



**Firm Brochure  
(Form ADV Part 2A)**

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**This brochure provides information about the qualifications and business practices of Independent Advisor Alliance, LLC. If you have any questions about the contents of this brochure, please contact us at 888-430-1555. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Independent Advisor Alliance, LLC is a registered investment advisor. Registration does not imply any level of skill or training.**

**Additional information about Independent Advisor Alliance, LLC 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 brochure is dated March 2021. The following are the material changes made to this brochure since the date of our last annual update and brochure revision in February 2020.

- IAA physical address updated – Cover Page and Brochure Supplements
- Disclosure of Paycheck Protection Program participation – Item 18
- Enhanced disclosure of how transaction fees are paid in the FLEX Portfolio Services Program - Items 4 and 5

**Item 3 – Table of Contents**

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#### **Item 4 – Advisory Business**

**Independent Advisor Alliance, LLC** (“IAA”, “we” or “our”) is a fee-only registered investment advisor that provides clients with asset management, retirement and financial planning services as described below. Our home office is in Charlotte, North Carolina, and our business model includes a network of advisory representatives with offices located throughout the United States which operate under a separate and independently owned “do-business-as” (“DBA”) name other than IAA. These DBA names and logos may appear on the advisory representative’s sales and marketing materials and are not owned or controlled by IAA with the exception of Yellow Penguin, Blackbridge Financial and Blackbridge Advisors. Regardless of the name used, these advisory representatives remain licensed through IAA and subject to our supervision when offering advisory services through IAA.

IAA became registered as an investment advisor in 2013 and is owned by Robert Russo. While we are a relatively new registered investment advisory firm, please note that many of the advisory representatives of IAA have been providing asset management services to clients through other investment advisory firms. For information about the experience of the advisory representative handling your account, please refer to the brochure supplement for the advisory representative, a copy of which you should have received along with this brochure.

#### **Asset Management Services**

IAA offers discretionary asset management services based on the individual needs of clients (“client”, “you” or “your”) in either an Advisory Program or a Wrap Program (each a “Program” and collectively, the “Programs”). The Programs are substantially similar offerings and differ only in the structure of transaction charge payments, as discussed in detail below. In selecting a Program and negotiating Account Fee arrangements with the IAR, Client should take into consideration whether Client or IAA will bear the costs of these transaction charges. Understanding your personal situation is very important to the services we provide. Therefore, we will have detailed discussions with you to understand your current financial situation and investments, goals, risk tolerance and investment objectives. The investment objective you select, which could range from income with capital preservation to aggressive growth, in addition to personal consultations, will guide us in managing your account. In the Program, we provide management services using a variety of investment types, including but not limited to, no-load and load- waived mutual funds, exchange traded funds (“ETF”), individual stocks and bonds, and alternative investments.

Client assets managed by IAA are held in accounts at a registered broker/dealer and qualified custodian such as LPL Financial, LLC (“LPL”), Charles Schwab, TD Ameritrade, or Fidelity. The custodian provides clearing, custody, and other brokerage services for client accounts. While IAA may assist you in completing the custodian’s paperwork, you are ultimately responsible for

providing the necessary information to establish the account. You will retain all rights of ownership on your account, including the right to withdraw securities or cash, vote proxies, and receive transaction confirmations. In addition, you will also have the ability to impose restrictions on investing in certain securities or types of securities at the time you open the account.

In order to hire us to provide management services, you will be asked to enter into a written investment advisory agreement with us. This agreement will set forth the terms and conditions of our relationship, including the amount of your investment advisory fee and what services comprise the fee.

#### **Manager Access Select and Other Third-Party Management Programs**

IAA offers the LPL Manager Access Select (“MAS”) advisory program. The MAS program makes the advisory services of third-party management firms (“Portfolio Managers”) available to clients. IAA will assist the client in determining the investment objective, as well as selecting an investment strategy and Portfolio Manager, for the account. The Portfolio Manager selected by the client will manage the MAS account on a discretionary basis. The types of securities that may be purchased by the Portfolio Manager include stocks, bonds, mutual funds, and ETFs. A Portfolio Manager may also hire one or more sub-advisors to manage all or a portion of the MAS account. A minimum account value of \$100,000 is required for Manager Access Select, however, in certain instances, the minimum account size may be lower or higher. IAA will provide the client with ongoing advice and monitoring of the Portfolio Manager’s services and acts as the point of contact between the client and Portfolio Manager.

LPL serves as an investment advisor for the MAS program. In addition, LPL provides custodial, brokerage and administrative services to clients. LPL also provides research information to IAA, which may assist us in determining which Portfolio Managers to recommend to clients. Clients will be required to enter into an account agreement with IAA, LPL, and the selected Portfolio Manager in order to open a MAS account and engage us for services. You will have the opportunity to impose restrictions on investing in certain securities or types of securities when completing this agreement.

IAA may also offer the advisory services of third-party management firms (“Portfolio Managers”) through programs and custodians other than LPL. For such services, LPL does not serve as an investment advisor for the program; IAA will serve as an investment advisor as described above in providing services to the client along with the Portfolio Manager.

#### **Model Wealth Portfolios**

IAA offers the LPL Model Wealth Portfolios (“MWP”) advisory program. The MWP program is a managed mutual fund and exchange traded fund (“ETF”) asset allocation program in which both IAA and LPL serve as investment advisors and provide ongoing investment

advice.

Upon opening an MWP account we will select one or more model portfolio of funds ("Portfolio") designed by LPL or a third-party investment strategist ("Portfolio Strategist") based on your investment objective. IAA may also have the ability to change the Portfolio(s) selected for the account. LPL or the Portfolio Strategist is responsible for selecting the mutual funds and/or ETFs within a portfolio. LPL has discretion to buy and sell securities in the account according to the Portfolio(s) selected. A Portfolio Strategist does not have discretion, but instead provides LPL with asset allocation and fund recommendations. LPL also acts as an overlay portfolio manager in coordinating the trades in the account. Clients should refer to the LPL MWP disclosure brochure for additional details. MWP requires a minimum asset value for a program account to be managed. The minimums vary depending on the portfolio(s) selected and the account's allocation amongst portfolios. The lowest minimum for a portfolio is \$25,000. In certain instances, a lower minimum for a portfolio is permitted.

In addition to serving as an investment advisor for the MWP program, LPL provides custodial, brokerage and administrative services to clients. Clients will be required to enter into an account agreement with IAA and LPL in order to open an MWP account and engage us for services.

You will have the opportunity to impose restrictions on investing in certain securities or types of securities when completing this agreement.

### **Personal Wealth Portfolios**

IAA offers the LPL Personal Wealth Portfolios ("PWP") advisory program. The PWP program is a unified managed account in which both IAA and LPL serve as investment advisors and provide ongoing investment advice. In PWP, clients invest in asset allocation portfolios ("Portfolios") designed by LPL, which include a combination of mutual funds, ETFs, and investment models ("Models") provided to LPL by third party money managers ("PWP Advisors"). The Models typically consist of equity and fixed income securities but may include mutual funds. LPL selects the mutual funds, ETFs, and Models to be made available in a Portfolio.

Upon opening a PWP account, we will select the Portfolio based on your investment objective, and then select among the mutual funds, ETFs and/or Models available in the Portfolio. On an ongoing basis, LPL has discretion to buy and sell securities in the account and acts as the overlay portfolio manager in coordinating the trades among the various securities and sleeves of the account. In some cases, the PWP Advisor of a municipal security Model may have discretion over the municipal security holdings in the account. Except as noted above, PWP Advisors are limited to providing Models to LPL and do not have discretion. Clients should refer to the LPL PWP disclosure brochure for additional details. A minimum account value of \$250,000 is required for PWP. In certain

instances, LPL will permit a lower minimum account size.

In addition to serving as an investment advisor for the PWP program, LPL provides custodial, brokerage and administrative services to clients. Clients will be required to enter into an account agreement with IAA and LPL in order to open a PWP account and engage us for services.

You will have the opportunity to impose restrictions on investing in certain securities or types of securities when completing this agreement.

### **Optimum Market Portfolios**

IAA offers the LPL Optimum Market Portfolios ("OMP") advisory program. Both IAA and LPL serve as investment advisors and provide ongoing investment advice for the OMP program. The OMP program offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds Class I shares. There are up to six Optimum Funds that may be purchased within an OMP account: Optimum Large Cap Growth Fund, Optimum Large Cap Value Fund, Optimum Small Cap Growth Fund, Optimum Small Cap Value Fund, Optimum International Fund and Optimum Fixed Income Fund. Upon opening an OMP account we will select a portfolio for you based on your investment objective. LPL will then rebalance the portfolio based on the frequency selected. Clients should refer to the LPL OMP disclosure brochure for additional details. A minimum account value of \$10,000 is required for OMP. In certain instances, LPL will permit a lower minimum account size.

In addition to serving as an investment advisor for the OMP program, LPL provides custodial, brokerage and administrative services to clients. Clients will be required to enter into an account agreement with IAA and LPL in order to open an OMP account and engage us for services.

### **Small Market Solution Program**

IAA offers the Small Market Solution ("SMS") advisory program. Under SMS, LPL Research (a team of investment professionals within LPL) creates and maintains a series of different investment menus ("Investment Menus") consisting of a mix of different asset classes and investment vehicles ("investment options") for clients that sponsor and maintain participant-directed defined contribution plans ("Plan Sponsors"). The Plan Sponsor is responsible for selecting the Investment Menu that it believes is appropriate based on the demographics and other characteristics of the Plan and its participants. LPL Research is responsible for the selection and monitoring of the investment options made available through Investment Menus ("Fiduciary Selection Services"). The investment options that are offered through SMS are limited to the specific investments available through the record keeper that the Plan Sponsor selects. The Plan Sponsor may only select an Investment Menu in its entirety and does not have the option to remove or substitute an investment option.

If the Plan is subject to ERISA, LPL will be a “fiduciary” and serve as “investment manager” (as that term is defined in section 3(38) of ERISA) in connection with the Fiduciary Selection Services. None of the services offered under SMS other than the Fiduciary Selection Services will constitute “investment advice” under 3(21)(A)(ii) of ERISA, or otherwise cause LPL or [Advisor] to be deemed a fiduciary.

In addition to the Fiduciary Selection Services, Plan Sponsor may also select from a number of non-fiduciary consulting services available under SMS that are provided by [Advisor]. These consulting services may include, but are not limited to: general education, and support regarding the Plan and the investment options selected by Plan Sponsor; assistance regarding the selection of, and ongoing relationship management for, record keepers and other third-party vendors; Plan participant enrollment support; and participant-level education regarding investment in the Plan. These consulting services do not include any individualized investment advice to the Plan Sponsor or Plan participants with respect to Plan assets, and LPL and [Advisor] do not act as fiduciaries under ERISA in providing such consulting services.

#### **Guided Wealth Portfolios**

IAA offers the LPL Guided Wealth Portfolios (“GWP”) advisory program. GWP offers clients the ability to participate in a centrally managed, algorithm-based investment program, which is made available to users and clients through a web-based, interactive account management portal (“Investor Portal”). Investment recommendations to buy and sell open-end mutual funds and exchange-traded funds are generated through proprietary, automated, computer algorithms (collectively, the “Algorithm”) of FutureAdvisor, Inc. (“FutureAdvisor”), based upon model portfolios constructed by LPL and selected for the account as described below (such model portfolio selected for the account, the “Model Portfolio”). Communications concerning GWP are intended to occur primarily through electronic means (including but not limited to, through email communications or through the Investor Portal), although IAA will be available to discuss investment strategies, objectives, or the account in general in person or via telephone.

A preview of the program (the “Educational Tool”) is provided to help users determine whether they would like to become advisory clients and receive ongoing financial advice from LPL, FutureAdvisor and IAA by enrolling in the advisory service (the “Managed Service”). The Educational Tool and Managed Service are described in more detail below and in the LPL GWP Program Brochure. Users of the Educational Tool are not considered to be advisory clients of LPL, FutureAdvisor or IAA, do not enter into an advisory agreement with LPL, FutureAdvisor or IAA, do not receive ongoing investment advice or supervisions of their assets, and do not receive any trading services. A minimum account value of \$5,000 is required to enroll in the Managed Service.

#### **Features of the Educational Tool**

Users of the Educational Tool (each, a “user”) agree to a “Terms of Use” and complete an investor profile. An investment objective (“Investment Objective”) and model portfolio (“Model Portfolio”) is assigned to each user based upon factors in the investor profile, including risk tolerance and the number of years remaining until the age of retirement (such time being referred to herein as the “Retirement Age”). (See description in “Features of the Managed Service” below for information regarding the design of the Model Portfolios.) Based on the Investment Objective and Model Portfolio, the Educational Tool generates sample analysis, advice, and investment recommendations (“Sample Recommendations”).

The Educational Tool provides Sample Recommendations that may assist users in determining whether to utilize the Managed Service. Access to the Educational Tool is generally limited to a period of forty-five (45) days. The Educational Tool is intended to be used for educational and informational purposes only. The Educational Tool does not provide comprehensive financial planning and is not intended to constitute legal, financial or tax advice. There may be other relevant factors and financial considerations (e.g., debt load or financial obligations) that LPL, FutureAdvisor and IAA do not take into consideration in formulating any Sample Recommendations provided. The Sample Recommendations made are meant solely as a sample of the types of recommendations available through the Managed Service. LPL, FutureAdvisor and IAA are not responsible for any actions taken with respect to the Sample Recommendations, and users are solely responsible for making their own investment decisions. The Educational Tool is only one of many tools that users may use as part of a comprehensive investment analysis process. Users should not rely on the Educational Tool as the sole basis for investment decisions.

Although LPL is an investment adviser and broker-dealer registered with the SEC and a member of the Financial Industry Regulatory Authority, FutureAdvisor is an investment adviser registered with the SEC, and IAA is an investment adviser registered with the SEC, in providing access to the Educational Tool, LPL, FutureAdvisor and IAA do not intend to establish an advisory relationship, or in the case of LPL, a brokerage relationship, with users of the Educational Tool. Users are not charged an advisory fee or any other fee or expense to use the Educational Tool. The scope of any investment advisory relationship with LPL, FutureAdvisor and IAA begins when users enroll in the Managed Service. The output that users receive by using the Educational Tool, including the Sample Recommendations, may differ materially from the advice users would receive as an advisory client of LPL, FutureAdvisor and IAA.

None of LPL, FutureAdvisor or IAA provides ongoing investment management or trading services for assets of users of the Educational Tool, makes any determination

as to whether the website through which the program is accessed, or the Educational Tool is appropriate for any user, can access any assets in any accounts users aggregate in the Educational Tool, places any trades on behalf of users of the Educational Tool, or provides ongoing supervision of assets of users of the Educational Tool. The Sample Recommendations provided are intended as an informational preview of the Managed Service, and the Sample Recommendations are being provided to demonstrate the types of analysis, advice and recommendations provided by the Managed Service.

