



## Lockton Investment Advisors, LLC

### Part 2A of Form ADV ("Brochure")



444 W 47th Street, Suite 900

Kansas City, MO 64112

(816) 960-9000

<http://www.lockton.com/>

UNCOMMONLY INDEPENDENT

February 2021

Lockton Investment Advisors, LLC ("LIA" or the "Advisor") is an investment adviser that is registered with the United States Securities and Exchange Commission ("SEC"). Registration with the SEC does not imply a certain level of skill or training.

This Brochure provides information about the qualifications and business practices of LIA. If you have any questions about the contents of this Brochure, please contact the LIA Compliance Department at 816-960-9000. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

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

## *Material changes*

This update to LIA Brochure updates the version filed July 2020 and contains the following material changes as described below:

- **Advisory Business:** Enhancements to describe new service offerings.
- **Fees and Compensation:** Enhancements to include disclosure surrounding new fee practices for newly offered advisory services.
- **Performance Based Fees and Side-By-Side Management:** Enhancements to clarify fee practices.
- **Methods of Analysis, Investment Strategies and Risk of Loss:** Enhancements to relevant risk disclosures.
- **Brokerage Practices:** Enhancements to discussion of brokerage selection.
- **Review of Accounts:** Enhancements to clarify new account review procedures for new advisory services provided.

The Adviser encourages each Client (defined in the Advisory Business section) or potential Client to read the Brochure carefully and to call us with any questions at the number provided on the Cover Page.

## *Table of contents*

|   |    |
|---|----|
| Material changes.....   | 2  |
| Table of contents .....   | 2  |
| Advisory business .....   | 3  |
| Fees and compensation.....  | 4  |
| Performance based fees and side-by-side management .....                                    | 6  |
| Types of clients .....  | 6  |
| Methods of analysis, investment strategies and risk of loss .....                           | 7  |
| Disciplinary information .....  | 8  |
| Other financial industry activities and affiliations.....                                   | 8  |
| Code of ethics, participation or interest in client transactions and personal trading ..... | 8  |
| Brokerage practices .....   | 9  |
| Review of accounts .....  | 10 |
| Client referrals and other compensation .....   | 11 |
| Custody.....  | 12 |
| Investment discretion .....   | 12 |
| Voting client securities.....   | 12 |
| Financial information .....   | 13 |

## *Advisory business*

LIA was founded and registered with the SEC as an investment adviser in April 2007. LIA is principally owned by Lockton Insurance Agency, Inc. which is owned by Lockton, Inc. LIA provides investment advisory services to retirement plans, entities, and individuals—all “Clients”—as described below. Further clarification regarding LIA’s ownership structure can be found in Schedule A/B of LIA’s Form ADV 1A.

### Retirement plan advisory services

LIA provides consulting and investment advisory services to retirement plan Clients on a non-discretionary and discretionary basis subject to the objectives and conditions set forth in the advisory services agreement between the parties or the Client’s written Investment Policy Statement (“IPS”). Services include fiduciary and non-fiduciary services as defined in sections 3(21) and 3(38) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). The terms and conditions governing services are set forth in each respective Client’s advisory services agreement, and are categorized as Non-Fiduciary Services, 3(21) Non-Discretionary Fiduciary Services and 3(38) Discretionary Fiduciary Services. LIA makes fund recommendations to these Clients (“Plan Sponsors”) or selects funds for individual retirement plans (“Plans”), and through FinanceGPS Managed Account services (“Managed Accounts”), provides advisory services to the participants in those Plans (“Participants”). LIA does not provide services with respect to the following types of assets: employer securities, real estate (but excluding real estate funds and publicly traded REITS), participant loans, non-publicly traded securities or assets; (other than Collective Investment Funds or non-publicly traded securities or assets recommended by LIA), other illiquid investments, or brokerage window programs.

