

## Item 1 – Cover Page

### **Pension Consultants, Inc.**

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Date of Brochure: March 2022

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This brochure provides information about the qualifications and business practices of Pension Consultants, Inc. If you have any questions about the contents of this brochure, please contact Cody Mendenhall at 417-889-4918 or at [cmendenhall@pension-consultants.com](mailto:cmendenhall@pension-consultants.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 Pension Consultants is also available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for our firm name, Pension Consultants, Inc., or searching by our firm CRD number, which is **113914**.

\*Registration as an investment adviser does not imply a certain level of skill or training.

## Item 2 – Material Changes

Our last annual update of this brochure was in March 2021. Since our last annual update, we have made the following updates to this brochure:

In April 2021, we updated:

**Item 5 – Fees and Compensation** for Performance-Driven Retirement Plan Management to reflect that PCI investment performance fees will no longer be netted from investment performance calculations, but they will instead be calculated with plan fees performance.

**Item 5 – Fees and Compensation** to reflect that the third party benchmark provider, Fiduciary Benchmarks, has changed their name to Fiduciary Decisions.

**Item 13 – Review of Accounts** for Performance-Driven Retirement Plan Management to reflect that PCI investment performance fees will not be netted from investment performance on the Investment Performance Report.

In March 2022, we updated:

**Item 4 – Advisory Business** to add Chelsey Dollarhide as Chief Financial Officer and Stefan Astheimer as Chief Operating Officer.

**Item 4 – Advisory Business** to reflect our assets under management as of December 31, 2021.

**Item 4 – Advisory Business** and **Item 5 – Fees and Compensation** to remove a version of our PERFORMANCE-DRIVEN RETIREMENT PLAN MANAGEMENT service agreement that is no longer applicable.

**Item 5 – Fees and Compensation** to remove the Investment Management Review (IMR) report that was previously included in the grandfathered PERFORMANCE-DRIVEN RETIREMENT PLAN MANAGEMENT service agreement.

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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#### **Item 4 – Advisory Business**

Pension Consultants, Inc. is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) and is a corporation formed under the laws of the State of Missouri.

- The firm’s Founder and Chairman is Brian Allen.
- The firm’s Chief Executive Officer and President is Cody Mendenhall.
- The firm’s Chief Compliance Officer is Cody Mendenhall.
- The firm’s Chief Financial Officer is Chelsey Dollarhide.
- The firm’s Chief Operating Officer is Stefan Astheimer.
- Pension Consultants has been registered as an investment adviser with the SEC since October 1999. Prior to its registration with the SEC, Pension Consultants was registered as an investment adviser with the State of Missouri.

#### **Description of Primary Advisory Services**

Pension Consultants, Inc.’s (hereafter referred to as “PCI” or “we”) focus is on providing advisory services to retirement plan sponsors and to individual participants holding assets in retirement plans. Below are descriptions of our retirement plan services and our RetireAdvisers® Consulting Services.

#### **Retirement Plan Services**

The following are our retirement plan services:

Clients are required to execute a services agreement for the provision of the selected retirement plan service(s). Below is a summary of our retirement plan service offering. Next to each service delivery named below is an indication of whether it falls into the category of Fiduciary Services or Non-Fiduciary Services for purposes of the Employee Retirement Security Act of 1974, as amended (“ERISA”); this categorization is described below under ERISA Disclosure. The service agreement provides additional details regarding the retirement plan services.

#### **PERFORMANCE-DRIVEN RETIREMENT PLAN MANAGEMENT**

The PERFORMANCE-DRIVEN RETIREMENT PLAN MANAGEMENT services provided include the following:

- 1) Investment Management (Fiduciary Services) – *selecting and monitoring the investment line-up of the Plan*
- 2) Vendor Management (Fiduciary Services) – *selecting and monitoring Plan vendors and fees*
- 3) Participant Management (Non-Fiduciary Services) – *total contributions assessment and retirement guidance for Plan participants*

#### 4) Performance Reporting (Fiduciary Services)

Below is a summary of each of our grandfathered retirement plan service offerings for clients that signed an advisory agreement prior to July 31, 2019. These services will continue to be available to those existing clients who were working with us prior to July 31, 2019. These grandfathered services are not available to new clients. Next to each service name below is an indication of whether the service falls into the category of Fiduciary Management, Fiduciary Consulting or Non-Fiduciary for purposes of ERISA; this categorization is described below under ERISA Disclosure. The service agreement provides additional details regarding the retirement plan services.

