in assets)*	\$5/month
Custodial Fee	0.03% of plan assets/year
Distribution	\$50
Check/Stop Payment Fee	\$50
Expedited Mail Fee (within U.S.)	\$50

*\*For purposes of determining monthly account charge, account assets are determined based on the average daily balance of the account over the billable month.*

Additional information about our IRA product is available at [www.guideline.com/ira](http://www.guideline.com/ira).

Guideline provides a schedule of fees charged to IRA owners upon entering into a contract for services. Fees are non-negotiable.

## B. Billing & Payment

Fees may either be deducted on a monthly basis from the IRA owner's account balance or other payment source as the IRA owner may designate to Guideline.

## C. Third-Party Fees

Guideline requires our clients to use Benefit Trust Company as custodian of IRA assets. Benefit Trust Company charges Guideline an annual custodial fee of 0.03% of account assets under management. This fee is passed through to owners as a monthly prorated charge to their accounts.

IRA owners are responsible for the payment of third-party mutual fund fees, which are charged directly to the owner account by the mutual funds in which the owner invests.

## D. Prepayment of Fees

Guideline does not accept prepayment of fees.

## E. Compensation for the Sale of Securities to Clients

Neither Guideline nor any supervised persons accept compensation for the sale of securities or other investment products.

## Item 6: Performance-Based Fees

Neither Guideline nor our supervised persons accept performance-based fees on a share of capital gains on, or capital appreciation of, the assets of IRA owners.

## Item 7: Types of Clients

Guideline's clients for our IRA services are individuals who participated in an employer-sponsored Guideline 401(k) and who desire to transfer their 401(k) account to invest in traditional and Roth IRAs through Guideline.

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

### A. Methods of Analysis and Investment Strategies

There are four principles that form the basis of Guideline's investment philosophy and guide us through our duties and responsibilities as an investment manager:

- Make saving for retirement simple and more accessible
- Minimize investment fees
- Diversify broadly for better risk-adjusted returns
- Create long-term investment strategies for retirement investors

Guideline subscribes to the concept that investors can maximize their expected returns for a given level of risk through a portfolio of diversified assets (or minimize their risk subject to a given level of expected return). Guideline believes owners should have access to a range of low-fee investments with different risk, covariance, and return characteristics, allowing for the construction of diversified portfolios. Guideline believes that minimizing fees, mitigating risk through diversification, and investing for a long-term horizon are the underpinnings to successfully prepare for retirement.

### B. Material Risks

Guideline's investment strategy assumes that investors are risk averse and will only take on increased risk if compensated with higher expected returns. Investors who want higher returns will need to accept greater risk. Different investors will evaluate the trade-off differently based on their own individual risk profile. When choosing between portfolios, the implication is that rational investors will invest in portfolios with the most favorable risk-to-expected-return profiles and corresponding to their level of comfort with risk.

"Long-term investing" is designed to capture market rates of both return and risk. Investing in the capital markets can expose investors to various types of risk that will typically surface at different intervals. These risks include, but are not limited to, market risk, political and regulatory risk, interest rate risk, credit risk, and inflation (purchasing power) risk.

### C. Risks of Specific Securities

Investors should be aware that there is a material risk of loss using any investment strategy. Our mutual fund investments are not guaranteed or insured by the Federal Deposit Insurance Corporation (“FDIC”) or any other government agency. Investing in mutual funds carries the risk of capital loss. All mutual funds have costs that lower investment returns. Primary asset classes of the funds represented in Guideline portfolios include stocks (“equities”), bonds (“fixed income”), and cash equivalents, which present a lower risk.

## **Item 9: Disciplinary Information**

### A. Criminal or Civil Actions

Guideline has no criminal or civil actions to report.

### B. Administrative Proceedings

Guideline has no administrative proceedings to report.

### C. Self-regulatory Organization (SRO) Proceedings

Guideline has no self-regulatory organization proceedings to report.

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

### A. Broker-Dealer or Broker-Dealer Representative Registration

Neither Guideline nor our supervised persons are registered as, or have pending applications to register as, a broker-dealer or a representative of a broker-dealer.

### B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor Registration

Neither Guideline nor our supervised persons are registered as, or have pending applications to register as, either a Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor, or an associated person of the foregoing entities.

### C. Material Relationships and Possible Conflicts of Interests

Neither Guideline nor its representatives have any conflicts of interest to disclose.

### D. Material Conflicts of Interest From Other Investment Advisers or Managers

Guideline does not recommend or select other investment advisers for clients.

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

### A. Code of Ethics

Guideline has a written Code of Ethics pursuant to Rule 204A-1 under the Investment Advisers of 1940, as amended (the “Advisers Act”) that covers areas such as insider trading, personal securities transactions, conflicts of interest, gifts and entertainment, service on a board of directors, recordkeeping, and violations reporting.