LIA’s 3(21) Non-Discretionary Fiduciary Services may include assisting the Plan Sponsor in the development and implementation of an IPS making fund recommendations and providing monitoring services. LIA will assist the Client in the design of its investment architecture including portfolio strategies, recommending providers to service and manage the plan assets, and recommending the investment funds (i.e., mutual funds or collective investment trusts) that are selected for each Plan. LIA conducts a lengthy due diligence process on the potential plan providers as well as the mutual funds or collective investment trusts recommended to the Plan Sponsor for inclusion in the Plan investment lineup. On an ongoing basis, LIA will monitor and compare the performance of the investment fund choices against the objectives and conditions identified by the Plan Sponsor or set forth in the IPS. LIA will compare the performance of investment managers with criteria agreed upon with the Plan Sponsor or outlined in the IPS, as well as with established benchmarks and peer groups, and recommend changes when appropriate. LIA also provides Clients and Participants with educational sessions regarding the investments in the Plan and general financial wellness concepts such as debt management and budgeting.

LIA’s 3(38) Discretionary Fiduciary Services include the creation and management of a Plan’s fund menu and custom model portfolios (e.g. risk-based, target date portfolios) if applicable. LIA’s Discretionary Fiduciary Services include the development and implementation of an IPS, as well as the selection and monitoring of the Plan’s investments in accordance with the IPS. Communications regarding our prudent due diligence process is available and delivered to Clients no less frequent than annually.

While LIA provides recommendations regarding Plan providers (i.e. record-keepers) to Plan Sponsor Clients, LIA’s Clients are responsible for making the decision to hire or terminate plan providers. LIA may assist with the implementation of any recommended changes as agreed to with the Client.

### Individual wealth client advisory services

LIA offers non-discretionary advisory services to individual investors (“Individual Wealth Investors”). LIA has created asset allocation portfolios (“LIA Portfolios”) consisting of mutual funds to help Individual Wealth Investors. LIA assists each Individual Wealth Investor in evaluating their investment strategies and recommends the LIA Portfolio

that is appropriate in light of their investment goals and risk tolerance. Individual Wealth Investor accounts will be subject to ongoing oversight and supervision and will be reviewed at least annually and if necessary, rebalanced, to ensure that the portfolio remains aligned with the asset allocation of the LIA Portfolios. Individual Wealth Investors ultimately determine the holdings and trading in their accounts and are permitted to place reasonable investment restrictions and mandates on their accounts.

## Managed account service

The FinanceGPS Managed Accounts service ("Managed Accounts") is offered by LIA for Participants who wish to have their retirement Plan account professionally managed. LIA works with Morningstar Investment Management LLC ("Morningstar") to make this service available. LIA constructs model portfolios ("Model Portfolios") for the retirement Plan and then Morningstar creates multiple asset allocation models from the Model Portfolios, to which the individual Participants are assigned based on information provided by the Participant, Plan Sponsor and Plan record-keeper.

LIA and Morningstar will have no responsibility or authority over (i) those assets that are subject to Plan Sponsor restrictions, (ii) those assets held in a self-directed brokerage window (if available to a Participant), (iii) employer company stock held in a Participant's account, and (iv) any assets held outside a Participant's account—subject to the relevant Participant Plan Agreement.

Participants may cancel their participation in Managed Accounts at any time.

## Wrap fee programs

LIA does not participate or direct Clients to participate in wrap fee programs.

## Regulatory assets under management

As of December 31, 2020, LIA's regulatory assets under management consisted of the following:

-Discretionary: \$1,289,974,078

-Non-Discretionary: \$89,974,889,029

## *Fees and compensation*

### Retirement plan advisory fees

LIA charges a pre-determined fixed fee, flat or hourly fee, or asset fee based on a percentage of Plan assets. The exact fee will be negotiated in advance of services rendered and will be clearly set forth in the executed agreement between LIA and the Plan Sponsor. Unless otherwise agreed by the parties, fees will be charged as follows:

- Annual fees will be billed in quarterly installments, generally in advance, within 30 days after the start of each quarter.
- Flat or Hourly fees will be billed in arrears within 30 days following the close of the period for which services are rendered.
- Fees calculated as a percentage of assets are payable quarterly in arrears and will be based on the market value of all assets in the Plan on the last trading day of each calendar quarter (or other regular period agreed upon by the parties).

