

**Lincoln Financial Securities Corporation  
Third-Party Asset Management Programs,  
Retirement Plan Services, Financial Planning Services and  
Other Advisory Services  
Form ADV, Part 2A**

July 1, 2021

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[www.lfsecurities.com](http://www.lfsecurities.com)

**This brochure provides information about the qualifications and business practices of Lincoln Financial Securities Corporation. If you have any questions about the contents of this brochure, please contact us at (800) 237-3813 or by sending us an email at [LFNAdvisoryServices@lfg.com](mailto:LFNAdvisoryServices@lfg.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Registration as an investment adviser does not imply a certain level of skill or training.**

**Additional information about Lincoln Financial Securities Corporation also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2: Material Changes**

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This interim amendment to the brochure (this “Brochure”) for the third-party asset management programs, retirement plan services, financial planning services and other advisory services offered by Lincoln Financial Securities Corporation (“LFS”) is dated July 1, 2021 and the last annual updating amendment to this Brochure was dated March 26, 2021. There have been no material changes to this Brochure since the last annual updating amendment dated March 26, 2021.

Clients are encouraged to read this Brochure in detail and contact their IAR (as defined below) with any questions. If you would like another copy of this Brochure or a copy of any other LFS brochure, please feel free to access and download it from our website at [www.lfsecurities.com](http://www.lfsecurities.com) under My accounts—Disclosures or at [www.lfg.com/public/individual/adv](http://www.lfg.com/public/individual/adv), or from the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You also may request a copy of this Brochure or any other LFS brochure by contacting LFS at (800) 237-3813 or [LFNAdvisoryServices@lfg.com](mailto:LFNAdvisoryServices@lfg.com).

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## **Item 4: Advisory Business**

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### **ABOUT LFS**

LFS was incorporated in 1969 and has been registered with the SEC as an investment adviser since 1985. LFS is wholly owned by Lincoln National Corporation (“LNC”), a publicly held entity. Lincoln Financial Group is the marketing name for LNC and its affiliates.

As of December 31, 2020, LFS managed approximately \$3.1179 billion of client assets on a non-discretionary basis and approximately \$960.6 million of client assets on a discretionary basis.

LFS offers a wide variety of investment advisory programs and services. LFS’s investment adviser representatives (collectively, “IARs”) assist clients in pursuing their financial goals by providing personalized financial planning services and investment solutions. The investment advisory programs and services described in this Brochure may also be offered by certain independently registered investment advisers, who are also registered representatives of LFS in its capacity as a registered broker-dealer (each, an “RIA”). References in this Brochure to the products and services offered by the IARs include the RIAs.

This Brochure provides an overview of certain investment advisory programs sponsored by third parties that are offered through LFS, LFS’s financial planning services, LFS’s retirement plan consulting program, and certain other services.

Any information relating to the tax considerations affecting your financial arrangements or transactions is not intended to be tax advice and should not be relied upon as such. Neither LFS nor the IARs provide tax, legal or accounting advice.

In addition to the advisory programs and services described in this Brochure, LFS also offers the following advisory programs and services, which are described in separate Forms ADV, Part 2A:

- Custom Wealth Advantage Choice Wealth Management Program (the “CWA Choice Program”); and
- Custom Wealth Advantage Program (which includes the Custom Wealth Advantage Separately Managed Accounts Program, Custom Wealth Advantage Unified Portfolio, the Custom Wealth Advantage Mutual Fund Program, and the Custom Wealth Advantage Strategist Program) (the “CWA Program”).

For a detailed discussion of each of the advisory programs and services listed above, including the fees and compensation associated with them, you should refer to the Form ADV, Part 2A for the particular program, which is available on our website at [www.lfsecurities.com](http://www.lfsecurities.com) under My accounts—Disclosures or at [www.lfg.com/public/individual/adv](http://www.lfg.com/public/individual/adv), and on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). These Forms ADV, Part 2A may also be requested by contacting LFS at (800) 237-3813 or by sending us an email at [LFNAdvisoryServices@lfg.com](mailto:LFNAdvisoryServices@lfg.com).

### **AVAILABLE ACCOUNT AND RELATIONSHIP TYPES**

When you choose to purchase products and services through LFS and work with an LFS financial professional, you have the option of investing through a transaction-based account, such as a brokerage account, a fee-based investment advisory program, or both. It is important to understand the services you can expect to receive and the costs associated with each of these different types of accounts and relationships with LFS and your LFS financial professional. These services and related costs are described below and in LFS’s Form CRS, Regulation Best Interest (“Reg BI”) Disclosure Document, and Forms ADV, Part 2A, which are available on LFS’s website at [www.lfsecurities.com](http://www.lfsecurities.com) under My accounts—Disclosures.

#### **Transaction-Based Account, Such As a Brokerage Account**

With this type of account, you pay commissions and other charges (such as sales loads on mutual funds) at the time of each transaction, such as the purchase of a mutual fund, stock or other investment product. These commissions are the primary source of compensation for the transaction-based advice provided by your LFS financial professional when recommending such transactions. When acting as your broker, your LFS financial professional can make recommendations and provide guidance to you in selecting investment products and services. Your LFS financial professional may also provide investment

education and research services, which are incidental to the brokerage services LFS provides. This type of account may be more appropriate than a fee-based investment advisory account if you do not want ongoing investment advice on assets held in your account, or ongoing management of your account, and instead want only periodic or on-demand advice and recommendations specific to the purchase and sale of investment products. This type of account may result in lower costs for you if you expect to trade on an infrequent or occasional basis.

For additional information on LFS's broker-dealer services and transaction-based account offerings, please see LFS's Form CRS and Reg BI Disclosure Document, which are available on LFS's website at [www.lfsecurities.com](http://www.lfsecurities.com) under My accounts—Disclosures. LFS's Form CRS and Reg BI Disclosure Document may also be requested by contacting LFS at (800) 237-3813 or by sending us an email at [LFNAdvisoryServices@lfg.com](mailto:LFNAdvisoryServices@lfg.com).

### **Fee-Based Investment Advisory Program**

A fee-based investment advisory program, sometimes called a “managed account,” may be more appropriate than a transaction-based account, such as a brokerage account, if you want ongoing investment advice and management of your account. This type of account may result in lower trading costs for you, particularly if the program you select does not assess transaction costs separately. LFS acts as a sponsor and broker-dealer in connection with some of the investment advisory programs and services it offers and LFS offers a number of different investment advisory programs and managed accounts.

With this type of account, you will usually pay an ongoing investment advisory fee based on the value of the assets held in your account in exchange for ongoing investment advice and management of your account. The asset-based fee is the primary source of compensation for the ongoing investment advice provided by your IAR. You generally will not be charged commissions for each purchase or sale of an investment product, although you may be charged a transaction charge for executing certain transactions and trades within your account, and you may incur other fees and costs associated with your account.

Transaction charges will not be used to compensate your IAR for his or her services in this type of account. Fees for certain investment advisory programs may be charged as an “all-inclusive” bundled fee based on the value of the assets in your account. This bundled fee usually includes a portfolio management fee, brokerage and transaction costs, and investment advice and is sometimes referred to as a “wrap fee.” However, this bundled fee usually will not include costs associated with transactions that are executed at broker-dealers other than the one at which your account is held. Transactions executed at broker-dealers other than the one at which your account is held are sometimes called “step-out” trades and are described further in Items 5 and 12 below. Fees vary depending on which LFS programs and services you use. Fees may be billed in arrears or in advance, depending on the program and the terms of your client service agreement. Fees typically are charged monthly or quarterly based on the assets held within your account for services such as ongoing investment advice, investment selection and recommendations, asset allocation, execution of transactions (depending on the program you are in), custody of securities and account reporting services. Please see your client service agreement, Statement of Investment Selection (“SIS”), if applicable, and other account-opening documentation for additional information.

Alternative investments (“AIs”) may be held in a managed account, but usually for consolidated reporting purposes and convenience only. For purposes of this section, AIs are defined as non-traditional investments such as non-traded real estate investment trusts, limited partnerships, oil and gas programs, managed futures funds, qualified opportunity zone funds, interval funds, private placements, 1031 exchange programs, funds of hedge funds, and other non-traded investment programs. Generally, AIs are illiquid and not traded on an exchange, or have limited liquidity at the discretion of the product provider, but may offer clients opportunities for diversification in their investment portfolios. AIs are usually purchased directly from the sponsor company on a commission basis and held in a transaction-based account. However, a client may request that an AI be held in a managed account. When LFS permits an AI to be held within a CWA Choice Program account or a CWA Program account, the AI generally will be coded as an “unsupervised” asset, which means that LFS will not serve in an investment advisory capacity with respect to the AI, LFS will not provide investment advisory services or oversight on the AI, and the AI will be excluded from the account's advisory fee calculation but reflected as an asset on the account's performance report. Unsupervised assets are not included in the performance calculation for CWA Choice Program accounts or CWA Program accounts. Notwithstanding the foregoing, LFS permits certain AIs to be held within CWA Choice Program accounts and CWA Program accounts as “supervised” assets. The AIs LFS permits to be held within CWA Choice Program accounts and CWA Program accounts as supervised assets generally will be in a share class designed or intended to be used in connection with a fee-based account. In such cases, LFS will serve in an investment advisory

capacity with respect to the supervised AI, LFS will provide investment advisory services and oversight on the supervised AI as it would with other assets maintained in the CWA Choice Program or CWA Program account, and the supervised AI will be included in the calculation of the account's advisory fee and performance. If these circumstances are applicable to your AI, the AI Worksheet you complete in connection with your AI investment and/or your other account documentation will inform you of the fact that your AI will be a supervised asset included in the calculation of your account's advisory fee and performance. Additionally, in some TAMP (as defined below) programs, the investment manager(s) selected may use AIs in the management of client accounts and may include AI assets in their fee and performance calculations.

LFS's advisory fees generally are negotiable. Some programs charge separately for asset management services, ongoing investment advice, and transactions. In such programs, you may be charged brokerage costs for transactions in your account in addition to the advisory fees. Fees and other charges are described in more detail in the applicable program's client service agreement, SIS, if applicable, and Form ADV, Part 2A.

For additional information on LFS's investment advisory programs and services, please see LFS's Form CRS and Forms ADV, Part 2A, which are available through our website at [www.lfsecurities.com](http://www.lfsecurities.com) under My accounts—Disclosures or at [www.lfg.com/public/individual/adv](http://www.lfg.com/public/individual/adv), and through the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). LFS's Form CRS and Forms ADV, Part 2A may also be requested by contacting LFS at (800) 237-3813 or by sending us an email at [LFNAdvisoryServices@lfg.com](mailto:LFNAdvisoryServices@lfg.com).

### **THIRD-PARTY INVESTMENT ADVISORY PROGRAMS**

LFS offers access to several investment advisory and asset allocation programs sponsored by third-party asset management firms, which are sometimes referred to as turn-key asset management programs ("TAMPs"). TAMP programs allow clients to choose from a variety of professional investment managers. TAMPs offer clients different model portfolios associated with different levels of risk. LFS does not provide asset management functions for client accounts held in TAMP programs, as the assets are managed by the TAMP sponsor and/or one or more investment managers made available through the TAMP program. Client accounts in TAMP programs may be invested in a number of different investment products, including, but not limited to, stocks, bonds, mutual funds, annuity contracts, and exchange-traded funds ("ETFs"). LFS is not responsible for any securities or other assets purchased or sold or chosen as investments in client accounts that are invested through TAMP programs, including, but not limited to, any illiquid investments, AI assets, specific mutual funds or share classes selected. The specific services offered by TAMPs, and the fees associated with those services, can be found in the applicable TAMP sponsor's disclosure brochure and in the account opening paperwork and client agreement that a client completes prior to entering into a TAMP program.

The following description provides an overview of the different TAMP programs offered through LFS. Please refer to the relevant Form ADV, Part 2A for each TAMP or TAMP program (other than the SEI Mutual Fund Asset Allocation Program) for a more detailed explanation of each of the TAMP programs offered through LFS.

In each of the TAMP programs described below, LFS provides advisory services including assisting clients in completing a program questionnaire or similar client profiling tool to gather information about the client's financial circumstances, investment objectives, goals, risk tolerance, and time horizon and other pertinent information. Based on this information, the IAR will assist and provide ongoing advice to clients in selecting or replacing the appropriate TAMP program, asset allocation strategy, model portfolio or other investment strategy based on the client's specific needs and goals. Any information collected through this process may be shared among LFS, the IAR, the TAMP sponsor, the investment manager selected, the custodian, and any other parties performing services relating to the client's account.

LFS researches, selects and reviews on an ongoing basis the TAMP programs that are offered through LFS. LFS may use information provided by the TAMP program sponsor and may also use independent data sources when evaluating a TAMP program. As with any investment strategy, asset allocation, model or investment portfolio, past performance is no guarantee of future performance. In addition, forecasts of future performance of financial markets may prove to be incorrect. Diversification may help spread risk throughout an investment portfolio. Different asset classes have different risk and potential return profiles and they perform differently in different market conditions. Diversification alone will not guarantee a profit or protect against a loss.

The IAR will usually present the client with an investment strategy report, proposal or statement that summarizes the TAMP program's recommendations based on the information provided by the client. The IAR may, if appropriate and permitted under the relevant program, suggest modifications to the program's recommendations to address client-specific needs. The client may place reasonable restrictions on investments. The asset allocation strategy, model portfolio or investment strategy that the client selects will be implemented using the mutual funds and/or other investment products offered through the relevant program. The client will usually appoint the TAMP program sponsor and/or the investment manager selected as their attorney-in-fact and delegate discretionary trading authority to that party. That allows the TAMP program sponsor and/or selected investment manager to buy and sell securities in the client's account without prior approval from the client for each transaction. Unless otherwise agreed to by LFS and the client, LFS and the IARs generally will not have any responsibility or authority to buy or sell securities in client accounts held in TAMP programs, or to choose the initial or ongoing allocation of client assets or to select investment managers. Duties of all parties, including the client, LFS, IAR, TAMP sponsor and investment manager(s) are further described in the applicable client agreement and the Form ADV, Part 2A of the TAMP program sponsor and the third-party investment manager (if applicable).

If the client's financial situation changes or the client would like to change the reasonable restrictions, if any, placed on their account, the client should notify the IAR, who will notify the TAMP program sponsor. The TAMP program sponsor, third-party investment manager selected, and/or its affiliates and service providers are responsible for creating and sending reports to clients, including transaction reporting, performance reporting and tax reporting. LFS and the IAR will not independently audit third-party TAMP program performance information to determine or verify its accuracy and will not calculate or audit the performance reports that TAMP program sponsors send to clients. Clients are strongly encouraged to carefully review the TAMP sponsor's and third-party investment manager's disclosures regarding prior performance to determine the relevance of the prior performance to the client's account, and whether the prior performance includes any hypothetical or back-tested performance information. LFS also strongly encourages clients to review the account statements provided by the custodian of the client account and compare those statements to any report or statement provided by the TAMP program.

### **Solicitor Programs**

While LFS has generally stopped offering TAMP programs to new clients through solicitor arrangements where LFS acts as a "solicitor" and refers clients to a TAMP, LFS does refer clients to certain TAMPs and investment managers through solicitor or similar referral arrangements in very limited circumstances. In a solicitor arrangement, a TAMP sponsor or investment manager agrees to compensate LFS for providing client referrals. In these cases, LFS and the IAR receive referral fees for making the referral, which are generally referred to as "Solicitor Fees." In most cases the Solicitor Fees are calculated as a percentage of the client assets that the TAMP sponsor and/or third-party investment manager manages; however, there may be instances where the Solicitor Fees are determined in some other fashion. The Solicitor Fees are disclosed to clients and prospective clients as and when required by Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), which governs the payment of fees for client referrals to SEC registered investment advisers. In most cases, LFS and the IAR maintain an ongoing relationship with the referred clients and may meet with clients periodically to assist the client in reviewing the account(s) managed by the third-party investment manager, and to discuss other financial matters that pertain to the client. It is important to understand that when LFS acts as a solicitor by referring clients to other investment advisers or asset managers, LFS does not provide investment advice to the client and does not act in a fiduciary or investment advisory capacity with respect to the referred client's account with the TAMP sponsor or investment manager.

While LFS has generally stopped offering TAMP programs to new clients through solicitor arrangements, some client accounts referred to TAMP programs under terminated solicitor arrangements remain active and LFS currently refers clients to certain TAMPs and investment managers through solicitor or similar referral arrangements in very limited circumstances. Please see your account opening documentation for additional information.

### **Co-Advisory Programs**

Except in the very limited circumstances described above under the heading "Solicitor Programs," LFS offers only co-advisory TAMP programs to new clients. When LFS and a TAMP sponsor have a co-advisory agreement, each party acts in an investment advisory and fiduciary capacity to the client. However, the TAMP sponsor (or its selected investment manager or sub-adviser) will generally be responsible for investment and portfolio management responsibilities and



functions, including security selection, within the client's account. The responsibilities of each party in each investment program will be described in the applicable client agreement and disclosure documents.

The IAR is responsible for understanding and recommending a TAMP program and investment strategy that is suitable and in the best interest of the client based on the information obtained about the client's financial situation, investment experience, investment objectives, time horizon, and risk tolerance, and other relevant factors.

The TAMP sponsor is responsible for implementing the investment strategy and managing the client's portfolio in accordance with the selected investment strategy.

The following are brief general descriptions of the most significant co-advisory TAMP programs currently being offered to LFS clients. For additional information on each of these TAMP programs, including detailed information regarding the services offered in the TAMP program, applicable investment minimums, applicable fees, costs, and expenses, and other important information, please refer to your account opening paperwork (including your client agreement) and the applicable investment adviser's or TAMP program's disclosure brochure, which is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### ***SEI Investments***

LFS has an agreement with SEI Investments Management Corporation ("SIMC"), SEI Investments Distribution Company and SEI Trust Company (collectively, "SEI") under which LFS offers various asset allocation and investment advisory programs sponsored by SEI.

