

RETIREMENT PLAN PROGRAMS BROCHURE

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This brochure provides information about the qualifications and business practices of LPL Financial. If you have any questions about the contents of this brochure, please contact your LPL Financial representative or LPL Financial at [lplfinancial.adv@lpl.com](mailto:lplfinancial.adv@lpl.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

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

ITEM 1 COVER PAGE

ITEM 2 MATERIAL CHANGES

The following is a summary of certain changes made to this Brochure from the time of the annual update of the Brochure dated March 30, 2020. Item 9 was updated to provide information regarding disciplinary events, involving (i) a consent order with the State of New Hampshire, Department of State, Bureau of Securities Regulation, in connection with LPL's supervision of an LPL representative under a heightened supervision plan, (ii) FINRA sanctions in connection with LPL's failure to establish and maintain supervisory systems and procedures relating to record retention, fingerprinting and screening of certain associated persons, and supervision of consolidated reports, and (iii) a settlement with the SEC in connection with LPL's failure to comply with its Customer Identification Program procedures. Item 10 was updated to include information about new affiliates of LPL, Waddell & Reed, Inc., a registered investment adviser and broker-dealer and Fiduciary Trust Company of New Hampshire, a non-depository trust company.

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ITEM 4 ADVISORY BUSINESS

Introduction

LPL Financial LLC ("LPL") is an investment advisor registered with the SEC pursuant to the Investment Advisers Act of 1940 (the "Advisers Act"). LPL has provided advisory services as a registered investment advisor since 1975. Note that registration as an



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investment advisor with the SEC does not imply a certain level of skill or training. As of December 31, 2020, LPL managed approximately \$268,833,900,000 of client assets on a discretionary basis and approximately \$675,400,000 of client assets on a non-discretionary basis. LPL is owned 100% by LPL Holdings, Inc., which is owned 100% by LPL Financial Holdings Inc., a publicly held company.

### Types of Advisory Services

LPL offers various types of advisory services and programs, including wrap programs, mutual fund asset allocation programs, advisory programs offered by third party investment advisor firms, financial planning services, retirement plan investment and consulting services, investment research, an advisor-enhanced digital advice program, and other customized advisory services. This Brochure sets out information about the retirement plan advisory and consulting services that LPL and its investment adviser representatives ("IARs") provide through the Retirement Plan Consulting Program ("RPCP") and the Strategic Market Solution Program ("SMS") (each, a "Program" and, together, the "Programs"). LPL's advisory services are made available to clients primarily through individuals associated with LPL as IARs. For more information about the IAR providing advisory services, client should refer to the Brochure Supplement for the IAR. The Brochure Supplement is a separate document that is provided by the IAR along with this Brochure before or at the time client engages the IAR. If client did not receive a Brochure Supplement for the IAR, the client should contact the IAR or LPL at [lpfinancial.adv@lpl.com](mailto:lpfinancial.adv@lpl.com). IARs are required by applicable rules and policies to obtain licenses and complete certain training in order to recommend certain investment products and services. You should be aware that your IAR, depending on the licenses or training obtained, may or may not be able to recommend certain investments, models or services. In addition, your IAR may be located at a financial institution that does not offer certain products, investments, models or services. Please ask your IAR whether any limitations apply.

Clients in SMS (and in RPCP under limited circumstances) may select a third party investment advisor firm ("Advisor") associated with an LPL registered representative, in lieu of an IAR, to provide the advisory and consulting services described in this Brochure. For more information about the third party investment advisor firm providing advisory services, please contact Advisor for a copy of a similar brochure.

LPL provides information in separate disclosure brochures for its other advisory services and advisory programs, including the Strategic Asset Management, Strategic Asset Management II, Manager Select, Manager Access Select, Personal Wealth Portfolios, Optimum Market Portfolios, Model Wealth Portfolios and Guided Wealth Portfolios programs. If clients would like more information on such services and programs, clients should contact the IAR or Advisor for a copy of the disclosure brochure that describes such service or program or go to [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). LPL is also a broker-dealer registered with the Financial Industry Regulatory Authority ("FINRA") and provides brokerage services to clients. All recommendations by LPL in the Programs will be in an advisory capacity.

From time to time LPL and/or IAR may make the Plan or Plan participants aware of and may offer services available from LPL and/or IAR that are separate and apart from the services provided under the Programs. Such other services may be services to the Plan, to a client with respect to client's responsibilities to the Plan and/or to one or more Plan participants. In offering any such services, neither LPL nor IAR is providing the services under the Programs. If any such separate services are offered to a client, the client will make an independent assessment of such services without reliance on the advice or judgment of LPL or the IAR.

If a retirement plan (a "Plan") makes available publicly traded employer stock ("company stock") as an investment option under the Plan, neither LPL nor IARs provide investment advice regarding company stock and are not responsible for the decision to offer company stock as an investment option. Also, neither LPL nor IARs provide advice regarding the offering to participants of individual self-directed brokerage accounts, mutual fund windows, or other similar arrangements and are not responsible for the decision to offer such arrangements. In addition, if participants in the Plan may invest the assets in their accounts through such arrangements, or may obtain participant loans, LPL and IARs do not provide any individualized advice or recommendations to the participants regarding these decisions. Any investment advice provided under the Programs is provided to the Plan Sponsor. LPL and IARs do not provide individualized investment advice to Plan participants regarding their Plan assets under the Programs.



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## Retirement Plan Consulting Program

Under the RPCP program, IARs assist clients that are trustees or other fiduciaries to Plans by providing fee-based consulting and/or advisory services. Such Plans may or may not be subject to Employee Retirement Income Security Act of 1974 ("ERISA"). IARs perform one or more of the following services summarized below, as selected by the client in the client agreement.

### Investment Advisory Services

- Assist the Plan in the preparation or review of an IPS for the Plan.
- Recommend or select specific investments to be held by the Plan or, in the case of a participant-directed defined contribution plan to be made, available as investment options under the Plan.
- Perform ongoing monitoring of investments options available in the Plan.
- Assistance in identifying an investment product or model portfolio in connection with the definition of a "Qualified Default Investment Alternative" ("QDIA") under ERISA.
- Develop asset allocation target-date or risk-based model portfolios for the Plan to make available to Plan participants, based on funds from the line-up of investment options chosen by the client, and to periodically review these with the client during Plan reviews at such frequency as is mutually agreed upon.
- Prepare reports reviewing the performance of Plan investments options.

### Plan Consulting Services

- Assist the Plan by acting as a liaison between the Plan and service providers, product sponsors and/or vendors.
- Provide education, training, and/or guidance for the members of the Plan Committee with regard to plan features, retirement readiness matters, or service on the Committee.
- Assist the client in enrolling Plan participants in the Plan, including providing participants with information about the Plan.
- Assist with participant education, which may include preparation of education materials and/or conducting investment education seminars and meetings for Plan participants.
- Assist with the preparation, distribution and evaluation of Request for Proposals, finalist interviews, and conversion support.
- Provide the client with comparisons of Plan data (e.g., regarding fees and services and participant enrollment and contributions).
- Assist client in identifying the fees and other costs borne by the Plan.

LPL provides advisory services under RPCP as an investment advisor under the Advisers Act, and is a fiduciary under the Advisers Act with respect to such services. If client elects to engage LPL and IAR to perform ongoing investment monitoring and ongoing investment recommendation services to a Plan subject to ERISA in the RPCP agreement, such services will constitute "investment advice" under Section 3(21)(A)(ii) of ERISA. Depending upon the scope of services offered by the IAR, clients may also have the option of engaging LPL and IAR to provide certain of the above Investment Advisory Services on a discretionary basis as an "investment manager" under Section 3(38) of ERISA. Therefore, LPL and IAR will be deemed a "fiduciary" as such term is defined under ERISA when providing either non-discretionary investment advice or discretionary investment manager services, as designated in the client account agreement. Clients should understand that to the extent LPL and IAR are engaged to perform services other than ongoing investment monitoring and recommendations (for example, investment education and general financial information), those services are not "investment advice" under ERISA and therefore, LPL and IAR will not be a "fiduciary" under ERISA with respect to those other services.

