

Item 1 Cover Page



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This brochure provides information about the qualifications and business practices of Vestwell Advisors LLC ("Vestwell"). If you have any questions about the contents of this brochure, please contact us at (917) 979-5358 and/or [compliance@vestwell.com](mailto:compliance@vestwell.com). This 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.

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

References herein to Vestwell Advisors LLC as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

**Item 2: Material Changes**

The only material changes since our last brochure dated March 27, 2019 are listed below in no particular order of importance.

On July 1, 2019 Vestwell moved its sole office location from 22 West 38<sup>th</sup> Street, 10<sup>th</sup> fl. New York, NY 10018 to 550 Seventh Avenue, 14<sup>th</sup> fl, New York, NY 10018.

On April 1, 2018 Vestwell appointed Pamela Rockley to be the Chief Compliance Officer.

Vestwell had listed additional members of its senior management team on its ADV Part 1A Schedule A.

Allison Brecher, Chief Legal Officer  
Jonathan Ferrara, SVP Operations  
Benjamin Thomason, EVP Revenue  
Pamela Rockley, Chief Compliance Officer  
John Skovron, Chief Technology Officer  
Abbey Yvon, SVP Marketing

As of January 1, 2020 the following changes and additions have been made to the Schedule A:

Ann Marie Gorczyca, SVP Client Services and Operations  
David Sheen, promoted to CFO  
Ryan P. Anderson, SVP Product

Vestwell has reviewed the plan documents utilized by Plans on our platform and the guidance it received from the SEC dated February 23, 2017 and has determined that all of its AUM is deemed to be non-discretionary; this filing clarifies and corrects previously provided statistical information.

Vestwell has modified its fee structure to decrease the emphasis on assets under management. Our new standard fee structure is explained in detail in Item 5.

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#### Item 4: Advisory Business

Vestwell is an investment adviser that is registered with the SEC with its principal place of business at 550 Seventh Avenue, 14<sup>th</sup> fl., New York, New York 10018. Vestwell commenced operations as an investment adviser on July 15, 2016. Vestwell Holdings Inc. is the parent company of Vestwell Advisors LLC and owns 100% of Vestwell Advisors LLC.

Vestwell provides investment advisory and related consulting services to employer-sponsored qualified retirement savings Plans and to Plan Sponsors to assist them in implementing the investment options available to plan participants. Through an interactive proprietary online platform, Vestwell offers participants various methods to select the investment options available in their Plan and in some cases, where the participant desires, helps them select and monitor an investment allocation based on their stated goals, time horizon, and risk tolerance that they provide to us through responses to a standard questionnaire.

Vestwell and its sub-advisors select the investment options for each Plan. Participants can decide on their own whether to participate in the Plan and, if they choose to participate, the platform provides them with various methods to select their specific options and investment allocations in three different ways:

**Default Investment** – participants are invested into target retirement strategies based on their age and years before retirement among other factors. Participants are provided with instructions about what those default investments are and how to change these default investments, if they wish to do so.

**Choose Assistance** – participants complete a risk-based questionnaire and the Vestwell Platform offers appropriate strategies that align with the participants' stated risk tolerance and goals. Participants can select the suggested strategy or choose a different one.

**Choose Independently** – participants may select funds from a line-up of ETFs, mutual funds and other products offered by the Plan.

Vestwell does not offer wrap fee programs.

Vestwell acts as a 3(38) investment manager as defined in the Employee Retirement Income Security Act of 1974 ("ERISA"), upon due appointment by a named fiduciary or co-fiduciaries to a 401(k) or 403(b) plan ("Plan"). As a 3(38) investment manager, Vestwell provides advice to Plan Sponsors about investment alternatives available to the Plan in accordance with the Plan's investment policies and objectives. Vestwell has responsibility for the investment process with respect to those Plans, including investment options available to Plan participants. As a 3(21) fiduciary, Vestwell provides advice to Plan Sponsors about investment alternatives available for the Plan in accordance with the Plan's investment policies and objectives. Both the Plan and the individual Plan participants who decide to enroll in and contribute to the Plan are clients ("Clients") of Vestwell. Vestwell does not offer separately managed accounts and does not

provide individualized investment advice to Clients. Clients will not be able to impose restrictions on investing in certain securities or types of securities. Vestwell's investment selections will be limited to the purchase and sale of ETFs, in accordance with the strategies described in item 8.