SEI offers an investment management approach that uses actively managed asset allocation to help meet the client's objectives. SEI offers a style-specific, multi-manager investment approach to pursue less volatile long-term performance and attempt to reduce risk. In addition, SEI monitors for style drift that might generate uncompensated risk. Client portfolios are designed with a diversified asset allocation to provide flexibility to address client needs. SEI provides clients with a monthly consolidated statement, quarterly performance reports and an annual tax report from SEI. SEI's programs may use global diversification and tax-efficient strategies to help reduce realized capital gains and tax liability.

The following SEI programs are offered through LFS:

SEI Mutual Fund Asset Allocation Program. This program offers clients access to actively managed asset allocation portfolios comprised exclusively of no-load mutual funds advised by SEI ("SEI Funds"). The asset allocation portfolios are constructed and maintained by SEI based on its capital market assumptions. The IARs assist clients in selecting a specific asset allocation portfolio that is appropriate for the client based on information the client supplies in response to an investment questionnaire. The client directs the IAR to instruct SEI Trust Company to purchase and sell SEI Funds pursuant to the investment objectives and rebalancing parameters selected by the client.

SEI Sub-Advised Programs. This program offers clients access to investment strategy models of investment managers appointed by SIMC and investment models developed and managed by SIMC. These models include, but are not limited to, SEI ETF Strategies, SEI Managed Account Solutions ("MAS"), and SEI Distribution-Focused Strategies ("DFS") Portfolios, each as defined in the applicable account application necessary to invest in the noted program. These programs cover a broad spectrum of investment styles and actively managed asset allocation strategies that include allocations to portfolio managers hired to manage designated portfolios or individual securities based on specific investment styles and may include an allocation to SEI Funds. The client appoints SEI to manage the assets invested in each of these programs in accordance with a strategy selected by the client. SEI may delegate its responsibility for security selection to one or more portfolio managers. A description of DFS and MAS, including the services provided and related fees, can be found in SIMC's disclosure brochure.

SEI may impose minimum account balances ranging from \$50,000 to \$1,000,000 depending upon the strategy chosen. The minimum account size for each of SEI's programs is set at SEI's discretion and may be negotiable or waived at the discretion of SEI.

GoalLink and Integrated Managed Accounts Programs. Through GoalLink, the IARs are responsible for analyzing the client's current financial situation, return expectations, risk tolerance, time horizon, and asset class preference. Using the



GoalLink Presentation Tool, the IAR and the client select an investment strategy (“Strategy”), which is then submitted and reviewed by a representative of SEI. The Strategy may include a combination of individual securities and SEI Funds, based upon the client’s selected Strategy and account size. The account minimums are determined at the discretion of SEI and may range from \$25,000 to \$250,000. SEI may waive or modify the minimum account size at its discretion. SEI will have investment authority over the client’s assets invested pursuant to the Strategy and will make prescribed adjustments to the Strategy weights based on market conditions. SEI’s investment authority is effective until changed or revoked in writing. SEI may delegate its day-to-day responsibility for selecting particular securities to one or more portfolio managers.

The IAR will explain to the client which SEI Funds are available within the client’s SEI account and explain the rebalancing guidelines used in the management of the portfolio. SEI is responsible for rebalancing the SEI account pursuant to the standard variances established by SEI. SEI will notify LFS when quarterly reallocation of the model portfolio is deemed necessary by SEI. SEI will proceed with the portfolio reallocation unless otherwise instructed by the client.

The client retains the authority to change between the model portfolios, although variation from SEI’s specific asset allocation within each model may subject the client agreement and/or account to termination. All dividends and capital gain distributions paid by the SEI Funds in the client’s SEI account will automatically be reinvested unless client provides written instructions not to reinvest dividends and/or other distributions to SEI.

### *AssetMark, Inc.*

LFS offers asset allocation and advisory services sponsored by AssetMark, Inc. (“AssetMark”). For accounts established up to and including June 9, 2017, LFS offered these services under a solicitor model or a co-adviser model through the programs listed below. For accounts established after June 9, 2017, LFS offers the AssetMark services only through a co-adviser model. Under the solicitor model, IARs solicited clients for AssetMark’s asset allocation and advisory services. Under the co-adviser model, LFS and the IARs offer AssetMark’s asset allocation system, in which clients are introduced to investment managers who provide discretionary management of individual portfolios of equity and/or fixed-income securities. Clients may also invest in model portfolios of mutual funds, ETFs and variable annuity sub-accounts created and maintained by institutional investment strategists.

LFS and the IARs do not have any responsibility or authority to determine the investment managers made available in the AssetMark platform, or to add or remove investment managers from that platform. In addition, LFS and the IARs have no responsibility to determine how AssetMark or the investment managers allocate client assets, to buy or sell securities or other investments for client accounts, or to select broker-dealers with which transactions will be effected. All decisions with respect to the availability of investment managers and other service providers will be made by AssetMark. The selection of specific investment managers and broker-dealers used in connection with a specific client account will be made by the client during the account opening process or by subsequently providing authorization of any such selection to LFS, the IAR and/or AssetMark. Trading authorization will be granted by client to AssetMark or another portfolio strategist under the terms of the investment advisory agreement governing the AssetMark program.

The AssetMark investment advisory programs and services offered through LFS include, but are not limited to:

#### Guided Portfolios:

- GPS Fund Strategies;
- GPS Select; and
- Custom GPS Select;

#### Single Strategy Solution Types:

- Mutual Fund Accounts (including Market Blend and Individual Mutual Fund Solution Types);
- ETF Accounts (including Market Blend); and
- Mutual Fund/ETF Blend Accounts;

Privately Managed Accounts (“PMA”) or Separately Managed Accounts (“SMA”), including:

- Individually Managed (“IMA”) Accounts (Equity Balanced, Fixed-Income, and Custom High-Net Worth);

Savos Unified Managed Accounts (“Savos UMAs”), including:

- Savos Preservation Strategy;
- GMS Accounts;
- Privately Managed Portfolios (“PMP”) Accounts;
- US Risk Controlled Strategy; and
- Savos Wealth Custom Portfolios;

Multiple Strategy Accounts; and

Guided Income Solutions.

The programs and strategies made available by AssetMark are updated by AssetMark periodically. Please review the AssetMark disclosure brochure and your account opening documentation for more information.

The portfolio strategists used in mutual fund, ETF, mutual fund/ETF blend, and IMA accounts are selected by AssetMark in order to provide a wide range of investment options and philosophies. AssetMark serves as the portfolio strategist for the GPS Fund Strategies. Aris, a division of AssetMark, serves as the portfolio strategist for the Asset Builder, Personal Values, and Income Builder strategies.

### ***Morningstar Investment Services, LLC***

LFS offers clients the Morningstar® Managed Portfolios Program sponsored by Morningstar Investment Services, LLC (“MIS”). This investment advisory program includes access to mutual fund asset allocation and focused strategy portfolios (“Mutual Fund Portfolios”), ETF strategy portfolios (“ETF Strategy”), and select stock basket strategy portfolios (“Stock Baskets”). The minimum initial investment to open an account is \$50,000 for the Mutual Fund Portfolios, \$100,000 for the ETF Strategy, and generally is \$100,000 for Stock Baskets. Some Stock Baskets have a \$250,000 minimum investment requirement. Minimum investment requirements may be modified, waived or negotiated at MIS’s discretion.

Clients will sign an investment management agreement giving MIS discretionary authority to buy and sell mutual funds, ETFs, and other securities, as appropriate, in order to invest and manage the client’s assets based on the client’s selected portfolio and any restrictions. Rebalancing will typically occur quarterly and reallocation will occur as frequently as MIS considers necessary.

### ***Brinker Capital Investments, LLC***

Brinker Capital Investments, LLC (“Brinker”) provides discretionary and non-discretionary investment management services to meet the needs of individual clients. Investment services include model portfolios that are comprised of mutual funds and/or ETFs created and maintained by Brinker, and/or Brinker’s separately managed accounts.

### ***Symmetry Partners LLC***

Symmetry Partners LLC (“Symmetry”) provides discretionary investment management services to meet the needs of individual clients. Symmetry creates model portfolios constructed and maintained by Symmetry using open-ended mutual funds and/or ETFs.

### ***CLS Investments LLC***

CLS Investments LLC (“CLS”) provides discretionary and non-discretionary investment management services to meet the needs of individual clients. CLS offers model-based strategies that utilize stocks, bonds, mutual funds, ETFs, and/or variable annuity subaccounts.

### ***City National Rochdale, LLC***

City National Rochdale, LLC (“Rochdale”) provides discretionary investment management services to meet the needs of individual clients with portfolios of \$1 million and above. Rochdale creates model portfolios or individualized management services utilizing stocks, bonds, mutual funds, and ETFs.

### ***Flexible Plan Investments LTD***

Flexible Plan Investments LTD (“Flexible Plan”) provides discretionary investment management services to meet the needs of individual clients. Flexible Plan’s services encompass various strategies with differing objectives to enable clients to receive personalized investment management utilizing mutual funds, ETFs, and/or variable annuity subaccounts.

### ***Pacific Financial Group Inc.***

Pacific Financial Group Inc. (“Pacific”) provides discretionary and non-discretionary investment management services to meet the needs of individual clients. Pacific offers model portfolios created and maintained by Pacific containing mutual funds and ETFs, and/or Pacific’s separately managed accounts.

### **Limited Arrangements**

LFS offers other TAMP or asset management programs in addition to those listed above on a limited basis. This may occur when a representative joins LFS and is using another firm for asset management services, or where there is another unique need that isn’t met by the other programs that LFS offers. This may also occur when LFS has historical or legacy TAMP or asset manager arrangements but has not yet closed the programs and required clients to move to new programs. These programs follow the same general format and fee structure as the programs described above.

For additional information on each of these other TAMP programs, including detailed information regarding the services offered in the TAMP program, applicable investment minimums, applicable fees, costs, and expenses, and other important information, please refer to your account opening paperwork (including your client agreement) and the applicable investment adviser’s or TAMP program’s disclosure brochure, which is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **FINANCIAL PLANNING SERVICES**

IARs provide financial planning services through a written planning agreement. Planning is focused on specific areas and is based upon each client’s individual financial situation and personal and/or business objectives. The degree of detail and sophistication of the financial planning services provided varies according to the individual client’s circumstances. Each client is provided with a written summary of the work undertaken in electronic or hard copy format. Plans are usually completed within six months of the contract date.

LFS’s planning services are advisory only. LFS does not require a minimum account size for financial planning, consultation, or seminar services, nor does it require that financial planning, consultation, or seminar clients maintain either a brokerage or advisory account with LFS. Any information relating to the tax considerations affecting your financial arrangements or transactions is not intended to be tax advice and should not be relied upon as such. Neither LFS nor the IARs provide tax, legal or accounting advice, or other professional services.

Through meetings and discussions with your IAR, your IAR will gather the information necessary to understand your financial situation and objectives. The information gathered will include, among other things, your current financial status, future goals and objectives, and attitudes towards risk. Once this information, any requested financial records, and other documents supplied by you are received, your financial data is analyzed and observations are made based upon your current financial circumstances. Financial challenges are identified and specific financial planning strategies are recommended and presented to you for consideration in an electronic or hard copy written report. Your financial plan will address one or more of the following areas:

## **Personal Financial Planning**

- ***Estate Planning.*** During the estate planning process, your IAR provides advice to enable you to make informed decisions with respect to property ownership, distribution of assets, estate tax reduction, tax payment, and related matters. Based on your current situation and your future goals, your IAR will review your estate plan, discuss planning techniques, and suggest alternative strategies when appropriate. The estate planning process involves a discussion of gifting, trust implementation, wills, the disposition of business interests, and related matters. Tax consequences and their implications are identified and evaluated.
- ***Retirement Planning.*** The retirement planning process includes an analysis of your current situation, a written discussion about alternative planning strategies, and techniques that can be used to assist you in accumulating wealth for retirement income, or in the appropriate distribution of assets following retirement. Tax consequences and their implications are identified and evaluated.
- ***Investment Planning.*** During the investment planning process, your IAR evaluates your existing investments, analyzes your current economic circumstances and tax characteristics, and reviews your risk tolerance. This process includes an analysis of your current asset allocation and investment income. Tax consequences and their implications are also identified and evaluated. Once your current situation has been reviewed, your IAR will recommend strategies and investment techniques. The strategies and techniques recommended are designed to assist you with the selection of an appropriate asset allocation and investment strategy in light of your investment objectives. The strategies and techniques outlined in your investment plan are designed to assist you in pursuing your stated investment goals at an appropriate risk level for you.
- ***Education Planning.*** The education planning process includes a definition of your objectives for family educational needs and a written analysis of potential ways to help fund the objectives. This includes strategies designed to help minimize negative tax implications, not only in the accumulation phase, but also in the distribution phase.
- ***Risk Management.*** The risk management planning process includes the evaluation of the impact of a potential premature death, disability, or long-term care event on your family situation. A written analysis defining your objectives, as well as the potential financial implications of adverse circumstances, is provided, along with recommendations of techniques that may help with the mitigation of this risk. This may include not only planning strategies, but product type/class considerations as well.

## **Business Owner Financial Planning**

- ***Business Succession Planning.*** The business succession planning process includes an analysis of the current state of your business, as well as your goals for the future of your business. Once the current state of your business and your future goals are determined, your IAR will provide alternatives and strategies addressing the continuity or disposition of your business upon your retirement, death, disability, or decision to sell. Tax consequences and their implications are also identified and evaluated.
- ***Executive Compensation Planning.*** The focus of executive compensation planning is the analysis and recommendation of various compensation strategies to attract, retain and reward key employees of the business. This planning may also include the business owner. Objectives of the business owner and the financial structure of the business will be reviewed and considered in the analysis and recommendations. Tax consequences and their implications are identified and evaluated.
- ***Entity Planning.*** The entity planning process begins with a review of the type(s) of entity(ies) you have elected for your business operations, including sole proprietorships. Understanding your short-, mid- and long-term goals for the business and your succession or exit goals are an important factor as well. Together with your other advisors, your IAR will provide alternatives that may help you achieve your goals more effectively than your current situation, or they may confirm that your current elections are most appropriate. Tax consequences and their implications may also be identified and evaluated.

- ***Employee Benefits Planning.*** The employee benefits planning process begins with a review of your current benefit offerings to your key people, executives, and/or your entire employee population. Understanding your short-, mid- and long-term goals for the business and your succession or exit goals are an important factor as well. Your business cash flow, ability to maintain certain funding requirements, and other factors will be evaluated. Together with your other advisors, your IAR will provide alternatives that may help you achieve your goals more effectively than your current situation, or they may confirm that your current plans are most appropriate. Tax consequences and their implications may also be identified and evaluated.
- ***Executive Financial Planning.*** LFS contracts with businesses and associations to provide financial planning services to their executives, partners, members and directors. In these instances, each individual will be provided with a personal financial plan as described above. Fees charged are calculated based on the same criteria as the personal financial planning fees described in the Financial Planning Fees section below. Fees generally are paid by the business or association.
- ***Nonqualified Deferred Compensation Financial Planning.*** LFS also offers nonqualified deferred compensation financial planning services. For a nonqualified deferred compensation program, the analysis contains alternative methods to informally “fund” the program, including an overview of the accounting treatment of these methods, and a recommendation on the appropriate method of “funding” the program. The plan will be summarized in a written document delivered to you in electronic or hard copy format and will reflect your current situation and an analysis of alternative ways to accomplish your objectives.

LFS, through the IARs, will deliver a written financial analysis and plan to the client in hard copy or electronic format and shall contact the client for a review of the plan. After this review, LFS’s obligations and responsibilities as it relates to the financial planning services being provided to the client shall terminate. Any necessary updates to the financial analysis and plan, or execution or implementation of the recommendations made in the plan, shall be at the sole discretion of the client. LFS and the IAR will be under no obligation to update the financial analysis and plan or to monitor changes in the client’s financial circumstances, investments or insurance in connection with the financial analysis and plan services unless the planning contract is renewed after the first anniversary.

### **Renewal Plans**

After the first anniversary of the initial planning contract, you may request, or the IAR may suggest, that the planning contract be renewed for purposes of updating your financial plan, in whole or in part. The type of financial planning to be done in connection with any renewal will be agreed upon at the time of the renewal. The areas to be covered in any renewal may or may not be the same as the areas covered in your initial financial plan. In connection with renewals, the IAR will analyze current data you provide, will prepare an updated written summary (in electronic or hard copy format) reflecting your current financial circumstances and, where appropriate, will recommend strategies for your consideration.

### **Other Types of Planning Services**

#### ***Client Consultation Services***

Consultation services are more limited than the services included with a full financial plan and may be limited to an isolated issue or specific area of concern. Consultation services are offered to clients who want general investment advice or guidance, including advice or guidance relating to one or more of the following areas:

- A review of the client’s current investment portfolio and a discussion of a generic asset allocation not involving any specific investment recommendations; or
- A review of a new or current issue regarding a portion of the client’s current plan, addressing one or more of the following areas: estate planning, retirement planning, investment planning, business succession planning, education planning, or risk management.

Your IAR will carefully review all relevant materials pertaining to your specific consultation. The IAR will then provide a consultation that reflects your current financial circumstances, financial outlook, and personal and/or business objectives.

The consultation services provided by your IAR are limited to the advice given and the information discussed during the single consultation and any related follow up, and do not require your IAR to develop or provide an in-depth financial plan. If you would like a detailed financial plan, you should enter into a financial planning relationship with LFS as described above.

### ***Executive Consulting Services***

LFS contracts with businesses and associations to provide consultation services to their executives, partners, members and directors. In these instances, each individual will be provided with a consultation as described above. Fees charged are calculated based on the same criteria as the client consultation fees described in the Consultation Fees section below. Fees generally are paid by the business or association.