### Strategic Market Solution

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



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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 IAR or Advisor, as applicable, 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 the IAR or Advisor, as applicable. 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 the IAR or Advisor, as applicable, do not act as fiduciaries under ERISA in providing such consulting services.

### ITEM 5 FEES AND COMPENSATION

Under RPCP, clients pay LPL a fee (the “RPCP Fee”) for advisory and/or consulting services. LPL shares up to 100% of the RPCP Fee (typically 95%) with the IAR based on the agreement between LPL and the IAR. A portion of the fee to the IAR may be paid by the IAR to his or her LPL branch manager or another LPL representative for supervision or administrative support. There is a conflict of interest when a branch manager receives a portion of the Account Fee for supervision because the fee affects his or ability to provide objective supervision of the IAR. The RPCP Fee may be based on a percentage of the assets held in the Plan (up to 1.25% annually), on an hourly basis (up to \$400 per hour), or on a flat rate basis, as negotiated between the Plan and the IAR. The RPCP Fee will be payable to LPL in advance or in arrears on the frequency (e.g., quarterly, monthly, etc.) agreed upon among the client, the IAR, and LPL. If asset based fees are negotiated, the RPCP Fee payment generally will be based on the value of the Plan assets as of the close of business on the last business day of the period as valued by the custodian of the assets. However, if the RPCP Fee is paid by the Plan or the client through a third party service provider, such fee will be calculated as determined by the provider. If the RPCP Fee is paid prior to the services being provided, the Plan will be entitled to a prorated refund of any prepaid fees for services not received upon termination of the client agreement among the client, LPL and the IAR.

Under SMS, clients pay LPL a fee (the “SMS Fee”) for the advisory services of LPL Research and the services provided by the IAR or Advisor, as applicable, up to an annual maximum of 0.85%. The SMS Fee paid by the client is inclusive of an LPL program fee for the investment advisory services provided by LPL Research, and an advisor fee for the services provided by the IAR or Advisor, as applicable. The LPL program fee is 0.10%, based on an annualized percentage of assets held in the Plan, subject to a minimum program fee of \$250. LPL may offer program fee discounts based upon the amount of assets held in the Plan or other criteria. The advisor fee is negotiable at the discretion of each IAR or Advisor, as applicable, up to a maximum of 0.75%. LPL shares up to 100% of the advisor fee (typically 95%) with the IAR or Advisor, as applicable, based on the agreement between LPL and the IAR or Advisor. The SMS Fee will be payable to LPL in arrears on the frequency agreed upon between Client and IAR or Advisor, as applicable.

The Plan or Plan Sponsor incurs fees and charges imposed by third parties other than LPL and IAR or Advisor, as applicable, in connection with RPCP and SMS services. These third party fees can include fund or annuity subaccount management fees, 12b-1 fees and administrative servicing fees, plan recordkeeping and other service provider fees. Further information regarding charges and fees assessed by a fund or annuity are available in the appropriate prospectus.

If a client engages LPL and IAR or Advisor, as applicable, to provide ongoing investment recommendations to the Plan or Plan Sponsor regarding the investment options (e.g., mutual funds, collective investment funds) to be made available to Plan participants, clients should understand that there generally will be two layers of fees with respect to such assets. The Plan will pay an advisory fee to the fund manager and other expenses as a shareholder of the fund. The client also will pay LPL and IAR or Advisor, as applicable, the RPCP Fee or SMS Fee, as applicable, for the investment recommendation services. Therefore, clients



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could generally avoid the second layer of fees by not using the advisory services of LPL and IAR or Advisor, as applicable, and by making their own decisions regarding the investment.

If a Plan or Plan Sponsor makes available a variable annuity as an investment option, there are mortality, expense and administrative charges, fees for additional riders on the contract and charges for excessive transfers within a calendar year imposed by the variable annuity sponsor. If a Plan or Plan Sponsor makes available a pooled guaranteed investment contract (GIC) fund, there are investment management and administrative fees associated with the pooled GIC fund.

As part of the RPCP services, the IAR may recommend a mutual fund that pays asset based sales charges or service fees (e.g., 12b-1 fees) to LPL and the IAR as broker-dealer to the Plan. The receipt of 12b-1 fees presents a conflict of interest because it gives LPL and its IARs an incentive to recommend mutual funds based on the compensation received rather than on a client's needs. LPL addresses this conflict by using 12b-1 fees paid by product sponsors to LPL and IAR as broker-dealer to the Plan to offset the RPCP Fee.

Clients should understand that the RPCP Fee or SMS Fee, as applicable, that client negotiates with IAR or Advisor, as applicable, may be higher than the fees charged by other investment advisors or consultants for similar services. This is the case, in particular, if the fee is at or near the maximum fees set out above. The IAR or Advisor, as applicable, 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 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 consulting and/or advisory services to be provided when negotiating the fee with IAR or Advisor, as applicable.

Clients pay the RPCP Fee or SMS Fee, as applicable, by check made payable to LPL Financial LLC. In the alternative, clients also may instruct a Plan's service provider or custodian to calculate and debit the fee from the Plan's account at the custodian and pay such fee to LPL.

### ITEM 6 PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

This Item is not applicable. LPL and its IARs do not accept performance-based fees for RPCP or SMS.

### ITEM 7 TYPES OF CLIENTS

RPCP is available to clients that are trustees or other fiduciaries to Plans, including 401(k), 457(b), 403(b) and 401(a) plans. Plans include participant directed defined contribution plans and defined benefit plans. Plans may or may not be subject to ERISA. LPL does not require a minimum asset amount for retirement plan consulting services.

SMS is available to clients that sponsor and maintain participant-directed defined contribution plans that are subject to ERISA. LPL does not require a minimum asset amount for SMS investment advisory or consulting services.

The investment advisory services provided by LPL and its IARs or Advisor, as applicable, are services that are provided only to the Plan Sponsor or the Plan, and not to any particular Plan participant.

### ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

LPL or IARs, as applicable under either RPCP or SMS, may conduct analysis of securities using a technical/quantitative and/or fundamental/qualitative approach. The sources of information that LPL (or an IAR, in the case of RPCP) may use to provide advice to Plans or Plan Sponsors include the following: research conducted by LPL (or the IAR in the case of RPCP), research materials prepared by LPL or third parties, statistical and/or analytical industry databases, financial newspapers and magazines, and vendor or company press releases.

When providing investment advisory services in RPCP, IARs may recommend asset allocation strategies. LPL makes available to IARs providing investment and asset allocation recommendations in RPCP an investment analysis scorecard (the "Scorecard"). The Scorecard system is intended to identify suitable investments using a consistent process and monitor the investments on a periodic basis. The system takes into account historical data and uses a 12 point scoring system based on quantitative factors (e.g., style drift, performance, risk and risk-adjusted returns) and qualitative factors (e.g., operating expenses, manager tenure).



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It is important to note that although LPL makes available research materials and a scoring system to IARs in connection with services provided under RPCP, an IAR may take into consideration these materials to a limited extent or not at all. Clients are encouraged to speak to their IAR directly to discuss the IAR's particular approach and strategy for providing consulting services to the Plan. It is important to note that no methodology or investment strategy is guaranteed to be successful or profitable.

Under SMS, LPL Research is responsible for the selection of investment options to be made available to participants in a Plan. The applicable Plan Sponsor adopts an Investment Policy Statement that it believes is consistent with the investment needs of the participants in its Plan, and LPL Research selects investment options consistent with such Investment Policy Statement. As part of its evaluation of investment options for a Plan, LPL Research relies on a defined process to select and monitor the investments, including: external and internal database reviews; quantitative analysis of absolute, relative and risk adjusted returns, style analysis and historical allocations; qualitative analysis of the investment sponsor's organization, professionals and investment processes and procedures; and internal management and committee review meetings.

