

**Item 1 – Cover Page**

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Firm Brochure

(Part 2A of Form ADV)

**Fountainhead Retirement Services LLC**

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March 24, 2020

Date of Last Revision: August 23, 2019

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

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

## **Item 2 – Material Changes**

Fountainhead Retirement Services is required to advise clients and prospective clients of any material changes to our Firm Brochure ("Brochure") from our last annual update. Since our initial filing as an investment adviser in October 2019, our ownership has changed. Previously FRS was owned 50% by DFST, LLC and 50% by the members and managers of FRS's affiliate advisor, Fountainhead Capital Management ("FCM"). The FCM-related members now own their interest in FRS indirectly, rather than directly. DFST's ownership interest is now owned by STDFDK, LLC. There has been no change in FRS's actual management.

Clients will receive an annual summary of any material changes to this and subsequent Brochures no later than April 30, which is 120 days after our fiscal year-end. At that time we will offer a copy of our most current Brochure. We will also promptly provide ongoing disclosure information about material changes as necessary.

Last Annual Amendment Filing: N/A

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#### Item 4 – Advisory Business

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##### General Description of the Firm's Ownership and Services

Fountainhead Retirement Services LLC ("FRS," "Adviser," "we," "our," "us") was formed as a New Jersey limited liability company in April 2019. We are under common control with two other SEC-registered investment advisers, Fountainhead Capital Management ("FCM") and Fountainhead AM ("FAM"). FCM personnel manage and direct our day-to-day business and we share personnel and the same headquarters.

FRS is owned 50% by current owners and managers of FCM/FAM through FRS II, LLC. The other 50% is owned by STDFDK LLC ("STDFDK"), which is in turn wholly-owned by Steven Tessler. Mr. Tessler is not involved in the day-to-day management of FRS.

We provide non-fiduciary advisory services to ERISA and other retirement plan sponsors. We do not provide 3(21) or 3(38) investment management services to the sponsors or the plans; these services, if needed, are provided by an unaffiliated adviser selected by the plan sponsor. We also do not provide personalized advice to plan participants, but we intend to refer participants seeking investment advice to our affiliate, FCM.

FRS has partnered with a payroll processing firm, TriCore, which is partly owned by the owner of STDFDK. TriCore, though its relationship with FRS, is expanding the services it offers to its existing payroll service clients, and intends to refer its payroll clients to FRS.

FRS provides solely non-fiduciary services, including the following:

- **Assistance with the Plan Fiduciary's Plan Governance and Review**, including assistance with determining Plan objectives and Plan design options; reviewing Plan Committee structure and requirements; reviewing participant education and communication strategy, including ERISA 404(c) requirements; assisting the Sponsor with developing and maintaining appropriate Plan documentation; attending periodic meetings with the Plan Sponsor
- **Assistance with the Plan Fiduciary's Vendor Management**, including reviewing fees and services and identifying procedures to track receipt and evaluation of ERISA 408(b)(2) disclosures; providing periodic benchmarking of fees and services to assist the Sponsor's review for reasonableness; reviewing ERISA spending accounts or Plan Expense Recapture Accounts (PERAs); generating and evaluation of service provider requests for proposal and/or requests for information; support with Sponsor's Plan vendor contract negotiations; service provider transition and/or Plan conversion assistance
- **Employee Investment Education and Communication**, including providing group enrolled and investment education meetings; providing fee-specific education

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and communicating the Plan's requirements for requesting additional information about Plan fees and expenses; supporting individual participant questions; providing periodic updates, upon request or through periodic written communications; assisting participants with retirement readiness through general education

The specific services FRS provides will be documented in the advisory agreement we enter into with the Plan Sponsor.

Limited Advice

FRS will provide advisory services solely to sponsors of retirement plans. We have partnered with unaffiliated companies that are already providing other services to businesses, such as payroll and benefits, and plan administration and recordkeeping. These companies will refer their business clients ("Sponsor") to us to provide ERISA and IRS non-fiduciary services to the client's retirement plan ("Plan"). We do not provide advice about specific investments or securities.