### ***Seminars***

LFS provides seminars to groups of employees and associates and other organized groups. The seminars focus on various areas of financial planning, such as estate planning, investment planning, retirement planning, business succession planning, education planning, and risk management. Seminars are held on a negotiated fee basis. The investment information provided during seminars is not intended to meet the objectives of any individual client or seminar attendee.

### **Implementation of Financial Plans**

The services included in the planning and consultation processes are limited to recommending strategies for the client to consider. Clients are in no way obligated to implement any recommendations and are not obligated to do so through LFS or an IAR. The implementation of any recommended strategies is entirely at the client's discretion. The recommendations provided may be implemented through LFS, its affiliates or other financial services providers. We cannot guarantee future financial results or the achievement of your financial goals through implementation of recommendations provided to you. LFS does not monitor the day-to-day performance of your specific investments as part of its financial planning or consultation services. Before implementing any recommendations, you should consider carefully the risks, costs, and potential benefits of purchasing particular products or services, and you are encouraged to seek further advice from your lawyer, tax specialist, accountant, and other professional advisors, particularly in connection with estate planning, taxes, and business owner planning issues.

In addition to providing financial planning and consultation services to clients, IARs separately offer insurance and investment products issued or managed by other Lincoln Financial Group affiliates, as well as insurance and investment products of unaffiliated firms. To minimize conflicts of interest between the IARs' roles in the sale of insurance and investment products, financial plans and client consultations contain only generic recommendations regarding general types of insurance and investment products. In the financial planning and consultation processes, the IAR does not make recommendations regarding the purchase of specific insurance or investment products.

If a client chooses to implement the advice they receive in a financial plan or consultation through LFS, the client's LFS financial professional will be acting as a salesperson in the sale of investment and insurance products and may provide investment advice in connection with the management of client assets. A client who makes the decision to implement planning or consultation recommendations through a Lincoln Financial Group company will have access to a broad portfolio of insurance and investment products. Insurance products may include life insurance, disability and annuity products manufactured by Lincoln Financial Group companies and unaffiliated companies. Investment products accessible through LFS financial professionals are restricted to products approved for sale by LFS. LFS, in its role as a registered investment adviser, also offers a variety of asset management programs.

### **RETIREMENT PLAN CONSULTING PROGRAM**

LFS offers consulting and advisory services for employer-sponsored retirement plans ("Plans") that are designed to assist Plan sponsors ("Sponsors"). LFS may also assist Sponsors with enrollment and/or providing investment education to Plan participants and beneficiaries. LFS provides these retirement plan services ("Retirement Plan Services") through IARs and may charge a fee for the Retirement Plan Services, as described in this Brochure and the Retirement Plan Consulting Agreement ("Agreement").

Retirement Plan Services include services that would be considered fiduciary services or non-fiduciary services under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), or comparable state laws, rules and regulations.

As of April 1, 2019, new client engagements, as well as changes in services or compensation for existing client engagements, will trigger a conversion to a new service model (the “Updated Service Model”). The Updated Service Model will only make available non-fiduciary services to the Plan for commission-based client engagements but will continue to allow for certain ERISA fiduciary services for fee-based client engagements. For commission-based engagements, IARs will only provide non-fiduciary point-in-time recommendations on the sale of retirement plan products and other non-fiduciary services, and IARs will not act as fiduciaries to the Plan under ERISA. For fee-based client engagements, IARs may offer ERISA fiduciary investment advice regarding the Plan’s Designated Investment Alternatives (“DIAs” or more commonly known as the Plan’s “fund lineup”) and Qualified Default Investment Alternative (“QDIA”), along with other services to Plans, Sponsors and Plan participants.

In certain limited arrangements as agreed to in writing between a Sponsor and LFS, LFS may provide the Sponsor’s Plan participants limited point-in-time advice which could also be deemed ERISA fiduciary advice.

When delivering fiduciary services to a Plan, LFS will act in good faith and with the degree of diligence, care and skill that a prudent person rendering similar services would exercise under similar circumstances. When providing any fiduciary services to a Plan and/or Sponsor, LFS will solely be making recommendations to Sponsor and Sponsor retains full discretionary authority and control over assets of the Plan. When providing any fiduciary services to a Plan participant in connection with Retirement Plan Services, LFS will solely be making recommendations to participant and participant retains full discretionary authority and control over assets of the participant’s account. Sponsor may engage LFS to perform Retirement Plan Services by providing information about the Plan, including the Plan design, Plan objectives, investment objectives, investment risk tolerance, demographics about Plan participants, and third-party service providers, and by executing an Agreement. LFS will provide Sponsor a copy of this Brochure or a comparable brochure and the Agreement for review. The Agreement describes the terms of the arrangement between LFS and Sponsor, including a description of the Retirement Plan Services and the fees to be charged by LFS. By signing the Agreement, Sponsor represents that Sponsor has received sufficient information and determined that the Retirement Plan Services selected are: (i) necessary for the operation of the Plan and (ii) reasonable and appropriate based upon the compensation to be paid for the Retirement Plan Services. Sponsor must sign and submit the Agreement to LFS before LFS performs any Retirement Plan Services. A description of the Retirement Plan Services is as follows.

### **Sponsor Services – Advice and Recommendations Under the Legacy Service Model**

***Advice Regarding the Plan’s Investment Policy Statement (“IPS”).*** IAR will review the Plan’s investment objectives, risk tolerance and goals with the Sponsor or other third-party plan fiduciary (“Plan Fiduciary”), and educate the Plan Fiduciary about investment theories including investment objectives, risk return characteristics, historical return and prospectus information on investment alternatives available through the Plan’s provider. If the Plan does not have an IPS, the IAR will provide recommendations to the Plan Fiduciary to assist with establishing an IPS. If the Plan has an IPS, IAR will review it for consistency with the Plan’s objectives. If the IPS does not represent the Plan’s objectives, IAR will make recommendations to align the IPS with the Plan’s objectives. The Plan Fiduciary retains decision-making authority with respect to the terms and conditions of the IPS.

***Advice Regarding the Plan’s DIAs and QDIA.*** Based on the Plan’s IPS or other guidelines established by the Plan, IAR will review the investment options available to the Plan and will make recommendations to assist the Plan Fiduciary with respect to selecting the DIAs to be offered to Plan participants, and with respect to selecting or replacing the QDIA. Once the Plan Fiduciary selects the DIAs and QDIA, IAR will, on a periodic basis and/or upon reasonable request, provide reports, information and recommendations to assist the Plan Fiduciary in fulfilling the Plan Fiduciary’s duty to monitor the Plan’s investments. If the Plan Fiduciary elects to remove a DIA, IAR will provide information, analysis and recommendations to assist the Plan Fiduciary with the evaluation of replacement investment alternatives. The Plan Fiduciary retains decision-making authority to select, remove and/or replace Plan investments.

***Advice Regarding Third-Party Investment Managers.*** Based on the Plan’s IPS or other investment guidelines established by the Plan, IAR will review the potential investment managers available to the Plan and will make recommendations to



assist the Plan Fiduciary in selecting one or more investment managers to advise on and/or manage some or all of the Plan's investments. Once the Plan Fiduciary approves an investment manager, IAR will provide reports, information and recommendations, on a periodic basis or upon reasonable request, to assist the Plan Fiduciary in fulfilling its duty to monitor the Plan's investment managers. If the Plan Fiduciary elects to remove an investment manager, IAR will provide information, analyses and recommendations to assist the Plan Fiduciary with the evaluation of replacement investment managers. The Plan Fiduciary retains decision-making authority with respect to the investment managers used in connection with the Plan.

### **Sponsor Services – Evaluation, Education and Training Under the Legacy Service Model**

***Educating and Supporting Plan Fiduciary/Committee.*** IAR will assist the Plan Fiduciary with the establishment of the Plan committee and protocols designed to help the Plan Fiduciary establish processes and governance to prudently manage and administer the Plan. The Plan Fiduciary is solely responsible for appointing and removing Plan committee members. IAR may provide education to Plan committee members on their fiduciary duties and assist the Plan committee with the coordination of regular meetings. Upon reasonable request, IAR may also educate the Plan Fiduciary and Plan committee members regarding the Plan's structure, metrics, services and expenses as compared to similar retirement plans (e.g., participation rates, employer contributions, vesting time frames, loan availability, etc.). The Plan Fiduciary retains decision-making authority with respect to the structure and features of the Plan. IAR may also update the Plan Fiduciary about current and proposed legislative and regulatory initiatives.

***Assisting With Plan Service Provider Evaluation Process and Oversight.*** IAR may assist the Plan Fiduciary with establishing a process to evaluate, select and monitor the Plan's service providers. IAR may utilize third-party tools and publicly available data to assist the Plan Fiduciary with benchmarking the fees charged by a service provider. The Plan Fiduciary retains decision-making authority to select, remove and/or replace the Plan's service providers. These services may include any of the following:

- IAR may recommend procedures to track the receipt and evaluation of disclosures provided by "covered" service providers under Section 408(b)(2) of ERISA;
- IAR may assist the Plan Fiduciary with creating formal requests for proposals from prospective service providers; the collection and evaluation of information received in response to such requests; and coordinating final interviews and presentations;
- IAR may assist Sponsor with converting or merging the Plan; and
- IAR may act as a liaison with the Plan's third-party service providers on behalf of Sponsor.

### **Participant Services – Evaluation, Education and Training Under the Legacy Service Model**

***Facilitate Group Enrollment Meetings and Participant Investment Education.*** IAR will conduct periodic group enrollment and education meetings with employees and educational meetings with Plan participants and beneficiaries. IAR may provide information and materials that inform a participant or beneficiary about the benefits of Plan participation, the benefits of increasing Plan contributions, the impact of preretirement withdrawals on retirement income, the terms of the Plan, including the Plan's fees and expenses, or the operation of the Plan. IAR may also provide educational information concerning the Plan's DIAs (e.g., general asset classes, investment objectives and philosophies, risk and return characteristics, historical return information, and/or related prospectuses of the Plan's DIAs). IAR may also provide information and materials that inform a Plan participant or beneficiary about: (i) general financial and investment concepts, such as risk and return, diversification, dollar cost averaging, compounded return, and tax deferred investment; (ii) historical differences in rates of return between different asset classes (e.g., equities, bonds, or cash) based on standard market indices; (iii) the effects of inflation; (iv) estimating future retirement income needs; (v) determining investment time horizons; and (vi) assessing risk tolerance.

The information and materials described above relate to the Plan and Plan participation, without reference to the appropriateness of any individual DIA for a particular participant or beneficiary under the Plan or are general financial and

investment information that have no direct relationship to the Plan's DIAs. In conducting this service, the IAR will not provide Plan participants or beneficiaries with "investment advice" as that term is defined under ERISA.

***Assist Participants with Financial Wellness Education, Retirement Readiness, and/or Gap Analysis.*** IAR may conduct group meetings with Plan participants and beneficiaries to provide education on assessing retirement income needs. Using tools available through the Plan or approved third parties, IAR will assist Plan participants and beneficiaries in conducting "gap" analyses to determine whether their current investment objectives and savings rates are sufficient to provide for future income needs during retirement. IAR may provide assistance to Plan participants and beneficiaries in creating retirement income plans.

The information and materials described above relate to the Plan and Plan participation, without reference to the appropriateness of any individual DIA for a particular participant or beneficiary under the Plan or are general financial and investment information that have no direct relationship to the Plan's DIAs. In conducting this service, the IAR will not provide Plan participants or beneficiaries with "investment advice" as that term is defined under ERISA.

***Participant Investment Advice.*** IAR will meet with Plan participants periodically or upon reasonable request to collect information necessary to identify the participant's investment objectives, risk tolerance, time horizon and other pertinent information. IAR will provide recommendations to assist the participant with investing the participant's assets held in the Plan, using the Plan's DIAs, model portfolios available in the Plan, if any, or in selecting one or more investment managers. Unless the participant grants trading authority to IAR, an investment manager or another party through a separate written document, participant will retain sole discretion over the investment of participant's account.

#### **Sponsor Services – Advice and Recommendations Under the Updated Service Model**

***Advice Regarding the Plan's DIAs and QDIA.*** Based on the Plan's IPS or other guidelines established by the Plan, IAR will review the investment options available to the Plan and will make recommendations to assist the Plan Fiduciary with respect to selecting the DIAs to be offered to Plan participants, and with respect to selecting or replacing the QDIA. Once the Plan Fiduciary selects the DIAs and QDIA, IAR will, on a periodic basis and/or upon reasonable request, provide reports, information and recommendations to assist the Plan Fiduciary in fulfilling the Plan Fiduciary's duty to monitor the Plan's investments. If the Plan Fiduciary elects to remove a DIA, IAR will provide information, analysis and recommendations to assist the Plan Fiduciary with the evaluation of replacement investment alternatives. The Plan Fiduciary retains decision-making authority to select, remove and/or replace Plan investments.

#### **Sponsor Services – Evaluation, Education and Training Under the Updated Service Model**

***Educating and Supporting Plan Fiduciary/Committee.*** IAR will assist the Plan Fiduciary with the establishment of the Plan committee and protocols designed to help the Plan Fiduciary establish processes and governance to prudently manage and administer the Plan. The Plan Fiduciary is solely responsible for appointing and removing Plan committee members. IAR may provide education to Plan committee members on their fiduciary duties and assist the Plan committee with the coordination of regular meetings. Upon reasonable request, IAR may also educate the Plan Fiduciary and Plan committee members regarding the Plan's structure, metrics, services, and expenses as compared to similar retirement plans (e.g., participation rates, employer contributions, vesting time frames, loan availability, etc.). The Plan Fiduciary retains decision-making authority with respect to the structure and features of the Plan. IAR may also update the Plan Fiduciary about current and proposed legislative and regulatory initiatives. IAR may help the Plan Fiduciary compare the updates to existing procedures. In conducting this service, IAR will not provide the Plan Fiduciary with "investment advice" as that term is defined under ERISA.

***Periodic Review of the Plan's IPS.*** IAR will periodically review the Plan's IPS as provided by the Plan Fiduciary in the context of Plan objectives. IAR will assist the Plan Fiduciary in establishing governance related to the Plan's investment policies and IPS. IAR may educate the Plan Fiduciary about investment theories including investment objectives, risk return characteristics, historical return and prospectus information on investment alternatives available through the Plan's provider, which the Plan Fiduciary may use in developing and/or updating the Plan's IPS. The Plan Fiduciary retains decision-making authority with respect to the terms and conditions of the IPS. In conducting this service, IAR will not provide the Plan Fiduciary with specific investment product recommendations or "investment advice" as that term is defined under ERISA.

***Point in Time Review and Monitoring Support of the Plan's Investment Product Selection, DIAs and/or QDIA.*** Based on the Plan's IPS or other guidelines established by the Plan as provided to the IAR, the IAR will review the investment product(s) available to the Plan and may make one-time, point in time recommendations to the Plan Fiduciary with respect to selecting the investment product(s). The IAR may also provide one-time, point in time assistance to the Plan Fiduciary in selecting the initial list of DIAs to be offered to Plan participants, and the selection of the QDIA. Once the Plan Fiduciary selects the investment product(s), DIAs, and QDIA, IAR may, on a periodic basis and/or upon reasonable request, provide reports and information to assist Plan Fiduciary with monitoring the DIAs. The Plan Fiduciary retains decision-making authority to select, remove and/or replace Plan investment products, DIAs and the QDIA. In conducting this service, IAR will not provide the Plan Fiduciary with "investment advice" as that term is defined under ERISA.

***Assisting with Plan Service Provider Evaluation Process and Oversight.*** IAR may assist the Plan Fiduciary with establishing a process to evaluate, select and monitor the Plan's service providers. IAR may utilize third-party tools and publicly available data to assist the Plan Fiduciary with benchmarking the fees charged by a service provider. The Plan Fiduciary retains decision-making authority to select, remove and/or replace the Plan's service providers. These services may include any of the following:

- IAR may recommend procedures to track the receipt and evaluation of disclosures provided by "covered" service providers under Section 408(b)(2) of ERISA;
- IAR may assist the Plan Fiduciary with creating formal requests for proposals from prospective service providers; the collection and evaluation of information received in response to such requests; and coordinating final interviews and presentations;
- IAR may assist Plan Fiduciary with converting or merging the Plan; and
- IAR may act as a liaison with the Plan's third-party service providers on behalf of Plan Fiduciary.

In conducting this service, IAR will not provide the Plan Fiduciary with "investment advice" as that term is defined under ERISA.

***Point in Time Review and Monitoring Support of Third-Party Investment Managers and Investment Advice Providers.*** Based on the Plan's IPS or other investment guidelines established by the Plan and provided to the IAR, the IAR will review the third-party investment managers and investment advice providers, including service providers designated as "3(21)" and "3(38)" fiduciary service providers, available to the Plan and may provide point in time assistance to the Plan Fiduciary in selecting a third-party adviser or investment manager to advise on and/or manage some or all of the Plan's DIAs, QDIA, or other Plan investments. Once Plan Fiduciary selects one or more investment managers or investment advisers, IAR may provide reports and information, on a periodic basis or upon reasonable request, to assist the Plan Fiduciary with monitoring the third-party adviser or investment manager(s). The Plan Fiduciary will retain decision-making authority with respect to the third-party advisers and investment managers used in connection with the Plan. In conducting this service, IAR will not provide the Plan Fiduciary with "investment advice" as that term is defined under ERISA.