LPL Research will regularly monitor a Plan's investment options and investment categories for compliance with its investment objectives and to assess whether a particular investment option continues to be appropriate for the Plan. While frequent change is neither expected nor desirable, the process of monitoring investment performance relative to specified guidelines is an ongoing process. Recognizing that short-term fluctuations may cause variations in performance, when monitoring investments under a Plan, LPL Research will evaluate investment performance from a long-term perspective. Monitoring utilizes the same criteria that were the basis of the investment selection decision.

Under RPCP, fiduciaries of a Plan may choose to select a number of different types of securities and insurance products to make available to Plan participants, including mutual funds, group annuity contracts, collective investment funds, GICs, ETFs, stable value funds, annuity subaccounts or other securities. Under SMS, the Investment Menus include mutual funds and stable value funds. Each different type of security or product carries with it risks that are inherent in that specific type of security. Mutual funds, collective investment funds, ETFs and annuity subaccounts may also invest in varying types of securities which carry these risks. Investing in securities involves the risk of loss that clients should be prepared to bear. Described below are some particular risks and features associated with investing in general and with some types of investments that may be purchased by a Plan.

- **Market Risk.** This is the risk that the value of securities owned by an investor may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.
- **Interest Rate Risk.** This is the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.
- **Credit Risk.** This is the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.
- **Group Annuities.** If client purchases a group annuity contract for the Plan, client should read and understand the group annuity contract and all other offering material prepared by the issuing insurance company prior to making an investment decision. In considering whether to purchase a particular group annuity for the Plan, client should be aware that:
  - A group annuity is a contract between the plan sponsor or the plan trustee and the issuing insurance company that cover the participants in the plan.
  - A group variable annuity consists of separate accounts that typically invest in underlying investment portfolios the value of which fluctuates with the market value of the securities in the portfolio.
  - Although a group annuity is issued by an insurance company, the annuity's investment returns are not "insured" or guaranteed and risk of loss of principal does exist; however, the product may offer participants an option to purchase an annuity with a guaranteed component instead of a cash payout. Any such guarantee for an individual annuity is subject to the claims-paying ability of the insurance company.
  - A group annuity held in a tax-qualified retirement plan does not provide any additional tax deferred treatment of earnings for the plan or participants beyond the treatment provided by the plan itself.





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- A group annuity contract generally is not a registered security and separate account is generally not a registered separate account. Therefore, the contract and separate account are not subject to registration or regulation by the SEC under the Securities Act of 1933, the Securities Exchange Act of 1934 or the Investment Company Act of 1940.
- Unlike mutual funds and registered variable annuities, which are SEC-registered products, a group annuity generally is not required to prepare or deliver a prospectus.
- A group annuity contract typically includes various fees and expenses, including administrative fees for certain services of the insurance company, such as recordkeeping, customer services and enrollment. These fees and expenses are in addition to the fees and expenses of the underlying investment options, which a participant will indirectly bear by investing in those investment options through the group annuity.
- *Investment Company Risk.* Investments in investment companies are subject to the risks of the investment companies' investments, as well as to the investment companies' expenses.
- *Stable Value Funds.* If you are considering a stable value product to make available as an investment option for a Plan, you should review the contract for the product and understand and consider the following:
  - A stable value fund is a fixed income investment fund with a "wrap" contract issued by a bank or insurance company. These wrap contracts seek to allow participants to transact at their book value (which generally speaking is their invested balance plus any accrued interest).
  - The objective of stable value funds, in general, is to preserve capital while providing a relatively stable rate of return that seeks to exceed returns provided by money market funds. Although designed as a low-risk investment, participants can lose money by investing in a stable value fund.
  - Stable value funds can be viewed as an alternative to money market funds; however, there are important differences, and stable value products can be complicated. Unlike money market funds, stable value funds are typically not registered with the SEC. In addition, they are not guaranteed by the U.S. government, LPL or the Plan. The structure of, or investments within, stable value may vary, and it is important to consider these differences in selecting a stable value fund.
  - Although a contract may provide for book value (even if fair market value is less) for participant-initiated events, the contract typically will not provide for book value for certain employer-initiated events (e.g., plan terminations, layoffs, sale of a division, employer bankruptcies, or change in recordkeepers). In the case of employer-initiated events, the contract typically will provide for a fair market value adjustment, which will not allow the Plan or participants to immediately receive book value if fair market value is less. It is important that plan sponsors understand these terms of the contract, in particular, as it will be a consideration in a future decision as to whether to terminate the stable value product provider.
  - As the stable value product wrap provider guarantees the receipt of book value to participants, it is important to consider the financial stability of the provider. It also is important to understand the underlying assets of the stable value product, as the type and quality of the assets will bear on the risk vs. reward characteristics that result in a variance between book value and fair market value.
  - There are fees and costs associated with stable value products.

### ITEM 9 DISCIPLINARY INFORMATION

Item 9 requires the disclosure of material legal or disciplinary events relating to LPL's advisory and brokerage business. However, none of the disclosure items below relate to the services that LPL and its IARs provide in connection with retirement plan advisory and consulting programs.

LPL entered into a settlement with the SEC in connection with LPL's failure to comply with its Customer Identification Program procedures. The SEC found that LPL willfully violated Section 17(a) of the Exchange Act and Rule 17a-8 thereunder and was a cause of a third party's violations of Sections 17(a)(2) and (3) of the Securities Act and Section 206(2) of the Advisers Act. The SEC ordered LPL to cease and desist from committing or causing any further violations of these laws and regulations, censured LPL for its conduct, and ordered the payment of disgorgement and prejudgment interest totaling \$141,202 (deemed satisfied based on LPL's voluntary remedial payment of \$4,118,876 to the impacted client), and the payment of a civil money penalty of \$750,000.



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As part of a voluntary self-reporting initiative in 2019, LPL entered into a settlement with the SEC in which the SEC found that LPL willfully violated Section 206(2) and 207 of the Investment Advisers Act of 1940 (the "Advisers Act") in connection with inadequate disclosure to clients of its and its associated persons' conflicts of interest related to its receipt of 12b-1 fees and/or its selection of mutual fund share classes that pay such fees. The SEC ordered LPL to cease and desist from committing or causing any violations of Sections 206(2) and 207 of the Advisers Act, censured it for its conduct, and ordered the payment of disgorgement and prejudgment interest to affected investors totaling \$9,333,516.

LPL, as a broker-dealer, is a member of FINRA and has found to be in violation of FINRA's rules related to its brokerage activities. In particular, LPL consented to sanctions related to the following matters:

- LPL's supervisory systems and procedures relating to record retention, fingerprinting and screening of certain associated persons, and supervision of consolidated reports, resulting in a censure, a fine of \$6,500,000 and an undertaking to review and enhance related policies, systems and procedures (2020).
- LPL's supervisory systems and procedures relating to changes in the authority of custodians of accounts established under the Uniform Gifts to Minors Act and/or the Uniform Transfers to Minors Act, resulting in a censure, a fine of \$300,000, and an undertaking to review and enhance its policies, systems, and procedures related to supervision of such accounts (2019).
- The effectiveness of LPL's anti-money laundering program, LPL's failure to amend certain Forms U4 and U5, and LPL's systems and supervisory procedures relating to Forms U4 and U5 reporting requirements, resulting in a censure and a fine of \$2,750,000 and an undertaking to review the process used to disclose customer complaints on Forms U4 and U5 (2018).
- LPL's brokerage supervisory and disclosure procedures related to the sale of certain brokered certificates of deposit in brokerage accounts, resulting in a censure and a fine of \$375,000 (2018).
- LPL's systems and supervisory procedures relating to the creation and distribution of certain required account notices, resulting in a censure, a fine of \$900,000, and an undertaking to review affected processes (2016).
- LPL's systems and supervisory procedures relating to the format in which certain electronic records were retained, resulting in a censure and a fine of \$750,000 (2016).
- LPL's various brokerage supervisory procedures, including those related to the sale of complex non-traditional ETFs, variable annuity ("VA") contracts, real estate investment trusts ("REITs") and other products in brokerage accounts, as well as LPL's failure to monitor and report trades and deliver trade confirmations, resulting in a censure and a fine of \$10,000,000, and restitution of \$1,664,592 (2015).
- LPL's processing and supervision of the sale of alternative investments, including non-traded REITs, resulting in a censure and a fine of \$950,000 (2014).
- LPL's systems and procedures related to the review and retention of email, resulting in a censure, a fine of \$7.5 million, and establishment of a fund of \$1.5 million to cover payments to eligible former brokerage customer claimants who may not have received all emails in connection with their claim (2013).
- LPL's supervisory systems to monitor and ensure the timely delivery of mutual fund prospectuses, resulting in a censure and a fine of \$400,000 (2012).