We periodically review and amend our Code of Ethics so that the policies and procedures remain current, and we require firm personnel to annually attest to their understanding and adherence to the Code of Ethics provisions. A copy of the firm's Code of Ethics is made available to any client or prospective client upon request at no charge.

## B. Recommendations Involving Material Financial Interests

Guideline does not recommend that clients buy or sell any security in which a related person to Guideline or Guideline has a material financial interest.

## C. Investing Personal Money in the Same Securities as Clients

Guideline's representatives may buy or sell mutual funds for themselves that Guideline also recommends to IRA owners. Though this may provide an opportunity for our representatives to buy or sell the same securities before or after Guideline recommends the same securities to owners, Guideline does not believe any such transaction could potentially create a conflict of interest because all advice is generated through our proprietary system.

## D. Trading Securities at or Around the Same Time as Clients' Securities

From time to time, Guideline's representatives may buy or sell securities for themselves at or around the same time as IRA owners. Though this may provide an opportunity for our representatives to buy or sell securities before or after Guideline recommends securities to owners, our representatives do not profit off of the recommendations they provide to owners. Guideline does not believe such transactions could potentially create a conflict of interest because all advice is generated through our proprietary system.

# Item 12: Brokerage Practices

## A. Selection of Custodians and/or Broker-Dealers

Guideline requires our clients to use Benefit Trust Company as their custodian.

Guideline does not maintain relationships with any broker-dealers. In the event that we do so, Guideline is committed to negotiating reasonable fees for our clients, which includes selecting only commission-free, low expense ratio mutual funds that trade at NAV at the end of a given day.

## Research and Other Soft Dollar Benefits

Guideline conducts our own investment research. Currently, Guideline does not have a soft dollar program or any plans to implement one.

## Brokerage for Client Referrals

Guideline does not receive referrals from a broker-dealer and/or third party in exchange for use of that broker-dealer and/or third party's services.

## Directed Brokerage

Guideline does not allow clients to execute transactions through a specified broker-dealer.

## B. Aggregating (Block) Trading for Multiple Client Accounts

Guideline maintains the ability to block trade purchases across accounts. While block trading may benefit clients by purchasing larger blocks in groups, we do not feel that clients are at a disadvantage because mutual funds invested in receive the same NAV.

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

### **A. Frequency of Reviews and Who Makes Those Reviews**

Guideline reviews our managed investment portfolios on a regular basis to ensure portfolio characteristics and investment performance adhere to the defined portfolio goals.

### **B. Factors That Trigger a Non-Periodic Review of Client Accounts**

Non-periodic reviews may be triggered by material market, economic, or political events, or by changes in owners' financial situations, such as retirement, termination of employment, or disability.

### **C. Content and Frequency of Regular Reports Provided to Clients Regarding their Accounts**

Guideline provides IRA owners with a quarterly report detailing the owner's account, including: assets held, asset value, and calculation of fees. IRA owners may also view their account balance and transactions from their online dashboard, updated daily.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales, Awards, or Other Prizes)**

Guideline does not receive any economic benefit, directly or indirectly, from any third party for advice rendered to our clients.

### **B. Compensation to Non-Advisory Personnel for Client Referrals**

We do not compensate non-advisory personnel for referring IRA owners to Guideline.

## **Item 15: Custody**

Guideline does not take physical custody of client assets at any time. Custody of owner accounts is held by Benefit Trust Company.

## **Item 16: Investment Discretion**

Guideline exercises discretionary trading authority with regard to funds invested in our managed portfolios. This enables Guideline to buy, sell, and specify the number of securities in an owner's account without first obtaining the owner's specific consent. This authority is limited to the transfer or exchange of owner funds between asset classes within mutual fund families and/or other securities to achieve results consistent with the goals of the owner's selected investment portfolio. This discretion does not extend to owners who have created a custom portfolio.

## **Item 17: Voting Client Securities (Proxy Voting)**

Proxy voting is carried out by the mutual fund manager for each security the mutual fund holds. IRA owners should direct all proxy questions to the mutual fund manager. Should a fund require proxy votes for its own management, Guideline will assume voting authority for owners in accordance with our proxy voting policies. IRA owners may request a copy of our Proxy Voting Policy by contacting us at [ira@guideline.com](mailto:ira@guideline.com).



## **Item 18: Financial Information**

### **A. Balance Sheet**

Guideline is not required to include a balance sheet with this brochure because we neither require nor solicit prepayment of more than \$1,200 in fees per client.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither Guideline nor our management have any financial condition that is likely to reasonably impair Guideline's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions**

Guideline has not been the subject of a bankruptcy petition at any time during the last ten years.