Referrals of Plan Participants

FRS will not provide individualized advice to Plan participants, though we will provide general education about investing, especially investing for retirement. We will also provide participants with information about their employer's Plan. Where participants wish to receive additional advisory services, we will refer them to our affiliate, FCM. This includes terminating employees who are in a position to roll over their Plan assets to an IRA or other investment account outside of the Plan. These individuals will receive FCM's disclosures and may choose to enter into an advisory agreement with FCM. We have a conflict of interest in referring to our affiliate, which we mitigate by disclosing the conflict and making clear that participants are not required to use FCM. See Item 14 for more information, including a description of the revenue sharing that will result from referrals.

Tailored Advice

We tailor our services to the needs of the Sponsor, within the broad limitations of the services we offer.

Assets Under Management

The firm does not manage client assets.

**Item 5 – Fees and Compensation**

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We charge the Plan Sponsor an annual fixed fee that is assessed quarterly in advance. The fee is negotiated with the Plan Sponsor and is dependent on the size of the Plan and

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the specific services to be provided. The fee range is typically between .1% and 1.0% of Plan assets, determined at the time the Plan Sponsor enters in the Agreement with us. Generally, larger Plans will pay a lower fee as a percentage of Plan assets than smaller Plans. We review the fees with the Plan Sponsor annually but do not adjust the fee for intervening market value fluctuations. The annual fixed fee remains in effect until changed by agreement of FRS and the Plan Sponsor.

We bill the Plan Sponsor quarterly in advance. We do not deduct our fees from Plan assets.

#### Other Fees

Plans will incur other fees for investment management services, including fees to investment managers, custodians, and brokers. FRS does not provide services related to these other fees, but does help the Plan Sponsor assess the reasonableness of these costs, and may negotiate fees with third parties on behalf of the Plan, if the Plan Sponsor contracts for those services.

#### Termination

Our Agreement with the Plan Sponsor describes termination conditions. In general, we require 30 days' notice of termination. We require that fees be paid in advance by the Plan Sponsor; we do not deduct our fees directly from Plan assets. Should a client terminate on a date other than quarter-end, we will refund any pre-paid, unearned fees on a pro-rata basis based on the number of days remaining in the quarter and the amount of work performed to-date on services to the client.

#### Other Compensation Received by Supervised Persons

No one associated with FRS accepts compensation for the sale of securities or investment products from FRS clients. FRS representatives are, however, also associated with our affiliates, FCM and FAM, and some of our FCM/FAM's representatives, as well as one of our managers, is registered with an unaffiliated broker-dealer. See Item 10 for more information, as well as the ADV 2B disclosure brochure for the representative.

#### **Item 6 - Performance-Based Fees and Side-by-Side Management**

FRS does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the Assets of a client.

#### **Item 7 - Types of Clients**

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We provide non-fiduciary advisory services to ERISA and other retirement Plan sponsors. We do not have a minimum Plan or employer size.

**Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss**

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FRS does not select or recommend investments to the Plan and does not manage assets. Rather, FRS helps the Plan Sponsor with its oversight of other vendors, including assessing whether investment managers are investing in accordance with the Plan's objectives, with certain of its administrative responsibilities, and with its obligations to educate Plan participants.

While we employ our professional judgment in our assessment of other investment advisers, as well as in our support of the Plan Sponsor, there is no guarantee our judgment will be correct. No amount of due diligence or oversight can guarantee a particular level of return or guarantee losses will be prevented.

Investing in securities always involves risk of loss that clients should be prepared to bear.

**Item 9 - Disciplinary Information**

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Investment advisors are required to disclose the facts of any legal or disciplinary events material to a client's evaluation of their advisory business or the integrity of management. We have nothing to disclose in response to this Item.

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

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Investment advisors are required to disclose any relationship or arrangement with certain related persons that is material to its advisory business or to its clients.