### **Features of the Managed Service**

Investors participating in the Managed Service (each, a "client") complete an account application (the "Account Application") and enter into an account agreement (the "Account Agreement") with LPL, IAA and FutureAdvisor. As part of the account opening process, clients are responsible for providing complete and accurate information regarding, among other things, their age, risk tolerance, and investment horizon (collectively, "Client Profile"). LPL, IAA and FutureAdvisor rely on the information in the Client Profile in order to provide services under the program, including but not limited to, determination of suitability of the program for clients and an appropriate Investment Objective and Model Portfolio for clients. The Model Portfolios have been designed and are maintained by LPL or, in the future, a third-party investment strategist (as applicable, the "Portfolio Strategist") and shall include a list of securities holdings, relative weightings and a list of potential replacement securities for tax harvesting purposes. None of the client, IAA nor FutureAdvisor can access, change, or customize the Model Portfolios. Only one Model Portfolio is permitted per account.

Based upon a client's risk tolerance as indicated in the Client Profile, the client is assigned an investment allocation track (currently Fixed Income Tilt, Balance Tilt or Equity Tilt), the purpose of which is to slowly rotate the client's equity allocation to fixed income over time. LPL Research created these tracks using academic research on optimal retirement allocations, the industry averages as calculated by Morningstar for the target date fund universe, and input from FutureAdvisor. Within the applicable allocation track and based upon a client's chosen Retirement Age in the Client Profile, the client will be assigned a Model Portfolio and an Investment Objective.

The client is required to review and approve the initial Investment Objective. As a client approaches the Retirement Age, the Algorithm will automatically adjust the client's asset allocation. Any change to the Investment Objective directed by a client due to changes in the Client's risk tolerance and/or Retirement Age will require written approval from the client before implementation. Failure to approve the change in Investment Objective may result in a client remaining in a Model Portfolio that is no longer aligned with the applicable Client Profile. The Investment Objective selected for the account is an overall objective for the

entire account and may be inconsistent with a particular holding and the account's performance at any time and may be inconsistent with other asset allocations suggested to client by LPL, IAA or FutureAdvisor prior to client entering into the Account Agreement. Achievement of the stated investment objective is a long-term goal for the account, and asset withdrawals may impair the achievement of client's investment objectives. A Client Profile that includes a conservative risk tolerance over a long-term investment horizon may result in the selection of an Investment Objective that is riskier than would be selected over a shorter-term investment horizon. Clients should contact IAA if they believe the Investment Objective does not appropriately reflect the Client Profile, such as their risk tolerance.

By executing the Account Agreement, clients authorize LPL, IAA and FutureAdvisor to have discretion to buy and sell open-end mutual funds ("Mutual Funds") and exchange-traded funds ("ETFs") (collectively, "Program Securities") according to the Model Portfolio selected and, subject to certain limitations described in the Account Agreement, hold or liquidate previously purchased non-model securities that are transferred into the account ("Legacy Securities"). In order to be transferred into an account, Legacy Securities must be Mutual Funds with which LPL has a full or partial selling agreement, ETFs, or individual U.S. listed stocks. Securities that are not Program Securities included within the Model Portfolio will not be purchased for an account, and FutureAdvisor, in its sole discretion, will determine whether to hold or sell Legacy Securities, generally, but not solely, with the goal of optimizing tax impacts for accounts that are subject to tax. Additional Legacy Securities will not be purchased for the account. Clients may not impose restrictions on liquidating any Legacy Securities for any reason. Clients should not transfer in Legacy Securities that they are not willing to have liquidated at the discretion of FutureAdvisor.

In addition, cash not invested may be invested in money market funds, the Multi-Bank Insured Cash Account ("ICA") or the Deposit Cash Account ("DCA"), as applicable, as described in the Account Agreement. Dividends paid by the Program Securities in the account will be contributed to the cash allocation and ultimately reinvested into the account based on the Model Portfolio once the tolerance within cash allocation is surpassed. Pursuant to the Account Agreement, FutureAdvisor is authorized to perform tax harvesting when deemed acceptable by the Algorithm. None of the client, IAA or LPL can alter trades made for tax harvesting purposes. In order to permit trading in a tax-efficient manner, the Account Agreement also grants FutureAdvisor the authority to select specific tax lots when liquidating securities within the account. Although the Algorithm attempts to achieve tax efficiencies, by doing so the client's portfolio may not directly align with Model Portfolio. As a result, the client may receive advice that differs from the advice received by accounts using the same Model Portfolio, and the client's account may perform differently than other accounts using the same

Model Portfolio.

During the term of the Account Agreement, FutureAdvisor will perform a daily review of the account to determine if rebalancing is appropriate based on tolerance thresholds established by LPL and/or FutureAdvisor. At each rebalancing review, the account will be rebalanced if at least one of the account positions is outside such thresholds, subject to a minimum transaction amount established by LPL and/or FutureAdvisor. In addition, LPL and/or FutureAdvisor may review the account for rebalancing in the event that the Portfolio Strategist changes a Model Portfolio. FutureAdvisor may delay placing rebalancing transactions for non-qualified accounts by a number of days, to be determined by FutureAdvisor, in an attempt to limit short-term tax treatment for any position being sold. In addition, trading in the account at any given time is also subject to certain conditions, including but not limited to, conditions related to trade size, compliance tests, the target cash allocation and allocation tolerances. None of the client, IAA or LPL can alter the rebalancing frequency.

#### ***Selection of FutureAdvisor as Third-Party Robo Advisor***

Under IAA's agreement with LPL, IAA is provided the opportunity to offer GWP, which utilizes FutureAdvisor's Algorithm as described herein, to prospective clients. IAA is not otherwise affiliated with FutureAdvisor.

IAA believes that certain clients will benefit from GWP's advisor-enhanced advisory services, particularly due to the relatively low minimum account balance and the combination of a digital advice solution with access to an advisor. Unlike direct-to-consumer robo platforms, IAA is responsible on an ongoing basis as investment advisor and fiduciary for the client relationship, including for recommending the program for the client; providing ongoing monitoring of the program, the performance of the account, the services of LPL and FutureAdvisor; determining initial and ongoing suitability of the program for the client; reviewing clients' suggested portfolio allocations; reviewing and approving any change in Investment Objective due to changes clients make to their Client Profile; answering questions regarding the program, assisting with paperwork and administrative and operational details for the account; and being available to clients to discuss investment strategies, changes in financial circumstances, objectives or the account in general in person or via telephone. IAA can also recommend other suitable investment programs if you have savings goals or investment needs for which GWP is not the optimal solution. Clients should refer to the LPL GWP Program Brochure for additional information.

#### **Betterment Advisory Services**

Betterment for Advisors is a digital wealth management platform generally servicing independent investment advisory firms. This platform may be branded under DBA names "Yellow Penguin", "Blackbridge Financial", "Blackbridge Advisors", or another DBA name specific to the IAA advisory representative. The client will enter into

an agreement with Betterment, LLC ("Betterment"), a registered investment advisor, to engage in the services referenced below. MTG LLC, DBA Betterment Securities ("Betterment Securities"), a registered broker-dealer and member of FINRA and the SIPC, serves as broker-dealer and custodian.

The services provided by Betterment include:

**Goal-Based Investment Management:** Betterment's goal-based investment platform allows advisors and Clients to identify multiple investment goals for each Client, each with specific portfolio allocations.

**Portfolio Construction Tools:** Advisors and Client have access to a set of portfolio strategies, each of which is comprised of low-cost, index-tracking exchange-traded funds, and are able to customize the risk-level for each investment goal.

#### **Automated Investment Management Services:**

Betterment's algorithms automate back-office tasks such as trading, portfolio management, tax loss harvesting, and account rebalancing; **Website and Mobile**

**Application:** Betterment's website and mobile application provide a platform for account access and monitoring and delivery of account documentation and notices; and **Advisor Dashboard:** Advisors have access to a dashboard for purposes of monitoring and managing Client accounts.

#### **Sub-Advisor Mutual Fund Models Program, Managed Account Program, Investment Strategies Program, Model Portfolios Program, CIO Managed Portfolio Services, and FLEX Portfolio Services**

Client assets in held in the sub-advisor Mutual Fund Models Program, Managed Account Program, Investment Strategies Program, and/or Managed Portfolios Program are held at various custodians. While IAA may assist you in completing the sub-advisor's paperwork, you are ultimately responsible for providing the necessary information to establish the account. You will retain all rights of ownership on your account, including the right to withdraw securities or cash, and receive transaction confirmations. In addition, you will also have the ability to impose restrictions on investing in certain securities or types of securities at the time you open the account.

You will retain the right to vote proxies within the Mutual Fund Models, Managed Account, Investment Strategies Programs. Client understands that Morningstar's Investment Management Agreement authorizes Morningstar to vote proxies on their behalf for the securities and/or mutual fund shares held in Client's account(s). In cases where the account is subject to ERISA, Morningstar will vote proxies on their behalf unless the right to vote such proxies has been expressly reserved to another person in accordance with the plan's Plan document. IAA is expressly precluded from voting proxies for securities and/or mutual fund shares held in any account and will not be required to take any action or render any advice with respect to the voting of proxies.

In order to hire us to provide management services, you will be asked to enter into a written investment advisory agreement with IAA and the applicable sub-advisor. This agreement will set forth the terms and conditions of our relationship, including the amount of your investment advisory fee. You will be provided a copy of the sub-advisor's disclosure brochure in addition to IAA's brochure and a copy of the advisory representative's Brochure Supplement.

### ***Mutual Fund Models***

IAA offers asset management services through sub-advisors, Matson Money and SEI Investments Management Corporation ("SEI"), based on the individual needs of clients. Within these programs, you will select a mutual fund model created by the sub-advisor that is solely comprised of mutual funds. We will assist you in selecting a model that is consistent with your investment objective and goals, and we will help you select a rebalancing frequency for your account. The sub-advisor will be responsible for rebalancing the portfolio according to their targeted asset allocations. Please refer to the sub-advisor's brochure for additional details pertaining to the specific program.

### ***Managed Account***

IAA offers a managed account program through SEI whereby SEI develops managed account portfolios designed to be invested in accordance with the client's stated investment objective. Under this program, SEI is responsible for screening, reviewing, and selecting the various money managers, individual mutual funds, and other assets available for selection within the managed account portfolios, with the exception of the Distribution-Focused Portfolio ("DFS Portfolio"), by the advisory representative and the client. Within the DFS Portfolio, SEI is responsible for selecting the SEI Funds and other assets and is responsible for actively managing the client's account in accordance with the portfolio's stated investment objectives. Accounts managed through the MAP program are considered wrap fee accounts which are charged a bundled fee that includes advisory, brokerage, and custody services. DFS is also subject to a separate administrative fee that is not part of the bundled fee. Please refer to the sub-advisor's brochure for additional details pertaining to the specific program.

### ***Investment Strategies***

IAA offers an investment strategies program, Lockwood Investment Strategies (the "Strategies") through Lockwood Advisors, Inc. The Strategies product is a discretionary, multi-discipline managed account product housed in a single portfolio that includes but is not limited to equities, mutual funds, and exchange-traded funds. The Strategies consist of five core models and initial minimum investment in the Strategies is \$250,000.00. We will assist you in selecting the appropriate model within the program that is consistent with your investment objective and goals. The sub-advisor will be responsible for rebalancing the portfolio according to their targeted asset allocations. Please refer to the sub-advisor's brochure for additional details pertaining to this program.

### ***Model Portfolios***

IAA offers investment management services through Morningstar's Managed Portfolios Program. Through this program, IAA will utilize Morningstar's proposal system to determine factors such as risk profile, financial situation, and investment objectives and to select an appropriate investment strategy available within the Program. These portfolios may also include stock basket and ETF options. Morningstar provides discretionary management for the Program account. Portfolio construction and the ongoing monitoring and maintenance of the portfolios within the Program are provided by investment professional representatives of Morningstar's parent company, Morningstar Investment Management, LLC that are acting on Morningstar's behalf. Client assets held in the Managed Portfolios Program are held at various custodians – the custodian is chosen by IAA.

### ***CIO Managed Portfolio Services***

IAA advisors have the option of working directly with IAA's Chief Investment Officer ("CIO"), Christopher Zaccarelli. The CIO does not generally work directly with the advisors' retail clients and each advisor is responsible for determining their client's suitability prior to their client investing assets according to the CIO's direction. Although the CIO will have discretion to buy and sell securities in the account, the advisor retains full control over the account and is responsible for selecting the investment program that matches their client's investment objective.

The types of investment programs that the CIO offers utilize individual equities, mutual funds and exchange traded funds ("ETFs") and often more than one type of asset will be present in an investment account. The CIO assesses each individual account, examining its current asset allocation and individual securities, ETFs, and mutual funds and then, in consultation with the advisor, makes changes to that account to better suit the client's investment objectives and risk tolerance. The investment program typically utilizes models in order to provide consistent investment results, although customization is often required. For example, assets with large unrealized capital gains need to be managed over time in order to balance the minimization of taxes with risk/return tradeoffs.

The annual program fee for these investment services generally ranges from 0.19% to 0.35% per annum of the amount invested in the client's account and is subject to the complexity of the portfolio and the type of customization required. This fee, in addition to the advisor's fee, will be deducted from the client's account. The CIO will retain the program fee and the advisor will retain the residual fee remaining – a portion of the portfolio management fee will be retained by IAA in most cases.

Example:

Total Fee – 1%

(program fee – 0.35% + Advisor fee – 0.65%)

The program fee assessed is subject to the complexity of the portfolio and the type of customization required (e.g., individual equity portfolios have higher fees than mutual fund or ETF models) as well as the advisor relationship (e.g., partnering on 100% of the client assets may result in lower overall fees). The advisor may pay a lower program fee to the CIO if he or she places all or a substantial amount of their clients' accounts in this program – this would result in the advisor receiving a higher fee.

Because the advisor pays the program fee to the CIO for these services, a conflict is presented as he or she may be inclined to assess a higher advisory fee than would otherwise be charged if the advisor were not utilizing the CIO Managed Portfolio Services.

The CIO may leverage multiple custodians to perform this service – the custodian best suited to the client's specific needs will be utilized. Transactions will be aggregated for all clients utilizing the same custodian. While aggregate transactions for the same asset across multiple custodians is not possible, the CIO will make every attempt to ensure transactions for the same asset across multiple custodians are placed simultaneously to ensure all clients, regardless of custodian, receive the same execution time and price as much as possible.

A copy of the CIO's ADV 2B Brochure Supplement is available at the end of this document.

### ***Flex Portfolio Services***

IAA advisors have the option of utilizing various model portfolios created and managed by IAA's Chief Investment Officer ("CIO"), Christopher Zaccarelli. For information regarding Mr. Zaccarelli's investment management experience and qualifications, please refer to his Form ADV Part 2B Brochure Supplement which has been provided to you along with this Firm Brochure. The CIO does not generally work directly with the advisors' retail clients and each advisor is responsible for determining their clients' suitability prior to their clients investing assets utilizing the FLEX portfolios offered by us.

The types of models offered within the FLEX portfolios may include, without limitation, ETF models, mutual fund models, individual equity models and combinations thereof. The FLEX portfolios are all designed to meet a specific investment objective such as income, capital preservation, growth, or aggressive growth. In addition, there is the ability to blend multiple models together to achieve a specific risk tolerance (e.g., 60% of an individual equity model with 40% of a fixed income mutual fund model).