### **Participant Services Under the Updated Service Model**

***Facilitate Group Enrollment Meetings and Participant Investment Education.*** IAR will conduct periodic group enrollment and education meetings with employees and educational meetings with Plan participants and beneficiaries. IAR may provide information and materials that inform a participant or beneficiary about the benefits of Plan participation, the benefits of increasing Plan contributions, the impact of pre-retirement withdrawals on retirement income, the terms of the Plan, including the Plan's fees and expenses, or the operation of the Plan. IAR may also provide educational information concerning the Plan's DIAs (e.g., general asset classes, investment objectives and philosophies, risk and return characteristics, historical return information, and/or related prospectuses of the Plan's DIAs). IAR may also provide information and materials that inform a Plan participant or beneficiary about: (i) general financial and investment concepts, such as risk and return, diversification, dollar cost averaging, compounded return, and tax deferred investment; (ii) historical differences in rates of return between different asset classes (e.g., equities, bonds, or cash) based on standard market indices; (iii) the effects of inflation; (iv) estimating future retirement income needs; (v) determining investment time horizons; and (vi) assessing risk tolerance.

The information and materials described above relate to the Plan and Plan participation, without reference to the appropriateness of any individual DIA for a particular participant or beneficiary under the Plan or are general financial and investment information that have no direct relationship to the Plan's DIAs. In conducting this service, IAR will not provide Plan participants or beneficiaries with "investment advice" as that term is defined under ERISA.

***Assist Participants with Financial Wellness Education, Retirement Readiness, and/or Gap Analysis.*** IAR may conduct group meetings with Plan participants and beneficiaries to provide education on assessing retirement income needs. Using tools available through the Plan or approved third parties, IAR will assist Plan participants and beneficiaries in conducting "gap" analyses to determine whether their current investment objectives and savings rates are sufficient to provide for future income needs during retirement. IAR may provide assistance to Plan participants and beneficiaries in creating retirement income plans.

The information and materials described above relate to the Plan and Plan participation, without reference to the appropriateness of any individual DIA for a particular participant or beneficiary under the Plan or are general financial and investment information that have no direct relationship to the Plan's DIAs. In conducting this service, IAR will not provide Plan participants or beneficiaries with "investment advice" as that term is defined under ERISA.

***Participant Investment Advice.*** IAR will meet individually with a Plan participant upon reasonable request by such Plan participant to collect information necessary to identify the participant's investment objectives, risk tolerance, time horizon and other pertinent information. IAR will provide point in time fiduciary "investment advice" as defined under ERISA to assist the participant with investing the participant's assets held in the Plan, using the investment product(s) available to the Plan, the Plan's DIAs, model portfolios available in the Plan, if any, or in selecting one or more investment managers available through the Plan. Unless otherwise agreed upon in writing, all "investment advice" will be as of the point in time at which such "investment advice" is made, and the IAR will have no ongoing duty or obligation to monitor the participant's account. Unless the participant grants trading authority to IAR, an investment manager or another party through a separate written document, participant will retain sole discretion over the investment of participant's account.

#### **Potential Additional Retirement Services Provided Outside of the Agreement with the Sponsor**

In providing Retirement Plan Services, LFS and its IARs may establish a client relationship with one or more Plan participants or beneficiaries. Such client relationships develop in various ways, including, without limitation: (i) as a result of a decision by the participant or beneficiary to purchase services from LFS not involving the use of Plan assets; (ii) as part of an individual or family financial plan for which any specific recommendations concerning the allocation of assets or investment recommendations relate exclusively to assets held outside of the Plan; or (iii) through an individual retirement account rollover ("IRA Rollover"). If LFS is providing Retirement Plan Services to a Plan, IARs may, when requested by a Plan participant or beneficiary, arrange to provide services to that participant or beneficiary through a separate agreement that excludes any investment advice on Plan assets (but may consider the participant's or beneficiary's interest in the Plan in providing that service). If a Plan participant or beneficiary desires to effect an IRA Rollover, LFS may provide the participant or beneficiary with a written explanation of the options available to the Plan participant or beneficiary. Any final decision to effect the IRA Rollover or about what to do with the IRA Rollover assets remains that of the participant or beneficiary.

LFS and its affiliates may provide securities brokerage, recordkeeping and other Retirement Plan Services to Plans and will receive variable compensation for those services. LFS has a conflict of interest where it recommends its Retirement Plan Services or those of its affiliates because LFS, its employees, and its IARs benefit from the compensation paid to LFS and may directly or indirectly receive a portion of the fees and other compensation paid by Retirement Plan Services clients. Those clients may also use other products and services available from or through LFS and in such cases will pay additional compensation. This practice creates a conflict of interest that gives LFS and its IARs an incentive to recommend Retirement Plan Services based on the compensation they receive. Additionally, fees and commissions may be higher for some brokerage products, services or Retirement Plan Services, and the remuneration and profitability to LFS, its IARs and its affiliates resulting from transactions involving some accounts may be greater than the remuneration and profitability resulting from other accounts, products or Retirement Plan Services. LFS addresses these conflicts through disclosure in this Brochure and additional disclosures concerning compensation we receive, directly or indirectly, including certain

disclosures that may be required under other federal and state laws that are in addition to the federal securities law disclosure requirements (e.g., ERISA). LFS will also offset or refund additional compensation it receives when required by law.

As part of LFS's service of providing recommendations regarding the selection and monitoring of investment managers, QDIAs or DIAs, LFS may provide Sponsor a list of investments, including mutual funds, to consider as options for the Plan, and may provide a list of investment managers to manage the assets of the Plan. Sponsor retains full authority to select all Plan investments and investment managers. LFS will consider information provided by Sponsor about the Plan when assisting with or making recommendations about the Plan's IPS. It is important that information provided by Sponsor be complete, accurate and current. Changes in the information will impact what assistance or recommendations may be made so it is important that LFS be accurately and timely informed of any information that may be relevant to the Plan.

All investments involve risk and investment performance can never be predicted or guaranteed. The values of Plan accounts will fluctuate (perhaps significantly) due to market conditions, manager performance and other factors. Using any benchmark or index in connection with the Retirement Plan Services is no promise that the performance of the Plan's particular investments will experience the same results, including the results shown on the various reports that are delivered as part of the Retirement Plan Services. Sponsor or the Plan participants and beneficiaries retain all investment discretion over Plan assets. Each is free to make his or her own investment decisions. No one is required to accept any assistance or follow any recommendations provided as part of the Retirement Plan Services. If the Plan adopts LFS's recommendations regarding the allocation or rebalancing among model portfolios or recommendation of investment managers, the responsible Sponsor or Plan participant or beneficiary can freely change allocations or managers. LFS may use or provide to Sponsor data or information provided by third parties when providing Retirement Plan Services. While LFS reasonably believes that the information or data is reliable, it does not promise that it is accurate, current or consistently available. Sponsor is responsible for all tax liabilities arising from any transactions, including any liabilities arising from the failure to maintain the qualified status of a Plan receiving the Retirement Plan Services.

Any report containing a proposed asset allocation model is based upon a number of factors, which may include the demographics of Plan participants, current asset allocations and the value of the assets. LFS may change asset allocations and investment options within the model portfolios and has no obligation to revise the report or otherwise advise Sponsor if a model or any of LFS's assumptions change in the future. The analyses and suggested asset allocations contained in the reports may be based on historical financial data, assumptions about future financial trends (including market appreciation or decline, rates of return and risks for various asset classes), assumptions about applicable laws and regulations, and appropriate financial planning strategies. Any projections, analyses or other information contained in or with the reports regarding various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. The reports do not provide advice regarding the Plan's specific securities investments. Therefore, it is important for Sponsor to monitor current events, such as changes in tax laws and in the financial markets, which may affect Sponsor's decisions about the Plan. The return rates and dollar figures contained in reports may not include all investment expenses; thus, any results shown may be reduced by such costs. Also, where applicable (and only as indicated) assumptions as to federal income tax rates, state income tax rates, and estate taxes reflected in reports would only be general estimates.

## **Item 5: Fees and Compensation**

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### **CLIENT ADVISORY FEES**

Some of the investment advisory fees for the TAMP programs described in this Brochure are charged as an "all-inclusive" bundled fee based on the value of the assets in your account. This bundled fee usually includes a portfolio management fee, brokerage and transaction costs, and investment advice. However, this bundled fee usually will not include costs associated with transactions that are executed at broker-dealers other than the one at which your account is held. These transactions are sometimes called "step-out" trades and are described further below. Fees vary depending on which programs and services you use. Fees may be billed in arrears or advance, depending on the program and the terms of your client agreement. Fees typically are charged monthly or quarterly based on the assets held within your account for services such as ongoing investment advice, investment selection and recommendations, asset allocation, execution of transactions (depending on the program you are in), custody of securities and account reporting services. In some programs, the fees a client pays will be based upon the market value of the assets held in the client's account as of the last business day of the preceding calendar quarter. In other programs, the fee is calculated based on the average daily balance of the account in the preceding quarter.

Please see the applicable client agreement and disclosure documents for additional information specific to each program. LFS's advisory fees generally are negotiable. Some programs charge an "unbundled" fee in which case the client may pay separate fees for asset management services, brokerage services, and investment advice. Depending on the program, the client may also be charged brokerage costs for transactions in the client's account in addition to the advisory fees. Fees are described in more detail in the applicable program's Form ADV, Part 2A and in the applicable client agreement, and the client should refer to those documents for each of the programs described in this Brochure for a detailed description of, among other things, fees and expenses, calculation methodologies, and termination provisions.

In programs that use portfolio managers, a portion of the total fee up to 1.50% of assets under management may be paid to the portfolio manager for their services. The amount varies by program and by manager and is described in more detail in the Form ADV, Part 2A of the applicable program and/or portfolio manager.

A client agreement to which LFS is a party may generally be terminated at any time, by either party, for any reason on 30 days written notice. Upon termination, and unless otherwise specified in the applicable client agreement, any prepaid, unearned fees will be refunded to the client, and any unpaid fees will be due to LFS and/or the other parties to the agreement. Specific termination provisions vary by TAMP program, and we strongly encourage you to read the applicable client agreement carefully before entering into any such agreement.

Depending on the program, investment advisory fees may be negotiable and will usually be debited from the client's account by the program's custodian. If the client terminates participation in a program for which fees are charged in advance, the client will be entitled to a pro rata refund of any prepaid quarterly fees based upon the number of days remaining in the quarter after termination, unless otherwise specified in the client agreement. The applicable client agreement contains a more detailed description of the methodology used in calculating account fees and applicable reimbursements.

Fees charged vary by office and by IAR. Certain IARs provide comparable services for fees that are different from those charged by other IARs. In all instances, IARs are only permitted to charge fees within a range set by LFS and/or the program sponsor.

The following is fee information specific to some of the more frequently used programs and services discussed in this Brochure, however, this description is not binding on the TAMP sponsors or programs, and clients should always refer to the program-specific disclosures, agreements, and account opening documents for the TAMP program and/or investment program used by the client.

### **SEI Program Fees and Compensation**

The advisory fees that an IAR may charge on any of the SEI programs and strategies are flexible and are based on the schedule below established by LFS. In no event may all asset-based fees and charges to the client (including those charged by LFS, IAR, SEI, or specific managers, but excluding internal expenses of mutual funds) exceed 3% per annum.

<b><u>Portfolio Value</u></b>	<b><u>Maximum LFS Advisory Fee</u></b>
Up to \$500,000	2.00%
Next \$500,000	1.75%
Next \$1 million	1.50%
Over \$2 million	1.25%

The advisory fee is negotiable and is payable monthly or quarterly in arrears as described in the investment advisory agreement. All advisory fees will be deducted from the account pursuant to the SEI client agreement unless other arrangements have been made in writing. All such fees and charges will be clearly noted on client statements issued by SEI. LFS and IARs, in connection with the performance of their respective services, shall be entitled to and will share in the advisory fees payable by the client.

LFS may assess an annual administrative fee of up to 0.05% (5 basis points) on program assets. In the event such an administrative fee is assessed, it will be separately disclosed in the fee schedule attached to the client agreement and will not be shared with or paid to the IAR.

Please carefully review the account opening paperwork provided by SEI, including, but not limited to, the SEI client agreement, related fee schedules, and SIMC's Form ADV, Part 2A, for more information about the charges and fees imposed by SEI, SEI's affiliates, and specific money managers.

The client agreement may be terminated by any of the parties to the agreement by provision of written notice to the other parties. Upon termination, any unearned fees will be refunded to the client. Any fees accrued but not yet assessed to the account will be assessed prior to the termination of the agreement.

Each mutual fund has its own fees and charges, including, but not limited to, management fees, which are disclosed in the prospectus of each fund. In addition, each fund will incur portfolio management costs, primarily in the form of brokerage commissions, as it buys and sells securities within the fund's portfolio. These costs are generally described in each fund's prospectus or statement of additional information. Although these fees are not liquidated from client accounts and therefore may be less "visible," it is important to recognize that these fees represent costs incurred by the client. Detailed information regarding charges and fees assessed by the SEI Funds is provided in the applicable fund's prospectus.

The client may make additions to, or withdrawals from, the SEI account upon notice to the IAR and subject to the terms of the client agreement. If at any time the account assets are less than the minimum account size originally specified, the client agreement may be subject to termination. The SEI account is designed as a long-term investment vehicle and asset withdrawals may impair the achievement of the client's investment objectives.

LFS also receives additional compensation from SEI for its promotional, marketing, and educational efforts for SEI's programs and cash and non-cash payments from SEI for meetings, training, and support of education and marketing initiatives. This presents a conflict of interest for LFS as LFS has an incentive to recommend the SEI program due to the potential for LFS to receive additional compensation. We address this conflict by disclosing it to you, not sharing any of these revenues with the IARs that recommend products or services for your account, and requiring that there be a review of your account at account-opening and periodically to determine whether it is suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics. For additional information, please see the "Compensation for the Sale of Securities" section of this Brochure found below and the marketing support disclosures available on LFS's website at [www.lfsecurities.com](http://www.lfsecurities.com) under My accounts—Disclosures.

Clients may pay more or less for services in SEI's asset management programs than if they purchased similar services separately. The fees for these programs may be higher or lower than investment advisory fees charged by SEI or LFS to other clients for similar services. The amount of compensation received by LFS may be more or less than what it would receive if the client used other programs or paid separately for SEI's services. Therefore, LFS has a conflict of interest because it has a financial incentive to recommend SEI over other programs or services for which it receives lesser compensation. We address this conflict by disclosing it to you and by requiring that there be a review of your account at account-opening and periodically to determine whether it is suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

For more information on the SEI program and/or the investment solutions offered by SEI, including minimums and fees, please refer to the SIMC disclosure brochure, which is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **AssetMark Program Fees and Compensation**

For AssetMark programs, the client will pay an ongoing investment management fee ("Management Fee") that varies by program, which includes a maximum fee of 1.35% payable to LFS. LFS's portion of the fee is negotiable and varies among clients.

The Management Fee is calculated and billed quarterly in advance based on the value of the assets in the client's account on the last day of the previous calendar quarter. For new accounts, the Management Fee is prorated when the account is opened for the rest of the quarter. The custodian bills the client's account for the Management Fee, keeps its portion for custodial services, and pays the rest of the Management Fee to AssetMark, who then pays LFS and any portfolio advisers and service providers. LFS will keep part of the Management Fee and pays a portion to the IAR.



LFS assesses an annual administrative fee of up to 0.05% (5 basis points) on assets in the AssetMark program. In the event such an administrative fee is assessed, it will be separately disclosed in the fee schedule attached to the client agreement and will not be shared with or paid to the IAR.

Please carefully review the account opening paperwork provided by AssetMark, including, but not limited to, the AssetMark client agreement, related fee schedules, and AssetMark's Form ADV, Part 2A, for more information about the charges and fees imposed by AssetMark.

LFS also receives additional compensation from AssetMark for its promotional, marketing, and educational efforts for AssetMark's programs and cash and non-cash payments from AssetMark for meetings, training, and support of education and marketing initiatives. This presents a conflict of interest for LFS as LFS has an incentive to recommend the AssetMark program due to the potential for LFS to receive additional compensation. We address this conflict by disclosing it to you, not sharing any of these revenues with the IARs that recommend products or services for your account, and requiring that there be a review of your account at account-opening and periodically to determine whether it is suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics. For additional information, please see the "Compensation for the Sale of Securities" section of this Brochure found below and the marketing support disclosures available on LFS's website at [www.lfsecurities.com](http://www.lfsecurities.com) under My accounts—Disclosures.

Clients may pay more or less for services in AssetMark's asset management programs than if they purchased similar services separately. The fees for these programs may be higher or lower than investment advisory fees charged by AssetMark or LFS to other clients for similar services. The amount of compensation received by LFS may be more or less than what it would receive if the client used other programs or paid separately for AssetMark's services. Therefore, LFS has a conflict of interest because it has a financial incentive to recommend AssetMark over other programs or services for which it receives lesser compensation. We address this conflict by disclosing it to you and by requiring that there be a review of your account at account-opening and periodically to determine whether it is suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

For more information on the AssetMark program and/or the investment solutions offered by AssetMark, including minimums and fees, please refer to the AssetMark disclosure brochure, which is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Morningstar Program Fees and Compensation**

Fees for the Morningstar® Managed Portfolios Program are paid quarterly in arrears based on the average account value during the quarter. MIS will be paid for its investment advisory services as a percentage of assets. MIS will delegate certain services to LFS, such as assisting each client in completing a questionnaire and other account opening forms, conducting suitability and best interest reviews, contacting the client at least annually to identify any changes in their financial situation, and acting as liaison between MIS and the client. For these services, LFS will receive a portion of the annual fee paid by the client. LFS's portion of the fee will not be more than 1.10% annually. Clearing and custody charges associated with the account will be disclosed to the client by the applicable broker-dealer.

Please carefully review the account opening paperwork provided by MIS, including, but not limited to, the MIS client agreement, related fee schedules, and MIS's Form ADV, Part 2A, as well as all applicable custodial paperwork, for more information about the charges and fees imposed by MIS and the applicable custodian and clearing firm.

