

# Shuster Advisory Group, LLC

## Form ADV Part 2A Brochure

*This brochure provides information about the qualifications and business practices of Shuster Advisory Group, LLC. If you have any questions about the contents of this brochure, please contact us at (626) 578-0816 or by email at: [info@sfgRPC.com](mailto:info@sfgRPC.com). 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.*

*Additional information about Shuster Advisory Group, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Shuster Advisory Group, LLC's CRD number is: 170233.*

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*Registration does not imply a certain level of skill or training.*

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### Item 2: Material Changes

SFG Retirement Plan Consulting, LLC changed its name to Shuster Advisory Group, LLC effective with the State of California on 8/27/20. In addition, Shuster Advisory Group, LLC will be "Doing Business As" Shuster Retirement Plan Consulting. JoAnn Parrino is the Chief Compliance Officer of Shuster Advisory Group, LLC, effective 6/26/20. Item 4, Section B (Types of Advisory Services) was updated by removing record keeper recommendation as a service offered as we do not recommend record keepers to our clients. We updated Item 5, Section B (Payment of Fees) to describe our termination billing period. We updated Item 8, Section A (Methods of Analysis and Investment Strategies) to include Morningstar, Fi360, and Riskalyze which are tools we use to conduct investment analysis. We updated Item 10, Section C (Registration Relationships Material to this Advisory Business and Possible Conflicts of Interest) to include Pan Pacific Partners, LLC, an outside business entity that one of our Investment Adviser Representative is affiliated with. Lastly, we updated Item 17 (Voting Client Securities) as we may accept voting authority for client securities, at client's request determined on a case-by-case basis.

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

Shuster Advisory Group, LLC (“SAG”) is a Limited Liability Company organized in the State of California. The firm was founded in February 2014 as a non-proprietary, independently owned and operated registered investment adviser, focused on delivering unbiased and objective advice to our clients. The firm’s founder and the principal owner, Mark Allan Shuster, has worked in the financial services industry since 1985.

### B. Types of Advisory Services

SAG provides pension consulting services to corporate, governmental, and not-for-profit entities. The types of qualified and non-qualified retirement plans for which we provide advice include but are not limited to: 401(k), 457(b), 401(a), 403(b), deferred compensation, ESOP, Defined Benefit, and SERP plans.

In its capacity as a pension consultant, SAG provides 3(21) and 3(38) fiduciary services as well as certain non-fiduciary services. When acting in the capacity of a 3(21) fiduciary, SAG provides investment advice and recommendations regarding a plan. When acting as a 3(38) fiduciary, SAG has discretionary authority to select and change plan investment options.

The full list of fiduciary and non-fiduciary services provided to a client depends on the individual agreement entered into by the client and SAG, but services may include any of the following:

- Investment manager search, recommendation, and/or selection
- Record Keeper search and analysis
- Independent fee negotiations with record keepers to include revenue requirements, participant directed fees, interest rates, and expense ratios
- Performance analysis and monitoring
- Plan design analysis and recommendation
- Investment policy statement development and monitoring
- QDIA selection
- Client and participant education
- Plan consolidation services
- Plan conversion facilitation
- Document review
- Vendor management/Issue resolution

## **C. Client Tailored Services and Client Imposed Restrictions**

SAG offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client's current situation. Clients may impose restrictions in investing in certain securities or types of securities or may require a specific securities inclusion in a plan line up. If client-imposed restrictions prevent SAG from properly servicing the client account, SAG reserves the right to end the relationship or limit SAG's fiduciary responsibility as described in the client's investment advisory agreement.

## **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. SAG does not participate in any wrap fee programs as a portfolio manager.

## **E. Assets Under Management**

As of December 31, 2020, SAG has \$3,276,876,653 in discretionary assets under management and \$349,962,781 in non-discretionary assets.