- In certain circumstances, other fee payment arrangements may be negotiated. In some cases, negotiation of fees may result in different fees being charged for similar services and may be more or less than the stated fee schedule. At the direction of the Plan Sponsor, fees may be collected directly from the Plan by the Plan record-keeper, or the Client may be invoiced directly for fees outside of the Plan.

LIA's fee ranges for pre-determined fixed, flat, or hourly fees, and asset fees based upon a percentage of Plan assets are described below but such discussion is qualified in its entirety by the individual agreement between LIA and the Plan Sponsor.

LIA may agree with a Plan Sponsor prior to implementation to pre-determined increases in LIA's fees to be administered on an annual basis for a specified period of time reflected in the services agreement. When this occurs, LIA notifies the Client each time that the agreed upon increase occurs.

**Fixed and Hourly Fees:** Fees are based on the scope of services agreed upon in the services agreement and must be reasonable in light of geographical location, complexity of engagement, size of Plan, resources and other relevant factors.

RANGE:      \$5,000 to \$300,000 fixed fee  
                  \$500 to \$25,000 flat fee  
                  \$100 to \$750 per hour fee

**Asset Based Fees for 3(21) Discretionary and 3(38) Non-Discretionary Services:** Basis point based fees are calculated on specific asset levels in the Plan on the dates provided in the service agreement.

|        |                              |                       |
|--------|------------------------------|-----------------------|
| RANGE: | \$0 to \$20,000,000          | 3-100 bps of Plan AUM |
|        | \$20,000,001 to \$40,000,000 | 3-50 bps of Plan AUM  |
|        | \$40,000,001 and above       | 3-25 bps of Plan AUM  |

Plan assets are invested in funds that independently charge fees. Therefore, the Plan Sponsor or the Plan Participant also bear fees in addition to those described above. With the Plan Sponsor's consent, LIA may bill out-of-pocket expenses (such as overnight mailings, messenger, translation fees, etc.) at cost to the Plan Sponsor.

LIA or the Plan Sponsor may terminate the service agreement with thirty (30) days' written (or such other period agreed upon by the parties) notice to the other party. Upon termination, LIA will refund to the Plan Sponsor or Plan a pro-rata portion of any advisory fees collected in advance of services being rendered.

## Individual wealth advisory fees

The maximum annualized fee for these advisory services is 2.00% of the assets under management. The fees are billed on a pro-rata annualized basis quarterly in advance or based on the value of the Individual Wealth Investor's account on the last day of the previous quarter. Fees listed here are the maximum fees charged for service and Clients may negotiate lower fees on a case by case basis. Fees will be automatically deducted from the Client's account. Upon termination, Client shall receive a pro-rata refund of that portion of any prepaid fees that have yet to be earned by LIA. Such refund will be calculated from the effective date of termination as set forth in the written notice of termination.

Individual Wealth Investors will also incur transaction and other brokerage charges for trades executed in their accounts. These transaction fees are separate from any fees charged by LIA. Clients will also pay all fees and expenses imposed by any mutual fund, index fund, or exchange traded fund which are disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses). This may result in Clients paying multiple management fees for their investments.

## Managed account fees

LIA and Morningstar charge fees based upon a percentage of Participant Plan assets. The exact fee will be determined for each Plan in advance of services rendered and will be clearly set forth in the executed Plan Sponsor and Participant Agreements between LIA, Morningstar, and the Client. Fees calculated as a percentage of assets are payable quarterly in arrears and will be based on the market value of all assets in the Participant's Plan account covered by the service on the last trading day of each calendar quarter (or other regular period agreed upon by the parties). LIA and Morningstar's combined fees for Managed Asset services will generally range from 12-27 basis points.

Managed Account Clients should note that Plan assets are invested in funds that independently charge fees. Therefore, the Participant or the Plan also bear fees in addition to those described above. In addition, certain fees are imposed directly by investment funds, which shall be disclosed in the fund's prospectus or other disclosure documents (i.e., fund management fees and other fund expenses). LIA does not expect to receive a portion of these fees, but if LIA does receive any payment from the investment funds it would be used to offset the fees otherwise charged by LIA. Further, Plan Sponsors or Participants may incur fees for the Plan record-keeper services related to the administration of the Plan and Managed Account services.