LFS also receives additional compensation from MIS for its promotional, marketing, and educational efforts for MIS's programs and cash and non-cash payments from MIS for meetings, training, and support of education and marketing initiatives. This presents a conflict of interest for LFS as LFS has an incentive to recommend the MIS program due to the potential for LFS to receive additional compensation. We address this conflict by disclosing it to you, not sharing any of these revenues with the IARs that recommend products or services for your account, and requiring that there be a review of your account at account-opening and periodically to determine whether it is suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics. For additional information, please see the "Compensation for the Sale of Securities" section of this Brochure found below and the marketing support disclosures available on LFS's website at [www.lfsecurities.com](http://www.lfsecurities.com) under My accounts—Disclosures.

Clients may pay more or less for services in MIS's asset management programs than if you purchased similar services separately. The fees for these programs may be higher or lower than investment advisory fees charged by MIS or LFS to other clients for similar services. The amount of compensation received by LFS may be more or less than what it would receive if the client used other programs or paid separately for MIS's services. Therefore, LFS has a conflict of interest because it has a financial incentive to recommend MIS over other programs or services for which it receives lesser compensation. We address this conflict by disclosing it to you and by requiring that there be a review of your account at account-opening and periodically to determine whether it is suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

For more information on the Morningstar® Managed Portfolios Program and/or the investment solutions offered by MIS, including minimums and fees, please refer to the MIS disclosure brochure, which is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Solicitor Program Fees and Compensation**

As part of the solicitation services LFS previously provided and currently provides in very limited circumstances, LFS and the IARs receive referral fees for referring clients to TAMPs and investment managers, which are generally referred to as "Solicitor Fees." In most cases the Solicitor Fees are calculated as a percentage of the client assets that the TAMP or other investment adviser manages; however, there may be instances where the Solicitor Fees are determined in some other fashion. LFS's Solicitor Fee usually is negotiable, and typically ranges between 25% and 100% of the total investment advisory fee paid by the client. The Solicitor Fees are disclosed to clients and prospective clients as and when required by Rule 206(4)-3 under the Advisers Act, which governs the payment of fees for client referrals to SEC registered investment advisers.

While LFS has generally stopped offering TAMP programs to new clients through solicitor arrangements, LFS receives Solicitor Fees for accounts that were referred to TAMPs under terminated solicitor arrangements and for accounts opened with TAMPs and investment managers that LFS currently offers through solicitor or similar referral arrangements in very limited circumstances. Please see your account opening documentation for additional information.

### **FINANCIAL PLANNING, CONSULTATION, AND SEMINAR FEES**

Financial planning and consultation fees are charged according to various factors, including, but not limited to, the size and complexity of each client's financial circumstances and the client's income and net worth. The fee may depend on, among other things, whether the service is made available by an employer as an employee benefit and whether the fee is for a new contract or the renewal of a prior contract. All planning and consultation fees are based on the specific planning and consultation services provided to the client and the complexity of the client's financial situation and goals. Each IAR will negotiate with each client to determine the financial planning or consultation fees to be charged; therefore, fees vary among IARs and clients and some IARs charge higher fees than other IARs for similar services.

### **FINANCIAL PLANNING, CONSULTATION, AND SEMINAR FEES**

#### **Financial Planning Fees**

A fixed fee is specified in the financial planning contract and a down payment of up to 100% of the total fee is billed to the client when the contract is signed. The balance of the fee, if any, is payable upon delivery of the financial plan. Fees charged to clients typically range from \$1,500 to \$75,000 but may be higher depending on the complexity of the situation. However, because situations affecting the planning process may change, fees may be re-negotiated and adjusted during the planning process with the client's consent. Based on the client's individual financial situation and personal and/or business objectives, financial planning services may be provided in separate phases with a different fee charged for each phase. The individual phases and applicable fees are based on the various components of the planning process, such as data collection, definition of objectives, and recommendations on specific areas of the plan.

LFS may pay a portion of the total fee paid by the client to Lincoln Financial Advisors Corporation ("LFA"), a registered investment adviser that is affiliated with LFS, for certain services performed by LFA's financial planning department in the development of the client's financial plan. Any services provided by LFA pursuant to this arrangement will be provided to LFS, and not to the client.

## **Consultation Fees**

A flat fee is charged for consultation services and is specified in the consultation contract. The fee may be based upon an hourly rate, multiplied by an approximate number of hours, but cannot be paid as a retainer fee for future services to be determined. The fee will be determined and billed when the client signs the contract. Fees charged for these services typically range from \$75 to \$250 an hour but may be higher depending on the complexity of the situation.

## **Seminar Fees**

Seminar fees are charged either as a flat fee for a group of attendees or a flat amount per attendee. Fees are usually paid up front. The seminar agreement is terminated automatically upon the earlier of the completion of the seminar and the payment of the fee to LFS; or the cancellation of the seminar and the return of the fee, if one has been paid, to the client.

## **Termination of Services**

All financial planning, consultation, and seminar contracts may be terminated without penalty at the discretion of the client. If the client terminates the contract before the plan, consultation, or seminar has been completed, any fees for work already completed will be due and any prepaid unearned fees will be refunded.

For financial planning services, if the client is dissatisfied with the focus or specificity of their financial plan, LFS will, if requested by the client in writing within ten days of delivery of their financial plan, and at no additional cost to the client, make appropriate changes to the client's financial plan or, in LFS's sole discretion, refund part or all of the financial planning fee the client has paid.

For consultation services, if the client is dissatisfied with the focus or specificity of their consultation, LFS will, if requested by the client in writing within ten days of their consultation, and at no additional cost to the client, provide a single follow-up consultation or, in LFS's sole discretion, refund part or all of the consultation fee the client has paid.

## **RETIREMENT PLAN CONSULTING SERVICES**

Fees for the Retirement Plan Services are negotiable. The Sponsor may be charged a fee based on a percentage of Plan assets, an hourly rate or a flat dollar amount. The Sponsor may decide whether to pay the fees directly or may authorize the Plan's recordkeeper or custodian to pay LFS from Plan assets. If fees are to be charged on an ongoing basis, they will be billed monthly or quarterly in arrears. If the fee is not hourly, the initial fee will be prorated based upon the number of days remaining in the initial quarterly period from the date of execution or effective date of the Agreement, unless other arrangements are agreed to by the Sponsor. If the fee is based on a percentage of Plan assets, the initial fee will be based upon the market value of the Plan assets at the close of business on the last business day of the initial quarterly period, based on the average daily balance of Plan assets, or as otherwise calculated by the recordkeeper used by the Plan.

Thereafter, the quarterly portion of any annual asset-based fees will be based upon the market value of the Plan assets at the close of business on the last business day of the previous calendar month or quarter (without adjustment for anticipated withdrawals by Plan participants or beneficiaries or other anticipated or scheduled transfers or distributions of assets), based on the average daily balance of Plan assets, or as otherwise calculated by the recordkeeper. If the Agreement is terminated prior to the end of a quarter, LFS will be entitled to a fee, prorated for the number of days in the period prior to the effective date of termination, or as otherwise calculated by the recordkeeper. Sponsors receiving Retirement Plan Services may pay more or less than a client might otherwise pay if purchasing the Retirement Plan Services separately or through another service provider. There are several factors that determine whether the costs would be more or less, including, but not limited to, the size of the Plan, the specific investments made by the Plan, the number of locations of participants, the Retirement Plan Services offered by another service provider, and the actual costs of Retirement Plan Services purchased elsewhere. In light of the specific Retirement Plan Services offered by LFS, the fees charged may be more or less than those of other similar service providers. All fees paid to LFS for Retirement Plan Services are separate and distinct from the fees and expenses charged by mutual funds, ETFs, and other investment vehicles to their shareholders. Those fees and expenses are described in each investment's prospectus, and will generally include a management fee, other expenses, and possible distribution fees. If the investment also imposes sales charges, a client may pay an initial or deferred sales charge. The Retirement Plan Services provided by LFS are designed to, among other things, assist the client in determining which

investment managers are most appropriate to each client's financial condition and objectives and to provide other administrative assistance as selected by the client. Accordingly, the client should review both the fees charged by the funds, the investment manager, the Plan's other service providers and the fees charged by LFS to fully understand the total amount of fees to be paid by the client and to evaluate the Retirement Plan Services being provided.

## **OTHER CLIENT FEES AND EXPENSES**

In addition to the program fees and transaction charges noted previously, based upon the investments selected, clients may incur certain charges imposed by third parties in connection with the investments made through program accounts. These include, but are not limited to: mutual fund or money market 12b-1 and sub-transfer agency fees (including, but not limited to, 12b-1 fees on money market mutual funds designated as cash sweep vehicles), mutual fund networking fees, mutual fund or money market management fees and administrative expenses, certain deferred sales charges on previously purchased mutual fund shares transferred into a program account, other transaction charges and service fees, and other charges permitted or required by law. LFS receives a portion of these fees and, as such, LFS has a conflict of interest as it has an incentive to recommend products and strategies that provide LFS higher compensation. We mitigate this conflict by disclosing it to you, crediting back any 12b-1 fees LFS would have otherwise received as the broker-dealer of record to the client account from which they were generated, not sharing any of these revenues with the IAR that recommends transactions or strategies for your account, and by requiring that there be a review of your account at account-opening and periodically to determine whether it is suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics. However, it is important to note that LFS is not typically the broker-dealer of record on client accounts invested in TAMP programs and therefore LFS and IARs are not receiving, or crediting, 12b-1 fees as mentioned above related to client accounts in TAMP programs. Clients should not assume that the broker-dealer of record on their TAMP accounts will credit their accounts with any 12b-1 fees incurred by mutual funds held in their accounts. Further information regarding costs and fees charged by a mutual fund, ETF, annuity, or other investment vehicle is available in the applicable prospectus or other offering documents. For complete fee details, including account fee schedules and a list of transaction charges, please see your client agreement and the supporting documentation you received in connection with the program, including prospectuses for mutual funds and other investment vehicles.

In one of the Pacific programs called the Managed Strategists Program, client portfolios are invested solely in the RiskPro Funds, a group of mutual funds managed by an affiliate of Pacific. In this program, LFS receives annual fees of 0.75% for assets held in the program. This fee is offset in its entirety by the receipt by LFS of an annualized total of 0.75% of revenue from Pacific and the RiskPro Funds. The revenues paid to LFS are as follows: 0.25% annualized fee paid by the RiskPro Funds as a 12b-1 fee; 0.25% annualized fee paid by the RiskPro Funds as a shareholder services fee; and 0.25% annualized fee paid by Pacific from its own resources. Since the fees payable to LFS from the Managed Strategists Program are offset in their entirety by these other sources of revenue, no fee for LFS is liquidated from the client's account in this program. The fees payable to LFS and the offsetting arrangement described above is described in more detail in Pacific's Form ADV, Part 2A, and in the investment management agreement and disclosure statement signed by the client specific to the Managed Strategists Program.

A client could invest in mutual funds and other investment products directly, without the services of LFS or an IAR. In that case, the client would not receive the services provided by LFS or the IAR, which are designed, among other things, to assist the client in determining on an ongoing basis which mutual funds or other investments are most appropriate given each client's investment objectives, financial circumstances, and other characteristics. Accordingly, the client should review both the fees charged and expenses incurred by the mutual funds and other investment products and the fees charged and services provided by LFS and the IAR to understand the total amount of fees to be paid by the client and thereby evaluate the services being provided.

In addition to program fees, a client also may be subject to other fees and expenses, if applicable, including dealer mark-ups, costs associated with the purchase and sale of certain mutual funds, odd-lot differentials, exchange or auction fees, transfer taxes, costs for transactions executed other than by the custodian, electronic fund and wire transfers, SEC fees, other charges mandated by law, and any custodial fees, record keeping and reporting fees charged to IRA and other retirement plan accounts.

Transaction fees, mark-ups or mark-downs, and other charges to cover execution, brokerage and custodial costs may apply to certain mutual funds, stocks, bonds, AIs, and other securities purchased in certain programs. These additional transaction

fees are further detailed and described in your investment advisory account opening application and/or your advisory services agreement.

## **MARGIN AND SECURITIES BACKED LINE OF CREDIT**

To the extent the TAMP sponsor offers the ability to take a margin loan or a securities backed line of credit (“SBLOC”), LFS and your IAR have an incentive to recommend that you use a margin loan and/or an SBLOC for liquidity purposes rather than liquidating your holdings or using other sources of liquidity. LFS and your IAR will benefit from your margin loan or SBLOC because you don’t have to liquidate assets in your account to pay for things with cash, which would diminish the assets held in the account and the potential fees that could be earned by LFS and your IAR from holding or engaging in future transactions with those assets. For example, by encouraging investors to take out a margin loan or an SBLOC to fund a purchase or financial need rather than liquidate securities or withdraw cash from their accounts, LFS and your IAR will continue to earn fees on the full account value. However, your IAR receives no other compensation, fees, or incentives related to your decision to use a margin loan or an SBLOC or maintain a loan balance.

## **STEP-OUT TRADING**

Investment managers that have the discretion to execute “step-out” trades away from the broker-dealer associated with your investment advisory program or wrap fee program may do so for a variety of reasons consistent with obtaining an optimal combination of price and service for the client. A “step-out” trade occurs in some instances when an investment manager purchases equity securities, fixed-income securities, derivatives (e.g., options), or other securities from a different broker-dealer or the broker or dealer selling the securities to obtain a more favorable price or because the particular security is not available through the broker-dealer associated with your investment advisory program or wrap fee program.

In other instances, an investment manager may “step-out” trades for investment advisory or wrap program clients in a “block” with the manager’s other clients and execute that block with another broker-dealer to buy or sell a security in a large quantity and/or at an attractive price, to obtain specialized services offered by that broker-dealer, or for other reasons listed in such investment manager’s Form ADV disclosure brochure. When including investment advisory program or wrap program clients in such a block, depending on the arrangement agreed to with the third-party manager, the executing broker-dealer may elect to not impose any commission or separate charge for the transaction, or may add a separate commission on the transaction that will be borne by the investment advisory program or wrap program client that is in addition to the program fee paid by the client. The additional commission or trading or transaction charge may appear as a separate charge on the client’s custodial statement, but typically will be embedded in the listed price of the security on the client’s statement. In this situation, the client will incur trading costs in addition to the program fee described above. Neither LFS nor the IAR will receive any additional compensation in connection with costs incurred due to step-out trading.

When step-out trading occurs through broker-dealers whose commissions or other fees are not assumed within the program fee, the client incurs additional commissions or other trading or transaction fees in addition to any program fees. Any additional trading costs may negatively impact investment performance. However, the decision to execute a step-out trade may allow the manager to achieve a better price execution.

In some instances, stepped-out trades are executed by the other firm without any additional commission or markup or markdown, but in other instances, the executing firm may impose a commission or a markup or markdown on the trade. If trades are placed with a firm that imposes a commission or equivalent fee on the trade, including a commission that may be embedded in the price of the security, the client will incur trading costs in addition to the program fee the client pays and described above. Please see Item 12, Brokerage Practices, below for further information regarding these practices.

Further information regarding the frequency of third-party advisers’ utilization of step-out trades and a general description of the additional costs related to step-out trades can be found on our website at [www.lfg.com/public/individual/adv](http://www.lfg.com/public/individual/adv). If you have any questions regarding this information or step-out trading in your account and related costs, please contact your IAR.

Where LFS is the broker-dealer on program accounts, LFS will act as a broker for transactions in program accounts and will assess a transaction charge for certain transactions unless transaction costs are included in the asset-based program fee. Any transaction-based charges assessed by LFS are not shared with the IAR providing services to the program accounts. LFS’s receipt of trading, transaction, and service charges as broker-dealer of record presents a conflict of interest for LFS.

For example, trading and transaction charges vary depending on the type of mutual fund or other security being purchased or sold for your account and, therefore, LFS earns more from transactions or trades involving investments with higher trading and transaction charges. In addition, where transaction charges apply, the more transactions a client enters into, the more revenue or compensation LFS receives. As a result, LFS has an incentive to recommend products and services based on the compensation received and an incentive to encourage you to trade often. We mitigate these conflicts by disclosing them to you, disclosing to you the amount of commissions and/or trading costs there will be for the products or securities being invested in, , disclosing to you the service charges applicable to your account and the services you request, not sharing any trading, transaction, or service charges we receive with the IAR that recommends transactions, strategies, or services for your account, and by requiring that there be a review of your account at account-opening and periodically to determine whether it is suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

LFS, as the broker-dealer on such program accounts, has a duty to ensure such transaction charges are reasonable in light of its best execution responsibilities. LFS utilizes National Financial Services LLC (“NFS”) for several services, including clearance and execution services, through a fully-disclosed clearing agreement. The transaction and service charges assessed by LFS and disclosed in the LFS Fee and Commission Schedule you receive as part of your account opening paperwork are generally higher than the fees and expenses that LFS has and pays to NFS for clearance and execution of transactions and related services and are a source of revenue to LFS. When acting as the broker-dealer of record on your account, LFS is responsible for and performs a number of broker-dealer functions and services with respect to your account and any securities transactions therein. LFS’s responsibilities include, but are not limited to: collecting, verifying and maintaining documentation about you and your account, approval and acceptance of your account, reviewing and supervising activities, including trading activities, within your account, reviewing and either accepting or rejecting any transactions within your account, transmission of all orders with respect to your account, supervision of all orders and accounts, including maintaining compliance with best interest standards and regulatory requirements, as applicable, and ensuring that any mutual fund orders are in compliance with the terms of the applicable prospectus. LFS maintains substantial operational, compliance and technology resources in support of its broker-dealer operations necessary to provide these and other services in connection with your account and any transactions effected in your account. However, it is important to note that LFS is not typically the broker-dealer of record on client accounts invested in TAMP programs and therefore LFS is not assessing or receiving transaction-based charges as mentioned above related to client accounts in TAMP programs.