The annual program fee for the FLEX portfolio services is typically 0.20% per annum of the amount invested in the FLEX portfolio(s). This program fee will either be paid by the client or will be charged to the advisor depending on which option is selected in the FLEX Addendum to Asset Management Programs Agreement. The determination

as to whether the advisor or the client will pay the program fee will be determined by the advisor and client based on factors including but not limited to the client's preference and the advisor's fee structure. If the option is selected for the client to pay the program fee, this fee, in addition to the advisor's fee, will be deducted from the client's account. The program fee, whether charged to the client or the advisor, is retained by IAA and shared by the CIO and IAA.

### **Program Fee Paid by Client Example:**

Total fee – 1.20%

(Program fee – 0.20% + Investment Advisor fee – 1.00%)

The portfolio management fee assessed is subject to the complexity of the underlying model (e.g., mutual fund and ETF models may have lower fees than individual equity portfolios) as well as the advisor relationship (e.g., partnering on 100% of their client assets may result in lower overall fees). The advisor may pay a lower program fee to the CIO if he or she places all or a substantial amount of their clients' accounts in the Model Portfolios – this would result in the advisor receiving a higher fee. In addition, the fee assessed for participation in this program does not include trading fees. If the account is transaction-fee based, the client will incur the trading fees. If the account is a wrap fee program account, the advisor will incur the trading fees.

The Flex portfolios management fee assessed may differ from what is stated above based upon the complexity of the underlying models (e.g., mutual fund and ETF models may have lower fees than individual equity portfolios) as well as the advisor relationship (e.g., partnering on 100% of their client assets may result in lower overall fees). The advisor may pay a lower program fee to the CIO if he or she places all or a substantial amount of their clients' accounts in the Flex portfolios – this would result in the advisor receiving a higher fee.

In cases where the advisor pays the program fee to IAA for these services, a conflict is presented as he or she may be inclined to assess a higher advisory fee than would otherwise be charged if the advisor were not utilizing the FLEX Portfolio Services.

The CIO may leverage multiple custodians to perform this service - the custodian best suited to the client's specific needs will be utilized. Transactions within the Flex portfolios will be aggregated for all clients utilizing the same custodian. While aggregate transactions for the same asset across multiple custodians is not possible, the CIO will take all necessary and appropriate measures within his control to have transactions for the same asset placed simultaneously across multiple custodians in an effort to ensure all clients, regardless of custodian, receive the same execution time and price to the extent possible.

A copy of the CIO's ADV 2B Brochure Supplement is available at the end of this document.

## **Retirement Plan Consulting Services**

IAA offers consulting services to retirement plan sponsors in some or all of the following areas as agreed upon between the plan sponsor and IAA in the written consulting services agreement.

- Investment Policy Statement – assist the plan sponsor in developing or revising the plan's investment policy statement based upon its objectives and constraints
- Service Provider Liaison – act as a liaison between the plan and its service providers, product sponsors and vendors based solely on instructions from the plan on investment or administrative matters. IAA will not exercise judgment or discretion with regard to these matters
- Investment Monitoring – perform ongoing monitoring of investments and/or investment managers based on written guidance provided by the plan
- Investment Recommendations – recommend specific investments for plan sponsor to consider within the plan or to make available to plan participants (if applicable), and/or recommend replacement investments if an existing investment is deemed no longer suitable by the plan sponsor. All decisions regarding investment options to be made available to plan participants for purchase are the responsibility of the plan sponsor
- Investment Education – Provide education on general investment product types and strategies
- Performance Reports – Provide performance reports generated through Orion Advisor or an IAA approved performance reporting vendor
- 404(c) Assistance – assist plan in identifying investment options under the "broad range" requirement of ERISA 404(c)
- Qualified Default Investment Alternative (QDIA) Assistance – assist client in identifying an investment alternative within the definition of QDIA under ERISA
- Education Services to Plan Sponsor – provide training for members of the plan sponsor or any plan committee with regard to their services, including education with respect to their fiduciary responsibilities
- Participant Enrollment – assist and/or provide resources to assist the plan in enrolling plan participants in the plan, including facilitating agreed upon enrollment meetings and providing participants with information about the plan such as terms and operation of the plan, benefits of plan participation, benefits of increasing plan contributions, and impact of preretirement withdrawals on retirement income
- Participant Education – facilitate individual or group investment education meetings for plan participants providing information about

investment options under the plan such as investment objectives and historical performance, explaining investment concepts such as diversification and risk and return, and providing guidance as to how to determine investment time horizon and risk tolerance. This will not include individualized investment advice for a particular participant

- Changes in Investment Options – assist in making changes to investment options under the plan upon the plan sponsor's direction. IAA will have no discretion over the changes made or be involved in trade execution
- Vendor Analysis – assist plan with the preparation, distribution and evaluation of Requests for Proposals, finalist interviews and conversion support
- Benchmarking Services – provide plan with comparisons of plan data such as fees, services, participant enrollment and participant contributions levels to data from the plan's prior years and/or similar plans
- Fee Assessment – assist plan in identifying fees and other costs incurred by the plan for investment management, recordkeeping, participant education, participant communication and/or other services provided

The plan sponsor is responsible for determining whether or not to implement any recommendations provided by IAA. IAA does not take discretion with respect to plan assets and IAA does not provide individualized advice to participants in the plan.

In some situations, where agreed to in writing by IAA, certain specified investment management services may be provided to plan sponsors. These services include making investment selections and developing custom model portfolios.

In certain situations, an advisor providing Retirement Plan Consulting Services may also offer his/her advisory services to participants of the plan under the Participant Investment Advice Program and/or through Financial Planning Services. In this case, the advisor would be compensated for their services as advisor to the plan and as advisor to the participants of the plan.

### **Participant Investment Advice Program**

IAA offers individualized investment advice to clients regarding retirement plan assets. Such advice includes periodic allocation and investment recommendations and monitoring of the client's retirement plan account.

In certain circumstances, the advisor may have discretion on the account if the account is held at an approved custodian with which IAA has an agreement. In these instances, the advisor will access the client's account via a login specific to the advisor. At no point in time will the advisor have the client's personal login ID and password.

If the advisor does not have discretion over the client's

account, the client is solely responsible for placing any transactions that may be desired. IAA does not provide ongoing management as part of this service.

In order to hire us to provide these services, you will be asked to enter into a written investment advisory agreement with us. This agreement will set forth the terms and conditions of our relationship, including the amount of your investment advisory fee.

### **Financial Planning Services**

Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. The key defining aspect of financial planning is that through the financial planning process, all questions, information, and analysis will be considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service will receive a written report, providing the client with a detailed financial plan designed to achieve his or her stated financial goals and objectives. In general, the financial plan may address any or all of the following areas of concern:

- **Personal:** Family records, budgeting, personal liability, estate information and financial goals;
- **Tax & Cash Flow:** Income tax and spending analysis and planning for past, current, and future years. We may illustrate the impact of various investments on a client's current income tax and future tax liability;
- **Death & Disability:** Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis;
- **Retirement:** Analysis of current strategies and investment plans to help the client achieve his or her retirement goals;
- **Investments:** Analysis of investment alternatives and their potential effect on a client's portfolio;
- **Estate:** Analysis of financial issues with respect to living trusts, wills, estate tax, powers of attorney, asset protection plans, nursing homes, Medicare and/or Medicaid and elder law; and
- **Insurance:** Review of existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home, and automobile.

IAA advisory representatives gather required client information through a combination of personal interviews and telephone and electronic communications. Information gathered may include a client's current financial status, tax status, future goals, return objectives and attitudes towards risk. Advisory representatives will review supporting documents supplied by the client. All recommendations are of a generic nature. The implementation of any specific financial plan recommendations is entirely at the client's discretion.

Clients wishing to engage IAA for financial planning services will be required to enter into a written financial

planning agreement or advisory agreement.

Typically, the financial plan will be presented to the client within six months of the agreement date, provided that all information needed to prepare the financial plan has been promptly provided to the advisory representative by the client.

Clients can also receive investment advice on a more limited basis through consulting services. This may include advice on isolated area(s) of concern such as estate planning, retirement planning, insurance issues, annuity advice, or any other specific topic. Clients wishing to engage IAA for consulting services will be required to enter into a written consulting services agreement, or advisory agreement. Clients will not receive a written financial plan from IAA when engaging us for consulting services.

Financial planning and consulting services offered by IAA conclude upon delivery of the written financial plan or analysis. The services do not include implementation of any investment recommendations.

### **Coaching Services**

Once financial planning goals have been identified, you may engage IAA for ongoing coaching. This differs from the financial planning process in that the wealth coach or stewardship coach is engaged to help you make progress toward your stated goals. Coaching is intended to assist you to stay on a prescribed plan for working toward financial goals. Additionally, coaching may help reduce the frequency of needed financial plan updates. Coaching services may include one or more of the following services, as elected by the client on the coaching services agreement.

#### **BUCKETGRAM COACHING\***

We use your personalized version of the Bucketgram, a pictorial document that summarizes your assets, liabilities, insurances, and estate planning documents, to help identify areas of opportunity or concern in your financial journey.

##### **First Year**

- Investment Coaching
- Up to 4 meeting per year (if necessary)
- Utilization of Bucketgram for prudent financial decision-making

##### **Additional Years After 1<sup>st</sup>**

- Investment Coaching
- Quarterly or semi-annual meetings
- Ongoing updates to Bucketgram
- Utilization of Bucketgram for prudent financial decision-making
- Cash flow analysis and planning

#### **WEALTH COACHING\***

We begin by helping you identify your most important life goals and continue with the development of your personal values based financial planning and maintenance of the strategies to help you work toward

your financial goals. Emphasis is placed on taking you through the Wealth Optimization Process: Discovery -- Planning -- Implementation -- Maintenance.

#### Maintenance Wealth Coaching

- Maintenance Wealth Coaching uses the final stage of the Wealth Optimization Process (Maintenance) to monitor and maintain the financial path that has been created.

#### Active Wealth Coaching

- Wealth Coaching uses all 4 stages of the Wealth Optimization Process (Discovery, Planning, Implementation, and Maintenance) to create new strategies and discover new opportunities to build your financial future.

#### Family Office Coaching

- Wealth Coaching that focuses on Intergenerational Stewardship Coaching and may involve multiple households within a family.
- Family meeting with appropriate intergenerational involvement
- Coordination of entire financial team
- Ongoing use the Wealth Optimization Process

#### \*Stewardship Coaching

An optional service available that helps you to understand integration of faith and finances as it pertains to all topics discussed using a biblical world view. There is no additional charge for this style of coaching. You need only to make your advisor aware of your desire for Stewardship Coaching.

#### Wealth Vision Maintenance

Clients may choose to enter into an agreement with IAA whereby he/she has access to WealthVision personal financial information and wealth management software. The advisory representative will provide the client with maintenance services related to the client's personal WealthVision website, support of the aggregation function within WealthVision and support and training related to the software.

#### Health Savings Account/HealthSavings Administrators

IAA offers investment advice to individual participant clients regarding their Health Savings Account(s) ("HSA") and facilitates HSA education services through *HealthSavings* Administrators, the plan provider.

Investment advice services includes periodic allocation and investment recommendations and monitoring of the client's HSA account(s).

IAA advisory representatives will not have discretion on the HSA account, the client will be solely responsible for placing transactions and rebalancing the account. The advisory representative will have a unique login ID and password for "view only" access to the account, at no point in time will the advisor have the client's personal login ID and password.

In order to hire us to provide these services, you will be

asked to enter into a written investment advisory agreement with us in addition to the documentation required to establish the plan and/or participant account through *HealthSavings* Administrators, the plan provider, and FPS Trust, the plan custodian. This agreement will set forth the terms and conditions of our relationship and will provide the advisory representative with suitability information necessary to determine appropriate advice for the account and participant. The fees associated with this program are outlined in the Appointment of Financial Professional (Broker of Record) Form as well in the Item 5 of this firm brochure.

#### Health View Account/HealthView Asset Management

IAA offers Health Savings Account(s) ("HSA"), Health Reimbursement Account(s) ("HRA"), and Flexible Spending Account(s) ("FSA"). The Program Provider is *HealthView* Asset Management, Inc., a registered investment adviser ("*HealthView*"). Plan Participants, in their sole discretion, may select to open one or more of these accounts. The HSA has three options: an FDIC interest-bearing cash account, a self-directed Investment account, or a managed investment account.

IAA advisory representatives will not have discretion within any HSA account. If the Participant chooses the self-directed account option, the Participant will be solely responsible for placing transactions and rebalancing or reallocating the account. If the Participant chooses the managed account option, *HealthView* will manage the account. *HealthView* will provide our designated advisory representative with access to all investment activity in the HSA, no matter which option the Participant chooses. At no point in time will IAA or our representative have the Participant's personal login ID and password.

Participants that choose to open an HSA will sign an Investment Advisory Agreement with *HealthView* Asset Management to establish the Program and/or Participant Account through *HealthView*. The Agreement will set forth the terms and conditions of the relationship. The Participant will provide the suitability information necessary through the online client questionnaire to determine appropriate advice for the Participant's account. The fees associated with this program are outlined in the Appointment of Financial Professional (Broker of Record) Form as well in the Item 5 of this Brochure.

#### Referrals to Third Party Advisors

IAA may also act as a solicitor and refer clients to third party investment advisory firms for management services. The advisory representative will assist you in determining your investment objective for the account and recommend an appropriate portfolio or management style offered by the third-party advisor. The third-party advisor will buy and sell securities in your account on a discretionary basis. IAA does not participate in the management of accounts managed by the third-party advisor. You should refer to the disclosure brochure for the third-party advisor for further information about the services offered by the third-party advisor, as well as whether or not the third-party advisor will permit you to

impose reasonable restrictions on the investments selected within the account.

IAA may also act as a solicitor and refer retirement plan participants and plan sponsors to third party investment advisory firms for services including allocation recommendations and retirement education, but specifically excluding account management or assistance with trading. Such services will be provided to you primarily through a web portal provided by the third-party advisor. The advisory representative will assist you in establishing the relationship with the third-party advisor and be available to answer questions and facilitate the relationship on an ongoing basis. You should refer to the disclosure brochure for the third-party advisor for further information about the services offered by the third-party advisor.

You will be required to enter into an investment advisory agreement and other account paperwork with the third-party advisor to establish a relationship, as well as sign a disclosure that IAA is acting in a solicitation only capacity.

#### **Assets Under Management**

As of December 31, 2019, we have \$5,836,600,948 discretionary assets under management and \$34,308,013 in non-discretionary assets under management.

#### **Item 5 – Fees and Compensation**

The amount of advisory fees will be disclosed prior to services being provided and agreed upon by the client in the LPL New Account Application or the IAA Advisory Fee Disclosure Statement depending on which custodian is utilized. We will not require payment of more than \$1,200 in fees more than six months in advance. Depending on the program being utilized and the preference on the client, advisory fees will either be drawn directly from the client's account or invoiced to the client to be paid to IAA via check, credit card or ACH.

#### **Asset Management Services**

The annual advisory fee for management services is a maximum of 2.00% and is based on a percentage of the market value of your account, including cash holdings. The fee may also include Financial Planning and Consulting services. Advisory fees are negotiable between IAA and the client, and the amount of the advisory fee will be as agreed upon in writing between IAA and the client. The advisory fee may be higher than the fee charged by other investment advisors for similar services.