## Receipt of referral fees

LIA may receive compensation for the referral of a Plan Sponsor or a Plan Participant to a third-party broker-dealer or registered investment advisor. The amount of any such referral compensation is dependent on the products or services purchased by the Plan Sponsor or Participant outside of the Plan, including but not limited to Participant elections to invest outside of the Plan or rollovers to an individual retirement account with a third-party, all of such products or services are unrelated to and outside of the scope of the Plan and LIA's services provided to the Plan Sponsor or Participant. The amount of any referral compensation paid is disclosed by such third-party to the Plan Sponsor or Participant.

## *Performance based fees and side-by-side management*

LIA does not have any performance-based fee arrangements. "Side-by-Side Management" refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. LIA has no performance-based fee accounts or side-by-side management.

## *Types of clients*

As discussed in the Advisory Business section, LIA provides operational and investment consultation services to qualified and non-qualified defined benefit and defined contribution plans, as well as other non-qualified deferred compensation arrangements and other employer sponsored benefit plans. LIA also provides investment advisory services to individual wealth Clients and investment management services to Participants in retirement plans. In addition, LIA may, on occasion, also provide consulting and investment advisory services to institutional trusts, endowments, and foundations.

# *Methods of analysis, investment strategies and risk of loss*

## Retirement plan investments

LIA obtains a great deal of its information on the underlying managers and investment vehicles (e.g. mutual funds or collective investment trusts) through its due diligence process. Specific information generated as part of this process is compared to industry standards. LIA also obtains information via industry investment data service providers such as Morningstar. Once the investment options are selected for the Plan, those investments are reviewed on an ongoing basis. LIA will conduct ongoing reviews as outlined in the service agreements with Plan Sponsors. For a full description of LIA's services, please refer to the Advisory Business section above.

## Individual wealth investments

LIA may recommend investments in mutual funds, variable or fixed rate annuity contracts, and cash and cash equivalents to Individual Wealth Investors. LIA considers information on the managers and investment vehicles through its due diligence process. Specific information generated as part of this process is compared to industry standards. LIA also obtains information via industry investment data service providers such as Morningstar. Once the investments are selected for the LIA Portfolios those investments and the allocation within the LIA Portfolio are reviewed as needed but no less frequently than annual.

## Managed account services

LIA develops Model Portfolios that will meet certain targets, blended by Morningstar, to create the suite of available allocation portfolios for Plan Participant assignment. Model Portfolio construction will primarily be comprised of mutual funds and collective investment trusts, based on the options available in a given Plan or a selection of mutual funds and collective investment trusts identified by LIA specifically for the Managed Account service. For a full description of LIA's Managed Account services, please refer to the Advisory Business section above.

## Investment risks

**Risk of Loss:** Investing in securities involves risk of loss that all Clients and Plan Participants should be prepared to bear. Past performance is not a guarantee of future returns.

**Reliance on Third-Party Managers:** Generally, LIA will not have the opportunity to evaluate in advance the specific investments made by any third-party managers. As a result, the rates of return to Clients will primarily depend upon the choice of investments and management decisions of third-party managers. Investment returns could be adversely affected by the unfavorable performance of such managers. LIA depends on third-party managers to develop the appropriate systems and procedures to control operational risks. Operational risks arising from mistakes made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or other similar disruption in operations, may cause the Client accounts to suffer financial losses.

**Force Majeure:** Client investments may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, etc.).

The various risk factors highlighted above are not meant to function as an exhaustive list. For additional risks applicable to LIA's strategies and advisory business, please review the appropriate investment agreements or disclosure documents provided by the fund management or LIA.

## ***Disciplinary information***

LIA and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a Client's evaluation of the Advisor or its personnel.