## MUTUAL FUND CATEGORIES AND SHARE CLASSES

Your account may incur 12b-1 fees from certain mutual fund share classes that you may own through your TAMP account. The mutual fund share classes that pay these 12b-1 fees typically have higher internal expenses, but in many cases these mutual fund share classes do not incur transaction fee charges (or commissions) when executing a trade at the clearing firm. These higher internal expenses are assessed to investors who purchase or hold these higher internal expense mutual fund share classes. These higher internal expense mutual fund share classes may cost you more, depending on the frequency of trading, than other mutual fund share classes that assess a transaction charge but have lower internal expenses. Other mutual fund share classes that have lower internal expenses and do not pay 12b-1 fees are available; however, depending on the particular fund, those share classes may incur transaction fees (or commissions) with any purchase or sale. Each share class has eligibility standards as described in the mutual fund’s prospectus or statement of additional information. **Clients should not assume that they are always invested in the share class with the lowest internal expenses or costs. Please contact your IAR for more information about share class eligibility, transaction costs, and internal mutual fund expenses, and please review the applicable mutual fund prospectus for further information related to the fund’s expenses and other important matters.** As mentioned above, LFS does not retain 12b-1 fees paid by mutual funds held in investment advisory accounts for which LFS serves as the broker-dealer of record and LFS credits the amounts that it would otherwise receive back to the client account from which the 12b-1 fee was generated. However, it is important to note that LFS is not typically the broker-dealer of record on client accounts invested in TAMP programs and therefore LFS and IARs are not receiving, or crediting, 12b-1 fees as mentioned above related to client accounts in TAMP programs. Clients should not assume that the broker-dealer of record on their TAMP accounts will credit their accounts with any 12b-1 fees incurred by mutual funds held in their accounts.

Many mutual funds offer multiple share classes that represent the same underlying investments but have different fees and expenses and differ in their availability for investment based upon certain eligibility requirements. For instance, in addition to the more commonly offered retail share classes (typically, Class A (including load-waived A shares), B and C shares),

some mutual funds offer institutional share classes or other share classes that are specifically designed for purchase in accounts enrolled in fee-based investment advisory programs. Institutional share classes or classes of shares designed for purchase in investment advisory programs usually have lower expense ratios than other share classes. However, these share classes may also have higher transaction costs and certain eligibility criteria as described in the mutual fund's prospectus or statement of additional information. **Clients should not assume that their assets will be invested in the share class with the lowest possible expense ratio. The sponsor or investment manager for your TAMP account and your IAR may recommend, select, or have your account hold a fund share class that charges higher internal expenses than other available share classes for the same fund.**

The TAMP program sponsor's, investment manager's, or IAR's assessment, recommendation or investment of your client account assets into a particular mutual fund or share class may be based on a range of different considerations, including, but not limited to: whether transaction charges are applied to the purchase or sale of the particular mutual fund or share class; your anticipated level of trading activity in the mutual fund or share class; your anticipated holding period for the mutual fund or share class; the asset-based advisory fee charged for your account; the overall cost structure of the advisory program; operational considerations associated with accessing or offering particular share classes (including the presence of selling agreements with the mutual fund sponsors and the ability to access particular share classes through the custodian); and share class eligibility requirements. The factors considered, and the weighting of the importance of each of these factors, will vary among the TAMP program sponsors, investment managers, and IARs. The transaction costs and advisory program cost structure is determined by the TAMP program sponsors, custodian and LFS, respectively, and is determined based on factors such as the availability of cost sharing, distribution fees, shareholder servicing fees or other compensation associated with offering a particular class of shares.

In selecting or recommending particular mutual fund share classes, TAMP program sponsors, investment managers, and IARs may (but are not required to) consider the overall costs and expenses associated with providing ongoing advice and services to the client. Accordingly, the advisory fees that are charged on an account or in the aggregate at the client relationship level may take into consideration the mutual fund share classes in which clients are invested. Clients that are invested in institutional share classes may have higher advisory fees and may be assessed higher transaction charges and surcharges for the purchase and sale of mutual funds. Similarly, clients that are invested in retail share classes may be charged lower advisory fees, have lower transaction charges, and may receive 12b-1 credits or other fee offsets to reduce the impact of being invested in a share class with higher internal expenses. Clients that prefer or request that transaction charges be minimized or avoided may be invested in share classes with higher internal expenses but lower or no transaction-based charges. The higher internal expenses charged to clients who hold mutual fund share classes that incur higher internal expenses will adversely affect the performance of their account when compared to share classes of the same funds that assess lower internal expenses. Please contact your IAR and/or the TAMP sponsor for more information about share class eligibility, transaction costs, and internal mutual fund expenses, and please review the applicable mutual fund prospectus for further information related to the fund's expenses and other important matters.

## **CUSTODIAN AND CLEARING FIRM RELATIONSHIPS**

LFS has a financial incentive to select or recommend NFS as the custodian for client accounts, to increase or maintain the amount of client assets held with NFS, and to maintain its relationship with NFS, based on the compensation that NFS provides to LFS and its affiliates. For example, under the agreement between LFS and NFS, LFS is entitled to receive annual business development credits during the term of the clearing relationship, has received non-recurring business development credits, and would be required to make certain payments to NFS if the clearing relationship were terminated for specified reasons or if LFS failed to maintain specified levels of client assets with NFS. Additionally, LFS is entitled to receive reimbursements for account transfer costs associated with client account transfers into NFS that represent new assets for NFS. These account transfer cost reimbursements may not be offered or available to all new clients transferring their assets to NFS. This creates a conflict of interest for the IAR because he or she could select which clients receive the benefit of the transfer cost reimbursement. We attempt to mitigate this conflict by disclosing it to you and attempting to ensure that any transfer cost reimbursement provided to a client account is directly proportional to the actual costs incurred by the client in transferring his or her account to NFS. This further ensures that the IAR does not benefit himself or herself at the expense of the client in terms of these transfer cost reimbursements that are made available to clients. However, it is important to note that LFS does not have the ability to select or recommend a particular custodian or clearing firm for client accounts invested in TAMP programs and therefore LFS is not receiving any of the compensation or business development credits mentioned above as it relates to client accounts in TAMP programs.



Through its clearing relationship with NFS, LFS receives certain revenue related to margin loans, free credit balances, and debt balances maintained by client accounts in addition to a portion of the Automated Customer Account Transfer Services fee charged by NFS and custodial fees charged to qualified plans and IRAs. However, none of this revenue received by LFS is related to particular assets held by a client (such as a particular mutual fund product, mutual fund share class, or cash sweep vehicle recommended or selected) in program accounts, or related to transactions or activity specific to program accounts or in its role as the investment adviser on such accounts. The receipt by LFS of these types of revenue from the clearing and custodial firm arrangements supports and defrays the costs LFS has related to the ongoing operational and administrative maintenance of client accounts and compensates LFS for services provided in its role as broker-dealer or program sponsor for such client accounts. The payment of this revenue to LFS can be a factor in determining and selecting a particular custodian that we would otherwise select and utilize, such as NFS. We mitigate this conflict by disclosing it to you, ensuring the revenue LFS receives is not shared with the IARs providing investment advisory services and investment recommendations to you and your account, and by requiring that there be a review of your account at account-opening and periodically to determine whether it is suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics. However, it is important to note that LFS does not have the ability to select or recommend a particular custodian or clearing firm for client accounts invested in TAMP programs and therefore LFS is not receiving any of the revenue mentioned above as it relates to client accounts in TAMP programs.

LFS has arrangements with custodians under which LFS provides the custodians with certain services, which vary by custodian. These services generally include, but are not limited to, (i) clerical assistance in completing account opening paperwork and opening client accounts, (ii) clerical assistance in maintaining client accounts, processing asset transfers and money movement, (iii) reconciling and assisting in updating client account information, (iv) clerical assistance in connection with client questions and account information research, (v) helping clients with using brokerage and account services such as periodic investment programs and check writing services, (vi) notifying custodian of certain customer complaints, and (vii) monitoring activity in client accounts.

## **COMPENSATION FOR THE SALE OF SECURITIES**

Clients have the option to purchase investment products recommended by LFS and the IARs through other brokers or agents that are not affiliated with LFS. Commissions and other compensation for the sale of investment products provide other sources of compensation for LFS and many of the IARs.

If any of the Lincoln Financial Group companies or an unaffiliated company acts as an issuer, underwriter, distributor or adviser with respect to a product or program sold to clients, LFS and its affiliates earn compensation from such sale. In addition, these products and programs contain charges and commissions payable to the IARs involved. LFS and the IARs may also receive incentive awards for the sale of investment products.

Depending on which product and/or service you purchase, you will receive materials that disclose important information, such as product prospectuses, client service agreements, applications, and disclosure brochures. You should read and evaluate this information carefully and contact your IAR with any questions.

LFS has agreements with certain mutual fund families, AI sponsors, insurance companies, third-party (or turn-key) asset management program (“TAMP”) sponsors, Strategists, and other counterparties (collectively, “sponsors”) under which sponsors provide additional compensation, sometimes called “marketing support,” to LFS. These marketing support payments subsidize the cost of educational programs and marketing activities that are designed to help facilitate the utilization of these sponsors’ programs, products, and services and to make our IARs more knowledgeable about these sponsors’ programs, products, and services. In addition, these payments allow these sponsors’ representatives to attend and participate in LFS conferences where IARs are present, one-on-one marketing meetings, and due diligence presentations. The method, timing, rate, and amount of these marketing support payments vary by sponsor, program, product, and service, but marketing support payments typically are paid using one or more of the following methodologies: payment of a percentage of each sale; payment of an annual fee based on a percentage of total LFS client assets held with the sponsor; and/or payment of a flat annual fee. While payments vary by sponsor, sponsors generally pay LFS: up to 1.5% of the gross amount of each sale; up to 0.15% annually of total LFS client assets held with the sponsor; and/or flat annual fees that do not exceed \$375,000 annually. Accordingly, with respect to the arrangements where payments are based on a percentage of

each sale or total client assets held with the sponsor, the payments LFS can receive will increase with the amount of client assets placed with the sponsor.

In addition to the marketing support payments that LFS receives through the formal marketing support arrangements described above, sponsors, including, but not limited to, those that have formal marketing support arrangements with LFS, make flat dollar payments to LFS from time to time. These payments are not made as part of any formalized agreement, but rather for specific activities, including, but not limited to, exhibit booth space, presentation opportunities at LFS meetings or similar events, attendance at conferences, educational events for IARs, and participation in other training and educational events. Some sponsors also reimburse LFS and, indirectly, IARs for certain expenses in connection with due diligence meetings, training and educational events, seminars that offer educational opportunities for clients, and similar events. Some sponsors also provide LFS and IARs with nominal gifts and gratuities, including, but not limited to, merchandise bearing the brand or logo of the sponsor.

The marketing support payments LFS receives from sponsors create incentives for LFS that result in conflicts of interest for LFS. In particular, LFS has an incentive to include the sponsors, programs, products, and services that make marketing support payments to LFS on LFS's platform and to recommend that you utilize sponsors, programs, products, and services that make such payments to LFS, rather than sponsors, programs, products, and services that do not make such payments to LFS. In addition, LFS has an incentive to include the sponsors, programs, products, and services that make the highest or relatively higher marketing support payments to LFS on LFS's platform and to recommend that you utilize those sponsors, programs, products, and services, rather than sponsors, programs, products, and services that make relatively lower marketing support payments to LFS. LFS mitigates these conflicts of interest by disclosing them to you, not sharing any of these revenues with the IARs that recommend sponsors, programs, products, or services for your account, and requiring that there be a review of your account at account-opening and periodically to determine whether it is suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

Additional information regarding LFS's marketing support arrangements, including a list of sponsors with which LFS has formal marketing support arrangements, can be found in the marketing support disclosures available on LFS's website at [www.lfsecurities.com](http://www.lfsecurities.com) under My accounts—Disclosures. Please review these marketing support disclosures in detail and discuss any questions you may have with your IAR.

LFS, the IARs, and clients also receive the benefit of certain services provided by program sponsors and custodians. These services may include performance reporting, statement creation and delivery, technology systems including online access to account information, fee liquidation, notification and payment services, marketing material and other services related to the management of investment advisory accounts. Some of these services may involve additional charges to LFS, the IARs, or to clients, while others are packaged and available as part of an investment advisory program without itemization of the cost of each product or service.

## **IAR COMPENSATION**

Some IARs receive additional compensation and benefits (including, but not limited to, discounted sponsor fees and educational and other opportunities) for reaching certain levels of assets under management in LFS's investment advisory programs and certain other benefits (including, but not limited to, recognition trips) for generating a certain amount of revenue in investment advisory fees, commissions, or both within a certain time period, typically one year. Clients are not charged any additional fees due to these circumstances. However, the receipt of additional compensation and benefits presents a conflict of interest that may affect the judgment of the IAR. We mitigate this conflict by disclosing it to you and by requiring that there be a review of your account at account-opening and periodically to determine whether it is suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

Most IARs can recommend annuities, model portfolios, and other products that are managed and/or sold by Lincoln Financial Group companies, including, but not limited to, The Lincoln National Life Insurance Company ("LNL"), provided that the recommendations are suitable and in the client's best interest given the client's investment objectives, financial circumstances, and other characteristics. Lincoln Financial Group companies will profit when LFS clients purchase or use Lincoln Financial Group products as a result of IARs' recommendations. This presents a conflict of interest as LFS and the IARs have an incentive to recommend products based on the compensation they or their affiliates receive, rather than on a client's needs. We mitigate this conflict by disclosing it to you and by requiring that there be a review of your account at

account-opening and periodically to determine whether it is suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

In some cases, IARs receive more compensation when placing Lincoln Financial Group manufactured products and qualify for additional compensation based on the volume of those sales over time. IARs are also eligible for additional compensation and/or other incentives based on factors such as sales volume of certain Lincoln Financial Group products, the length of time that clients keep assets in the products, and/or the profitability of the products. IARs may also receive compensation based on the sales of Lincoln Financial Group products by other representatives. Some IARs participate in benefit programs whose costs are partially reimbursed by Lincoln Financial Group affiliates, and/or which are based on sales volume of Lincoln Financial Group products. LFS-affiliated companies will also benefit financially from the sale of Lincoln Financial Group life insurance, annuity, mutual fund and asset management products offered by IARs. These instances present conflicts of interest as these situations create a financial incentive for LFS and IARs to recommend products for which they or their affiliates receive higher compensation. We mitigate this conflict by disclosing it to you and attempting to ensure that IARs' and LFS registered representatives' recommendations are in your best interest, including by requiring that there be a review of your account at account-opening and periodically to determine whether it is suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics. Because of the way products are priced and marketed, in certain circumstances, IARs may receive higher compensation for the sale of products offered by companies not affiliated with Lincoln Financial Group.

Some more experienced IARs who moved their practices to LFS have received loans based on future sales of products and services offered by LFS, including both Lincoln Financial Group and non-Lincoln Financial Group products and services. In the past, some loans were offered based on Lincoln Financial Group products alone. Depending on the arrangement between LFS and the IAR, the repayment of certain of these loans may be fully or partly waived based on reaching certain sales levels or revenues generated by the IAR or the IAR's time spent affiliated with LFS or may be funded by additional compensation for these sales. This arrangement creates a conflict of interest for the IAR in that he or she has an additional financial incentive to achieve specified levels of sales or revenue generation, which could impact the recommendations made to customers. LFS has revised its production-based forgivable loan program to implement new required controls and policies. These controls and policies attempt to ensure that the loan amount provided to an IAR is not disproportionate to the IAR's overall production and compensation amounts earned historically. Additionally, the amount that may be forgiven in any one year of the term of the loan is capped, unless an exception is granted. This structure and approach attempt to avoid unduly influencing an IAR to have significant disproportionate production or compensation earned in any given year to attempt to receive a large windfall in having large outstanding loan amounts forgiven.

The conflicts of interest arising from the IAR compensation arrangements described above are mitigated by the fact that LFS, LNL and their affiliated companies have designed and implemented reasonable policies and procedures to help ensure that IARs make recommendations and provide advice that is in the best interest of their clients in compliance with applicable best interest requirements and fiduciary obligations. In addition, LFS maintains a supervisory system that includes conducting periodic supervisory and compliance inspections and audits related to the advice and recommendations being provided by IARs.

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

LFS and the IARs do not charge fees based on a share of capital gains or capital appreciation of client assets.

#### **Item 7: Types of Clients**

LFS generally provides investment advisory services to individuals, high net worth individuals, pension and profit-sharing plans, charitable organizations, corporations and other businesses, and state or municipal government entities.

Requirements for opening and maintaining an account, such as minimum account size, are listed above in the description for each advisory program or service, if applicable.

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

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### **THIRD-PARTY ASSET MANAGEMENT PROGRAMS**

IARs perform analyses for asset management programs, which are provided to clients. These analyses rely on research reports and information provided by third parties who are contracted to provide such information. IARs consult with their clients to develop an investment strategy for the client. The methods of analysis and investment strategies will vary based upon the individual IAR providing the advice. Where applicable, IARs may use a holistic approach in managing multiple accounts to a client's objectives and risk tolerance and for tax efficiency. LFS has tools that may be utilized in this regard or IARs may use their own expertise in making recommendations to address those concerns.

Each IAR may develop specific investment strategies that may include investing in multiple or single asset classes, model portfolios or some other distinct investment strategy. Other IARs may take a more customized approach to management of client accounts. Each IAR is primarily responsible for making and implementing recommendations for investment managers, strategies, and in some cases, security selection, for a client account within the investment guidelines of the particular program through which the client invests. At LFS's discretion, certain IARs have greater latitude in selecting and recommending securities and diversification. Therefore, the availability of investment strategies and securities and the applicability of investment limitations vary depending on a client's particular IAR.