Advisory fees are billed quarterly in advance and calculated based on the account's market value on the last business day of the prior quarter. The initial advisory fee is due at the beginning of the quarter following execution of this Agreement and will include the prorated fee for the initial quarter in addition to the standard quarterly fee for the upcoming quarter. Additional deposits and withdrawals will be added or subtracted from the account's value which may lead to an

adjustment of the advisory fee. IAA leverages the services of Orion Advisor and a 360-day year for calculating the advisory fees of accounts held at TD, Fidelity, and Schwab. IAA then provides the fees to be deducted from your account to the Custodian for processing. LPL also uses a 360-day year and is responsible for calculating and deducting all advisory fees from accounts held at LPL. Please see a sample calculation of advanced billing below (The example assumes the 1<sup>st</sup> quarter end account value of \$105,000, 1.75% Advisory Fee):

*Orion and LPL Methodology: 360-day year and quarters lasting 90 days.*

$$[\text{Quarter End Value} \times \text{Advisory Fee}] / 360 \times 90 \text{ Days} =$$
  
Advanced Billing  $[\$105,000 \times 1.75\%] / 360 \times 90 =$   
\$459.38

Depending upon the compensation structure between IAA and the advisory representative, the advisory fee may be shared between IAA and its advisory representative. In these cases, IAA will receive up to 12% of the advisory fee when asset management is provided by the advisory representative. For example, if the advisory representative's compensation structure is based upon a "grid" (see below), IAA will retain a percentage of the advisory fee paid to the advisory representative. If, however, the advisory representative's compensation structure is based upon a "flat fee", the advisory representative will pay IAA a flat fee each month of up to \$2500.00 and will receive 100% of the advisory fees paid by the client. When IAA centrally provides management services to the Program account, IAA will retain an additional 0.12% to 0.22%, depending upon the size of the account.

Example:

#### **Independent Advisor Alliance (IAA) Grid**

<b>Advisory Payout</b>	<b>Brokerage Payout</b>
96%	90%

In such cases where a custodian other than LPL is selected by the client, IAA may retain 5% of the advisory fee earned by the advisory representative on accounts custodied away from LPL as an oversight fee. In addition, IAA retains an additional 0.05% of assets under management custodied away from LPL in order to cover the 0.05% oversight fee charged to IAA by LPL. To the extent an advisory representative is permitted to use a custodian other than LPL as discussed in Item 12 – Brokerage Practices, this presents a conflict of interest in that the advisory representative has a financial incentive to recommend LPL as a custodian. Notwithstanding, IAA and its advisory representatives take its responsibility to clients seriously and will recommend a custodian to clients only if it believes it is in the client's best interest.

In an Advisory Program account, in addition to the advisory fee you pay to us for our services, you will pay certain transaction charges for trade execution. These transaction charges are paid to the custodian; IAA does

not receive any portion of the transaction charges. The transaction charges vary based on the type of investment (e.g., mutual fund, ETF, equity, or option) and range from \$0 to \$50.00. Custodian will provide you with a schedule of transaction charges when you establish your account.

In a Wrap Program account, clients pay IAA a single annual advisory fee for advisory services and execution of transactions. Clients do not pay brokerage commissions, markups, or transaction charges for execution of transactions in addition to the advisory fee. While the client does not pay a transaction charge for transactions in the account(s), Client should be aware that the IAA advisory representative may pay a transaction charge for transactions in the account(s). In cases where the IAA advisory representative does not pay transaction charges in the account(s), he/she will pay the custodian through IAA an annual administrative / asset-based pricing fee based upon a percentage of assets under management within the IAA Program account – this percentage varies from IAA advisory representative to representative for accounts held at LPL. For accounts held at TD and Fidelity, this percentage is capped at 0.22% 0.12% respectively. This fee is then passed down from IAA to the IAA advisory representative. In cases where the IAA advisory representative incurs the transaction charges, there is a conflict of interest based up the costs associated with placing trades and/or rebalancing a client's account as well as which share classes the advisory representative may choose based upon any transaction charges associated with any particular mutual fund. In cases where the IAA advisory representative pays the Custodian an annual administration / asset-based pricing fee in lieu of paying transaction charges, there is a conflict of interest. Client understands that the cost to the IAA Investment Advisor of the annual administration fee may be a factor that he/she considers when deciding how much of an annual advisory fee to assess to the account(s).

Under certain conditions you will also incur certain charges imposed by third parties other than IAA in connection with investments made through the account depending upon the type of investments made and type of account. IAA does not receive any portion of these fees. These charges include, but are not limited to, the following:

- Mutual funds - mutual fund 12b-1 fees, mutual fund management fees and administrative expenses, mutual fund transaction fees and redemption charges (if applicable) and deferred sales charges on previously purchased mutual funds transferred into the account
- ETFs – fund management fees and expenses
- Variable annuities – mortality, expense and administrative charges, fees for additional riders purchased by you on the contract, and charges for excessive transfers within a calendar year if imposed by the variable annuity sponsor
- Certain retirement accounts - IRA and qualified

retirement plan fees

- Certain trust accounts - Administrative servicing fees for trust accounts
- Unit investment trusts ("UIT") - creation and development fees or similar fees imposed by UIT sponsors
- Alternative investments - hedge fund and managed future investment management fees, managed futures investor servicing fees, and business development company fees
- Sweep money market funds and cash balances – 12b-1 fees or other fee based on average daily deposit balances
- Other charges required by law and imposed by the executing broker/dealer or custodian

If your account invests in mutual funds or ETFs, please note that you will pay the fund a management fee as a shareholder of the fund in addition to paying us an advisory fee for managing the assets. As many of the funds available in the Program may be purchased directly, you could avoid the second layer of fees by not using our management services and by making your own fund investment decisions.

Advisory representatives of IAA may also be separately registered as licensed securities representatives of LPL. In this capacity, the advisory representatives can sell securities to clients and receive compensation in the form of commissions or trails. However, such compensation will not be received in connection with investments made in Program accounts.

The Program may cost you more or less than if the assets were held in a commission-based brokerage account. In a brokerage account, you are charged commissions for each transaction, and we would have no duty to provide ongoing advice with respect to the account. If you plan to follow a buy and hold investment strategy for the account or do not wish to purchase ongoing investment advice or management services, you should consider opening a commission-based brokerage account rather than a Program account.

You may terminate the agreement for services with us at any time with written notice. Upon termination, any prepaid, unearned fees will be refunded. For additional information, refer to Item 12 – Brokerage Practices.

Within the IAA Program account, IAA uses mutual funds that the custodians make available within their custodial platforms. In many instances, the available mutual funds offer multiple classes of shares, including shares designated as no transaction fee mutual funds, institutional share classes, and other share classes that are specifically designed for purchase in a fee-based investment advisory program. When an IAA Program account purchases a mutual fund, it is sometimes the case that the custodian receives from the mutual fund a portion of the 12b-1 fees charged by the mutual fund. Neither IAA nor its advisory representatives receive any portion of these 12b-1 fees. Institutional or fee-based

advisory share classes generally are not subject to 12b-1 fees, though this is not always the case. Because of the different expenses of the mutual fund share classes, it is generally more expensive for a client to own a mutual fund share class that carries a 12b-1 fee than a mutual fund share class that does not. Typically, it is the case that an investor in a non-12b-1 fee carrying mutual fund share class will pay lower fees over time and keep more of his or her investment returns than an investor who holds a mutual fund share class that carries a 12b-1 fee of the same fund. Clients should not assume that they will be invested in the share class with the lowest possible expense ratio. In an advisory program, the appropriateness of a particular mutual fund share class should be determined based on a variety of different considerations, including but not limited to: the advisory fee that is charged; whether transaction charges are applied and the amount of the transaction charges applied to the purchase or sale of mutual funds; the anticipated frequency of transactions; the holding period for the mutual funds; the overall cost structure of the advisory program; share class eligibility requirements; and potential tax consequences.

Unless a no transaction fee mutual fund is selected, the custodian also charges clients a transaction charge for mutual fund purchases and sales. The transaction charge level, ranging from \$0 to \$50.00, varies depending on the amount of 12b-1 fees and/or sub transfer agent recordkeeping fees that the custodian receives from the mutual fund. Neither IAA nor its advisory representatives receive any portion of these transaction charges. Clients may avoid or lower the transaction charge by purchasing a share class without a transaction fee, however, the share class may be more expensive to the client over time because of the ongoing 12b-1 fee depending on the number of transactions in the account and the holding period. Clients may pay a higher transaction charge for institutional and fee-based advisory shares classes; however, the share class may be less expensive to the client over time.

Clients should consider the additional indirect expenses that exist because of the mutual fund fees when negotiating and discussing with the advisory representative the advisory fee to IAA and the advisory representative and the selection of share classes and mutual funds for the IAA Program account.

### **Manager Access Select and Other Third-Party Management Programs**

The annual advisory fee for MAS and other third-party management programs is a maximum of 3% and is based on a percentage of the market value of your account, including cash holdings. Advisory fees are negotiable between IAA and the client, and the amount of the advisory fee will be as stated in the account agreement.

Advisory fees are billed quarterly in advance and calculated based on the account's market value on the last business day of the prior quarter. Advisory fees will

be deducted from your account by the custodian holding assets and paid to IAA. The custodian may also charge miscellaneous administrative and custodial-related fees and charges that may apply to an account.

For MAS accounts, the advisory fee will be shared among IAA, the Portfolio Manager, and LPL. IAA receives up to 87.5% of the advisory fee charged to the client and shares a portion with its advisory representative. The balance of the fee is retained by LPL, with a portion ranging from 0.25% to 1.50% paid to Portfolio Manager.

For other third-party management programs, the advisory fee will be shared between IAA and the Portfolio Manager. IAA receives up to 11% of the advisory fee charged to the client and shares a portion with its advisory representative. The Portfolio Manager receives a portion ranging from 0% to 1.00%.

As the amount of the fee charged by one Portfolio Manager may differ from the amount charged by another Portfolio Manager, IAA has a financial incentive to recommend a Portfolio Manager that charges less than others. We take our responsibilities to clients very seriously and we will only recommend a Portfolio Manager if we believe it is appropriate and, in the client's, best interest.

As the MAS and other third-party management programs may invest in mutual funds and ETFs, you should understand that you will pay the fund a management fee and other expenses as a shareholder of the fund in addition to paying an advisory fee to IAA, the Portfolio Manager and LPL (if applicable). As the funds may be purchased directly, you could avoid the second layer of fees by not using the management services offered through the program and by making your own investment decisions.

Advisory representatives of IAA may also be separately registered as licensed securities representatives of LPL. In this capacity, the advisory representatives can sell securities to clients and receive compensation in the form of commissions and 12b-1 fees or trails. However, such compensation will not be received in connection with investments made in a MAS or other third-party management program account.

MAS and other third-party management programs may cost you more or less than if the assets were held in a traditional brokerage account. In a brokerage account, you are charged commissions for each transaction, and we would have no duty to provide ongoing advice with respect to the account.

You may terminate the agreement for services with us at any time with written notice. Upon termination, any prepaid, unearned fees will be refunded.

For additional information, refer to Item 12 – Brokerage Practices and the LPL MAS disclosure document and account agreement or similar documents for other third-

party management programs.

### **Model Wealth Portfolios**

The annual advisory fee for MWP is a maximum of 2.83% and is based on a percentage of the market value of your account, including cash holdings. Advisory fees are negotiable between IAA and the client, and the amount of the advisory fee will be as stated in the MWP account agreement. We pay a portion of this advisory fee to the advisory representative handling your account.

In addition to the annual advisory fee that clients pay to IAA, the client will also pay a Portfolio Strategist fee and an LPL Program fee. IAA does not receive any portion of the Portfolio Strategist fee or the LPL Program fee. The Portfolio Strategist fee currently ranges from 0.00% to 0.20%, and the amount of the fee is determined based on the Portfolio Strategist selected by the client. The LPL Program fee currently ranges from 0.08% to 0.45% and is determined based on the size of the MWP account and whether the model selected follows a strategic or tactical investment mandate. Refer to the LPL MWP disclosure brochure for additional details regarding the Portfolio Strategist fee and the LPL Program fee.

For accounts opened prior to January 1, 2016 or those accounts that have not converted to the new fee structure described above, the account is charged an aggregate account fee. This aggregate account fee is a straight percentage based on the value of all assets in the account, including cash holdings. The maximum aggregate account fee is 2.00%. The aggregate account fee is paid to LPL, and LPL retains the LPL Program fee. For Portfolios designed by a Portfolio Strategist other than LPL, LPL pays a portion of the account fee to the Portfolio Strategist. LPL shares up to 100% (typically between 90% and 100%) of the remaining portion of the account fee with IAA. As the amount of the fee charged by one Portfolio Strategist may differ from the amount charged by another Portfolio Strategist, IAA has a financial incentive to recommend a Portfolio that charges less than others. We take our responsibilities to clients very seriously and we will only recommend a Portfolio if we believe it is appropriate and, in the client's, best interest.

Advisory fees are billed quarterly in advance and calculated based on the account's market value on the last business day of the prior quarter. LPL, as the qualified custodian for the MWP account, is responsible for calculating and deducting all advisory fees from your account. LPL may charge miscellaneous administrative and custodial-related fees and charges that may apply to an MWP account.

As the MWP program invests solely in mutual funds and ETFs, please note that you will pay the fund a management fee and other expenses as a shareholder of the fund in addition to paying an advisory fee to IAA and LPL for managing the assets. As the funds may be purchased directly, you could avoid the second layer of fees by not using our management services and by

making your own investment decisions.

Advisory representatives of IAA may also be separately registered as licensed securities representatives of LPL. In this capacity, the advisory representatives can sell securities to clients and receive compensation in the form of commissions and 12b-1 fees or trails. However, such compensation will not be received in connection with investments made in MWP program accounts.

MWP may cost you more or less than if the assets were held in a traditional brokerage account. In a brokerage account, you are charged commissions for each transaction, and we would have no duty to provide ongoing advice with respect to the account.

You may terminate the agreement for services with us at any time with written notice. Upon termination, any prepaid, unearned fees will be refunded.

For additional information, refer to Item 12 – Brokerage Practices and the LPL MWP disclosure document and account agreement.

### **Personal Wealth Portfolios**

The annual advisory fee for PWP is a maximum of 2.00% and is based on a percentage of the market value of your account. Advisory fees are negotiable between IAA and the client, and the amount of the advisory fee will be as stated in the PWP account agreement.

Advisory fees are billed quarterly in advance and calculated based on the account's market value on the last business day of the prior quarter. LPL, as the qualified custodian for the PWP account, is responsible for calculating and deducting all advisory fees from your account. LPL will charge miscellaneous administrative and custodial-related fees and charges that may apply to a PWP account.

IAA receives up to 78% of the advisory fee charged to the client and shares a portion with its advisory representative. The balance of the fee is retained by LPL, with a portion ranging from 0.15% to 0.35% paid to PWP Advisors, if applicable. As the amount of the fee charged by one PWP Advisor may differ from the amount charged by another PWP Advisor, IAA has a financial incentive to recommend a Portfolio that charges less than others. We take our responsibilities to clients very seriously and we will only recommend a Portfolio if we believe it is appropriate and, in the client's, best interest.

If your PWP account invests in mutual funds and ETFs, please note that you will pay the fund a management fee and other expenses as a shareholder of the fund in addition to paying an advisory fee to IAA and LPL for managing the assets. As the funds may be purchased directly, you could avoid the second layer of fees by not using our management services and by making your own investment decisions.