As of December 31, 2019 Vestwell managed a total of \$110,500,000.00 in non-discretionary assets.

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## Item 5: Fees and Compensation

Vestwell Holdings, Inc. receives compensation from Plans that comprise three components: a flat fee to set up the Plan and administer it each year on the Vestwell Platform; a monthly fee for each participant in the Plan; and a portion of assets under management. Those three components can vary, depending on the specific features and characteristics of an individual Plan. Vestwell Holdings, Inc. also charges transactional fees for certain kinds of additional services that involve additional time, resources, or risk, such as loan processing or preparing Plan amendments that may be requested from time to time by Plan participants or the Plan Sponsor. The Plan Sponsor determines whether all of part of those fees is paid by the Plan Sponsor or by the Plan.

Vestwell Holdings, Inc., in turn, pays the other various service providers to the Plan, including the recordkeeper, Plan administrator, custodian, and investment manager, their respective fees that are set forth in contracts that each service provider has with the Plan Sponsor. In some instances, Vestwell Advisors LLC is the service provider to those Plans for investment management services and receives a portion of the fees that are paid to Vestwell Holdings, Inc. Vestwell Holdings, Inc. typically allocates .10% of the Plan's assets under management fees to Vestwell Advisors LLC.

Neither Vestwell nor any of its affiliates do not receive any other direct or indirect compensation nor any performance-based fees. Additionally, for plans which use Vestwell Advisors LLC as a service provider, Vestwell will not accept any compensation in the form of revenue sharing, commissions, 12b-1 fees, or other compensation. Vestwell may, in certain instances and with advance notice to clients, reasonably modify the amount of its fees.

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

Vestwell Holdings provides an invoice quarterly, in arrears, to the Plan Sponsor for all of the fiduciary and nonfiduciary services provided by Vestwell Advisors and other service providers to the Plan. Pursuant to ERISA, as noted above, the Plan Sponsor determines whether those fees should be paid by the Plan Sponsor or the Plan; fees that the Plan Sponsor determines should be paid for by the Plan are then deducted from participant accounts. Vestwell, in turn, takes payment via electronic funds transfer from the Plan Sponsor or Plan account (based on directions from the Plan Sponsor) within 30 days of the end of the quarter. Vestwell Holdings pays the service providers and deducts expenses for these services from participant accounts. All amounts allocated to individual participant accounts are explained in participants' quarterly benefit statements.

Depending on the investment options selected by the Plan Sponsor, the Plan may also incur brokerage commissions, transaction fees, or similar expenses from the funds themselves and any such compensation is paid to the mutual fund or ETF provider and not to Vestwell or its affiliates.

## Item 7: Types of Clients

Vestwell provides investment management services to qualified retirement plans, specifically 401(k) Plans, 403(b) Plans, Profit Sharing Plans, and Cash Balance Plans. There is no minimum dollar amount and no minimum number of participants required to start a qualified retirement Plan and utilize Vestwell's services. Vestwell may, if appointed by the Plan Sponsor, serve as an ERISA 3(38) or ERISA 3(21) fiduciary to the Plan, but in some instances the Plan Sponsor wants to appoint its own fiduciary investment manager or investment advisor.