##### A. PERFORMANCE-DRIVEN RETIREMENT PLAN MANAGEMENT

The PERFORMANCE-DRIVEN RETIREMENT PLAN MANAGEMENT services provided for agreements effective dated prior to July 2019 include the following:

- 1) Investment Management (Fiduciary Services) – *selecting and monitoring the investment line-up of the Plan*
- 2) Vendor Management (Fiduciary Services) – *selecting and monitoring Plan vendors and fees*
- 3) Optional Participant Management (Non-Fiduciary Services) – *retirement readiness assessment and retirement guidance for Plan participants*
- 4) Performance Reporting (Fiduciary Services)

##### B. 3(38) CORE COMPLETE (only available to grandfathered clients)

The 3(38) CORE COMPLETE Services package is our most comprehensive services package providing Investment Management and includes the following:

- 1) Investment Management (Fiduciary Management)
- 2) Other Investment Services (Fiduciary Consulting)
- 3) ERISA Supervision & Guidance (Non-Fiduciary)
- 4) Participant Education (Non-Fiduciary)

##### C. 3(21) CORE COMPLETE (only available to grandfathered clients)

The 3(21) CORE COMPLETE Services package is our most comprehensive services package providing Investment Advice and includes the following:

- 1) Investment Oversight (Fiduciary Consulting)
- 2) Investment Supervision & Guidance (Fiduciary Consulting)
- 3) ERISA Supervision & Guidance (Non-Fiduciary)
- 4) Participant Education (Non-Fiduciary)

##### D. ERISA COMPLETE (only available to grandfathered clients)

The ERISA COMPLETE Services package is limited to the ERISA Supervision & Guidance services (Non-Fiduciary), which are also available as a component service of the CORE COMPLETE Services packages.

##### E. 3(38) INVESTMENT COMPLETE (only available to grandfathered clients)

The 3(38) INVESTMENT COMPLETE Services package is limited to the Investment Management services (Fiduciary Management), and Other Investment Services (Fiduciary Consulting), which are also available as component services of the 3(38) CORE COMPLETE Services package.

F. 3(21) INVESTMENT COMPLETE (only available to grandfathered clients)

The 3(21)Investment COMPLETE Services package is limited to the Investment Oversight (Fiduciary Consulting) and the Investment Supervision & Guidance (Fiduciary Consulting), which are also available as component services of the 3(21) CORE COMPLETE Services package.

G. VENDOR MONITORING (Non-Fiduciary) (only available to grandfathered clients)

H. RETIREMENT PLAN AS NEEDED SERVICES (only available to grandfathered clients)

The RETIREMENT PLAN AS NEEDED SERVICES package is for the provision of consultations from PCI in response to particular requests made by a client to address specific areas of concern identified by the client.

## **RetireAdvisers® Consulting Services**

Our RetireAdvisers® Consulting Services include the following:

Retirement COMPLETE Services  
RetireAdvisers® As Needed Services

Clients are required to execute a services agreement for the provision of the selected RetireAdvisers® Consulting Service(s). The services agreement provides details regarding the service(s) to be provided. A summary description of the service offerings for the RetireAdvisers® Consulting Services is provided below.

A. RETIREMENT COMPLETE SERVICES

The Retirement COMPLETE Services include the following:

- 1) Investment Oversight
- 2) Retirement Planning Guidance

The scope and frequency of the component services for the RetireAdvisers® Consulting Services package are based upon the client's total portfolio value.