LPL, as a broker-dealer, is regulated by each of the 50 states and has been the subject of orders related to the violation of state laws and regulations in connection with its brokerage activities. In particular, LPL entered into consent orders related to the following matters:

- LPL's supervision of an LPL representative under a heightened supervision plan, resulting in a cease and desist order; a fine of \$275,000; payments of restitution, disgorgement and investigative costs; and offers of payment of surrender charges in connection with variable annuity contracts for impacted customers (New Hampshire or "NH", 2020).
- LPL's failure to timely register (or maintain the registration of) certain agents in Massachusetts ("MA") and failure to amend Forms U4 and U5 for certain agents registered in MA, resulting in a censure, a fine of \$1,100,000, and an undertaking to review and enhance its policies and procedures related to registering its agents in MA and filing reportable events (MA, 2019).
- LPL's brokerage supervisory procedures relating to email review and annual branch office examinations, resulting in a civil penalty of \$450,000 and an undertaking for third-party review of related processes (Indiana, 2018).





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- The sale of unregistered, non-exempt securities in violation of state registration requirements, resulting (upon entry of the individual consent order) in payment to each participating state or jurisdiction of a civil penalty of \$499,000, reimbursement of certain investigative expenses, remediation through repurchase of certain securities and payment of losses to certain affected customers, and certain additional undertakings (Settlement with up to 53 members of the North American Securities Administrators Association (NASAA), 2018).
- The sale of non-traded alternative investments in excess of prospectus standards or LPL's internal guidelines and the maintenance of related books and records, resulting in a censure, a fine of \$950,000, a \$25,000 contribution to an investor education fund and remediation of losses to impacted customers (New Jersey, 2017).
- LPL's supervisory practices for LPL representatives located on the premises of a credit union, resulting in a censure, a fine of \$1,000,000, and an undertaking to avoid investor confusion specific to the name under which the credit union does business and review LPL's related policies and procedures (MA, 2017).
- LPL's oversight of certain VA transactions, resulting in a censure, a fine of \$975,000, restitution to clients and former clients of an LPL representative, disgorgement of commissions retained by LPL in connection with such representative's VA sales, and an undertaking to review such representative's brokerage and advisory activities and LPL's related policies and procedures (MA, 2017).
- The sale in brokerage accounts of non-traded REITs in excess of prospectus standards, state concentration limits or LPL's internal guidelines, resulting in an aggregate civil penalty of \$1,425,000, reimbursement of certain investigative expenses and remediation of losses to impacted customers (Global settlement with certain members of NASAA, 2015).
- The sale of non-traded REITs in excess of prospectus standards, state concentration limits or LPL's internal guidelines, resulting in an administrative fine of \$250,000, reimbursement of investigative costs of \$250,000, a \$250,000 contribution to an investor education fund and remediation of losses to impacted customers (NH, 2015).
- The sale of leveraged and inverse leveraged ETFs ("Leveraged ETFs"), resulting in an administrative fine of \$50,000 (Delaware), a penalty of \$200,000 (MA), restitution to Delaware customers in an amount up to \$150,000, restitution to MA customers in an amount up to \$1,600,000, and an agreement to make certain changes in its supervisory system with respect to Leveraged ETFs (2015).
- Failure to implement procedures related to the use of senior-specific titles by LPL representatives as required under MA law, resulting in a censure and a fine of \$250,000 (2015).
- Failure to detect improper and fraudulent conduct by an LPL representative, resulting in a censure, a fine of \$500,000, and restitution to impacted customers; and failure to adequately enforce supervisory procedures and maintain certain books and records required under Illinois law in connection with certain VA exchange transactions, resulting in a censure, a fine of \$2,000,000, and restitution to impacted customers (2014).
- The sale of non-traded REITs to MA residents in excess of MA concentration limits, resulting in a censure, a fine of \$500,000, and restitution to impacted customers (2013).

For more information about those state events and other disciplinary and legal events involving LPL and its IARs, client should refer to Investment Advisor Public Disclosure at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or FINRA BrokerCheck at [www.finra.org](http://www.finra.org).

### ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

LPL is a broker-dealer registered with FINRA and the SEC. As a broker-dealer, LPL transacts business in various types of securities, including mutual funds, stocks, bonds, commodities, options, private and public partnerships, variable annuities, real estate investment trusts and other investment products. LPL is registered to operate in all 50 states and has primarily an independent-contractor sales force of registered representatives and IARs dispersed throughout the United States. LPL has a dedicated team of employee IARs in its home office who service certain accounts in the absence of an IAR, and also a small subset of IARs who operate their own offices or are located on the premises of certain financial institutions and are employees of LPL Employee Services, LLC, an LPL-affiliated company. IARs may also be licensed registered representatives of LPL and may provide brokerage services on behalf of LPL. If required for their positions with a registered broker-dealer, LPL's principal executive officers are securities licensed as registered representatives of LPL. LPL is also registered as an introducing broker with the Commodity Futures Trading Commission. In addition, LPL is qualified to sell insurance products in all 50 states.



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With respect to SMS services provided by an Advisor (rather than one of LPL's IARs), associated persons of Advisor may also be broker-dealer registered representatives of LPL or another broker-dealer. If an associated person of Advisor is a broker-dealer registered representative of LPL, that person is providing advisory services to a Program account on behalf of Advisor. That person is not acting in a broker-dealer capacity or on behalf of LPL with respect to services under a Program.

LPL and The Private Trust Company, N.A. ("PTC"), a federally chartered non-depository bank licensed to provide trust services in all 50 states, are related persons. PTC serves as IRA custodian for client accounts set up as IRAs and receives an annual maintenance fee for this service. PTC also provides personal trustee services to clients for a variety of administrative fiduciary services, which services may relate to an advisory account. Because LPL and PTC are affiliated companies and share in revenues, there is a financial benefit to the companies if a client uses PTC as a custodian or for personal trustee services, or if a PTC client uses LPL as an investment advisor. PTC's IRA custodian and trustee services and related fees are established under a separate engagement between the client and PTC.

LPL and Allen & Company of Florida, LLC ("Allen & Co."), an investment advisor firm, are affiliated companies. In addition, investment advisor representatives of Allen & Co. are typically brokerage registered representatives of LPL. Allen & Co. recommends LPL's advisory programs, including the Programs. Because of the affiliation, Allen & Co. has an incentive to recommend LPL advisory programs to clients over other programs and services.

Fortigent, LLC ("Fortigent"), is a registered investment advisor and related person of LPL. From time to time, LPL registered representatives may enter into agreements with Fortigent for research and reporting services.

LPL's parent company, LPL Holdings, Inc. ("LPL Holdings") has entered into an agreement to acquire Waddell & Reed, Inc., a registered investment adviser and broker-dealer ("Waddell & Reed") and Fiduciary Trust Company of New Hampshire, a non-depository trust company ("FTC"), in a transaction expected to close in late April of 2021. As a result of the transaction, Waddell & Reed and FTC will become wholly-owned subsidiaries of LPL Holdings. After the Waddell & Reed advisory and brokerage business is transitioned to LPL, it is expected that Waddell & Reed will be de-registered and wound down.