Advisory representatives of IAA may also be separately registered as licensed securities representatives of LPL.

In this capacity, the advisory representatives can sell securities to clients and receive compensation in the form of commissions and 12b-1 fees or trails. However, such compensation will not be received in connection with investments made in PWP program accounts.

PWP may cost you more or less than if the assets were held in a traditional brokerage account. In a brokerage account, you are charged commissions for each transaction, and we would have no duty to provide ongoing advice with respect to the account.

You may terminate the agreement for services with us at any time with written notice. Upon termination, any prepaid, unearned fees will be refunded.

For additional information, refer to Item 12 – Brokerage Practices and the LPL PWP disclosure document and account agreement.

### **Optimum Market Portfolios**

The annual advisory fee for OMP is a maximum of 2.00% and is based on a percentage of the market value of your account. Advisory fees are negotiable between IAA and the client, and the amount of the advisory fee will be as stated in the OMP account agreement.

Advisory fees are billed quarterly in advance and calculated based on the account's market value on the last business day of the prior quarter. LPL, as the qualified custodian for the OMP account, is responsible for calculating and deducting all advisory fees from your account.

IAA receives up to 99% of the advisory fee charged to the client and shares a portion with its advisory representative. The balance of the fee is retained by LPL.

In addition to the advisory fee you pay to us for our services, you will pay confirmation charges for trade execution. These confirmation charges are paid to LPL and are set out in the OMP account agreement. IAA does not receive any portion of the confirmation charges. LPL will also charge other miscellaneous administrative and custodial-related fees and charges that may apply to an OMP account.

As the OMP program invests solely in mutual funds, you will pay the funds a management fee and other expenses as a shareholder of the fund in addition to paying an advisory fee to IAA and LPL for managing the assets. As the funds may be purchased directly, you could avoid the second layer of fees by not using our management services and by making your own investment decisions.

Advisory representatives of IAA may also be separately registered as licensed securities representatives of LPL. In this capacity, the advisory representatives can sell securities to clients and receive compensation in the form of commissions and 12b-1 fees or trails. However, such compensation will not be received in connection with investments made in OMP program accounts.

OMP may cost you more or less than if the assets were held in a traditional brokerage account. In a brokerage account, you are charged commissions for each transaction, and we would have no duty to provide ongoing advice with respect to the account. If you plan to follow a buy and hold investment strategy for the account or do not wish to purchase ongoing investment advice or management services, you should consider opening a commission-based brokerage account rather than an OMP account.

You may terminate the agreement for services with us at any time with written notice. Upon termination, any prepaid, unearned fees will be refunded.

For additional information, refer to Item 12 – Brokerage Practices and the LPL OMP disclosure document and account agreement.

### **Small Market Solution Program**

The annual advisory fee for SMS is a maximum of 1.20% and is based on an annualized percentage of assets held in the plan. Advisory fees are negotiable between IAA and the client, and the amount of the advisory fee will be as stated in the SMS account agreement. The fee is comprised of an LPL program fee of 0.20% and an advisor fee of up to 1.00%.

Advisory fees are billed in arrears and on the frequency agreed upon between the advisory representative and Client. LPL, as the qualified custodian for the SMS account, is responsible for calculating and deducting all advisory fees from your account.

IAA receives up to 99% of the advisory fee charged to the client and shares a portion with its advisory representative. The balance of the fee is retained by LPL.

In addition to the advisory fee you pay to us for our services, you will pay confirmation charges for trade execution. These confirmation charges are paid to LPL and are set out in the SMS account agreement. IAA does not receive any portion of the confirmation charges. LPL will also charge other miscellaneous administrative and custodial-related fees and charges that may apply to an SMS account.

Advisory representatives of IAA may also be separately registered as licensed securities representatives of LPL. In this capacity, the advisory representatives can sell securities to clients and receive compensation in the form of commissions and 12b-1 fees or trails. However, such compensation will not be received in connection with investments made in SMS program accounts.

You may terminate the agreement for services with us at any time with written notice. Upon termination, any prepaid, unearned fees will be refunded.

For additional information, refer to Item 12 – Brokerage Practices and the LPL SMS disclosure document and

account agreement.

### **Guided Wealth Portfolios**

Users of the Educational Tool do not pay any fees or expenses. However, if users decide to implement sample recommendations by executing trades, they will be charged fees, commissions, or expenses by the applicable advisor and/or broker/dealer executing such trades, as well as underlying investment fees and expenses.

Clients of the Managed Service pay the following fees (collectively, the "Account Fee"):

**Advisor Fee.** The Advisor Fee is an annual fee for the investment advisory services of IAA that is set out in the Account Application. The Advisor Fee is a straight percentage based on the value of all assets in the account, including cash holdings and Legacy Securities. The fee may not exceed 1.00%. The Advisor Fee is not negotiable and is shared between IAA and its advisory representatives.

**Strategist Fee.** Depending upon the model selected for the account, clients will pay a fee for the model portfolio design services of a Portfolio Strategist. However, LPL currently serves as the sole Portfolio Strategist and does not charge a fee for its services. LPL reserves the right to increase the upper limit of the Strategist Fee range upon 30 days' notice to clients.

**LPL Program Fee.** Clients will pay a fee of 0.35% for the investment advisory, administrative, trading, and custodial services of LPL. LPL reserves the right to increase the upper limit of the LPL Program Fee range upon 30 days' notice to clients.

**FutureAdvisor** is compensated directly by LPL for its services, including the Algorithm and related software, through an annual sub-advisory fee (tiered based on assets under management by FutureAdvisor, at a rate ranging from 0.10% to 0.17%). As each asset tier is reached, LPL's share of the compensation shall increase, and clients will not benefit from such asset tiers. LPL deducts the Account Fee and other fees and charges associated with a GWP account from the account. LPL calculates and deducts the Account Fee in the method described in the Account Agreement. LPL deducts the Account Fee quarterly in advance. For purposes of calculating the Account Fee and providing quarterly performance reports, the account quarter will begin on the first day of the month in which the account is accepted by LPL. Additional information regarding the method of charging fees is available in the GWP Program Brochure and the Account Agreement.

In addition to the Account Fee, clients also pay LPL other additional miscellaneous administrative or custodial-related fees and charges that apply to a GWP account. LPL notifies clients of these charges at account opening. These fees include, for example, a small account fee of \$5 per quarter for accounts with balances under \$10,000

and an account termination fee of \$125 for processing a full account transfer to another financial institution. Clients are notified of these charges and any changes through information provided with periodic account statements. The fees and charges are subject to change by LPL with 30 days' notice. IAA does not receive any portion of these fees and charges.

There are other fees and charges that are imposed by third parties other than LPL, FutureAdvisor or IAA that apply to investments in GWP accounts. These fees and charges are in addition to the Account Fee. Some of these fees and charges are described below.

As the GWP program invests solely in mutual funds and ETFs, you will pay the funds a management fee and other expenses as a shareholder of the fund in addition to paying an Account Fee. In the case of mutual funds that are fund of funds, there could be an additional layer of fees, including performance fees that vary depending on the performance of the fund. As the funds and ETF's can be purchased directly, you could avoid the second layer of fees by not using our management services and by making your own investment decisions.

For those Model Portfolios consisting of mutual funds, LPL selects only no-load and load- waived mutual funds. In some cases, a mutual fund in GWP will charge shareholders an asset- based sales charge or service fee (e.g., 12b-1 fee) that is paid to LPL. For IRA accounts, 12b-1 fees paid to LPL by mutual funds are credited to the account. IAA does not receive any portion of the 12b-1 fees.

Advisory representatives of IAA may also be separately registered as licensed securities representatives of LPL. In this capacity, the advisory representatives can sell securities to clients and receive compensation in the form of commissions and 12b-1 fees or trails. However, such compensation will not be received in connection with investments made in GWP program accounts.

The Account Fee may be higher than the fees charged by other investment advisors for similar services. For instance, FutureAdvisor offers direct-to-consumer services similar to GWP. Therefore, clients could generally pay a lower advisory fee for algorithm-driven, automated ("robo") investment advisory services through FutureAdvisor or other robo providers. However, clients using such direct robo services will forgo opportunities to utilize LPL-constructed model portfolios or to work directly with an IAA advisory representative.

The GWP program may cost you more or less than if the assets were held in a traditional brokerage account. In a brokerage account, you are charged commissions for each transaction, and we would have no duty to provide ongoing advice with respect to the account. If you do not wish to utilize ongoing investment advice or management services, you should consider establishing a commission-based brokerage account.

The investment products available to be purchased within a GWP account can be purchased directly by clients outside of a GWP account, through broker/dealers or other investment firms not affiliated with IAA. You may terminate the agreement for services with us at any time with written notice. Upon termination, any prepaid, unearned fees will be refunded.

For additional information, refer to Item 12 – Brokerage Practices and the GWP Program Form and Account Agreement.

### **Betterment Advisory Services**

Betterment charges Clients an asset-based wrap fee on amounts invested via the Betterment for Advisors platform equal to 0.25% of the portions of their account balances below \$2 million and 0.15% of the portions of their account balances above \$2 million unless a specific fee discount has been negotiated between Betterment and your Advisor. The asset-based wrap fee is charged quarterly in arrears. The services included for the wrap fee include all of the services provided by Betterment and Betterment Securities through the Betterment for Advisors platform, including advisory services, custody of assets, execution and clearing of transactions, and account reporting. Betterment collects the wrap fees directly from Clients pursuant to the terms of the advisory agreement between Betterment and each Client. Clients utilizing the Betterment for Advisors platform may pay a higher aggregate fee than if the advisory, custodian, trade execution, and other services were purchased separately.

IAA advisors will charge Clients a fee in addition to the Betterment for Advisors platform fee for assets held on the Betterment for Advisors platform. Betterment will collect both its and the advisors fee from each Client and remit the advisors portion to IAA, who will in turn compensate the advisor. Additional information regarding Betterment's fees and compensation is described in Betterment's form ADV Part 2A and in Item 12 – Brokerage Practices and the IAA Betterment Account Agreement.

### **Sub-Advisor Mutual Fund Models Program, Managed Account Program, Investment Strategies Program, and Managed Portfolios Program**

The annual advisory fee for these programs is a maximum of 1.65%. Advisory fees are negotiable between IAA and the client, and the amount of the advisory fee will be as stated within the application to establish the account.

Depending on which sub-advisor is selected, advisory fees may be billed quarterly in arrears or quarterly in advance and may be calculated based on the account's market value on the last day of the previous quarter or on the average daily account value during the previous quarter.

Depending on which sub-advisor is selected, the sub-advisor may act as the qualified custodian or the sub-advisor may leverage a qualified third-party custodian.

The custodian is responsible for calculating and deducting all advisory fees from your account.

The advisory fee is shared between IAA and its advisory representative. Depending on which co- advisor is selected, the sub-advisor may earn a portion of the advisory fee and/or may assess a Program Fee to the account in addition to the advisory fee charged by the IAA advisory representative. Please refer to the sub-advisor's firm brochure and advisory agreement for more information. IAA retains 5% of the advisory fee that would otherwise be payable to the advisory representative.

As the sub-advisor Mutual Fund Models Program, Managed Account Program, Investment Strategies Program, and Managed Portfolios Program invest in mutual funds, please note that you will pay the fund a management fee and other expenses as a shareholder of the fund in addition to paying an advisory fee to IAA. As the funds may be purchased directly, you could avoid the second layer of fees by not using our management services and by making your own investment decisions.

Advisory representatives of IAA may also be separately registered as licensed securities representatives of LPL. In this capacity, the advisory representatives can sell securities to clients and receive compensation in the form of commissions and 12b-1 fees or trails. However, such compensation will not be received in connection with investments made in this program.

The program may cost you more or less than if the assets were held in a traditional brokerage account. In a brokerage account, you are charged commissions for each transaction, and we would have no duty to provide ongoing advice with respect to the account. You may terminate the agreement for services with us at any time with written notice. Upon termination, any earned and unpaid fees will be immediately due to IAA.

For additional information, refer to Item 12 – Brokerage Practices.

### **CIO Managed Portfolio Services**

The annual program fee for these investment services generally ranges from 0.19% to 0.35% per annum of the amount invested in the client's account and is subject to the complexity of the portfolio and the type of customization required. This fee, in addition to the advisor's fee, will be deducted from the client's account. The CIO will retain the program fee and the advisor will retain the residual fee remaining – a portion of the program fee will be retained by IAA in most cases.

Example:

Total Fee – 1%  
(program fee – 0.35% + Advisor fee – 0.65%)

The fee assessed is subject to the complexity of the portfolio and the type of customization required (e.g., individual equity portfolios have higher fees than mutual fund or ETF models) as well as the advisor relationship

(e.g., partnering on 100% of the client assets may result in lower overall fees). The advisor may pay a lower portfolio management fee to the CIO if he or she places all or a substantial amount of their clients' accounts in this program – this would result in the advisor receiving a higher fee. Program fees are calculated by IAA, not the custodian.

The CIO may leverage multiple custodians to perform this service – the custodian best suited to the client's specific needs will be utilized. Transactions will be aggregated for all clients utilizing the same custodian. While aggregate transactions for the same asset across multiple custodians is not possible, the CIO will make every attempt to ensure transactions for the same asset across multiple custodians are placed simultaneously to ensure all clients, regardless of custodian, receive the same execution time and price as much as possible.

### **Flex Portfolio Services**

The annual program fee for the FLEX portfolio services is typically 0.20% per annum of the amount invested in the FLEX portfolio(s). This program fee will either be paid by the client or will be charged to the advisor depending on which option is selected in the FLEX Addendum to Asset Management Programs Agreement. If the option is selected for the client to pay the program fee, this fee, in addition to the advisor's fee, will be deducted from the client's account. The program fee, whether charged to the client or the advisor, is retained by IAA and shared by the CIO and IAA.

Program Fee Paid by Client Example:

Total fee – 1.20%

(Program fee – 0.20% + Investment Advisor fee – 1.00%)

The initial fee will be adjusted in arrears based upon the value of the account on the date it begins utilizing the FLEX portfolios. Going forward, the fees will continue to be billed in advance based on the client's billing cycle, with no adjustments in arrears for deposits and withdrawals during that billing period; however, if the account closes mid-cycle, this fee will not be rebated or pro-rated. Program fees are calculated by IAA, not the custodian.

The Flex portfolios management fee assessed may differ within the range stated above based upon the complexity of the underlying models (e.g., mutual fund and ETF models may have lower fees than individual equity portfolios) as well as the advisor relationship (e.g., partnering on 100% of their client assets may result in lower overall fees). The advisor may pay a lower program fee to the CIO if he or she places all or a substantial amount of their clients' accounts in the Flex portfolios – this would result in the advisor receiving a higher fee. The fee assessed for participation in this program does not include trading fees. If the account is transaction-fee based, the client will incur the trading fees. If the account is a wrap fee program account, the advisor will incur the trading fees.

For additional information, refer to Item 12 – Brokerage Practices.

### **Retirement Plan Consulting Services**

Fees for services will be billed based on one of the following methods listed below and in the amount as agreed upon between IAA and the plan sponsor in the written consulting services agreement and will be charged in arrears.