# **Item 5: Fees and Compensation**

## **A. Fee Schedule**

We have a standard fee schedule that is based upon plan assets. However, we assess the scope of services to be provided to determine the fee to be charged. We normally charge a fee that encompasses the proposed range of services to be provided throughout a 12-month period. All our fees are benchmarked against a national database of industry norms based on plan size and services provided. Fees can also be charged on an a-la-carte/fee for service basis. All our fees are negotiable.

Consideration of the following factors is made to determine the fee charged.

- Plan assets
- Range of services required
- Location/client travel requirements
- Plan design
- Meeting requirements

We may adjust our fees periodically to account for inflation or to cover the cost of services that fall outside our standard scope of services. Fees will not be adjusted without advance notice and written acceptance by the client. Travel expenses and other out-of-pocket costs (if applicable) may be billed to the client separately, as detailed in the client agreement. Lower fees for comparable services may be available from other sources.

## **B. Payment of Fees**

Fees may be charged as a percentage of assets or as a flat fee. Generally, fees are billed monthly or quarterly in arrears, hereby known as the "Billing Period." The billed fee and frequency is stated in the Investment Advisory Agreement.

For purposes of determining and calculating the fee as a percentage of assets, plan assets are valued net of Excluded Assets as of the last day of the Billing Period, unless otherwise indicated. Initial fees billed will be the amount, prorated for the number of days remaining in the initial Billing Period. Thereafter, fees will be billed at the end of each calendar month/quarter. Termination fees billed will be the amount, prorated for the number of days remaining in the last Billing Period, prior to the effective date of termination.

Clients may choose to pay for our services via deduction from plan assets (deduction made by record-keeper/custodian then paid to SAG) and/or direct payment to SAG for fees incurred on a case by case basis pursuant to client agreement.

## **C. Client Responsibility For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by SAG and will be disclosed in fund prospectuses and/or third-party provider service agreements. SAG does not receive any portion of these fees. Please see Item 12 of this brochure regarding broker-dealer/custodian.

## **D. Prepayment of Fees**

SAG collects its fees in arrears. It does not collect fees in advance.

## **E. Outside Compensation For the Sale of Securities to Clients**

SAG does not accept compensation for the sale of securities or other investment products. However, some supervised persons ("supervised persons") will accept compensation for the sale of securities or other investment products, including asset based sales charges or service fees from the sale of mutual funds in their separate and distinct role as a registered representatives of a broker-dealer, investment advisor representative of other registered investment advisors, and/or as an insurance agent. This compensation is not for services provided by SAG but is disclosed here for information only. See Item 10 for information concerning other financial industry affiliations.

Clients always have the option to purchase recommended products by Supervised Persons through other brokers or agents that are not affiliated with SAG.

SAG advisory fees are separate and distinct and are not reduced to offset the commissions or markups on securities or investment products recommended to clients by Supervised Persons.

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

SAG does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7: Types of Clients

SAG provides consulting services to the following types of clients:

- Pension and Profit Sharing Plans
- State and Municipal Governmental Entities
- School Districts and Higher Education Institutions
- Not-For-Profit Organizations

### ***Minimum Account Size***

There is no account minimum for any of SAG's services.

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

### **A. Methods of Analysis and Investment Strategies**

#### ***Methods of Analysis***

SAG's methods of investment analysis include a thorough analysis of historical performance, manager activity, manager fees, revenue sharing, and internal investment redundancy. Both quantitative and qualitative factors are used in evaluating fund managers and their investment strategies. Sources used to perform investment analysis include financial periodicals, corporate reports, prospectuses, and multiple outside independent research providers.

One of our primary sources of analysis is the use of the Retirement Plan Advisory Group Scorecard System Methodology™ which is built around pass/fail criteria, on a scale of 0 to 10, with 10 being the best. The System has the ability to measure Active, Passive, and Asset Allocation investing strategies. The fund's scoring incorporates modern portfolio theory statistics, quadratic optimization analysis, peer group rankings, manager tenure, expense ratios in relation to the average fund expense in that asset class category, and the fund's strength of statistics, among other quantitative and qualitative factors.