LFS researches, selects and reviews on an ongoing basis the third-party advisory programs that are offered through LFS. LFS may use information provided by the third-party advisory program sponsor and may also use independent, third-party data sources when evaluating a third-party advisory program. As with any investment strategy, asset allocation, model or investment portfolio, past performance is no guarantee of future performance. In addition, forecasts of future performance of financial markets may prove to be incorrect. Diversification helps you spread risk throughout your investment portfolio. Different asset classes have different risk and potential return profiles and they perform differently in different market conditions. Diversification alone will not guarantee a profit or protect against a loss. LFS does not independently audit the historical performance published by third-party investment managers. Clients are strongly encouraged to carefully review the third-party investment manager's disclosures regarding prior performance to determine the relevance of the prior performance to the client's account, and whether the prior performance includes any hypothetical or back-tested performance information.

For all asset management programs used by LFS, the specific security analysis methods, sources of information and investment strategies depend upon and are determined by the applicable third-party asset managers. For additional information regarding the methods of analysis and investment strategies of particular third-party managers, please refer to the Form ADV, Part 2A for the particular manager, which is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Investments made and the actions taken for client accounts are subject to various market, liquidity, currency, economic and political risks, among others, and will not necessarily be profitable. Investing in securities involves risk of loss that clients should be prepared to bear. Clients should understand that all investments involve risk, that investment performance can never be predicted or guaranteed and that the value of client accounts will fluctuate due to market conditions and other factors. Clients are assuming the risks involved with investing in securities and could lose all or a portion of the amount held in their account. In addition, certain IARs have greater latitude in selecting securities and diversification for a client's account. As such, the performance of accounts managed by different IARs may vary greatly. Past performance is not a guarantee of future results.

### **FINANCIAL PLANNING SERVICES**

LFS provides its financial planning services using both fundamental and technical approaches to financial planning. The financial plans may provide analysis and advice in the following areas: investment planning, risk management, retirement planning, estate planning, education planning, business succession planning, executive compensation planning, entity planning, employee benefits planning, and nonqualified deferred compensation financial planning.

In the financial planning process, IARs will assist clients in identifying their financial objectives using approved questionnaires and software. As part of this process, clients are responsible for providing LFS with information that is accurate and complete, and any failure to do so is likely to affect the analysis and recommendations contained in the financial

plan prepared for a particular client. IARs will recommend asset allocation strategies made up of different categories of financial assets in order to address specific client-identified economic and tax concerns. IARs have the latitude to determine how best to develop the financial plans that they present to clients. As a result, the composition of financial plans and the underlying recommendations offered by different IARs may vary greatly.

Your financial plan is based on the information you provide to LFS and your IAR. Your IAR and LFS will only be responsible for updating and correcting the information you provided for the financial plan (e.g., to reflect changes in your life, financial situation, goals, and market or economic conditions) if you engage them to provide a new financial plan or engage them to update the information you provided previously in order to update or correct an existing financial plan before it is finalized. As a result, your financial plan may become outdated or inaccurate as these factors change over time. LFS is not responsible for the accuracy of the assumptions and calculations made in financial planning software by third parties. Enhancements and changes to financial planning software may be made in the future.

It is the client's responsibility to determine if, and how, the recommendations contained in LFS's financial plan should be implemented or otherwise followed. Clients should carefully consider all relevant factors in making these decisions, and clients are encouraged to consult with outside professional advisors, including for tax, accounting and legal advice.

LFS's financial planning services include a recommended financial plan that is based on, among other things, a client's stated financial situation and objectives, risk tolerance, age, current asset allocation and value of assets. The recommended financial plan is also based on historical financial data and assumptions about future financial trends (including market appreciation or decline, rates of return and risks for various asset classes). Historical data is not indicative of future performance and assumptions about future events may not prove to be true or relevant. LFS has no obligation to revise a client's financial plan or otherwise advise the client if any of LFS's assumptions change in the future. Further, there can be no assurance that a financial plan recommended by an IAR will be successful in achieving the client's investment goals and objectives.

LFS's financial plans do not provide ongoing advice. Therefore, it is important for clients to monitor current events, such as changes in tax laws and in the financial markets, which may affect clients' financial plans and circumstances. Clients should reconsider their financial planning strategy and decisions from time to time to determine the impact that these events or changes may have on their circumstances.

In the financial planning process, the IAR does not make recommendations regarding the purchase of specific insurance or investment products. If clients decide to implement the proposed recommendations through a brokerage or investment advisory account, clients should understand that all investments involve risk, that investment performance can never be predicted or guaranteed and that the value of client accounts will fluctuate due to market conditions and other factors. Clients are assuming the risks involved with investing in securities and could lose all or a portion of the amount held in their account. In addition, forecasts of future performance of financial markets may prove to be incorrect. Diversification helps you spread risk throughout your investment portfolio. Different asset classes have different risk and potential return profiles and they perform differently in different market conditions. Diversification alone will not guarantee a profit or protect against a loss.

Investments made and the actions taken for any such brokerage or advisory account will be subject to various market, liquidity, currency, economic and political risks, and will not necessarily be profitable. Past performance is not a guarantee of future results.

## **ADDITIONAL RISK FACTORS**

In addition to the risks listed above, there are material risks associated with the types of products in which you invest, including, but not limited to, mutual funds, ETFs, interval funds, options, and annuities. Before investing, clients should refer to the prospectus or other applicable offering documents of those particular products for a discussion of risk factors applicable to those particular products and clients' investments therein.

## **Item 9: Disciplinary Information**

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LFS is a registered broker-dealer and investment adviser. This section contains information about certain legal and disciplinary events that LFS believes are material to a client's evaluation of its advisory business or the integrity of its

management. LFS and certain of its financial professionals have also been subject to other legal and disciplinary events relating to their brokerage and investment advisory businesses that LFS does not view as material to a client's evaluation of LFS's advisory business or the integrity of its management. Additional information regarding LFS's and its financial professionals' legal and disciplinary histories can be found in Part 1 of LFS's Form ADV, which is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), and on the Financial Industry Regulatory Authority, Inc.'s ("FINRA") BrokerCheck website at <https://brokercheck.finra.org/>.

- On November 14, 2016, FINRA accepted LFS's Letter of Acceptance, Waiver and Consent whereby FINRA found that LFS failed to establish, maintain and enforce a supervisory system, including written supervisory procedures ("WSPs"), reasonably designed to (1) ensure the security of confidential customer information stored on electronic systems at LFS branch offices; and (2) ensure the preservation, retention and review of consolidated reports produced by registered representatives and provided to LFS customers, and failed to retain certain consolidated reports. LFS consented to a censure and monetary fine of \$650,000 and, with respect to Item (1), by June 14, 2017, an officer of LFS was required to certify in writing to FINRA that LFS had (a) completed a review of its WSPs and systems; and (b) implemented necessary revisions to such procedures and systems that are reasonably designed to achieve compliance with Rule 30 of Regulation S-P. To date, LFS is not aware of any misuse of customer information stemming from the unauthorized access of the cloud server. LFS has taken several corrective actions and implemented several enhancements relating to consolidated account statements, including instituting a policy and reporting system to ensure all consolidated customer account statements are retained and reviewed, and adopting a WSP for manually entered assets.
- On December 10, 2012, FINRA notified LFS of its acceptance of a Letter of Acceptance, Waiver and Consent (the "December 2012 AWC") signed and submitted to FINRA on November 13, 2012. The December 2012 AWC noted that between March 2007 and December 2009, LFS failed to establish and maintain adequate supervisory systems and written procedures, or failed to reasonably enforce its written procedures, in the following areas:
  - By failing to enforce its own procedures that required completion and review of a variable annuity redemption form, LFS failed to adequately supervise the recommendations by LFS representatives to its customers to redeem variable annuities in order to purchase non-securities products.
  - LFS failed to enforce its policies and procedures that prohibited its registered representatives from receiving commissions for any securities transactions occurring in customer accounts where the registered representative was not licensed in both the state of solicitation and the state in which the customer resided at the time of the transaction. This resulted in approximately 2,500 mostly recurring, previously scheduled transactions in established accounts, in which LFS representatives were not properly licensed in the state the customer resided at the time of the commission payment.
  - LFS failed to enforce its supervisory procedures to ensure that all securities related emails sent or received by its registered representatives were captured and retained.

In addition, from March 2007 through at least June 2009, LFS failed to ensure adequate anti-money laundering transactional review was being performed by product sponsors in order to monitor for suspicious transactions for subsequent investments in accounts held directly with a product sponsor and failed to specify in its internal procedures the timing of required employee anti-money laundering training and which employees require training. Finally, from March 2007 to May 2008, LFS permitted its managers to conduct reviews of their own securities transactions effected on behalf of customers and did not ensure a sufficient sample of the managers' customer files were reviewed during branch audits. Additionally, LFS failed to complete an adequate report to senior management in 2008, detailing known deficiencies of the firm's system of supervisory controls. As a result of the foregoing, LFS violated NASD Rules 2110, 3010, 3011, 3012 and 3110 and FINRA Rule 2010. LFS was censured and fined \$525,000. LFS agreed to these sanctions without admitting or denying the findings.

- On November 20, 2012, FINRA notified LFS of its acceptance of a Letter of Acceptance, Waiver and Consent (the "November 2012 AWC") signed and submitted to FINRA on November 6, 2012. The November 2012 AWC noted that from about January 2008 through about May 2010, LFS failed to establish and maintain a supervisory system and establish, maintain and enforce written supervisory procedures reasonably designed to supervise the activities



of its registered representatives. LFS failed to respond to certain “red flags” regarding a registered representative and thus did not detect the existence of a scheme perpetrated through his outside business in which he defrauded investors. This conduct violated NASD Conduct Rules 3010 and 2110 and FINRA Rule 2010. LFS was censured and fined \$175,000. LFS agreed to these sanctions without admitting or denying the findings.

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

In addition to LFS’s registration as an investment adviser, LFS is also registered as a broker-dealer and sells stocks, bonds, ETFs, mutual funds, annuities, insurance products, options, and other investment products and services. IARs are also generally registered representatives of LFS. Some of LFS’s executive officers are also officers of LNL and Lincoln Life & Annuity Company of New York. The proportion of time spent on each of these activities cannot be readily determined.

LFS is affiliated with the following companies due to common ownership by LNC:

- The Lincoln National Life Insurance Company (insurance company);
- Lincoln Life & Annuity Company of New York (insurance company);
- LFA, Limited Liability Company (insurance agency);
- Lincoln Financial Distributors, Inc. (broker-dealer);
- Lincoln Financial Advisors Corporation (broker-dealer, investment adviser, and insurance agency);
- Lincoln Investment Advisors Corporation (investment adviser);
- First Penn-Pacific Life Insurance Company (insurance company);
- JPSC Insurance Services, Inc. (insurance agency);
- California Fringe Benefit and Insurance Marketing Corporation (insurance agency);
- LFD Insurance Agency, Limited Liability Company (insurance agency);
- Lincoln Financial Group Trust Company, Inc. (trust company);
- Lincoln Investment Management Company (investment adviser);
- Westfield Assigned Benefits Company (insurance agency); and
- Lincoln Life Assurance Company of Boston (insurance company).

Conflicts of interest are created by financial incentives and/or compensation arrangements between LFS and its affiliates. These conflicts of interest and the steps LFS takes to address them are described above in Item 5, Fees and Compensation.

LFS may recommend or select other investment advisers for clients and receive compensation directly or indirectly from those advisers. This creates a conflict of interest in that LFS and the IARs have a financial incentive to recommend advisers based on compensation paid. These conflicts of interest and the steps LFS takes to address them are described above in Item 5, Fees and Compensation.

LFS and your IAR may earn more compensation if you invest in a program described in this Brochure than if you open a brokerage account to buy individual mutual funds or other securities. However, in a brokerage account, you would not receive all the benefits of the programs described in this Brochure, such as ongoing investment advice and portfolio management. Therefore, IARs and LFS have a conflict of interest given their financial incentive to recommend one of the programs described in this Brochure. The decision to invest in an advisory program is solely that of the client. Clients are provided a full description of the services provided and fees applicable to each advisory program. We also require that there be a review of your account at account-opening and periodically to determine whether it is suitable and in your best interest in light of your investment objectives, financial circumstances, and other characteristics.

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

### **CODE OF ETHICS**

LFS has adopted an Investment Adviser Code of Ethics (the “Code”) and all IARs and “access persons” (as defined under the Advisers Act) are required to understand and follow its provisions. Through the Code, LFS strives to ensure high standards of professional excellence and ethical conduct among its associates. The Code is aligned with Lincoln Financial Group’s long-standing shared values of: Integrity, Commitment of Excellence, Responsibility, Respect, Fairness, Diversity and Employee Ownership. LFS will provide a copy of the Code to any client or prospective client upon request. If you would like a copy of the Code, please call (800) 237-3813 or send an email request to [LFNAdvisoryServices@lfg.com](mailto:LFNAdvisoryServices@lfg.com).

## SECURITIES IN WHICH LFS HAS A FINANCIAL INTEREST

LFS may engage in principal transactions mainly involving debt securities. When doing so, these securities are recommended to LFS's clients on a fully disclosed basis and are conducted on a "riskless transaction" basis. Under these circumstances, LFS may buy or sell securities it recommends to its clients as a principal. All of this information is fully disclosed to clients through trade confirmations.

## PERSONAL SECURITIES TRADING

LFS, the IARs and other associated persons may buy or sell securities identical to those recommended to clients for their personal accounts. Moreover, the IARs can recommend buying and selling securities for their own accounts or for the accounts of other clients which differ from advice given or actions taken in providing advisory services to you. In addition, any related person may have an interest or position in certain securities which may also be recommended to clients. This creates a conflict of interest in that IARs have an incentive to put their own interests ahead of clients' interests. Personal securities transactions by IARs are recorded and monitored by LFS.

IARs may provide financial plans to clients containing recommendations regarding investment services or product categories that are offered by LFS or its affiliates. IARs will not recommend that clients implement their financial plans through LFS; however, IARs may make clients aware that LFS or its affiliates offer products or services contained in a recommended financial plan. The decision of whether to implement a recommended financial plan and through which financial firms to implement is solely that of the client. IARs will not base recommendations made in a client's financial plan on the products or services offered through LFS or its affiliates, but instead will base their recommendations on the investment objectives and financial condition of the particular client. Nonetheless, IARs have a financial incentive to recommend products or services that are offered by LFS or its affiliates.

### **Item 12: Brokerage Practices**

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The brokerage practices for the advisory services discussed in this Brochure vary depending on the particular program or service. Because LFS and the IARs generally do not have the discretion or authority to select broker-dealers or execute transactions for the advisory services and programs discussed in this Brochure, LFS does not have the opportunity to aggregate orders for the purchase or sale of securities for various client accounts.

Although LFS and the IARs may recommend or assist clients in selecting particular advisory programs, neither LFS nor the IARs have the discretion or authority to select broker-dealers for the third-party investment advisory programs discussed in this Brochure. The brokerage practices that are applicable to a particular third-party advisory program will be established by the sponsor of that program. In general, the third-party managers will have the discretion to select brokers through which to execute transactions in client accounts. In many cases, such third-party managers will require that client accounts trade through a particular broker-dealer, and those broker-dealers will frequently be affiliated with the sponsor of the program. In other cases, these third-party managers may permit clients to direct that the manager place all client transactions through a particular broker-dealer of the client's choosing.

By directing brokerage to a particular broker, clients may be unable to achieve the most favorable execution of transactions because the third-party investment manager will not be responsible for negotiating commission rates or selecting broker-dealers. In addition, transactions for the client's advisory account may not be "bunched" or aggregated with orders for other accounts managed by the third-party investment manager. As a result, directed brokerage may result in higher commissions or less favorable net prices that will cost the client more money. In addition, if the cost of brokerage commissions is included in the applicable program fee, clients that direct trades to another broker-dealer may incur a separate brokerage charge that is in addition to the program fee. For more information about the brokerage practices of a particular third-party manager or program, clients should refer to the Form ADV, Part 2A for the particular adviser.

Brokerage arrangements for the solicitor and referral programs discussed above will also vary by program or service. Please refer to the Form ADV, Part 2A or other disclosure and account opening documents for each referred adviser or manager for details.



## STEP-OUT TRADING

As discussed in Item 5, Fees and Compensation, third-party investment managers that have the discretion to execute “step-out” trades with broker-dealers other than the broker-dealer associated with your investment advisory program or wrap fee program will incur additional commissions or other trading or transaction fees that you will pay as a result of a step-out trade. Any additional trading costs may negatively impact investment performance. However, the decision to execute a step-out trade may allow the manager to achieve better price execution. In addition, some managers do not pass the additional fees or costs on to the client.

Some investment advisory fees for third-party investment advisory programs described in this Brochure are charged as an “all-inclusive” bundled fee based on the assets under management. Any all-inclusive bundled or wrap fee amounts charged by the third-party manager or sponsor will cover brokerage execution at no additional charge for trades executed with that third-party manager’s clearing firm. The “all-inclusive” bundled wrap fees do not cover charges resulting from “step-out” trades effected with broker-dealers not associated with that third-party manager’s investment advisory program or wrap fee program. The third-party managers and sponsors described in this Brochure are generally free to consider their own clearing firm’s trading capability versus other brokers’ trading capabilities as part of their own best-execution responsibilities and obligations as investment advisers and sponsors to these investment advisory programs.

A “step-out” trade occurs in some instances when an investment manager purchases equity securities, fixed-income securities, derivatives (e.g., options), or other securities from a different broker-dealer or the broker or dealer selling the securities to obtain a more favorable price or because the particular security is not available through the broker-dealer associated with your investment advisory program or wrap fee program.