- Annual Flat Fee
- Annual Fee Based on a Percentage of Plan Assets
- One-Time Flat Rate Fee for Project Specific Work
- Hourly Rate

The level of fees will be set based upon the scope, nature and complexity of the services selected by the plan sponsor, the number of participants in the plan, and the overall size of the plan. Fees are negotiable between IAA and the plan sponsor. The typical maximum percentage-based fee per year is 1% per plan. Fees may be paid directly by the plan sponsor or out of plan assets by a service provider or other third party, as authorized by the plan sponsor.

In addition, the plan sponsor may pay a transition expense fee for the first year after the plan transitions to a new platform/product provider. This fee is intended to cover the additional services (e.g., fund mapping, assistance with enrollment, additional education to plan committee members and participants, etc.) that IAA will provide because of a transition.

You may terminate the agreement for services with us at any time with written notice. Upon termination, any prepaid, unearned fees will be refunded.

### **Participant Investment Advice Program**

The annual advisory fee is based on a percentage of the market value of client's plan assets, including cash holdings, or set as a flat rate. The maximum annual percentage based advisory fee for services is 2.00% and the annual flat fee is dependent upon the size and complexity of client's assets. The fee is negotiable between IAA and the client, and all fees are due in arrears based on the frequency (e.g., monthly, quarterly) selected by the client. The fee may be higher than the fees charged by other investment advisors for similar services.

Client may incur certain charges imposed by unaffiliated third parties in addition to the advisory fees paid to IAA. Such charges include, but are not limited to, custodial fees, brokerage commissions, transaction fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund purchased for the account which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. IAA does not

receive any portion of these third-party charges.

You may terminate the agreement for services with us at any time with written notice. Upon termination, IAA will be entitled to a prorated portion of any unpaid advisory fees owed from the last billing period to the termination date.

### **Financial Planning Services**

For these services, the fee is negotiated between the IAA and client and the amount of the fee is as stated in the client agreement. The fee is paid to IAA, and IAA shares up to 100% (typically 90% - 100%) of the fee with the IAR based on the agreement between IAA and the IAR. For financial planning, clients pay either on an hourly basis or a per plan basis (flat rate fee). The hourly charge is a maximum of \$400 per hour and the flat rate fee ranges from \$0 to \$15,000. On a case-by-case basis, IAA may charge a higher fee depending upon the complexity of the plan. For hourly consulting services, clients pay an hourly charge, up to a maximum of \$400 per hour as negotiated between the IAR and client. Clients should understand that the financial planning or hourly consulting fee client negotiates with IAR may be higher than the fees charged by other investment advisors for similar services. This is the case, in particular, if the fee is at or near the maximum fees set out above. The IAR is responsible for determining the fee to charge each client based on factors such as total amount of assets involved in the relationship, the complexity of the planning services, and the number and range of supplementary advisory and client-related services to be provided. Clients should consider the level and complexity of the planning services to be provided when negotiating the fee with IAR.

Typically, financial planning fees will be due upon the client's acceptance of the plan. However, other fee payment arrangements may be negotiated. For example, particularly complex plans may require prepayment of a portion of the estimated fees for services. For lengthy engagements, interim payments may be requested. For hourly consulting services in which a plan is not presented to the client, the fee will typically be payable upon completion of the consultation.

Where travel or other expenditures are included in the delivery of services, the advisory representative may choose to invoice the client for expenses incurred by the representative for travel and other expenditures associated with delivery of the service – this will be agreed to by the client and the advisory representative prior to execution of the Financial Planning Agreement and will be set forth in writing.

Clients may terminate a financial planning or consulting agreement by providing IAA with written notice prior to delivery of the plan or completion of the service. Upon termination, fees will be prorated to the date of termination and any unearned portion of any prepaid fee will be refunded to the client. Any fees owed to IAA by the client upon termination will be billed to the client.

Advisory representatives of IAA may also be separately registered as licensed securities representatives of LPL.

In this capacity, the advisory representatives can sell securities to clients and receive normal and customary commissions and other types of compensation (e.g., 12b-1 fees or trails) as a result of securities transactions. This presents a conflict of interest when an advisory representative makes an investment recommendation within a financial plan in that there is a financial incentive to recommend investments based on compensation that may be received rather than on client needs. To address this conflict, clients are advised that they are under no obligation to use the advisory representative for implementation of financial planning recommendations; investment products and services may be purchased through other brokers or agents not affiliated with IAA. As part of IAA's fiduciary duty to its clients, IAA strives always to put the interests of the clients first, and recommendations will only be made to the extent they are reasonably believed to be in the best interest of the client. In addition, to the extent that clients do subsequently hire an IAA advisory representative for assistance, additional discussions will take place regarding the relationship and any associated fees or costs to client.

### **Coaching Services**

Fees are based on the complexity of the service, frequency of meetings, whether meetings are at our office or away from the office or on the telephone. Fees are clearly outlined and agreed to in advance in a coaching services agreement. Fees are negotiable and, on a case-by-case basis, IAA may charge a higher or lower fee depending upon the complexity of the Coaching Services.

#### **BUCKETGRAM COACHING \* \*\***

- \$250 - \$1,000 quarterly

#### **WEALTH COACHING \* \*\***

- Maintenance Wealth Coaching \$450 - \$750+ quarterly
- Active Wealth Coaching \$550 - \$3,000+ quarterly
- Family Office Coaching \$3,000 - \$10,000+ quarterly

#### **\*Stewardship Coaching**

Stewardship Coaching: An optional service available that helps you to understand integration of faith and finances as it pertains to all topics discussed using a biblical world view. There is no additional charge for this style of coaching. You need only to make your advisor aware of your desire for Stewardship Coaching.

\*\* Fees for "Bucketgram Coaching" or "Wealth Coaching" may be modified based upon individual circumstances, pre-existing relationships, complexity of services or as otherwise may be determined at the discretion of IAA.

Fees are due and payable to IAA every three months in advance of the next quarterly period. You will be sent an invoice for the quarterly fees.

You may terminate the coaching services within five (5)

business days of execution of the coaching services agreement. After the five (5) day period, you may terminate the coaching services agreement upon written notice at any time.

Refunds for coaching services terminating during a quarterly period will be calculated based on time expended by IAA and multiplied by IAA's hourly rate of \$400 per hour. Coaching services are ongoing until terminated by client or IAA.

### **Wealth Vision Maintenance**

When a client enters into a Wealth Vision Maintenance agreement, the fee, as specified in Schedule A of the agreement, shall be paid upon execution of the Agreement and thereafter at the beginning of each annual period. It should be noted that the services to be provided by the advisory representative relate solely to the use and maintenance of the Client's Wealth Vision website and do constitute investment or financial planning advice.

### **Health Savings Account/HealthSavings Administrators**

When clients enter in an HSA Investment Advice agreement with IAA and an HSA Agreement with *HealthSavings* Administrators, the fees to be paid to IAA, the advisory representative, *HealthSavings* Administrators and FPS Trust are deducted directly from the client's HSA account on a monthly and quarterly basis. An administrative fee in the amount of \$3.75 is deducted monthly. A portion of this fee (\$2.50) is retained by *HealthSavings* Administrators for administration of the plan and a portion (\$1.25) is paid to IAA as a referral fee. The total administrative fee charged to the participant is \$45 annually. A custodial fee of 25 basis points is deducted quarterly in arrears and is withdrawn from the investments in the account based on the average daily balance, then from cash in the account if necessary and is retained by FPS Trust, the custodian. A referral fee in the amount 25 basis points is also deducted quarterly in arrears and is withdrawn from the investments in the account based on the average daily balance, then from cash in the account if necessary. The referral fee is paid to IAA by *HealthSavings* Administrators, a portion of which is then paid to the advisory representative. There are no separate transaction charges associated with transactions made in the account either to IAA, the advisory representative, or the client. Any cost associated with fund management and transactions is covered under the custodial fee of 25 bps which is split between FPS Trust and *HealthSavings* Administrator's.

### **HealthView Accounts/HealthView Asset Management**

As more fully described in Item 4 of this Brochure, IAA offers, through employee benefit plan sponsors ("Plan Sponsors"), a program provided by *HealthView* whereby Plan Participants can accumulate savings to cover health costs. When a Plan Sponsor enters into an agreement with us to use the *HealthView* Program, account fees to be paid to IAA, the IAA advisory representative, and *HealthView* are paid to IAA by the Plan Sponsor at the following annual

rates per Participant Account, depending on the type of Account: HSA Administration Fee \$30 (of which IAA receives \$5), FSA Administration Fee \$57 (of which IAA receives \$5), HRA Administration Fee \$75 (of which IAA receives \$5). The fees are deducted from the Plan Participant's account and are paid quarterly in arrears. IAA then shares the fees with *HealthView* and the IAA advisory representative.

When a Participant elects to open one of the two optional HSA investment accounts; additional fees apply. The fees for these services, to be paid to IAA and shared with the IAA advisory representative and *HealthView*, calculated as a percentage of the fair market value of the account on the last day of each quarter and are deducted directly from the account, on a quarterly basis in arrears. Self-Directed Accounts: 0.25% (of which IAA receives 0.15%). Managed Accounts: 0.60% (of which IAA receives 0.50%).

### **Referrals to Third Party Advisors**

When IAA refers clients to a third-party investment advisory firm, you pay an annual advisory fee to the third-party advisory firm as set forth in the investment advisory agreement for the third-party advisor. The advisory fee includes the fee paid to the third-party advisor, and the referral fee paid to IAA. The fee paid to IAA is negotiated with the client and may be established as a percentage of assets under management (generally ranges from 0% to 1.00%) or as a flat annual fee (maximum of \$800). **The amount of the referral fee is provided in writing to the client at the time of the referral. The third-party advisor may also pay a portion of the fee it receives as compensation to other parties providing services to the client on its behalf. The advisory fee may be payable in advance or in arrears, as determined by the third-party advisor.**

Under certain conditions, the third-party advisory firm will also pay IAA an additional bonus that is based on the overall value of assets that have been referred by IAA to the third-party advisory firm, an asset retention bonus or loyalty program payment. The amount of the asset retention bonus or loyalty program payment is determined by the third-party advisor, is dependent upon asset levels, and is no greater than 0.105%. The existence of the asset retention bonus or loyalty program payment presents a conflict of interest in that IAA has a financial incentive to recommend that you maintain your account with a third-party advisory firm that pays an asset retention bonus. However, to the extent that IAA recommends you establish or maintain a relationship with the third-party advisory firm, it is because IAA believes that it is in your best interest to do so based on your overall goals and objectives, and the services offered by the third-party advisor.

**Item 6 – Performance-Based Fees and Side-By-Side Management** This Item is not applicable as IAA does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

### **Item 7 – Types of Clients**

IAA provides services to individuals, trusts, estates, and small businesses.

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

IAA offers the investment advisory services described in this brochure through its advisory representatives located in a variety of office locations in multiple states. Each client is responsible for selecting his or her own advisory representative. Each advisory representative is responsible for determining his/her investment strategies and methods of analysis. For more information about the individual advisory representative managing or handling your account, refer to the brochure supplement for the advisory representative, a copy of which you should have received along with this brochure. For more information about your IAA advisory representative's management style, we encourage you to speak with your advisory representative.

The following outlines the types of investment strategies and methods of analysis that may be used by our advisory representatives in managing or handling your account. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

Within a Program account, the advisory representative is responsible for constructing a portfolio using an asset allocation mix that is appropriately diversified and consistent with your investment objective for the Program account. While the majority of our advisory representatives invest in mutual funds and ETFs within Program accounts, other securities types are also used as discussed throughout this brochure. We typically do not engage in active trading when managing Program accounts. Our goal is to construct a portfolio using an appropriate mix of investments consistent with your investment objective for the Program account, and then monitor the account and rebalance as necessary when the percentages of certain holdings exceed or fall below target allocations.

In some cases, our advisory representatives may use index strategies based on efficient market theories when managing accounts. Index management is a financial strategy that does not entail any forecasting or market timing. The goal is to minimize transaction costs, maximize diversification and avoid adverse consequences of failing to correctly anticipate the future. This strategy is implemented by constructing a portfolio of multiple mutual funds that are designed to track markets. By tracking the market, a portfolio is highly diversified, has low turnover and low internal mutual fund management fees.

In certain situations, the advisory representative may utilize the services of IAA to centrally manage a client's Program account. IAA is responsible for constructing the portfolios and placing rebalancing transactions as

needed. IAA obtains research and portfolio construction services from a third-party advisor but is responsible for making all final decisions with respect to portfolio construction and transactions. The advisory representative remains responsible for the ongoing individualized investment advice provided to the client. For more information regarding the individuals associated with IAA that are involved in providing the centralized management, refer to the brochure supplements at the end of this Brochure.

We typically manage Program accounts focusing on one of the following investment objectives based on the client's goals and risk tolerance, income with capital preservation, income with moderate growth, growth with income, growth, or aggressive growth. The allocation of assets to different mutual funds or other securities in a Program account will be made based on these overall objectives as well as based on consultations with the client.

As stated above, we generally use the following types of investment vehicles within Program accounts: mutual funds (including asset allocation funds, index funds, international funds, emerging market funds, real estate funds, high yield bond funds and funds that short the market), ETFs (including commodity funds, precious metal funds and agricultural funds), variable annuity subaccounts, alternative investments (including managed futures funds, hedge funds, real estate investment trusts and business development companies), individual stocks and bonds. The particular investments selected for your Program account will depend upon your investment objective, level of risk tolerance, sensitivity to taxes, and other factors. When IAA centrally manages client portfolios, only mutual funds and ETFs will be used as investment vehicles.

There are risks associated with investing in securities. The following highlights some of the risks associated with the types of investments that may be purchased for your account:

- Investing in international markets presents additional risks including currency fluctuations, the potential for diplomatic and political instability, regulatory and liquidity risks, and foreign taxation, among others. The risks of foreign investing are generally greater in emerging markets.
- High yield bonds carry greater risks than bonds rated as investment grade. For example, they are issued by organizations that do not qualify for an investment grade rating by one of the rating agencies because of the potential for higher default by the issuer. Another risk is that further financial difficulties by the issuer may result in a decrease in the market value, and this may make it impossible to liquidate the bond prior to maturity.
- Funds designed to short the market, or inverse funds, have a goal of providing the opposite or

inverse of the return for the underlying index. Inverse funds may have higher expense ratios and be less tax-efficient than a traditional mutual fund or ETF. They may also be riskier. We may use inverse mutual funds or ETFs as a short-term holding in Program accounts when deemed appropriate.

- ETFs are typically investment companies that are legally classified as open-end mutual funds or UITs. However, they differ from traditional mutual funds in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly traded companies. ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the "spread." The spread varies over time based on the ETF's trading volume and market liquidity and is generally lower if the ETF has a lot of trading volume and market liquidity and higher if the ETF has little trading volume and market liquidity. Although many ETFs are registered as an investment company under the Investment Company Act of 1940 like traditional mutual funds, some ETFs, in particular those that invest in commodities, are not registered as an investment company.
- Business development companies ("BDCs") are operated for the purpose of making investments in small and developing business, as well as financially troubled businesses. BDCs must also make available managerial assistance to certain of its portfolio companies and is only required to disclose its net asset value on a quarterly basis. BDCs are often characterized as a publicly traded venture capital or private equity firm that is subject to certain provisions of the Investment Company Act. BDCs can be speculative investments because of the types of investments they make and involve significant risks. These risks include, but are not limited to, portfolio company credit and investment risk, leverage risk, market and valuation risk, price volatility risk, liquidity risk, capital
- markets risk, interest rate risk, dependence on key personnel, and structural and regulatory risk.
- Managed futures funds, hedge funds and real estate investment trusts may be purchased within Program accounts on a non-discretionary basis by clients meeting certain standards. Investing in these funds involves additional risk including, but not limited to, the risk of investment loss due to the use of leveraging and other speculative investment practices and lack of liquidity and performance volatility. In addition, these funds are not required to provide periodic pricing or valuation information to investors and may involve complex tax structures and delays in distributing tax information. You should be aware that these

funds are not liquid as there is no secondary trading market available.