We also utilize Morningstar which assigns a 1 to 5 star ranking to each fund based on past performance relative to peer funds. Star ratings are graded on a curve; the top 10% of funds receive 5 stars, the next 22.5% receive 4 stars, the middle 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% get one star. Each fund receives separate ratings for 3, 5, and 10 year periods, which it combines into an overall rating. Morningstar doesn't offer an abstract rating for any fund; everything is relative and risk-adjusted. All funds are compared to their peers, and all returns are measured against the level of risk that portfolio managers had to assume in order

to generate those returns. Morningstar is also steeped in modern portfolio theory, investment philosophy centered around minimizing risk and maximizing expected returns by strategically diversifying assets.

Another source of analysis is the use of fi360 Fiduciary Score® Methodology which is a peer percentile ranking of an investment against a set of quantitative due diligence criteria such as regulatory oversight, minimum track record, stability of the organization, assets in the investment, composition consistency with asset class, style consistency, expense ratio/fees relative to peers, risk-adjusted performance, and performance relative to peers. A score of 0 is most favorable as it represents that an investment meets or exceeds all of fi360's due diligence thresholds, with a score of 100 being least favorable. Years since inception, the fi360 Fiduciary Score® Average is a 1, 3, 5, or 10 year rolling average of an investment's fi360 Fiduciary Score®, calculated on a monthly basis.

Lastly, we utilize Riskalyze, a tool that allows us to ask our clients a list of questions related to financial risk, which then assigns a number based on those answers. In addition to quantifying risk into a single number, Riskalyze program also allows us to perform stress tests on a portfolio using a wide range of scenarios, such as a market crash or jump in interest rates. The stress testing tool allows clients to see where they are vulnerable in their portfolios and how they can mitigate these risks.

### ***Investment Strategies***

SAG is committed to providing our clients with comprehensive portfolios that meet the objectives of the client and plan participants. After interviewing and obtaining relevant information from our clients, SAG assists in developing an Investment Policy Statement ("IPS") or similar investment groundwork.

Working within the guidelines of the IPS, SAG recommends sufficient investment options (generally mutual funds and ETFs) so that plan participants have the ability to construct diversified portfolios with different levels of risk. Although not creating individual plan participant portfolios, SAG's investment strategy relies on modern portfolio theory. Modern portfolio theory is a theory of investment that attempts to maximize expected portfolio return for a given amount of market risk, or equivalently minimize market risk for a given level of expected return, each by carefully choosing the proportions of various asset.

SAG recommends a long-term investment strategy.

## **B. Material Risks Involved**

Clients should be aware that there is a material risk of loss using any investment strategy. The investments recommended by SAG are not guaranteed or insured by SAG, the FDIC, or any other government agency.

SAG's investment and portfolio selections may perform differently than expected as a result of, among other things, the factors used in performing the analysis, the weight placed on each factor, and changes from the factors' historical trends. Past performance does not guarantee future results.

Our long term investment strategy is designed to capture market rates of both return and risk. Due to its nature, our long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, exchange rate risk, market risk, and political/regulatory risk.

Investing in mutual funds carry the risk of capital loss and thus, you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be Money Market Funds, funds that consist of short term debt instruments like government Treasury Bills; Income Funds, providing current income on a steady basis; Bond Funds, investing in various types of Bonds; Balanced Funds, designed to provide both income

and capital appreciation; Equity Funds, funds that invest in stocks; Global and International Funds, investing in assets outside of the United States; Specialty Funds, such as Sector or Regional Funds; Index Funds, passively managed funds that seek to replicate an Index; and Exchange Traded Funds (ETFs), a pooled investment vehicle that are structured into Trusts that can be bought and sold like securities.

Although fixed income funds generally contain investments paying a return on a fixed schedule, there is still a risk involved in these investments. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described above.

Investing in Exchange Traded Funds ("ETFs") carries the risk of capital loss and thus, you may lose money investing in ETFs. All ETFs have costs that lower investment returns. ETFs may be more volatile than the underlying portfolio of securities the ETF is designed to track or may drift from the portfolio they are seeking to track.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**



Some representatives of SAG are registered representatives of Equitable Advisors, LLC, an unaffiliated broker/dealer. These individuals, in their separate capacity, accept compensation for the sale of securities.