B. RETIREADVISERS® AS NEEDED SERVICES

RetireAdvisers® As Needed Services provide consultation when the client needs limited advisory services in reply to a particular area of concern. For the RetireAdvisers® As Needed Services, the client is responsible for identifying the specific areas of concern that the client would like PCI to address.

## ERISA Disclosure

Services provided by PCI for retirement plans covered by ERISA will be identified as Fiduciary Services or Non-Fiduciary Services. Grandfathered services agreements note services are Fiduciary Management Services, Fiduciary Consulting Services or Non-Fiduciary Services in the Schedule(s).

PCI will perform any Fiduciary Services as a fiduciary, as defined in Section 3(21) of ERISA, act as the Investment Manager as defined by Section 3(38) of ERISA, and act in a limited capacity as the Administrator fiduciary as defined by Section 3(16) of ERISA. When providing Fiduciary Services, PCI's services include discretionary authority to make investment and vendor decisions for Plan. When acting as the Administrator Fiduciary as defined by Section 3(16) of ERISA, PCI's role shall be limited to only the selection of the Plan's record keeper.

For services categorized as Fiduciary Consulting Services in grandfathered schedules, all recommendations of investment options and portfolios will be submitted to the client for the client's ultimate approval or rejection. For Fiduciary Consulting Services, the retirement plan sponsor client or the plan participant who elects to implement any recommendations made by PCI is solely responsible for implementing all transactions. Fiduciary Consulting Services are not management services, and PCI does not serve as administrator or trustee of the retirement plan. PCI does not act as custodian for any client account or have authority to initiate third-party disbursements of client funds or securities with the exception of, for some accounts, having written authorization from the client to deduct our fees.

PCI acknowledges that in performing Fiduciary Consulting Services for grandfathered schedules or otherwise providing investment advice related to assets of a retirement plan covered by ERISA, PCI is acting as a "fiduciary" as such term is defined under Section 3(21)(A)(ii) of ERISA. PCI will act in a manner consistent with the requirements of a fiduciary under ERISA for all services for which PCI is considered a fiduciary under ERISA. If a retirement plan has elected to receive Fiduciary Consulting Services and not Fiduciary Management Services, PCI (a) has no responsibility and will not (i) exercise any discretionary authority or discretionary control respecting management of Client's retirement plan, (ii) exercise any authority or control respecting management or disposition of assets of Client's retirement plan, or (iii) have any discretionary authority or discretionary responsibility in the administration of Client's retirement plan or the interpretation of Client's retirement plan documents, (b) is not an "investment manager" as defined in Section 3(38) of ERISA and does not have the power to manage, acquire or dispose of any plan assets, and (c) is not the "Administrator" of Client's retirement plan as defined in ERISA.

Although an investment adviser is considered a fiduciary under the Investment Advisers Act of 1940 and required to meet the fiduciary duties as defined by the Advisers Act, the retirement plan services that are identified as Non-Fiduciary should not be considered fiduciary services for the purposes of ERISA since PCI is not acting as a fiduciary to the Plan as the term "fiduciary" is

defined in Section 3(21)(A)(ii) of ERISA. The exact suite of services provided to a client will be listed and detailed in the Retirement Plan Services Agreement and accompanying Schedule(s).

To the extent required by ERISA Regulation Section 2550.408b-2(c), PCI will disclose any change to the information that we are required to disclose under ERISA Regulation Section 2550.408b-2(c)(1)(iv) as soon as practicable, but no later than sixty (60) days from the date on which PCI is informed of the change (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable).

In accordance with ERISA Regulation Section 2550.408b-2(c)(vi)(A), PCI will disclose within thirty (30) days following receipt of a written request from the responsible plan fiduciary or Plan Administrator (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable) all information related to a Services Agreement and any compensation or fees received in connection with that Agreement that is required for the Plan to comply with the reporting and disclosure requirements of Title 1 of ERISA and the regulations, forms and schedules issued thereunder.