Relationship with TriCore

As described in Item 4, FRS is 50% owned by STDFDK. The owner of STDFDK also partially owns TriCore, a payroll processing and related technology company. FRS and TriCore are therefore affiliates. TriCore will refer payroll processing clients who express an interest in retirement plan advisory services to FRS. Where clients of FCM (an advisor affiliated with FRS) could benefit from TriCore's services, FCM may recommend TriCore. The owners of the entities benefit when the related companies obtain new clients and generate additional sources of revenue. FRS has an agreement to pay referral fees to TriCore. See Item 14 for additional information.

Receipt of Insurance Commissions

A number of our advisory representatives (including FRS's Managers, Joseph Halpern, Marc Rock, and Scott Silver) are, in their individual capacities, licensed insurance agents

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with various insurance companies. FRS and FCM are also licensed insurance agencies. FCM and their representatives may recommend the purchase of insurance products that will pay the firm and the representative/advisory representative a commission. FRS will receive a portion of the insurance commission if FRS referred the client to FCM. This conflict arises most commonly as part of the financial planning process, a service FRS does not provide. If an FRS client is referred to FCM, the client will receive FCM's disclosure brochure, which provides additional information about FCM's business, including its conflicts of interest in providing investment advice.

Additional information related to specific advisory representatives appears in the ADV 2B Supplemental Brochure.

Other Financial Industry Affiliations

Fountainhead Capital Management, LLC ("FCM") and Fountainhead AM, LLC ("FAM") are investment advisors under common control with FRS. FAM was formed to provide sub-advisory and back-office services to other investment advisors, not directly to end clients. FRS, FCM and FAM share management, office space, and back-office staff, and FAM supports FCM's advisory services. FCM routinely allocates client assets to FAM and shares its advisory fees with FAM. The relationship between FAM and FCM is relevant only to FRS clients who also become clients of FCM.

The controlling Managers of FRS are also managers and members of FCM and FAM, and they divide their time among the entities. The members generally devote most of their time to FAM and FCM, though this could shift as FRS develops more extensive operations.

Joseph Halpern is the Managing Member and Chief Compliance Officer of FRS. He is also the Managing Member, Chief Compliance Officer, and Chief Investment Officer of FAM, and FCM's Chief Compliance Officer and Chief Investment Officer. He is the principal driver of FAM and FCM's investment strategy and approach.

Joseph Halpern is a licensed insurance producer and in such capacity may recommend, on a fully disclosed commission basis, the purchase of certain insurance products. No FRS representative, including Mr. Halpern, will make insurance recommendations to FRS clients. A conflict of interest does exist, however, to the extent an FCM representative recommends the purchase of insurance products where that representative receives insurance commissions or other additional compensation. FCM has procedures in place to ensure that all recommendations are made in the best interests of clients regardless of any additional compensation earned. Further, FCM discloses the conflict and makes



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explicit that clients are not required to use their FCM adviser to implement insurance recommendations.

Joseph Halpern is subject to production thresholds for insurance products issued via the distribution channel of Penn Mutual Life Insurance Company ("Penn Mutual"). He receives economic benefits, including health benefits, life insurance and disability insurance, from Penn Mutual, an unaffiliated insurance agency, contingent upon future production. These financial arrangements represent a conflict of interest which we mitigate through (1) disclosure; (2) routinely shopping insurance carriers and selecting the best rate, whether that is Penn Mutual or another carrier; and reminding clients that they are not required to purchase insurance products through Mr. Halpern, and they are not required to purchase products via Penn Mutual's distribution channel.

FRS is licensed as an insurance agency to permit it to share insurance revenues with its affiliates; it does not engage in insurance sales or recommendations itself. See Item 14 for additional information.

Joseph Halpern is a principal and member of Exceed Holdings LLC, the parent company of a registered investment adviser to certain affiliated mutual funds, Exceed Advisory LLC. Joe is the investment officer of Exceed Advisory, LLC.