Any investment advice provided by SAG is independent of Equitable Advisors, LLC. Equitable Advisors, LLC is not acting as an ERISA fiduciary for your plan/account, and neither provides, oversees nor monitors (i) any investment advice you may receive from SAG or (ii) the compliance of SAG with applicable law including but not limited to ERISA fiduciary standards and prohibited transaction rules.

## **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither SAG nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor, or an associated person of the foregoing entities.

## **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Some representatives of SAG are registered representatives of Equitable Advisors, LLC and from time to time, will offer clients advice or products in their role as a registered representative of Equitable Advisors, LLC. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. SAG always acts in the best interest of the client, with respect to the sale of commissionable products to advisory clients. Clients are not required to implement the plan through any representative of SAG in such individual's capacity as a registered representative.

Some representatives of SAG are investment adviser representative of Equitable Advisors, LLC, KOBO Wealth Conservancy, LLC, KOBO Retirement Strategies, LLC, Daniel Investment Associates, LLC, and/or Pan Pacific Partners, LLC, and from time to time, will offer clients advice or products from these activities. These representatives will receive additional compensation if clients follow their recommendation and use the services of these outside investment advisory firms. This financial incentive creates a conflict of interest and gives these representatives an incentive to recommend products based on the compensation received rather than on the client's needs. SAG always acts in the best interest of the client and clients are under no obligation to use the services of any representative of SAG in connection with such individual's activities outside of SAG.

Some representatives of SAG are insurance agents with Equitable Network and/or Shuster Financial and Insurance Services, Inc., and from time to time will offer clients advice or products from these activities. These representatives will receive additional compensation if clients follow their recommendation and use the services of these outside activities. This financial incentive creates a conflict of interest and gives these representatives an incentive to recommend products based on the compensation received rather than on the client's needs. SAG always acts in the best interest of the client and clients are under no obligation to use the services of any representative of SAG in connection with such individual's activities outside of SAG.

SAG is affiliated with KOBO Retirement Strategies, LLC and Shuster Financial & Insurance Services, Inc. and may share client expenses related to common clients. In addition to the conflicts described above regarding an individual's incentive to recommend the services of these companies, SAG has an incentive to refer clients to its affiliated companies. Clients are under no obligation to use the services of any of SAG's affiliated companies.

We believe that all material conflicts of interest under California Code of Regulations Section 260.238(k) are disclosed regarding the investment adviser, its representatives or any of its employees, which could reasonably be expected to impair the rendering of unbiased and objective advice.

#### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

If requested by our clients, SAG may recommend third-party investment advisers to provide portfolio management services. In some cases, SAG or its owner or representative may recommend a third-party investment advisor that is affiliated through common ownership or our representatives are dually registered as representatives of the third-party investment advisor. In these cases, we or our representatives may receive additional compensation from these third-party investment advisors which will be disclosed in the advisory agreement if applicable. This compensation creates a financial incentive to recommend an affiliated third party investment advisor. This financial incentive creates a conflict of interest and gives our supervised person an incentive to recommend products based on the compensation received rather than on the client's needs.

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

#### **A. Code of Ethics**

SAG has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. SAG's Code of Ethics is available upon request to any client or prospective client, free of charge.

#### **B. Recommendations Involving Material Financial Interests**

SAG does not recommend that clients buy or sell any security in which a related person to SAG or SAG has a material financial interest.

#### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of SAG may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of SAG to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting from the recommendations they provide to clients.

#### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of SAG may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of SAG to buy or sell securities before or after recommending securities to clients resulting in representatives profiting from the recommendations they provide to clients.

Such transactions may create a conflict of interest; however, SAG will never engage in trading that operates to the client's disadvantage. If representatives of SAG desire to buy or sell securities at or around the same time as clients, all transaction conducted by representatives of SAG will occur after the trading of clients on any given day.