There are additional risks associated with investing in the GWP program due to its automated nature and reliance on the Algorithm and technology systems. These risks include the reliance on electronic communications and delivery; investment horizon; reliance on information provided by user or client; third party account access; limitations of the Educational Tool, limitations of the Managed Service; reliance on the Algorithm, reliance on the data, and reliance on technology, back-up measures, cyber security breaches and identity theft. For a description of these risks, refer to the LPL GWP Program Brochure.

We may use either a fundamental or technical method for analyzing investment opportunities for Program accounts. Fundamental analysis means that the overall business is considered by reviewing a business' financial statements and financial health, its management and competitive advantages, and its competitors and markets. Technical analysis is an investment analysis discipline that attempts to forecast the direction of prices through the study of historical trends in past market data, primarily price and volume. Of course, past performance does not guarantee future results.

We consider the overall economy, both domestically and globally, when selecting specific investments and making asset allocation decisions. We also consider current and recent market levels and volatility when making management decisions. We use a variety of sources of data to conduct our economic, investment and market analysis, such as financial newspapers and magazines, economic and market research materials prepared by others, investment recommendations made by third party advisors, conference calls hosted by mutual funds, corporate rating services, annual reports, prospectuses, and company press releases.

With respect to retirement plan consulting services, we strive to recommend diversified investment alternatives that retirement plan sponsors may consider for investment or make available to plan participants.

In order to provide financial planning and coaching services, we will first collect important information regarding your objectives, goals, financial data, and risk tolerance. For more information regarding the areas of analysis covered, please refer to Item 4 – Advisory Business.

**Item 9 – Disciplinary Information** Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of our advisory business or the integrity of our management. We have no information applicable to this Item.

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

IAA is only in the business of providing investment advice as described above. However, as also noted above, advisory representatives of IAA may also be registered representatives of LPL, an SEC registered broker/dealer and member of the Financial Industry Regulatory Authority. In this capacity, the advisory representative can sell securities to clients and receive normal and customary compensation in the form of commissions. Client's purchasing securities from an advisory representative will receive disclosure documents (e.g., prospectus, brokerage account agreement) when conducting such transactions. For more information, refer to Item 5 – Fees and Compensation.

LPL's parent company, LPL Investment Holdings, Inc., is a publicly traded company with shares listed on The NASDAQ Global Select Market under the trading symbol "LPLA". Certain advisory representatives of IAA are shareholders and/or option holders of LPLA.

Certain advisory representatives are also licensed as independent insurance agents and appointed through various insurance companies to offer a variety of types of insurance depending upon the individual. The types of insurance that may be available include life insurance, long term care insurance, fixed annuities, and disability insurance. In such capacity, the advisory representatives can sell insurance products to clients and receive normal and customary compensation in the form of commissions. Client's purchasing insurance from advisory representatives will receive certain disclosure documents and complete an insurance application process when conducting such transactions.

As part of the Advisors relationship with Betterment and Betterment Securities, Betterment may offer your Advisor services intended to help him/her manage and further develop his/her business enterprise, such as access to webinars and advice about using the Betterment for Advisors platform to grow their business. Betterment may offer different or expanded services in the future. These services could create an incentive for your Advisor to recommend that Clients invest through the Betterment for Advisors platform. This is a potential conflict given that your Advisor's interest in recommending Betterment could be influenced by receipt of Betterment's and Betterment Securities' services to your business. Other potential conflicts may exist regarding the Advisor's use of the Betterment for Advisors platform.

As described elsewhere in this brochure, IAA refers clients to third party investment advisory firms for advisory services. IAA receives a portion of the investment advisory fee paid by the client to the third-party advisor for the referral. This referral fee from the third-party advisory firm may be a percentage of assets under management (generally ranges from 0% to 1.00%) or as a flat annual fee (maximum of \$800). This presents a conflict of interest as IAA does not refer clients to other third-party advisors that do not share the advisory fee. In

some cases, the third-party investment advisory firm will also pay additional compensation to IAA in the form of an asset retention bonus or loyalty program payment. This also presents a conflict of interest in that IAA has a financial incentive to recommend that you maintain your account with a third-party advisory firm that pays an asset retention bonus or loyalty program payment. For further information, please refer to Item 4 – Advisory Business and Item 5 - Fees and Compensation.

As discussed previously, advisory representatives of IAA may also be registered representatives of LPL. Because of this relationship, LPL may have access to certain confidential information (for example, financial information, investment objectives, transactions, and holdings) about IAA's clients, even if the client does not establish an account through LPL. If you would like a copy of LPL's privacy policy, please contact your IAA advisory representative to request a copy.

IAA advisors have the ability to utilize Vanguard portfolios with their clients. If these portfolios are utilized by an advisor with his/her clients, the advisor provides information and instruction to IAA as to which model is most suitable for the client. IAA then processes the transactions and assesses a program fee to the advisor for the services provided.

While the advisor pays the program fees to IAA for the Vanguard portfolio services, a conflict is presented as he or she may assess a higher advisory fee than would otherwise be charged if the advisor were not utilizing these services.

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

IAA has adopted a Code of Ethics which establishes standards of conduct for its supervised persons. The Code of Ethics includes general requirements that such supervised persons comply with their fiduciary obligations to clients and other applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires supervised persons to report their personal securities transactions and holdings no less frequently than quarterly to IAA and requires IAA to review those reports. Each supervised person receives a copy of the Code of Ethics and must acknowledge in writing having received the materials. Clients and prospective clients may obtain a copy of the Code of Ethics by contacting IAA.

It is our policy not to affect any principal trades for client accounts. Principal trades are generally defined as transactions where an advisor, acting for its own account, buys from or sells a security to an advisory client. It is also our policy not to cross trades between your account and the account of another client.

IAA and its advisory representatives may buy or sell securities for our personal accounts identical to those recommended to clients. This creates a potential conflict

of interest. It is our policy that all persons associated with us in any manner must place the interests of clients ahead of their own when making personal investments. In addition, we require that client transactions be placed before our own transactions. We also monitor trading by our advisory representatives.

LPL's parent company, LPL Investment Holdings Inc., is a publicly traded company. IAA does not recommend or solicit orders of LPL Investment Holdings Inc. stock in Program accounts.

#### **Item 12 – Brokerage Practices**

IAA has entered a relationship with LPL, Charles Schwab, TD Ameritrade, and Fidelity to serve as custodian and executing broker/dealer for asset management Program accounts. While IAA may make a recommendation as to the selection of custodian, IAA requires that clients select and direct the custodian as the sole and exclusive broker/dealer to execute transactions for Program accounts. All Program account transactions will be processed without commissions. While IAA believes that the available custodians have execution procedures that are designed to obtain the best execution possible, there can be no assurance that best execution will be achieved. Clients should understand that not all advisors require their clients to direct brokerage. By directing brokerage to LPL, Charles Schwab, TD Ameritrade, or Fidelity clients may be unable to achieve the most favorable execution of client transactions. Therefore, directed brokerage may cost clients more money.

Client should also be aware that not all advisory representatives are permitted to use a custodian other than LPL. Whether or not an advisory representative is able to use another custodian will be determined by IAA and will be based on the experience and production level of the advisory representative, among other items. As stated under Item 5 – Fees and Compensation, in such cases where a custodian other than LPL is selected by the client and the advisor is a registered representative of LPL, IAA will pay 0.05% of the value of assets under management held at said custodian to LPL as an oversight fee. This payment comes from the portion of advisory fee that would otherwise be paid to the IAA advisory representative. In addition, IAA may also retain an additional 5% of the advisory fee that would otherwise be payable to the advisory representative. This presents a conflict of interest in that the advisory representative has a financial incentive to recommend LPL as a custodian. Notwithstanding, IAA and its advisory representatives take its responsibility to clients seriously and will recommend a custodian to clients only if it believes it is in the client's best interest.

IAA seeks to make available only custodians who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, but not limited to, the following: ability to execute, clear and settle transactions

and provide custody services, availability of a range of investment products, availability of technological tools and investment research to assist us in managing assets, competitive pricing, reputation and financial strength, and prior service to us and our clients.

IAA receives support services and/or products from custodians, many of which assist IAA to better monitor and service client accounts. These support services and/or products may be received without cost, at a discount, and/or at another negotiated rate, and may include the following:

- investment-related research
- pricing information and market data
- software and other technology that provide access to client account data
- compliance and/or practice management-related publications
- consulting services
- attendance at conferences, meetings, and other educational and/or social events
- marketing support
- computer hardware and/or software
- other products used by IAA in furtherance of its investment advisory business operations

These support services are provided to IAA based on the overall relationship between IAA and the custodian. It is not the result of soft dollar arrangements or any other express arrangements that involve the execution of client transactions as a condition to the receipt of services. IAA will continue to receive the services regardless of the volume of client transactions executed with a particular custodian. Clients do not pay more for services because we receive these benefits.

There is no corresponding commitment made by IAA to a custodian or any other entity to invest any specific amount or percentage of client assets in any specific securities as a result of these arrangements.

In the Managed Service of GWP, LPL is appointed by each client as custodian of account assets and broker/dealer with respect to processing securities transactions for the accounts. In general, FutureAdvisor, in its capacity as investment advisor, will submit transactions through LPL; however, FutureAdvisor may choose to execute transactions through a broker-dealer other than LPL, subject to its duty to seek to achieve best execution. When securities transactions are conducted through LPL, there are no brokerage commissions charged to the account. If FutureAdvisor chooses to execute a transaction through a broker-dealer other than LPL, the execution price may include a commission or fee imposed by the executing broker-dealer. In evaluating whether to execute a trade through a broker-dealer other than LPL, Future Advisor will consider the fact that the account will not be charged a commission if the transaction is conducted through LPL. For additional information, refer to the LPL GWP Program Brochure.

We may aggregate transactions for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. We may determine not to aggregate transactions, for example, based on the size of the trades, the number of client accounts, the timing of the trades, the liquidity of the securities, and the discretionary or non-discretionary nature of the trades. If we do not aggregate orders, some clients purchasing securities around the same time may receive a less favorable price than other clients. This means that this practice of not aggregating may cost clients more money.

IAA is not involved in determining the broker/dealer that is used for executing trades within the MAS, MWP, PWP, SMS or GWP program accounts. For more information, please refer to the disclosure brochure for the applicable program. Betterment Securities is responsible for execution of securities transaction and maintain custody of customer assets. Betterment Securities exercises no discretion in determining if and when trades are placed; it places trades only at the direction of Betterment. Client should understand that the appointment of Betterment Securities as the broker for their accounts held at Betterment may result in their receiving less favorable trade executions than may be available through the use of broker-dealers that are not affiliated with Betterment. If a Client does not wish to place assets with or execute trades through Betterment Securities, then Betterment cannot manage the Client accounts on the Betterment for Advisors platform. Additional information regarding Betterment Securities can be found on FINRA's BrokerCheck. In the case of the Sub-Advisor Mutual Fund Models Program, Managed Account Program, and Investment Strategies Program, IAA is not responsible for selecting the broker/dealer used for executing trades within client accounts. Clients are required to utilize the custodian and executing broker/dealer for the assets associated with the sub-advisor they select.

When providing advisory services under IAA's Model Portfolio Services, IAA's CIO and the IAA advisor will work together to determine the appropriate custodian to be utilized for any particular client. This will be determined based upon several factors including but not limited to the advisor's ability to utilize a certain custodian, account fees, transaction costs, and available investment options.

When provide Retirement Plan Consulting services, IAA may assist with investment recommendations to the retirement plan sponsor. This could include research and recommendations, for consideration and selection by the plan sponsor, of specific investments to be held in the plan or, in the case of a participant-directed defined contribution plan, to be made available as an investment option under the plan. The plan sponsor is responsible for

the selection of any vendor, broker/dealer or custodian for plan assets, and is responsible for placing any transactions deemed appropriate.

When providing Participant Managed Account Program services, IAA will place rebalancing transactions through the Advice Portal. IAA is not responsible for selecting the broker/dealer or custodian through which client transactions are placed.

The financial planning and coaching services offered by IAA conclude upon delivery of the written financial plan or analysis. The services offered do not include implementation of recommendations or any transactions. Clients are under no obligation to implement the planning recommendations at all or through advisory representatives of IAA. Clients are free to select any broker/dealer or investment advisor for implementation. However, IAA may suggest that clients implement recommendations set forth in the financial plan through an advisory representative in his/her capacity as a registered representative of LPL. If the client chooses to implement through the advisory representative, he/she would receive normal and customary commissions as a registered representative resulting from any securities transaction.

#### **Item 13 – Review of Accounts**

Advisory representatives conduct reviews of client Program accounts on a periodic basis (at least annually) for consistency with the client's stated investment objectives, among other factors.

Client account reviews may also be triggered upon client request, a change in client circumstances, or unusual economic or market activity.

All Program accounts held at LPL are also subjected to a risk-based exception reporting system that flags accounts on a quarterly basis for criteria such as trading activity and position concentration. The exception reporting identifies accounts where additional scrutiny or analysis by IAA may be appropriate. For Program accounts held at custodians other than LPL, accounts will be reviewed based on similar criteria on either a manual sampling basis or an automated basis, depending on the capabilities of the custodian to support exception reporting.

Advisory representatives of IAA will review client MAS, MWP, PWP, SMS, GWP and OMP accounts on at least an annual basis to determine if changes are needed to the Portfolio Manager, Portfolio Strategist, PWP Advisor, Portfolio or Model, as applicable.

During any month that there is activity in a Program, MAS, MWP, PWP, SMS, GWP or OMP account, you will receive a monthly account statement from the custodian showing account activity as well as positions held in the account at month end. Additionally, you will receive a confirmation of each transaction that occurs unless the transaction is a result of a systematic purchase, redemption or exchange. All LPL account data and statements are also available online through the LPL

Account View portal. Additional reporting may also be available upon request from your advisory representative. For accounts where LPL serves as the custodian, you will also receive a detailed quarterly performance report prepared by LPL on behalf of IAA.

For GWP accounts participating in the Managed Service, client may access monthly account statements and transaction confirmations through LPL's web based AccountView portal.

Detailed quarterly performance data is available in electronic form through the Investor Portal. Users of the Educational Tool do not receive any reporting.

Clients with accounts through Betterment Advisory Services may access their statements on the activity section of the Betterment for Advisors client portal. The Client also receives periodic emails from Betterment with information about their account as well as links to account statements.

Within the Sub-Advisor Mutual Fund Models Program, Managed Account Program, Investment Strategies Program, and Managed Portfolios Program, the sub-advisor will provide clients with account statements and performance reports. Advisory representatives of IAA will review the client's accounts on a periodic basis and meet with clients to review the account statements and performance reports.