## ***Other financial industry activities and affiliations***

LIA is affiliated with Lockton Companies, LLC. LIA's related persons are licensed as insurance agents on behalf of Lockton Companies, LLC and may offer or sell a variety of insurance products (including property and casualty insurance, as well as health and welfare insurance services) to Clients. Certain LIA member affiliates ("Solicitor Members") may act only as a solicitor and will not provide investment advice or act as a fiduciary. Such Solicitor Members may also be licensed as insurance agents on behalf of one or more series of Lockton Companies, LLC or an affiliated entity. In addition, related persons of Lockton Companies, LLC may also sell insurance products or provide insurance consulting services to the providers (i.e. money managers, investment companies or other service providers) or their affiliated entities that may also be recommended to Clients of LIA. Compensation in the form of insurance commissions may be derived from the sale of insurance products. The Advisor is subject to conflicts of interest when providing investment advisory services and making insurance recommendations to Clients. The management of conflicts of interest falls under LIA's Code of Ethics and is described below.

LIA is affiliated with Lockton Investment Securities, LLC ("LIS"), a broker-dealer registered with the SEC. LIS is a member of the Financial Industry Regulatory Authority ("FINRA") and Securities Investor Protection Corporation ("SIPC"). Registered representatives of LIS, who also may be related persons of LIA, may receive commissions for the sale of certain variable insurance products and mutual funds. LIA is also affiliated with Lockton Capital, LLC ("LC"), a broker-dealer registered with the SEC. LC is a member of FINRA and SIPC. LIA's related persons do not execute trades or perform transactional brokerage services. Therefore, LIA does not receive commissions for effecting transactions on any securities that are recommended to advisory Clients in which fees are charged. Any cash compensation received by LIA is credited toward the advisory fees outlined in the Client's services agreement or otherwise disclosed to the Client.

## ***Code of ethics, participation or interest in client transactions and personal trading***

LIA, its principals, officers, directors, members and employees ("Associates") are permitted to purchase securities for their personal accounts that may also be recommended to Clients. However, in no case will these be Reportable Securities, as defined in the Investment Advisers Act of 1940 ("Advisers Act"). To avoid any potential conflicts of interest involving personal trades, LIA has adopted a formal Code of Ethics ("Code") and insider trading policy and procedure. LIA's Code requires, among other things that Associates:

- Act with integrity, competence, diligence, respect and in an ethical manner with the public, Clients, prospective Clients, employers, associates, colleagues in the investment profession and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of Clients and the interests of Advisor above one's own personal interests;
- Adhere to the fundamental standard that you should not take inappropriate advantage of your position;
- Avoid any actual or potential conflict of interest;



- Conduct all personal securities transactions in a manner consistent with this policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on yourself and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve your professional competence and strive to maintain and improve the competence of other investment professionals;
- Comply with applicable provisions of the federal securities laws.

LIA's Code also requires Associates to: 1) pre-clear certain personal securities transactions, 2) report personal securities transactions on at least a quarterly basis, and 3) provide LIA with a detailed summary of certain holdings (both initially upon commencement of employment or membership and annually thereafter) over which such Associates have a direct or indirect beneficial interest.

A copy of the Code shall be provided to any Client or prospective Client upon request. Copies may be requested through any Lockton Associate or may be obtained by contacting LIA's Compliance Department at 444 W 47th Street, Suite 900, Kansas City, Missouri 64112, 816-960-9000.

## ***Brokerage practices***

LIA does not perform trading activities or other transactional brokerage services for its Clients.

LIA Individual Wealth Investor Clients are custodied with, and trade through, Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, member SIPC, and qualified custodian. Schwab will hold Individual Wealth Investor Client assets in a brokerage account and execute securities transactions at the direction of the Individual Wealth Investor Client. Clients will enter into account agreements directly with Schwab and execute trading directly with Schwab (through Client instruction). LIA is independently owned and operated and is not affiliated with Schwab. While LIA requires that Individual Wealth Investor Clients use Schwab as custodian/broker, Individual Wealth Investor Clients will decide whether to open an account by entering into an account agreement directly with Schwab. LIA does not open the account on behalf of Individual Wealth Investor Clients.

In recommending Schwab, LIA seeks to use a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. LIA considers a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability

- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below

Schwab may provide LIA and our Clients with access to various support services. Some of those services help LIA manage or administer Client accounts, while others may assist LIA with managing and growing individual wealth business. Schwab's support services are provided at no charge to LIA but would not be available absent the custody of LIA's Client accounts.