LPL IARs are permitted to engage in certain LPL-approved business activities other than the provision of brokerage and advisory services through LPL, and in certain cases, an IAR could receive greater compensation through the outside business than through LPL. An IAR could also be an accountant, real estate agent, tax preparer, lawyer or refer customers to other service providers and receive referral fees, for example. As other examples, an IAR could provide advisory or financial planning services through an independent unaffiliated investment advisory firm, sell insurance through a separate business, or provide third-party administration to retirement plans through a separate firm. If an IAR provides investment services to a retirement plan as a representative of LPL and also provides administration services to the plan through a separate firm, this typically means the IAR is compensated from the plan for the two services. If you engage with an IAR for services separate from LPL, you may wish to discuss with him or her any questions you have about the compensation he or she receives from the engagement.

## ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

### Code of Ethics and Personal Trading

LPL has adopted a code of ethics that includes guidelines regarding personal securities transactions of its employees and IARs. The code of ethics permits LPL employees and IARs to invest for their own personal accounts in the same securities that LPL and IARs purchase for clients in program accounts. This presents a conflict of interest because trading by an employee or IAR in a personal securities account in the same security on or about the same time as trading by a client can disadvantage the client. LPL addresses this conflict of interest by requiring in its code of ethics that LPL employees and IARs report certain personal securities transactions and holdings to LPL. LPL has procedures to review personal trading accounts for front-running. In addition, employees in LPL's Research Department are required to obtain pre-clearance prior to purchasing certain securities for a personal account. Employees and IARs are also required to obtain pre-approval for investments in private placements and initial public offerings. A copy of the code of ethics is available to clients or prospective clients upon request and is available at [lpl.com/disclosures.html](http://lpl.com/disclosures.html).



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With respect to SMS services provided by an Advisor (rather than one of LPL's IARs), clients should refer to Advisor's Form ADV brochure for more information about the Advisor's code of ethics and personal trading policies.

### Participation or Interest in Client Transactions

LPL's parent company, LPL Financial Holdings Inc., is a publicly traded company. LPL does not permit its IARs to recommend or purchase LPL Financial Holdings Inc. stock. With respect to SMS services provided by an Advisor (rather than one of LPL's IARs), clients should refer to Advisor's Form ADV brochure for more information about conflicts of interest.

IAR may be affiliated with the third party administrator ("TPA") that is also servicing a Plan. Prior to utilizing a TPA affiliated with IAR, clients must obtain an analysis from a fiduciary independent of the IAR concluding that 1) utilizing the named TPA is in the best interest of the Plan, the plan participants and their beneficiaries; 2) the fees paid for the services rendered by the TPA are reasonable; and 3) the TPA's relationship with the IAR was fully understood and accepted during the selection process of each as service providers to the Plan.

As part of the services selected by the client, for example, vendor analysis services, an IAR may provide recommendations as to investment products or services. To the extent that IAR recommends that client invest in products and services that will result in compensation being paid to LPL and the IAR, this presents a conflict of interest. The compensation to IAR and LPL may be more or less depending on the product or service that the IAR recommends. Therefore, the IAR has a financial incentive to recommend that a recommendation be implemented using a certain product or service over another product or service. The client is under no obligation to purchase securities or services through LPL and the IAR.

It is important to note that clients are under no obligation to implement a recommendation through LPL. Clients should understand that the investment products, securities and services that an IAR may recommend as part of RPCP are available to be purchased through broker-dealers, investment advisors or other investment firms not affiliated with LPL.

Client should understand that LPL, IAR and Advisor perform advisory and/or brokerage services for various other clients, and that LPL, IAR and Advisor may give advice or take actions for those other clients that differ from the advice given to the client. The timing or nature of any action taken for a client may also be different.

### ITEM 12 BROKERAGE PRACTICES

In connection with the services offered under RPCP and SMS, LPL or an IAR may recommend to a client that a Plan use a certain retirement plan platform or service provider (such as a recordkeeper or administrator). In the case of RPCP, LPL and IAR may serve as broker-dealer in connection with the sale of securities or insurance products to the Plan. As noted above, for Plans that are subject to ERISA or are otherwise subject to Section 4975 of the Code, 12b-1 fees paid by product sponsors to LPL and IAR as broker-dealer of record to the Plan are used to offset the RPCP Fee.

### ITEM 13 REVIEW OF ACCOUNTS

IARs review accounts and meet with clients, on a regular basis or as requested by the client, and such meetings may include review of accounts statements, performance information, and other information or data related to the client's account and investment objectives.

To the extent services offered under RPCP or SMS to the Plan or Plan Sponsor include performance monitoring or reporting, LPL or the IAR or Advisor, as applicable, will review performance or provide reports of investment manager(s) or investments selected by the Plan on a frequency as agreed with the Plan or Plan Sponsor. If elected by the Plan, IAR or Advisor, as applicable, will provide reports evaluating the performance of Plan investment manager(s) or investments.

### ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

#### Other Compensation

IAR, LPL and LPL employees receive additional compensation from product sponsors. 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, client workshops or events, or marketing or advertising initiatives. Product sponsors also pay for, or



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reimburse LPL for the costs associated with, education or training events that are attended by LPL employees, IARs and Advisors and for LPL-sponsored conferences and events, including services for identifying prospective clients. In particular, LPL receives marketing and educational support payments of up to \$260,000, depending on the anticipated nature and scope of the events, from retirement plan product sponsors to assist training and educating financial advisors across LPL's brokerage and advisory platforms, including RPCP. Such support payments are not tied to the sales of any products or client assets in the products. IARs do not receive any portion of these payments. For a current and complete list of the retirement plan product sponsors that pay such marketing and educational support payments, please see [lpl.com/disclosures.html](http://lpl.com/disclosures.html) or ask your IAR. With respect to SMS services provided by an Advisor (rather than one of LPL's IARs), clients should refer to the Advisor's Form ADV brochure for more information about conflicts of interest.

LPL employees provide sales support resources to IARs and Advisors that use LPL advisory programs. The compensation that LPL pays to these employees varies based on the assets in LPL's different advisory programs. These employees have an incentive to promote certain advisory programs to IARs and Advisors over other advisory programs.

### LPL Compensation to IAR

An IAR recommending an advisory service receives compensation from LPL. LPL typically compensates IARs pursuant to an independent contractor agreement, and not as an employee. This compensation includes a portion of the RPCP Fee or SMS Fee, as applicable, and, such portion received by IAR may be more than what IAR would receive at another investment advisor firm. Such compensation may include other types of compensation, such as bonuses, awards or other things of value offered by LPL to the IAR. In particular, LPL pays its IARs in different ways, for example:

- payments based on production
- equity awards from LPL's parent company, LPL Financial Holdings Inc., consisting of awards of either restricted stock units (a promise to deliver stock in the future) or stock options to purchase stock, in each case subject to satisfaction of vesting and other conditions
- reimbursement or credits of fees that IARs pay to LPL for items such as administrative services, or technology fees
- free or reduced-cost marketing materials
- payments in connection with the transition of association from another broker-dealer or investment advisor firm to LPL
- advances of advisory fees
- payments in the form of repayable or forgivable loans
- attendance at LPL conferences and events.

Note that LPL has a dedicated team of employee IARs in its home office who service certain accounts in the absence of an IAR, and also a small subset of IARs who operate their own offices or are located on the premises of certain financial institutions and are employees of LPL Employee Services, LLC, an LPL-affiliated company. In such cases, the IARs are compensated as employees, and such compensation can include a salary, bonus and other things of value as set out above.

LPL pays IARs this compensation based on the IAR's overall business production and/or on the amount of assets serviced in LPL advisory relationships. The amount of this compensation may be more or less than what the IAR would receive if the client participated in other LPL programs or in services or programs of other investment advisors or consultants. Therefore, the IAR may have a financial incentive to recommend the Programs over other programs and services.