To address the potential conflicts of interest, we review the personal securities transactions of our Investment Advisor Representatives to assure our clients' interests are always held foremost.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Ultimately, our clients direct the custodian/broker-dealer used to execute transactions. However, SAG will recommend custodians/broker-dealers based on several factors including but not limited to, transaction costs, record-keeping fees, fixed interest rates, financial stability of custodian/broker-dealer, quality of client servicing, and quality of overall execution services. Clients will not necessarily pay the lowest commission or commission equivalent.

#### **1. *Research and Other Soft-Dollar Benefits***

SAG receives no research, product, or services from a broker-dealer ("soft dollar benefits").

#### **2. *Brokerage for Client Referrals***

SAG receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### **B. Aggregating (Block) Trading for Multiple Client Accounts**

SAG does not aggregate the purchase or sale of securities for various client accounts.

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

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

SAG will review the investment options within a plan according to the plan's Investment Policy Statement ("IPS") and/or Investment Advisory Agreement ("IAA"). Such reviews will generally occur at least once on an annual basis. All reviews are overseen by our Chief Investment Officer with specific task related to a review delegated to other supervised persons.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes to the financial situation/needs of the retirement plan and/or plan sponsor.

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of SAG will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

SAG has not entered into any agreement where we will receive a referral fee or other economic benefit from any third party for advice rendered to SAG's clients. However, because of common ownership interests between the owners of SAG and other entities, there will be an economic benefit if one of the other entities provides additional services for a client of SAG. Please refer to Item 10 for a discussion and disclosure of these entities.

### **B. Compensation to Non – Advisory Personnel for Client Referrals**

In a limited number of instances, SAG will compensate individuals or companies for client referrals. All clients will be informed in writing of any referral compensation arrangements prior to entering into any agreement with SAG. SAG will not charge an advisory fee that is different from our customary charge when a client is referred to us. Clients will not directly or indirectly bear the cost of the above referenced compensation.

## **Item 15: Custody**

SAG does not maintain custody of client funds and/or securities. Therefore, clients will receive their monthly and/or quarterly account statements directly from the designated record keeper or other qualified custodian. Clients should carefully review those statements for accuracy. In the event clients also receive account statements from SAG, clients are encouraged to compare account statements with those received from the record keeper and report any discrepancies immediately.

## **Item 16: Investment Discretion**

Upon entering into a 3(38) agreement with a client, SAG will manage client assets on a limited discretionary basis. Specifically, SAG will have discretion to select and change plan investment lineups. Clients may limit discretion further by insisting on the inclusion or exclusion of specific securities or security types from a plan lineup. As discussed in Item 4:C above, any client-imposed restrictions may limit SAG's fiduciary responsibility as described in the client's investment advisory agreement.

## **Item 17: Voting Client Securities (Proxy Voting)**

SAG will not ask for but may accept voting authority for client securities at client's request on a case by case basis. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

SAG neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Registered investment advisers are required to provide certain financial information or disclosures about their financial condition. On or about May 5, 2020, the firm's principal owner (Mark Shuster) obtained a loan as part of the Paycheck Protection Program through the Small Business Administration in conjunction with the relief afforded under the CARES Act. As an owner of the firm, among other entities, Mr. Shuster obtained the loan in light of the uncertainty and potential of decreased revenue associated with the pandemic. On or about July 10, 2020, however, Mr. Shuster repaid \$100,073.37 of the loan reserved for the members, staff and investment advisor representatives providing services for the RIA once he determined that he did not need the loan to meet payroll as the firm's revenue would not be materially impacted by the pandemic. We are making this disclosure in an abundance of caution based on recent SEC guidance relating to the PPP loan program, but we believe that our receipt and repayment of the PPP loan is immaterial to the firm's advisory relationships with our Clients. As of the date of this filing, the firm has no financial commitment that we believe impairs its ability to meet contractual and fiduciary commitments to Clients; and has not been the subject of a bankruptcy proceeding.

### **C. Bankruptcy Petitions in Previous Ten Years**

SAG has not been the subject of a bankruptcy petition in the last ten years.