LIA does not currently maintain any formal or informal soft dollar arrangements where it "pays up" on commissions for the receipt of research or other brokerage benefits. In the event this practice changes in the future, LIA will establish policies and procedures to monitor those arrangements for compliance with the safe harbor provision in Section 28(e) of the Securities Exchange Act of 1934, as amended.

## ***Review of accounts***

### **Retirement plan clients**

LIA monitors Client accounts on a periodic basis as determined by the terms of the Client's 3(21) services agreement. LIA provides advice, which includes recommending changes in Plan service providers and investment options including mutual funds and collective investment trusts. Factors triggering recommendations may include the following: changes in the Client's general circumstances, Plan record-keeper service issues, performance of the investment options, expenses charged to the investment options, changes in the personnel involved in the portfolio management of the mutual funds and collective investment trusts, etc. Client accounts are reviewed by the Associates who are assigned to those accounts.

On a periodic basis or as set forth in the Plan Sponsor 3(21) agreement, LIA shall assist in the selection and monitoring of investments. These investment reviews present information regarding potential providers/managers that may include, but are not limited to, the following pieces of information: performance returns, expense ratios, benchmarks, and fund rankings. At least annually, LIA will also provide Clients with a written report detailing reviews of the following items: asset allocation, investment options, risk and return analysis, fees and expenses charged, style drift, correlation and performance returns.

Under the 3(38) services agreements LIA will act as the Plan investment manager and be responsible for the evaluation, selection and monitoring of the investment funds for the Plan. LIA will manage the Plan investments based on the IPS incorporated in the 3(38) agreement.

### **Individual wealth clients**

Initially, LIA will consult with an Individual Wealth Investor to review the Client's financial situation and determine investment objectives. Based on information derived from this consultation, including but not limited to individual financial situation, investment objectives, risk tolerance, investment horizon and other Client information, LIA will recommend an asset allocation model from among the LIA Portfolios for the account.

Thereafter, as mentioned above, LIA will monitor Client accounts on an ongoing basis for any material changes. A formal review of the account will take place at least annually and may result in a rebalance of the account to meet the Client's investment objectives. In the event that there are any material changes in the market environment or the Client's investment objectives, an interim account review may be conducted.

## Managed account clients

Under the Managed Account Service agreements, LIA will be responsible for the creation of six model portfolios for each Plan electing the service. These model portfolios will be reviewed on an annual or more frequent basis as needed. Morningstar will use the model portfolios to create multiple asset allocation portfolios and then select the allocation for each Participant. Morningstar's platform will adjust the Participant's portfolio and other recommendations based on information provided by the recordkeeper, Plan Sponsor, or Participant. Participant accounts will be rebalanced as needed on a quarterly basis.

## *Client referrals and other compensation*

LIA's advisory services include providing Plan Sponsor Clients with recommendations of unaffiliated plan providers. As part of the due diligence process, Clients may meet with representatives of the recommended plan providers. LIA's Associates generally attend these meetings to provide guidance and recommendations to the Client. LIA's Associates may also attend conferences, educational meetings, or other industry events sponsored by unaffiliated plan providers and fund companies that may be recommended to Clients. In addition, LIA's Associates may participate in steering or advisory committees of the plan providers. The plan providers or fund companies will often pay the travel expenses for LIA's Associates to attend these meetings and events which may include airfare, lodging, meals, and entertainment. LIA's Associates do not receive any other type of compensation related to these meetings and events.

LIA sponsors conferences in which unaffiliated plan providers, insurance carriers, broker-dealers, investment advisers and other unaffiliated third parties ("Vendors") are invited to present information about their services or proprietary products to LIA's Associates. LIA may also recommend these Vendors to its Clients. Vendors pay a sponsorship fee to defer a portion of the costs associated with organizing and conducting LIA's conferences. A portion of these costs may be used to provide entertainment functions to the attendees of the conferences, including LIA's Associates.