Participant Investment Advice Program accounts are reviewed on a quarterly basis as long as the Client provides their advisory representative with a copy of a current account statement or view only access to the account online. As stated above, the financial planning services terminate upon delivery of the financial plan or consulting service. Thus, there are no ongoing reviews conducted by IAA. However, the client may choose to engage IAA for subsequent services to review and update the written plan at any time due to major life events or changes in the economic environment. Upon re-engaging IAA for an updated plan, the client would enter into a new financial planning or consulting services agreement.

Also, as stated above, the coaching services are ongoing and provided based on the menu of services described in Item 4 – Advisory Business.

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

IAA may from time to time compensate, either directly or indirectly, any person for client referrals. These individuals are referred to as solicitors and IAA pays them a portion of the advisory fee paid by the client. When a solicitor is used, the arrangement will be disclosed in writing to the client through a disclosure document signed by the client at the time the account is opened.

In addition, certain advisory representatives of IAA have a relationship with Ramsey Solutions ("RS") whereby RS provides online advertising services in exchange for a flat monthly marketing fee. The services include advertising

space on RS's web based SmartVestor™ lists assigned to particular geographic markets, use of the SmartVestor™ marks in advertising, and provision of other marketing materials. Potential clients using the SmartVestor™ site may select and choose to contact the advisory representative for services; potential clients are not referred to IAA or the advisory representative.

IAA has entered into service agreements with certain unaffiliated financial institutions (e.g., banks) that permit IAA to provide investment advisory services to the financial institution's customers. Pursuant to service agreements, IAA shares a portion of the advisory fees with the financial institutions for use of the financial institution's facilities and for access to financial institution customers.

Because of our relationship with LPL, we will receive production bonuses, stock options to purchase shares of LPL's parent company, and other things of value such as free or reduced-cost attendance at LPL's national sales conference or top producer forums and events. Such compensation may be based on overall business produced and/or on the amount of assets serviced through LPL. Thus, there is a financial incentive for us to recommend that you establish a Program account so that we will be compensated. We take our responsibilities to clients very seriously and we will only recommend that clients hire us for management services if we believe it is appropriate and, in the client's, best interest.

As described previously, IAA refers clients to third party investment advisory firms for advisory services. In connection with these referral relationships, IAA receives fees from certain third-party advisory firms for technology services, including taking steps to ensure that information regarding client assets at the third-party advisory firms are integrated into client reporting. These fees may be a flat upfront payment, annual payments, or be based on the amount or level of client assets recommended or referred by IAA to the third-party investment advisory firm. The IAA advisory representative shares in these fees. This presents a conflict of interest in that we have a financial incentive to recommend that you establish and maintain a relationship with a third-party advisor that reimburses IAA for technology related expenses. However, to the extent we recommend that you establish or maintain your account with the third-party advisor, it is because we believe that it is in your best interest to do so, based on your goals and objectives, as well as the services offered by the third-party advisor.

IAA also periodically receives reimbursements from certain third-party advisory firms for marketing related expenses to assist us in marketing and business development efforts. These marketing related activities may include, but are not necessarily limited to, conferences for advisory representatives, client communications, brochures, seminars, workshops, and other client events. The IAA advisory representative shares in these fees. This presents a conflict of interest in that we have a financial incentive to recommend that you

maintain a relationship with a third-party advisor that reimburses IAA for these expenses. However, to the extent we recommend that you establish or maintain your account with the third-party advisor, it is because we believe that it is in your best interest to do so, based on your goals and objectives, as well as the services offered by the third-party advisor.

As stated previously, advisory representatives of IAA may also be registered representatives with LPL. If an advisory representative who is also a registered representative with LPL has recently become associated with IAA, the advisory representative may have received payments from LPL in connection with his/her transition to LPL as a registered representative and IAA as an advisory representative from another broker/dealer and investment advisor firm. Robert Russo, owner of IAA, in his status as an LPL branch manager, will receive a portion of such payments. These payments, which may be significant, are intended to assist the registered representative/advisory representative with the costs associated with the transition, such as moving expenses, leasing space, furniture, staff, and termination fees associated with moving accounts; however, there is no verification to confirm the use of these payments for such transition costs. These payments may be in the form of loans to the advisory representative, which are repayable to LPL or forgiven by LPL based on years of service with LPL (e.g., if the registered representative/advisory representative maintains a relationship with LPL for 5 years) and/or the scope of business engaged in with LPL, including the amount of advisory assets custodied with LPL that are managed by the IAA advisory representative. The receipt of these payments presents a conflict of interest in that an advisory representative has a financial incentive to recommend that a client engage with IAA and the advisory representative for advisory services in order for the loan to be forgiven. However, to the extent we recommend you establish or maintain an account with IAA and LPL, it is because we believe it is in your best interest to do so, based on your goals and objectives, as well as the services offered. IAA has processes in place to review advisory representative managed accounts for suitability over the course of the advisory relationship.

#### **Item 15 – Custody**

We do not have custody of client funds or securities. Custody for all Program, MAS, MWP, PWP, GWP and OMP accounts is maintained by LPL or another qualified custodian. Betterment Securities maintains custody of Client assets that are managed by Betterment. Client receives periodic emails from Betterment with information about their accounts as well as links to account statements. Custody for Sub-Advisor Mutual Fund Models Program, Managed Account Program, Investment Strategies Program, and/or Managed Portfolios Program assets are maintained by the qualified custodian associated with the sub-advisor. You will receive accounts statements directly from the custodian at least quarterly. We encourage you to carefully review these statements upon receipt.

We will not have access to your funds or securities except for having advisory fees deducted from your accounts and paid to us by the custodian or via BluePay, the vendor we utilize for Credit Card/ACH fee payments. Any fee deductions will be done pursuant to your prior written authorization contained in the advisory agreement.

We may provide you with additional, customized reporting from time to time and upon request. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. We urge you to carefully review such statements and compare such official custodial records to the reporting that we may provide to you. These additional reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. This additional reporting does not take the place of the official statements that you receive from the custodian.

#### **Item 16 – Investment Discretion**

Upon your written authorization in our investment advisory agreement, we will provide discretionary investment advisory services for your Program account. Our discretionary authority is limited only to affecting trades in your accounts; we will determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each trade.

Within MAS and other third-party management programs, we do not have any discretionary authority with respect to your account. The Portfolio Manager is the party with discretion and responsibility for account management. Within MWP, our discretionary authority is limited to selecting one or more model portfolio of funds or Portfolio Strategists for your account. LPL is the party with discretion to rebalance your account as needed. Within PWP, our discretionary authority is limited to selecting the Portfolio for your account and then selecting from among the mutual funds, ETFs, or Models available in the Portfolio. Again, LPL is the party with discretion. Finally, within OMP, our discretionary authority is limited to selecting a portfolio for you based on your investment objective for the account. LPL is the party with discretion to rebalance your account as needed. For further information about MAS, MWP, PWP, GWP or OMP, kindly refer to the disclosure brochure for the applicable program.

Betterment uses algorithms to advise clients and manage their accounts. These algorithms are developed, overseen, and monitored by Betterment's investment advisor personnel. To use Betterment's investment services, Clients and/or the IAA advisory representative informs Betterment of the Client's financial goals and personal information through Betterment's online applications, and Betterment's algorithm then recommends and builds a portfolio of exchange traded

funds for each of the client's financial goals and account types. Each portfolio is associated with a target allocation of investment types and/or asset classes. Betterment periodically rebalances client portfolios so that in the face of fluctuating market prices, each Client's portfolio remains within a range of the target allocation. Betterment also offers optional tax loss harvesting and automated asset location services. IAA advisors do not have discretionary authority over clients' Betterment accounts.

Within the Sub-Advisor Mutual Fund Models Program, Managed Account Program, Investment Strategies Program, and Managed Portfolios Program, the client authorizes the sub-advisor to rebalance the account on a periodic basis consistent with the target asset allocations determined by the sub-advisor for the portfolio strategy selected by the client. IAA and its advisory representatives do not have any discretionary authority within this program.

We do not exercise any discretionary authority when providing Retirement Plan Consulting Services, when providing services in the Participant Investment Advice Program unless the account is held at an LPL approved custodian and the advisory representative has been approved to become the agent of record on the account, or when providing financial planning and consulting services.

For the Participant Managed Account Program, we also have discretionary authority to manage your retirement plan account assets upon receipt of your authorization in our investment advisory agreement.

We will not have access to your funds or securities except for having advisory fees deducted from your account and paid to us by the custodian. Any fee deduction will be done pursuant to your prior written authorization provided in your investment advisory agreement.

#### **Item 17 – Voting Client Securities**

IAA does not have any authority to vote client securities or proxies on your behalf. If the client is participating in the Sub-Advisor Mutual Fund Models Program, Managed Account Program, Investment Strategies Program, and/or Managed Portfolios Program, the sub-advisor may have the right to do so. Please refer to the sub-advisor's firm brochure and advisory agreement for more information. Within a Program account, MWP account or OMP account, the client retains the right to vote all proxies. Proxy information for any securities which are held in your accounts will be sent to you by the custodian of your funds and securities. We will not be providing you with this information. However, if you have any questions about a particular solicitation, you may contact us for general information.

Within a MAS account or other third-party management programs, the Portfolio Manager is responsible for voting proxies unless the client notifies the Portfolio Manager in

writing that he/she wishes to be responsible for voting proxies. Within a PWP account, LPL is responsible for voting proxies. Clients should refer to the specific Registered Investment Advisor's Form ADV Part 2A for additional information on proxy matters.

**Item 18 – Financial Information** IAA is required to provide clients with certain information or disclosures about its financial condition. We have no financial commitment that impairs our ability to meet contractual or fiduciary commitments to clients, and we have not been the subject of a bankruptcy petition. Due to our firm's structure and the uncertainty surrounding general access to capital as the result of the 2020 Covid-19 Pandemic, we have applied for and received a PPP loan in order to ensure our ability to retain our highly skilled employees.

#### **Brochure Supplements**

Accompanying this Brochure are Brochure Supplements for individual employees or officers of IAA. Note that although these individuals are responsible for investment advice provided by IAA when providing management services for Program accounts that are centrally managed by IAA, they are not the advisory representative responsible for the ongoing individualized investment advice provided to a particular client. For more information about the advisory representative managing the account, please refer to the Brochure Supplement for the advisory representative, which should have been provided by the advisory representative along with this Brochure at the time the client opened the account. If client did not receive a Brochure Supplement for the advisory representative, the client should contact the advisory representative or IAA at 888-430- 1555. Brochure Supplements for certain IAA employees begin on the next page.

**Christopher Zaccarelli, CFA®**

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**Independent Advisor Alliance**



**January 13, 2021**

## FORM ADV PART 2B BROCHURE SUPPLEMENT

This brochure supplement provides information about Christopher Zaccarelli that supplements the Independent Advisor Alliance brochure. You should have received a copy of that brochure. Please contact us at **888.430.1555** if you did not receive Independent Advisor Alliance brochure or if you have any questions about the contents of this supplement.

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

### Item 2 Educational Background and Business Experience

#### **Christopher Zaccarelli, CFA**

*Year of Birth: 1974*

##### Education:

- Cornell University, BS - 1997

##### Business Background:

- Independent Advisor Alliance, LLC; Chief Investment Officer, 2017 – present
- Cornerstone Wealth; Chief Investment Officer, 2015 – 2017
- LPL Financial; Registered Representative, 2015 - present
- Goldman Sachs; VP Trading/Hedging Strategies, 2005 - 2015
- Fannie Mae, Senior Project Manager, 2004 - 2005
- Lehman Brothers; Analyst – Municipal Bonds, 2001 - 2004
- Kabira Technologies; Systems Engineer, 2000 - 2001
- Goldman Sachs; Programmer Analyst, 1999 - 2000
- PriceWaterhouseCoopers; Senior Associate, 1997 - 1999

##### Certifications:

#### **CFA®**

**The CHARTERED FINANCIAL ANALYST®, CFA®** designation is attained by a person who has successfully completed all three phases of the Chartered Financial Analyst program.

To use the Chartered Financial Analyst designation, an individual must first have a bachelor's degree and three years of practical experience in the investment industry. He or she must then pass a series of three, six-hour examinations. Passing these rigorous tests requires a comprehensive understanding of accounting, economics, and portfolio management, as well as successful demonstration of a high level of proficiency in the valuation and analysis of both equity and fixed-income securities.

The level one exam is a 240-question multiple-choice format test that measures an applicant's ability to apply basic facts, concepts, and formulas. The level two and three exams comprise essays and "real-world" case studies that require more advanced calculation, evaluation, and problem-solving methodology. Some of the concepts in the curriculum include:

- Financial Statement Analysis
- Micro and Macro Economics
- Securities Analysis and Valuation

- Derivatives
- Statistics
- Fundamental and Technical Analysis
- Corporate Finance
- Global Markets
- Portfolio Management
- Ethics

A CFA certificate is one of the highest awards bestowed in the investment industry and is an internationally recognized and respected designation. Furthermore, to receive the Chartered Financial Analyst designation, the organization which administers the program, the CFA Institute (formerly known as AIMR - the Association for Investment Management and Research) also requires an adherence to certain ethical standards and principles.

### **Item 3 Disciplinary Information**

I am required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of my advisory business or integrity. I have no information applicable to this item. Additional information is contained on <http://brokercheck.finra.org> or [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) that you may wish to review.

### **Item 4 Other Business Activities**

In addition to offering advisory services, I also involved in the following investment-related businesses or occupations:

I am a registered representative of LPL Financial ("LPL"), a registered broker/dealer and member of the Financial Industry Regulatory Authority ("FINRA"). In this capacity, I may sell securities to clients and receive normal and customary compensation in the form of commissions. Clients are under no obligation to purchase or sell securities through me on a commissionable basis. In addition, I may receive other compensation such as mutual fund or money market 12b-1 fees and variable annuity trails. The potential for receipt of commissions and other compensation gives him an incentive to recommend investment products based on the compensation received, rather than on your needs. To address this, disclosure is made to you at the time a brokerage account is opened through LPL. Please refer to the *Fees and Compensation* section and the *Client Referrals and Other Compensation* section of Independent Advisor Alliance's firm brochure for additional disclosures on this topic.

I am affiliated with Blackbridge Financial. This is a business name that is used as a DBA (do business as) for brokerage business conducted through LPL Financial and advisory business conducted through Independent Advisor Alliance.

### **Item 5 Additional Compensation**

I may receive compensation from product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives. Product sponsors may also pay for education or training events that I may attend.

I may also receive from LPL bonuses based on my production, awards of stock options to purchase shares of LPL's parent company, LPL Investment Holdings Inc., reimbursement of fees I pay to LPL for items such as administrative services, and other things of value such as

complimentary or reduced-cost attendance at LPL's national sales conference or top producer forums and events. These financial incentives from LPL are based on my overall business production. However, in some cases, the incentives are greater for assets I service in advisory programs.

#### **Item 6 Supervision**

Robert Russo is the owner and CEO of Independent Advisor Alliance. Robert Russo and the Chief Compliance Officer, Jessica Sexton, are responsible for supervising the activities of our firm. Our firm has developed Written Supervisory Policies and Procedures which we follow that address my supervisory responsibilities including periodically reviewing investment recommendations, trades, and communications with clients.

Robert Russo and/or Jessica Sexton can be reached at 888-430-1555.