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

Vestwell seeks to provide Clients with investment strategies that both serve a full range of investment horizons and tolerances for investment risk, while keeping costs modest. To that end, Vestwell has chosen to focus its investment strategies around the use of ETFs, and has an arrangement with Palladium LLC ("Palladium"), a Registered Investment Advisor, to act as its sub-adviser, to provide it with several investment models to affect its strategies. Vestwell also works with Palladium to provide other 3(38) and 3(21) investment ETF product lineups. Vestwell also provides a select list of investment options offered by Morningstar Investment Management LLC's 3(21) fiduciary services program to its Clients. Advisors can create their own investment product lineup from menus of funds that Morningstar has curated for Vestwell Clients.

Palladium's investment team believes, and Vestwell agrees, that diversification is an essential fundamental principle in effectively managing retirement portfolios. Diversification is applied comprehensively across asset classes, regions, sectors, securities and managers. One of the benefits of diversification at multiple levels is to help guard against the impact of unexpected events. Even in liquid asset classes or strategies, with well-established managers, events can occur that can negatively impact the portfolio. These events include manager changes, style drift or poor execution, diminished liquidity of the ETF, cash lag where failure to invest cash timely causes tracking error, widened bid/ask spreads, excessive trading costs in the ETF, or fund closure. In a single strategy, several ETFs from different providers may be used rather than a single, lowest cost ETF, to provide the additional layer of diversification. The impact at the total portfolio level may be a modestly increased cost.

These methods, options, strategies and investments involve risk of loss to Clients and Clients must be prepared in some cases to bear the loss of their entire investment.

Investment options are as follows:

- Risk-based Strategies ranging that are intended to help participants align their risk profile to their investment strategy. Strategies range from Capital Preservation (100% fixed income ETFs) to Aggressive (100% equity ETFs)
- Target Date Strategies that are intended to help participants match their investment strategy with a retirement date in the future. Strategies are in increments of 5-years and become more conservative as target date approaches.

- Fund Lineup includes a series of low-cost ETFs and a money market option intended for participants who want to construct their own portfolio.

#### Item 9: Disciplinary Information

Vestwell and its senior management team have not been and are not currently the subject of any material legal proceedings required to be disclosed in this section.

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

Pamela Rockley, Vestwell's Chief Compliance Officer, is also the sole proprietor of a currently inactive commodity trading advisor.

Vestwell is not registered as commodity pool operator or commodity trading advisor and is relying upon an exemption from registration.

Vestwell provides investment management services to a diverse number of Clients. As a consequence, although Vestwell is committed to acting in the best interests of its Clients, in some situations there will be conflict of interest between Vestwell's interests and a Client's interests or there will be conflicts in the interests of multiple Clients. Many of these conflicts of interest are inherent in operating an investment advisory business.

A potential or actual conflict of interest could occur if Vestwell charges different fiduciary investment management fee to its clients. We do not believe Vestwell has any actual conflicts of interest due to this or any other issue, but a potential one could arise if, by way of example: Vestwell receives a fee for investment management services from one Client that is higher than the fee for that same service currently paid by another Client. Even if an actual conflict exists, any differences in fees charged for investment management services are immaterial, but the difference could still remain a potential conflict.

Vestwell seeks to mitigate these conflicts through a variety of means. Vestwell maintains a Code of Ethics that emphasizes its fiduciary obligation to put client interests' first and not to favor one Client over another. Please see Item 10.

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

Vestwell has adopted a Code of Ethics (the "Code") that obligates Vestwell and its related persons to put the interests of Vestwell's Clients before its own interests and to act honestly and fairly in all respects in their dealings with Clients. All of Vestwell's personnel are also required to comply with applicable federal securities laws. Clients or prospective Clients may obtain a copy of the Code by contacting Compliance by email at [compliance@vestwell.com](mailto:compliance@vestwell.com) or by telephone at (917) 979-5358. Please see below for further provisions of the Code.