In other instances, a “step-out” trade occurs when the investment manager executes a single trade for multiple clients by aggregating orders into a single “block.” A “block” trade can provide the client with a better overall price and/or return because a single order could result in better execution versus placing multiple separate orders. When an investment manager executes a “block” order, that manager is seeking to obtain the best-execution and best price. Aggregating transactions into a single trade may afford the investment manager more control over the execution of the trade, including potentially avoiding an adverse effect on the price of the security that could result from effecting a series of separate, successive and/or competing small trades with multiple broker-dealers or clearing firms.

When step-out trading occurs through broker-dealers whose commissions or other fees are not assumed within the program fee, the client incurs additional commissions or other trading or transaction fees in addition to any program fees. Any additional trading costs may negatively impact investment performance. However, the decision to execute a step-out trade may allow the manager to achieve better price execution.

LFS anticipates that most trades will be placed through the relevant third-party investment manager’s own clearing firm for execution because of their execution capabilities and because the all-inclusive bundled wrap fee charged by the third-party investment manager in certain programs covers trade charges only when trades are executed through their own clearing firm. However, third-party managers may from time to time believe they are able to obtain better execution utilizing step-out trades. Additionally, certain third-party managers have historically utilized step-out trades for a significant portion, if not all, of their trades in certain strategies (including, but not limited to, certain fixed-income, options, and ETF strategies) and may do so in the future. As a result, clients utilizing these third-party managers’ strategies will incur any additional fees and costs resulting from such step-out trades, which will increase their overall cost of participation in the program.

Further information regarding the frequency of third-party advisers’ utilization of step-out trades and a general description of the additional costs related to step-out trades can be found on our website at [www.lfg.com/public/individual/adv](http://www.lfg.com/public/individual/adv). If you have any questions regarding this information or step-out trading in your account and related costs, please contact your IAR.

In placing orders for the purchase and sale of securities and directing brokerage to affect these transactions, the third-party investment adviser’s primary objective is to obtain prompt execution of orders at the most favorable prices reasonably obtainable. In doing so, the third-party investment adviser considers a number of factors, including, without limitation, the overall direct net economic result to the client, the financial strength, reputation and stability of the broker, the efficiency with which the transaction is effected, the ability to effect the transaction at all, the availability of the broker to stand ready to execute possibly difficult transactions in the future and other matters involved in the receipt of brokerage services.

As noted in Item 5, Fees and Compensation, investment managers have the discretion to utilize a step-out trade in circumstances including, but not limited to, those involving: equity securities, fixed-income securities, derivatives (e.g., options), thinly traded securities, illiquid securities, and ETFs. Investment managers may decide to “step-out” for a variety of reasons, such as obtaining an optimal combination of price and service to the client along with satisfying the investment manager’s best execution obligation.

## **BEST EXECUTION**

In placing orders for the purchase and sale of securities and directing brokerage to effect these transactions, an investment manager’s primary objective is to obtain best qualitative execution for clients in each client transaction so that the client’s cost per transaction is the optimal combination of price and service considering all relevant factors, including, but not limited to, the type of security, timeliness of execution, efficiency of execution, and any other relevant consideration. As such, an investment manager may choose to execute “step-out” trades as discussed above and as noted above in Item 5, Fees and Compensation.

Further information regarding the frequency of third-party investment advisers’ utilization of step-out trades and a general description of the additional costs related to step-out trades can be found on our website at [www.lfg.com/public/individual/adv](http://www.lfg.com/public/individual/adv). If you have any questions regarding this information or step-out trading in your account and related costs, please contact your IAR.

As described above, LFS’s financial planning services are completed upon the delivery of a recommended financial plan to a client. Clients are neither required to implement any of the recommendations made in a financial plan, nor required to transact business through LFS in implementing any portion of the recommended financial plan. IARs generally make clients aware that brokerage and investment advisory services are offered by LFS or its affiliates, through which a client can implement its recommended financial plan. However, the decision as to whether to implement a financial plan and which financial firm to use for implementation is solely that of the client. If a client chooses to implement any or all of the recommendations made in a financial plan through LFS, LFS will be acting solely as a broker-dealer, not as an investment adviser in implementing such plan (unless otherwise agreed in writing).

LFS and the IARs have no discretion or authority with respect to the selection of broker-dealers for the Retirement Plan Consulting Program.

For additional information on conflicts of interest created by the recommendation of a particular advisory program and the resulting broker-dealer or custodian, including compensation arrangements between LFS and the other broker-dealer or custodian, please see Item 5, Fees and Compensation, above.

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

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Accounts in asset management programs are reviewed periodically as agreed upon by the IAR and client, as transactions occur, or as requested by the client. IARs usually receive quarterly reports of client accounts. These reports are reviewed periodically by LFS and/or the IAR and are reviewed with the client during annual reviews or as part of other meetings or discussions between the IAR and the client. Clients in asset management programs receive confirmations from the broker-dealer holding the accounts as activity occurs and/or monthly statements of account activity. The custodians for asset management programs provide written reports directly to clients at least quarterly.

Financial planning clients do not receive periodic or ongoing reports, but instead receive a completed financial plan at the completion of the financial planning process. After the first anniversary of the plan, the client may request, or the IAR may recommend, that the contract be renewed to update the financial plan. In this case, the IAR will gather current financial information and provide an updated written analysis.

When acting in a solicitor capacity, neither LFS nor the IARs are responsible for evaluating, monitoring or overseeing a third-party adviser’s management of a client account once a referral has been made. In addition, LFS does not provide ongoing monitoring of clients participating in its Retirement Plan Consulting Program.

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

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For a description of the economic benefits received by LFS and IARs from entities who are not clients, as well as conflicts of interest created by those benefits and how they are addressed, please see Item 5, Fees and Compensation, above.

### **SOLICITOR RELATIONSHIPS**

Clients are obtained primarily through the efforts of IARs; however, solicitors periodically refer clients to LFS. Pursuant to Rule 206(4)-3 under the Advisers Act, LFS pays referral fees to certain solicitors as compensation for their client referrals. Rule 206(4)-3 under the Advisers Act requires LFS to document its arrangements with solicitors pursuant to written agreements between the parties. In addition, third-party solicitors are required to deliver to each client solicited on LFS's behalf a copy of LFS's Form ADV, Part 2A and a separate written disclosure document describing the relationship between LFS and the solicitor, including the compensation the solicitor is being paid to refer clients to LFS. The referral fees LFS pays to solicitors generally are a stated percentage of the advisory fees that referred clients pay to LFS. Any advisory fees paid by a referred client are agreed to by the client and are fully disclosed to the client in their client service agreement, SIS, and related account-opening documents and disclosures, regardless of any referral fees LFS pays to the solicitor.

### **OTHER COMPENSATION**

LFS and IARs receive economic benefits from third parties in a number of ways. Many of those are addressed in Item 5, Fees and Compensation, above.

If a client needs certain types of products or services that are not offered by LFS, LFS may refer the client to various third-party entities that provide these products or services. LFS may be paid referral fees by these third parties depending on the arrangement between LFS and the third party. Examples of these types of products and services include business valuation, foundation formation, tax strategies, trustee services, certain wealth management services, and other services.

## **Item 15: Custody**

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LFS generally does not provide custodial services for client assets and all client accounts are required to be held with a qualified custodian. Clients will receive account statements from the broker-dealer or other qualified custodian that holds their accounts, and clients should carefully review these statements. It is important to compare the information on these statements with reports you receive from LFS and your IAR. Please note that there may be minor variations in these reports due to calculation methods. If you have any questions, please contact your IAR.

LFS and the IARs generally do not take possession of client funds or securities. However, in certain asset management programs, clients have authorized LFS to deduct advisory fees from their accounts. While LFS and the IARs do not accept authority to take possession of client assets, this level of account access is considered "custody" under Advisers Act rules. Additionally, LFS allows clients to grant authority to their IARs to initiate transfers of funds and securities on the client's behalf, including transfers to third parties, through standing written authorizations. The SEC has determined that this capability is considered "custody" under Advisers Act rules.

LFS does not have custody of client funds or securities in connection with its financial planning services.

## **Item 16: Investment Discretion**

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LFS generally provides investment management services on a non-discretionary basis, meaning that LFS obtains client authorization before entering any buy or sell orders in client accounts. As mentioned previously, specific to the various TAMP programs described in this Brochure, the TAMP sponsors and/or investment managers themselves will generally have discretionary trading and investment authority over client accounts. The client will usually appoint the TAMP program sponsor and/or the investment manager selected as their attorney-in-fact and delegate discretionary trading authority to that party. That allows the TAMP program sponsor and/or selected manager to buy and sell securities in the client's account without prior approval from the client for each transaction. In some other investment management programs offered by LFS, including the CWA Choice Program and Custom Wealth Advantage Unified Portfolio, certain IARs are authorized by LFS to have discretion on client accounts in the form of a limited trading authorization, where written trading authorization

is provided by the client. Additionally, client may grant LFS discretionary trading authority for certain program options in the Custom Wealth Advantage Strategist Program.

LFS does not accept discretionary authority in connection with its retirement consulting or financial planning services.

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

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LFS does not accept authority to vote client securities or proxies. Clients will receive their proxies or other solicitations directly from their custodian, unless the client has provided proxy voting authority to a third party such as an investment manager. Clients should address any questions regarding a particular solicitation to their IAR.

#### **Item 18: Financial Information**

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LFS's statement of financial condition for its most recent fiscal year is included with this Brochure. LFS does not have any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients.

# Lincoln Financial Securities Corporation

## Statement of Financial Condition (in thousands)

	Year Ended December 31, 2020
<b>Assets</b>	
Cash and invested cash	\$ 23,396
Commissions and fees receivable from third parties	5,431
Commissions and fees receivable from affiliates	362
Due from affiliates	65
Deferred tax asset	760
Other assets	9,456
Net property and equipment (accumulated depreciation: 2020 - \$2,653)	434
Total assets	<u>\$ 39,904</u>
<b>Liabilities and stockholder's equity</b>	
Liabilities:	
Payable to vendors	\$ 267
Due to affiliates	383
Accrued commissions	4,069
Accrued compensation and benefits	599
Other liabilities	7,886
Total liabilities	<u>13,204</u>
Stockholder's equity:	
Common stock - \$1 par value; 100,000 shares authorized; 50,000 shares issued and outstanding	50
Additional paid-in capital	41,730
Accumulated deficit	<u>(15,080)</u>
Total stockholder's equity	<u>26,700</u>
Total liabilities and stockholder's equity	<u>\$ 39,904</u>

Lincoln Financial Advisors Corporation and Lincoln Financial Securities Corporation (both a part of Lincoln Financial Network or LFN) are committed to protecting your privacy. To provide the products and services you expect from a financial services leader, we must collect personal information about you. We do not sell your personal information to third parties. This Notice describes our current privacy practices. While your relationship with us continues, we will update and send our Privacy Practices Notice as required by law. Even after that relationship ends, we will continue to protect your personal information. This Notice explains our information sharing practices and provides information on how to contact us if you have questions regarding our privacy practices. You do not need take any action because of this Notice, but you do have certain rights as described below.

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## Information We May Collect And Use

We collect personal information about you to help us identify you as a consumer, our customer or our former customer; to process your requests and transactions; to provide customer service; to offer and provide investments, financial planning and insurance products and services to you; to pay your claim; to analyze in order to enhance our products and services; to tell you about our products or services we believe you may want and use; and as otherwise permitted by law. The type of personal information we collect depends on your relationship and on the products or services you request and may include the following:

- **Information from you:** When you submit your application or other forms, you give us information such as your name; address; Social Security number; and your financial, health, and employment history; and if applicable, financial and other information about your business. We may also collect voice recordings or biometric data for use in accordance with applicable law.
- **Information about your transactions:** We keep information about your transactions with us, such as the products you buy from us and the services you engage us to provide; the amount you paid for those products and services; your account balances; and your payment history.
- **Information from outside our family of companies:** If you are applying for or purchasing insurance products, we may collect information from consumer reporting agencies, such as your credit history; credit scores; and driving and employment records. With your authorization, we may also collect information, such as medical information, from other individuals or businesses.
- **Information from your employer:** If your employer applies for or purchases group products from us, we may obtain information about you from your employer or group representative in order to enroll you in the plan.

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## How We Use Your Personal Information

We may share your personal information within our companies and with certain service providers. They use this information to process transactions you, your employer, or your group representative have requested; to provide customer service; to assist us in offering and providing investments, financial planning, and insurance products and services; to analyze in order to enhance our products and services; to gain customer insight; and to inform you of products or services we offer that you may find useful. Our service providers may or may not be affiliated with us. They include financial service providers (for example, third party administrators; broker-dealers; insurance agents and brokers, financial professionals; reinsurers and other financial services companies with whom we have joint marketing agreements). Our service providers also include non-financial companies and individuals (for example, consultants; vendors; and companies that perform marketing services on our behalf). Information we obtain from a report prepared by a service provider may be kept by the service provider and shared with other persons; however, we require our service providers to protect your personal information and to use or disclose it only for the work they are performing for us, or as permitted by law.

When you apply for one of our products, we may share information about your application with credit bureaus. We also may provide information to group policy owners, or their designees (for example, to your employer for employer-sponsored plans and their authorized service providers), regulatory authorities and law enforcement officials and to others when we believe in good faith that the law requires disclosure. In the event of a sale of all or part of our businesses, we may share customer information as part of the sale. We do not sell or share your information with outside marketers who may want to offer you their own products and services; nor do we share information we receive about you from a consumer reporting agency. You do not need to take any action for this benefit.

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## Security of Information

We have an important responsibility to keep your information safe. We use safeguards to protect your information from unauthorized disclosure. Our employees are authorized to access your information only when they need it to provide you with products, services, or to maintain your accounts. Employees who have access to your personal information are required to keep it confidential. Employees are required to complete privacy training annually.



## Your Rights Regarding Your Personal Information

**Access:** We want to make sure we have accurate information about you. Upon written request we will tell you, within 30 business days, what personal information we have about you. You may receive a copy of your personal information in person or receive a copy electronically, or by mail, whichever you prefer. We will share with you who provided the information. In some cases, we may provide your medical information to your personal physician. We will not provide you with information we have collected in connection with, or in anticipation of, a claim or legal proceeding. If you request a copy of the information, we may charge you a fee for copying and mailing costs. In very limited circumstances, your request may be denied. You may then request that the denial be reviewed.

**Accuracy of Information:** If you feel the personal information we have about you is inaccurate or incomplete, you may ask us to amend the information. Your request must be in writing and must include the reason you are requesting the change. We will respond within 30 business days. If we make changes to your records as a result of your request, we will notify you in writing and we will send the updated information, at your request, to any person who may have received the information within the prior two years. We will also send the updated information to any insurance support organization that gave us the information, and any service provider that received the information within the prior 7 years. If your requested change is denied, we will provide you with reasons for the denial. You may write to request the denial be reviewed. A copy of your request will be kept on file with your personal information so anyone reviewing your information in the future will be aware of your request.

**Accounting of Disclosures:** If applicable, you may request an accounting of disclosures made of your medical information, except for disclosures:

- For purposes of payment activities or company operations;
- To the individual who is the subject of the personal information or to that individual's personal representative;
- To persons involved in your health care;
- For notification for disaster relief purposes;
- For national security or intelligence purposes;
- To law enforcement officials or correctional institutions; or
- For which an authorization is required.

You may request an accounting of disclosures for a time period of less than six years from the date of your request.

**Basis for Adverse Underwriting Decision:** You may ask in writing for the specific reasons for an adverse underwriting decision. An adverse underwriting decision is where we decline your application for insurance, offer to insure you at a higher than standard rate, or terminate your coverage.

Your state may provide for additional privacy protections under applicable laws. We will protect your information in accordance with these additional protections.

If you would like to act upon your rights regarding your personal information, please provide your full name, address and telephone number and either email your inquiry to our Data Subject Access Request Team at [DSAR@lfg.com](mailto:DSAR@lfg.com) or mail to: Lincoln Financial Group, Attn: Corporate Privacy Office, 7C-01, 1301 S. Harrison St., Fort Wayne, IN 46802. The [DSAR@lfg.com](mailto:DSAR@lfg.com) email address should only be used for inquiries related to this Privacy Notice. For general account service requests or inquiries, please call 1-877-ASK-LINC.

**When Financial Professionals Leave Lincoln Financial Network:** We understand that the relationship you have with your financial professional is important to you. If your financial professional's affiliation with LFN ends and they choose to move to a different broker-dealer, or if your financial professional's relationship with LFN is terminated, your LFN financial professional may be allowed to take with them copies of all client and account documentation (including but not limited to: account applications; customer statements; and other pertinent forms related to your account), so your financial professional is able to continue the relationship with you and service your account through their new firm. LFN will also retain copies of your client and account documentation. You do not need to take action if you choose to allow your LFN financial professional to keep copies of your confidential information should they leave LFN.

If you do not want your financial professional to keep copies of your confidential information should they decide to end the relationship with LFN in the future, you have the right to opt out\*. If your account with us is a joint account, we will treat the opt out request by a joint account owner as applying to all owners on the account. If you choose to opt out now, or at any time in the future, or wish to withdraw your opt out request, contact us by phone at 1-800-248-2285. If you choose to opt out there will be a 30-day period before your opt out will take effect.

\*Lincoln adheres to all applicable state and federal privacy regulations. Residents of Arizona, California, Connecticut, Georgia, Maine, Massachusetts, Minnesota, Montana, Nevada, New Mexico, New Jersey, North Carolina, North Dakota, Ohio, Oregon, Vermont, and Virginia will be provided an opportunity to opt in for information sharing per applicable state law. If you reside in one of these states, written authorization must be provided to your financial professional in order for them to take your information when they leave LFN.

\*\*This information applies to the following Lincoln Financial Network companies:

Lincoln Financial Advisors Corporation  
Lincoln Financial Securities Corporation  
JPSC Insurance Services, Inc.  
LFA, Limited Liability Company