One or more current LIA Plan Sponsor Clients act as an investment company or may be affiliated with an investment company. The investment funds of these investment companies may be selected by LIA to be included in Plan lineups for other LIA Clients. Therefore, LIA is compensated by firms that may be selected to act as a fund manager for other Clients. In order to avoid conflicts related to these relationships, LIA has implemented an investment due diligence and review process that is applied consistently.

In addition, LIA's Associates may receive consulting services, marketing support, training sessions and market research services that are provided by and paid for by unaffiliated plan providers or fund companies that may be recommended to Clients. The management of conflicts of interest falls under the LIA's Code of Ethics, which is described above.

LIA's advisory services are marketed directly by Associates and Solicitor Members of LIA. LIA may compensate its Associates or Solicitor Members for securing Clients for the Advisor. LIA's payment of such compensation does not affect the amount of fees paid by the Client. The status of each "solicitor" as an Associate or Solicitor Member of LIA is disclosed to the Client at the time of the referral. The mere referral of LIA's advisory services does not involve investment advice activity or fiduciary or non-fiduciary services requiring a securities license, therefore a Solicitor Member may not be licensed but may receive a portion of the compensation received by LIA along with another licensed LIA Associate. Such referral compensation generally consists of a percentage of the fees earned by LIA and represents no additional expense to Client or the Plan. Such compensation may continue beyond the initial referral as long as LIA provides services to Client and may also be paid for a past referral.

LIA or its affiliate LIS may receive compensation for the referral of a Plan Sponsor or a Participant to a third-party broker-dealer or investment advisor. The amount of any such referral compensation is dependent on the products or services purchased by the Plan Sponsor or Participant outside of the retirement Plan, including but not limited to Participant elections to invest outside of the Plan and rollovers with the third-party. These products or services are unrelated to and outside of the scope of the Plan and LIA's services provided to the Plan Sponsor, Participant or the Plan. The amount of any referral compensation paid is disclosed by such third-party to the Plan Sponsor or Participant.

LIA may compensate unaffiliated third-parties for referring advisory Clients. Such solicitation or referral fees generally consist of a percentage of the fees earned by LIA. The referral fees represent no additional expense to the Client. All referral arrangements will conform to Rule 206(4)-3 under the Advisers Act.

LIA receives fees from other financial services firms in return for the referral of certain investment adviser representatives; for providing Client leads to these representatives; and for providing facilities and ministerial services to these representatives. A portion of these fees are distributed to the relevant investment adviser representatives.

## *Custody*

LIA does not maintain custody of Client assets or securities, nor is any affiliate authorized to hold or receive any stock, bond or other security or investment certificate or cash (except in the payment of its advisory fee) that is part of a Client's account. Custody of retirement plan assets will be maintained with the independent trustee or custodian selected by Client.

For Individual Wealth Investors LIA is deemed to have custody over those accounts by virtue of the direct debiting authority of management fees. LIA addresses its custody by ensuring that all Clients are receiving statements, at least quarterly, from Schwab. LIA will not conduct any fund transfers on behalf of Clients, engage in bill paying, or other activities which would result in LIA having actual custody over those Client accounts.

## *Investment discretion*

LIA provides advisory services to Plan Sponsor Clients as both a discretionary and non-discretionary advisor. For Managed Account Clients LIA provides discretionary advisory services in the creation of the Model Portfolios used in the Participant asset allocations by Morningstar. For individual wealth Clients, LIA only provides non-discretionary services supporting and recommending the selection and execution of Client investments.

LIA does not have trading authority over Client accounts, regardless of the services provided.

## *Voting client securities*

LIA will not exercise proxy voting authority over securities held in any Client accounts. The obligation to vote Client proxies shall at all times rest with the Client, as dictated in the relevant Client agreement. LIA shall not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a Client. Clients will receive any proxies or other solicitations directly from their custodian or transfer agent. LIA does not provide any advice or recommendations to Clients with regard to class action lawsuits (i.e., securities litigation).

## *Financial information*

LIA is not required to provide financial information in this Brochure because:

- LIA does not require the prepayment of more than \$1,200 in fees and six or more months in advance.
- LIA does not take custody of Client funds or securities.
- LIA does not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to Clients.

LIA has never been the subject of a bankruptcy proceeding.