Although Vestwell makes available to Clients a line-up of mutual funds, ETFs, and target date



funds, however it is possible in the course of its investment management activities, Vestwell may come into possession of confidential or material nonpublic information about issuers, including issuers in which Vestwell or its related persons have invested or seek to invest on behalf of Clients. Vestwell is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a Client. Vestwell maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to ensure that Vestwell is meeting its obligations to Clients and remains in compliance with applicable law. In certain circumstances, Vestwell may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but Vestwell will be prohibited from communicating such information to the Client or using such information for the Client's benefit. In such circumstances, Vestwell will have no responsibility or liability to the Client for not disclosing such information to the Client (or the fact that Vestwell possesses such information), or not using such information for the Client's benefit, as a result of following Vestwell's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

Vestwell or its related persons may not: (i) recommend, buy or sell securities for Clients in which Vestwell or its related persons have a material financial interest; (ii) recommend, buy or sell securities for Clients at or about the same time that Vestwell or its related persons buys or sells the same securities for its (or a related person's) own account. A restricted list is also maintained for those positions that may not be traded by Vestwell on behalf of its Clients or by Vestwell employees. All of Vestwell's related persons are required to disclose their securities transactions holdings on an initial, quarterly and on an annual basis. Trading in employee accounts will be reviewed by the Chief Compliance Officer and compared with transactions for the Clients. The Chief Compliance Officer and the member of her household are professionally managed on a discretionary basis.

#### Item 12: Brokerage Practices

Vestwell does not receive research, products or services from broker-dealers or third parties in connection with Client securities transactions ("soft dollar benefits") and will therefore not be entering into any soft dollar agreements.

All brokerage commissions related to transaction costs are paid by Clients. Portfolio transactions are executed by brokers and dealers generally selected by Vestwell based on a number of factors, including price, reputation, financial strength and stability, efficiency of execution and error resolution, liquidity and block position capability and other factors as Vestwell considers relevant and beneficial to its Clients. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of any research provided, execution capability, commission rates and responsiveness. Accordingly, although Vestwell will seek competitive rates, it may not

necessarily obtain the lowest possible commission rates for Client portfolio transactions.

Vestwell does not receive referral fees from broker-dealers or other parties.

Transactions are executed in an omnibus account after they are netted by the custodian. Mutual funds have no ticket charges and ETFs have a ticket charge of \$0.01/share.

#### Item 13: Review of Accounts

To ensure conformity with investment guidelines and objectives, accounts are reviewed on a daily, monthly and quarterly basis. On a daily basis, the investment team provides investment election changes to the recordkeeper and maintains a status of the trade request. Vestwell generates reports for reconciliation purposes that are reviewed at least monthly, or as needed. Vestwell monitors account activity, including positions, exposures, trading activity and profit and loss, along with investment performance, investment compliance and operational controls. On a daily basis, the recordkeeper calculates the net asset value of the Client accounts. Clients receive quarterly statements detailing their account information. In addition, Clients are given online access to view their account values, current as of the start of each business day. Clients will also receive annual statements within 120 days of the plan fiscal year end.

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

Vestwell does not receive any product, service or other economic benefit from any party other than its Clients for providing investment management and advisory services. Vestwell does not compensate, directly or indirectly, any person who is not a supervised or access person, for Client referrals.

#### Item 15: Custody

Vestwell does not have custody of Client funds, securities, or cash. Funds, cash and securities of all Client accounts are held by qualified custodians.

#### Item 16: Investment Discretion

Vestwell provides investment advisory services on a non-discretionary basis to its Clients. Prior to providing its advisory services to a qualified retirement plan and/or its participants, Vestwell must be appointed as either a 3(38) or 3(21) investment manager by the Plan Sponsor acting as the named co-fiduciary of a qualified retirement Plan and enter into an investment management agreement or other agreement which sets forth the scope of Vestwell's services.

#### Item 17: Voting Client Securities

Vestwell does not vote proxies on behalf of its Clients.

Item 18: Financial Information

Vestwell does not require or solicit prepayment of more than \$1200 in fees six months or more in advance.

Vestwell has no financial commitment that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to Clients and has not been the subject of a bankruptcy proceeding.