### LPL Compensation to Advisor

LPL pays compensation to Advisor, which includes a portion of the SMS Fee and also may include other compensation, such as bonuses, awards or other things of value offered by LPL to the Advisor and/or its representatives. For example, LPL may pay additional compensation to Advisor or its representatives by providing equity awards from LPL's parent company, LPL Financial Holdings Inc., consisting of awards of either restricted stock units (a promise to deliver stock in the future) or stock options to purchase stock, in each case subject to satisfaction of vesting and other conditions, payments in the form of repayable or forgivable loans, reimbursement of administrative servicing fees or technology fees that Advisor and/or its representatives pays



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to LPL, free or reduced-cost marketing materials, payments in connection with the transition of Advisor's business from another firm to LPL, or attendance at LPL's conferences or events.

Individuals of Advisor also may be associated with LPL as broker-dealer registered representatives and/or investment advisor representatives.

### Transition Assistance

LPL also provides various benefits and/or payments to IARs or Advisors with broker-dealer registered representatives that are newly associated with LPL to assist the IAR or Advisor with the costs (including foregone revenues during account transition) associated with transitioning his or her business to LPL (collectively referred to as "Transition Assistance"). The proceeds of such Transition Assistance payments are intended to be used for a variety of purposes, including but not necessarily limited to, providing working capital to assist in funding the IAR's or Advisor's business, satisfying any outstanding debt owed to the IAR's or Advisor's prior firm, offsetting account transfer fees (ACATs) as a result of the IAR's or Advisor's clients transitioning to LPL's custodial platform, technology set-up fees, marketing and mailing costs, stationary and licensure transfer fees, moving expenses, office space expenses, staffing support and termination fees associated with moving accounts.

The amount of the Transition Assistance payments are often significant in relation to the overall revenue earned or compensation received by the IAR or Advisor at his or her prior firm. Such payments are generally based on the size of the IAR's or Advisor's business established at his or her prior firm, for example, a percentage of the revenue earned or assets serviced by the IAR or Advisor, as applicable, at the prior firm. These payments are generally in the form of payments or loans to the IAR or Advisor with favorable interest rate terms as compared to other lenders, which are paid by LPL or forgiven by LPL based on years of service with LPL (e.g., if the IAR or Advisor remains with LPL for 5 years) and/or the scope of business engaged in with LPL. LPL does not verify that any payments made are actually used for such transition costs.

LPL also makes payments to IARs or such firms in connection with the transition of certain advisory business to LPL from his or her prior firm that is not approved on LPL's platform. These payments are tied to the amount of client assets that are transitioned from an unapproved platform at the prior firm to LPL's advisory programs. In addition, IARs are also eligible to receive compensation from LPL in order to assist with offsetting time and expense in coordinating transfers of client accounts from third party investment platforms to LPL's platform ("Operational Assistance"). This compensation is payable as a flat-dollar amount per transferred account with a maximum of up to \$350 per account.

The receipt of Transition Assistance and Operational Assistance creates a conflict of interest in that an IAR or Advisor has a financial incentive to recommend that a client open and maintain an account with the IAR or Advisor and LPL for advisory, brokerage and/or custody services, and to recommend switching investment products or services where a client's current investment options are not available through LPL, in order to receive the Transition Assistance and Operational Assistance benefit or payment. LPL and its IARs attempt to mitigate these conflicts of interest by evaluating and recommending that clients use LPL's services based on the benefits that such services provide to clients, rather than the Transition Assistance and Operational Assistance earned by any particular IAR. However, clients should be aware of this conflict and take it into consideration in making a decision whether to establish or maintain a relationship with LPL. With respect to SMS services provided by an Advisor (rather than one of LPL's IARs), clients should refer to the Advisor's Form ADV brochure for more information about conflicts of interest. If LPL makes a loan to a new or existing IAR, there is also a conflict of interest because LPL's interest in collecting on the loan affects its ability to objectively supervise the IAR.

To the extent permitted by applicable law, including ERISA, LPL has entered into referral agreements with independent third party investment advisers, pursuant to which LPL and IARs receive referral fees from the third party investment advisers in return for referral of clients. Any such referral agreements are separate from the services provided under the Programs. Because LPL is engaged by and paid by the third party investment advisor for the referral, any recommendation regarding a third party investment advisor as part of a referral presents a conflict of interest. LPL addresses this conflict by providing the client with a disclosure statement explaining the role of LPL and IAR and the referral fee received by LPL and IAR.



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In addition, LPL may enter into other agreements with the third party investment advisers to whom LPL refers certain clients, pursuant to which LPL may provide (i) marketing services on behalf of the third party investment advisers to LPL representatives; or (ii) data technology services to integrate third party investment adviser account data on LPL's technology systems. To the extent permitted by applicable law, including ERISA, LPL receives fees for these services and such fees are typically based on the amount of assets (up to 10 basis points) referred by LPL to the third party investment adviser. Please refer to [lpl.com/disclosures.html](http://lpl.com/disclosures.html) for current information about any third party investment adviser that pays this compensation. Any agreements related to referrals are separate from the services provided under the Programs. The IAR does not share in these fees. In some cases, the third party investment advisers pay additional marketing payments to LPL, its employees and/or IARs to cover fees to attend conferences or reimbursement of expenses for workshops, seminars presented to IARs clients or advertising, marketing or practice management.

LPL has entered into agreements with certain service providers, pursuant to which LPL and IAR receive compensation related to a Plan participant who receives a distribution from the Plan and rolls the distribution to a retail investment product of the service provider.

### Client Referrals

From time to time, LPL and/or its IARs may enter into arrangements with third parties or other financial intermediaries, for lead generation, client referrals, or solicitation for program accounts (collectively, "solicitation arrangements"). These solicitation arrangements range from largely impersonal referrals to specific client introductions to LPL and its IARs. Under solicitation arrangements, all third parties and financial intermediaries are independent contractors. The compensation paid under the solicitation arrangement is structured in various ways, including one-time fee, a flat fee per lead or referral, and sharing a portion of the RPCP Fee or SMS Fee. Clients who are introduced to LPL and its IARs through a solicitation arrangement receive a specific description of the terms of that arrangement and the compensation paid to the solicitor at the time of the introduction. Depending on the solicitor's arrangement with LPL, a solicitor may not be compensated for referring a client who opens a brokerage account rather than an advisory account. Solicitation arrangements give rise to conflicts of interest because the referring party has a financial incentive to introduce new investment advisory clients to LPL and its IARs. LPL's participation in these referral arrangements does not diminish its fiduciary obligations to its clients.

### Unaffiliated Financial Institutions

LPL and certain of its IARs offer advisory services on the premises of unaffiliated financial institutions, like banks or credit unions. When services are offered in a bank or credit union, the advisory services are offered by LPL and not the financial institution. Any securities recommended as part of the investment advice are not guaranteed by the financial institution, or insured by the Federal Deposit Insurance Corporation or any other federal or state deposit guarantee fund relating to financial institutions.

LPL has entered into agreements with the financial institutions pursuant to which LPL typically shares compensation, including a portion of the RPCP Fee or SMS Fee, as applicable, with the financial institution for the use of the financial institution's facilities and for client referrals. Instead of paying the IAR or Advisor, as applicable, the portion of the RPCP Fee or SMS Fee, as applicable, as described above, LPL shares the RPCP or SMS Fee, as applicable, with the financial institution, and the financial institution pays part of that amount to IAR or Advisor, as applicable. The financial institution establishes the compensation plan for the IAR, which is subject to approval by LPL. The compensation plan determines how the IAR's compensation is structured. An IAR will have a financial incentive to recommend a particular service or product if under the compensation plan the recommended product will result in more compensation to the IAR than another product or service, including advisory versus brokerage services. If an IAR is recommending an advisory program or service, he or she must believe that the program or service is suitable and in the best interests of the client in accordance with the applicable standards under the Advisers Act. In a few situations, LPL has agreements to provide similar services at financial institutions in which compensation is not shared with the financial institution.