Exceed Advisory sub-advises Exceed Investments LLC-co-branded funds advised by Catalyst Capital Advisors ("Catalyst"). FAM and FCM do not refer clients to Catalyst, but they do use Exceed-branded or co-branded affiliated funds as appropriate in investment models or allocations. Exceed Advisory also sub-advises on additional funds that are not co-branded and that are not currently used by the Fountainhead entities in any capacity.

Marc Rock, Managing Partner of FCM and an owner and manager of both FRS and FAM, owns a minority interest (less than 5%) in Exceed Holdings LLC.

Broker-Dealer Relationship

One member of our management team, Joseph Halpern, is also a registered representative of an unaffiliated broker-dealer (Chelsea Financial Services, Inc., member FINRA, SIPC). Joe became licensed with the broker-dealer primarily to service legacy assets purchased prior to the client's becoming a client of FCM. These legacy assets are generally limited to annuities and mutual funds held outside of the primary custodian, and some of them pay trailing commissions which Mr. Halpern receives personally. Mr.

Halpern is not the advisory representative for these legacy assets. In no event does he earn commissions on assets held by FRS clients.

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

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As a fiduciary, we are obligated to act solely in the interests of our clients. To this end, we have adopted a Code of Ethics that describes our fiduciary and regulatory obligations, and describes the standard of conduct Fountainhead will uphold. Our employees must read and understand the Code and agree to abide by its requirements. A copy of our Code of Ethics is available upon request to both clients and prospective clients by phoning or emailing our office.

Because FRS does not make investment recommendations to its clients, we do not participate in client trades and the personal trading of our associated persons has little or no impact on FRS clients. FRS is, however, affiliated with FCM and FAM – both of which do provide investment advice and where personal trading could conflict with client interests. Accordingly, we have implemented policies to ensure that the personal trading of FCM and FAM personnel is consistent with our fiduciary duty to clients.

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

#### **Item 12 - Brokerage Practices**

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FRS does not select or recommend brokers or custodians and does not make recommendations regarding specific investment transactions. We do not engage in brokerage activity on behalf of clients.

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

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FRS does not maintain “accounts” on behalf of clients. Our agreements with Plan Sponsors generally require specific reviews of the Plan at agreed intervals. We do not provide regular reports to Plan Sponsors, but will provide reports with content tailored to the Plan and the Sponsor’s requirements, as described in the investment advisory agreement.

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

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FRS will obtain referrals from its affiliate TriCore and will pay a referral fee under an agreement between the entities.

FRS and FCM will cross-refer clients, where the firms believe it to be appropriate. We expect FRS will routinely refer individual Plan participants to FCM. FCM or FAM may also refer corporate entities to FRS.

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- FCM will share with FRS advisory fees earned on IRA rollovers resulting from FRS referrals on the following basis: 50% - year 1; 40% - year 2; 30% - year 3; 0% - year 4 and thereafter.
- Where FCM or an FCM advisor earns insurance revenue as a result of an FRS referral, FRS and the individual referring FRS associate will share in the revenue on the following basis: FRS/Individual – 30%/30% - year 1; FRS/Individual 30%/15% - year 2; 30%/0% - year 3.

The advisory fees charged by FRS or FCM will not be higher than they would if the referral agreements described above were not in place.

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**Item 15 - Custody**

FRS has no custody of client funds or securities.

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**Item 16 - Investment Discretion**

FRS does not accept discretionary authority and does not provide management of investment assets.

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**Item 17 - Voting Client Securities**

FRS does not have any authority to vote client securities. Plan Sponsors will receive information on proxy voting from the investment managers they select or the custodians that hold Plan assets.

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**Item 18 - Financial Information**

We are not required to disclose any financial information pursuant to this Item because: (1) we do not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance; (2) we do not have a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients; and (3) we have not been the subject of a bankruptcy petition at any time during the past ten years.