If IAR is an employee of the financial institution where it provides services to program accounts, LPL typically shares with the financial institution between 75% to 100% of the RPCP Fee, or SMS Fee, as applicable, after LPL retains its portion of the RPCP Fee or SMS Fee, as applicable, for its administrative services. IAR (an employee of the financial institution) will be compensated





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(e.g. in the form of salary, bonus, commissions, etc.) by the financial institution based on the specific agreement and/or compensation plan between the financial institution and the IAR. If IAR is not an employee of the financial institution where it provides services to program accounts, LPL typically shares directly with IAR after deduction of LPL's portion, between 25% to 100% of the RPCP Fee or SMS Fee, as applicable, and with the financial institution between 0% to 75%. All compensation paid to IAR or the financial institution will be the sole responsibility of LPL, and will not result in any increase in the RPCP Fee or SMS Fee, as applicable, you pay to LPL.

Some of these financial institutions may be affiliated with investment product sponsors (such as mutual fund sponsors) or offer certificates of deposit. An IAR located on the premises of a financial institution has a potential conflict of interest when IAR encourages clients to invest in that financial institution's certificates of deposit or proprietary investment products, such as mutual funds and structured products. When an affiliated investment product is selected for an account, the financial institution receives a portion of the account fee paid by the client pursuant to the agreement between LPL and the financial institution and its affiliate receives fees from the affiliated investment product. Because affiliates of the financial institution earn fees and other benefits from the affiliated product, the financial institution has an incentive to select its affiliated products based on the compensation and benefits its affiliates receive rather than on a client's needs. In addition, because mutual funds benefit from scale, the financial institution and its affiliated companies have an interest in the mutual funds gaining greater assets. Certain financial institutions provide credits for affiliated investment products. We update this information from time to time on [lpl.com/disclosures.html](http://lpl.com/disclosures.html). For more information, click on "Account Disclosures, Agreements, Fee Schedules & Conflicts of Interest," and then "Third Party Compensation and Related Conflicts of Interest."

Note that the IAR does not receive additional compensation from the financial institution for selecting affiliated products and the IAR may only recommend an investment product that he or she believes is appropriate for clients. LPL reviews and selects investment products for its programs and LPL may elect to remove or replace an investment product. There is a conflict of interest because the business relationship between LPL and the financial institution could affect LPL's ability to objectively select and determine whether to continue to maintain these investment products in a program. However, LPL only approves investment products that it determines are suitable and in the best interests of clients using the program, depending on clients' investment objective and risk tolerance.

LPL also provides other forms of compensation to financial institutions, such as bonuses, awards or other things of value offered by LPL to the institution. For example, LPL pays financial institutions based on production, in the form of repayable or forgivable notes, reimbursement of fees that LPL charges for items such as administrative services, and other things of value such as free or reduced-cost marketing materials, transition assistance for changing association from another broker-dealer or investment advisor firm to LPL, advances of advisory fees, and/or attendance at LPL's national conference or top producer forums and events. LPL pays this compensation based on overall business production and/or on the amount of assets serviced in LPL advisory programs. Financial institutions are also eligible to receive compensation from LPL in order to assist with offsetting time and expense in coordinating transfers of client accounts from third party investment platforms to LPL's platform. The compensation is payable to the institution as a flat-dollar amount per transferred account with a maximum of up to \$350 per account. The amount of this compensation may be more than what the financial institution would receive if the client participated in other LPL programs, programs of other investment advisors or paid separately for investment advice, brokerage and other client services. As a result, the financial institution and IAR or Advisor, as applicable, have a financial incentive for an IAR or Advisor, as applicable, to recommend the program account and services that will result in the greatest compensation to the financial institution and IAR. If LPL makes a loan to a new or existing financial institution there is also a conflict of interest because LPL's interest in collecting on the loan affects its ability to objectively supervise an IAR at that financial institution.

In addition, financial institution employees who are not associated with LPL often refer prospective customers to IARs working in the financial institutions. Those employees frequently receive a nominal referral fee from the financial institution (typically up to \$25) as compensation for each referral.

Employees of trust departments at certain financial institutions are authorized under the terms of applicable trust arrangements to delegate investment management responsibility to LPL and to receive a portion of the compensation earned in connection with



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investment advisory services provided to these accounts through LPL. These amounts are negotiated and vary but often amount to a significant portion of the total fees paid for investment advisory services.

### ITEM 15 CUSTODY

LPL, IAR and Advisor will not serve as a custodian for Plan assets in connection with the advisory or consulting services offered through the Programs. The client is responsible for selecting the custodian and investment sponsor for Plan assets. In order to service the Plan or Plan Sponsor through the Programs, the IAR, Advisor, or LPL may be listed as the contact for the Plan account held at an investment sponsor. The trustees or other fiduciaries for the Plan will complete account paperwork with the outside custodian that will provide the name and address of the custodian. The custodian for Plan assets is responsible for providing the Plan with periodic confirmations and statements. LPL recommends that Plan sponsors review the statements and reports received directly from the custodian or investment sponsor.

### ITEM 16 INVESTMENT DISCRETION

Under RPCP, LPL and the IAR typically provide investment advisory and consulting services primarily on a non-discretionary basis, so that the client makes the decisions regarding the purchase and sale of securities and the investment options to be made available in the Plan. If investment advisory services are to be provided on a discretionary basis, clients will provide that authorization pursuant to the terms of the account agreement.

Under SMS, LPL has investment discretion to select, monitor, and replace the investment options made available through the Investment Menu, Plan Sponsor determines which Investment Menu to offer to its Plan participants, and each Plan participant determines which investment options within that Investment Menu to purchase or sell. Client will provide authorization for LPL's discretionary authority in writing to LPL.

LPL, IAR and Advisor do not exercise authority over the administration of the Plan under either Program. RPCP and SMS services do not include advice regarding the interpretation of the Plan documents, the determination of participant eligibility, benefits, or vesting, and the approval of distributions to be made by the Plan.

### ITEM 17 VOTING CLIENT SECURITIES

LPL does not accept authority to vote client securities in connection with its services under the Programs.

### ITEM 18 FINANCIAL INFORMATION

LPL is not required to include a balance sheet for its most recent financial fiscal year, and is not subject to any financial condition under which its ability to meet contractual commitments to clients is or may be impaired.

#### Brochure Supplements

Accompanying this Brochure are Brochure Supplements for individual employees or officers of LPL. Note that although these individuals are responsible for investment advice provided by LPL, they are not responsible for the ongoing individualized investment advice provided to a particular client. With respect to SMS services provided by an Advisor (rather than one of LPL's IARs), clients should refer to the Advisor's Form ADV brochure or contact the Advisor for more information.



# RETIREMENT PLAN PROGRAMS BROCHURE

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November 5, 2021

These Brochure Supplements provide information about certain LPL employees or officers that supplements the LPL Financial Brochure that is attached to these Brochure Supplements. Please contact LPL Financial at the number above if you did not receive the LPL Financial Brochure or if you have any questions about the contents of these Brochure Supplements. You may also contact your LPL investment advisor representative with questions.

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

Note that although these LPL employees or officers included in these Brochure Supplements are responsible for investment advice provided by LPL they are not the IARs responsible for the ongoing individualized investment advice provided to a particular client. For more information about the IAR managing the account, client should refer to the Brochure Supplement for the IAR, which should have been provided by the IAR along with the LPL Financial Brochure and these Brochure Supplements at the time client opened the account. If client did not receive a Brochure Supplement for the IAR, the client should contact the IAR or LPL at [lpfinancial.adv@lpl.com](mailto:lpfinancial.adv@lpl.com).

### Marc Andrew Zabicki

#### **Educational Background and Business Experience**

Marc Zabicki was born in 1966. He has a BS in Economics from Florida State University and he is a Chartered Financial Analyst (CFA). He is a Senior Vice President and Director of Research for LPL Research and has been with the firm since 2020. Prior to joining LPL, he was Chief Investment Officer at Bower Hill Capital Management.

#### **Disciplinary Information**

There are no legal or disciplinary events to disclose in response to this item.

#### **Other Business Activities**

Mr. Zabicki is a registered representative of LPL. LPL is a registered broker-dealer and member of FINRA. Although Mr. Zabicki is a registered representative of LPL, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### **Additional Compensation**

Mr. Zabicki receives a regular salary and a discretionary bonus as a member of the LPL Research team. Such bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research. This bonus presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor



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certain portfolios over others. However, LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

### Supervision

Mr. Zabicki is responsible for the advice provided by the LPL Research Department through LPL's advisory programs, and he reports up to Burt White, Managing Director, Investor and Investment Solutions and Chief Investment Officer. The advice provided by Mr. Zabicki also is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The Chief Compliance Officer – Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The telephone number for the Advisory Compliance Department is 1-800-877-7210.

### Ryan Edward Detrick

#### Educational Background and Business Experience

Ryan Edward Detrick was born in 1978. He has a BA in Finance from Xavier University and an MBA from Miami University. He is a Senior Vice President and Chief Market Strategist for LPL Research and has been with the firm since 2016. Prior to joining LPL, he was a portfolio manager at Haberer RIA.

#### Disciplinary Information

There are no legal or disciplinary events to disclose in response to this item.

#### Other Business Activities

Mr. Detrick is a registered representative of LPL. LPL is a registered broker-dealer and member of FINRA. Although Mr. Detrick is a registered representative of LPL, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### Additional Compensation

Mr. Detrick receives a regular salary and a discretionary bonus as a member of the LPL Research team. Such bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research. This bonus presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. However, LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

### Supervision

Mr. Detrick reports up to Mr. Zabicki, who as the Director of Research of LPL, is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Mr. Gilbert also is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The Chief Compliance Officer – Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The telephone number for the Advisory Compliance Department is 1-800-877-7210.

### Jason Hoody

#### Educational Background and Business Experience

Jason Hoody was born in 1975. He has a BS in Political Science from Clarkson University, an MA in International Affairs from American University, an MS in Finance from Johns Hopkins University, and is a CFA charterholder. He is a Vice President in Research at LPL and joined LPL in 2015. Prior to joining LPL, he was a Vice President at BB&T and an analyst at KPMG.

#### Disciplinary Information

There are no legal or disciplinary events to disclose in response to this item.



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## Other Business Activities

There are no other business activities to disclose in response to this item.

## Additional Compensation

Mr. Hoody receives a regular salary and a discretionary bonus as a member of the LPL Research team. Such bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research. This bonus presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. However, LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

## Supervision

Mr. Hoody reports up to Mr. Zabicki, who as the Director of Research of LPL, is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Mr. Hoody also is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The Chief Compliance Officer – Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The telephone number for the Advisory Compliance Department is 1-800-877-7210.

## Benjamin Lawrence Hargett

### Educational Background and Business Experience

Benjamin Lawrence Hargett was born in 1974. He has a BS in Finance, Insurance, and Real Estate from the University of North Carolina at Greensboro and an MBA from Wake Forest University. He is an Assistant Vice President for LPL Research and has been with the firm since 2015. Prior to joining LPL, he held investment analyst and portfolio manager positions at Wells Fargo.

### Disciplinary Information

There are no legal or disciplinary events to disclose in response to this item.

## Other Business Activities

Mr. Hargett is a registered representative of LPL. LPL is a registered broker-dealer and member of FINRA. Although Mr. Hargett is a registered representative of LPL, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

## Additional Compensation

Mr. Hargett receives a regular salary and a discretionary bonus as a member of the LPL Research team. Such bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research. This bonus presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. However, LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

## Supervision

Mr. Hargett reports up to Mr. Zabicki, who as the Director of Research of LPL, is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Mr. Gilbert also is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The Chief Compliance Officer – Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The telephone number for the Advisory Compliance Department is 1-800-877-7210.



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### Jeffrey Alan Buchbinder

#### **Educational Background and Business Experience**

Jeffrey Alan Buchbinder was born in 1971. He has a BA in Economics from Northwestern University and an MBA from Duke University. He is a Vice President, Equity Strategist and Portfolio Manager for LPL Financial Research and has been with the firm since 2003. Prior to joining LPL, he served as an Equity Research Associate at Sanford C. Bernstein. Prior to Bernstein, he was an Equity Research Associate at Deutsche Bank.

#### **Disciplinary Information**

There are no legal or disciplinary events to disclose in response to this item.

#### **Other Business Activities**

Mr. Buchbinder is a registered representative of LPL. LPL is a registered broker-dealer and member of FINRA. Although Mr. Buchbinder is a registered representative of LPL, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### **Additional Compensation**

Mr. Buchbinder receives a regular salary and a discretionary bonus as a member of the LPL Research team. Such bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research. This bonus presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor certain portfolios over others. However, LPL mitigates this conflict by basing the bonus calculation on short and long-term performance, capping the amount of compensation paid regardless of the return, and tying a portion of the compensation to the outperformance of all LPL managed portfolios.

#### **Supervision**

Mr. Buchbinder reports up to Mr. Zabicki, who as the Director of Research of LPL, is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Mr. Buchbinder also is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The Chief Compliance Officer – Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The telephone number for the Advisory Compliance Department is 1-800-877-7210.

### Barry Seth Gilbert

#### **Educational Background and Business Experience**

Barry Seth Gilbert was born in 1967. He has a BA in Philosophy from Haverford College, an MA from the Pennsylvania State University, and a PhD from Boston University. He is a Vice President and Portfolio Manager for LPL Research and has been with the firm since 2013. Prior to joining LPL, he taught at Harvard University.

#### **Disciplinary Information**

There are no legal or disciplinary events to disclose in response to this item.

#### **Other Business Activities**

Mr. Gilbert is a registered representative of LPL. LPL is a registered broker-dealer and member of FINRA. Although Mr. Gilbert is a registered representative of LPL, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### **Additional Compensation**

Mr. Gilbert receives a regular salary and a discretionary bonus as a member of the LPL Research team. Such bonus for LPL Research personnel is based on the performance of certain portfolios managed by LPL Research. This bonus presents a conflict of interest because it could incentivize the LPL Research team to focus on short-term performance, take undue risk, or favor





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### Supervision

Mr. Gilbert reports up to Mr. Zabicki, who as the Director of Research of LPL, is responsible for the advice provided by the LPL Research Department through LPL's advisory programs. The advice provided by Mr. Gilbert also is subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The Chief Compliance Officer – Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The telephone number for the Advisory Compliance Department is 1-800-877-7210.

### Ben Welch

#### Educational Background and Business Experience

Ben Welch was born in 1980. He has a BS from the University at Buffalo, and he is a CFA charterholder. He is Executive Vice President of Trading at LPL and joined LPL in 2020. Prior to joining LPL, Mr. Welch worked for TD Ameritrade as Managing Director, Institutional Trading & Technology and previously Managing Director, Product Management.

#### Disciplinary Information

There are no legal or disciplinary events to disclose in response to this item.

#### Other Business Activities

Mr. Welch is a registered representative of LPL. LPL is a registered broker-dealer and member of FINRA. Although Mr. Welch is a registered representative of LPL, he does not engage in the sale of securities or receive commissions or other compensation based on the sale of securities or other investment products.

#### Additional Compensation

Mr. Welch receives a regular salary and a discretionary bonus.

### Supervision

As Executive Vice President of Trading, Mr. Welch is responsible for trade execution in LPL's advisory programs, subject to LPL's policies and procedures and to any guidelines established for the applicable advisory program. The Chief Compliance Officer – Advisory Compliance is responsible for administering LPL's policies and procedures for investment advisory activities. The telephone number for the Advisory Compliance Department is 1-800-877-7210.

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