If PCI makes an unintentional error or omission in disclosing the information required under ERISA Regulation Section 2550.408b-2(c)(1)(iv) or (vi), PCI will disclose to the client the correct information as soon as practicable, but no later than thirty (30) days from the date on which PCI learns of such error or omission.

## **Newsletters**

PCI occasionally prepares general, educational and informational newsletters. Newsletters are always offered on an impersonal basis and do not focus on the needs of a specific individual.

## **Limits Advice to Certain Types of Investments**

PCI provides investment advice on the following types of investments:

- No-Load (i.e. no trading fee) and Load-Waived (i.e. trading fee waived) Mutual Fund Shares
- Exchange-listed securities (i.e. stocks)
- Securities traded over-the-counter (i.e. stocks)
- Fixed income securities (i.e. bonds)
- Closed-End Funds and Exchange Traded Funds (ETFs)
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- Variable annuities
- United States government securities



PCI does not provide advice on foreign issues, warrants, commercial paper, options contracts on commodities, futures contracts on tangibles or intangibles, interests in partnerships investing in oil and gas interests, or hedge funds and other types of private (i.e. non-registered) securities. *(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)*

### **No Participation in Wrap Fee Programs**

A wrap fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions. In traditional management programs, advisory services are provided for a fee but transaction services are billed separately on a per-transaction basis. In wrap-fee programs, advisory services and transaction services are provided for in one fee. PCI does not act as a portfolio manager of or sponsor wrap fee programs.

### **Tailor Advisory Services to Individual Needs of Clients**

PCI services are always provided based on the individual needs of each client. This means, for example, that clients are given the ability to impose restrictions on any accounts PCI advises on, including specific investment selections and sectors. PCI works with each client on a one-on-one basis through interviews and questionnaires to determine the client's investment objectives and suitability information.

### **Client Assets Managed by Pension Consultants**

As of December 31, 2021 Pension Consultants, Inc. has \$2,400,586,839 of assets under management on a discretionary basis and \$2,682,029,722 of assets under management on a non-discretionary basis for a total of \$5,082,616,561.

## **Item 5 – Fees and Compensation**

### **Fees for Retirement Plan Services**

PCI believes that its service fees are reasonable in relation to the services provided and the fees charged by other retirement plan consultants, including investment advisers, offering similar services/programs. However, PCI's service fees may be higher or lower than that charged by other consultants offering similar services and programs. In addition to PCI's compensation, clients will incur charges imposed at the investment level (e.g., mutual fund advisory fees and other fund expenses) and charges imposed by the Plan's custodian and Third-Party Administrator (if applicable). A description of mutual fund fees and expenses are available in each mutual fund prospectus.

PCI will not maintain custody of any Plan assets. Clients will authorize any qualified custodian that maintains custody of the Plan's assets to automatically deduct all fees owed to PCI from the Plan's assets and to pay such fees directly to PCI when they are due.

The Plan's custodian or the Third-Party Administrator to the Plan will send statements to the Plan, at least quarterly, showing all disbursements from the Plan, including, if applicable, the amount of the fee paid to PCI directly from the Plan and when such fee is deducted directly from the Plan. Any discrepancies between fee billing notices received from PCI and the statements received from the Plan custodian or Third-Party Administrator should be immediately reported to PCI and/or to the issuer of the account statements (the Plan custodian or Third-Party Administrator).

Brokerage commissions and/or transaction ticket fees charged by the custodian will be billed directly to the client by the custodian. PCI will not receive any portion of such brokerage commissions or transaction fees from the custodian or the client.

The fees charged by PCI are in addition to other costs charged by third parties for custodial, legal, accounting, or record keeping tasks. In addition, the client may incur certain charges imposed by third parties other than PCI in connection with investments made through the Plan, including but not limited to, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, and qualified retirement plan fees.

PCI does not reasonably expect to receive any other compensation, direct or indirect, for its services. If PCI receives any other compensation for such services, PCI will (i) offset that compensation against its stated fees, and (ii) will disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to the client.

Retirement Plan Services may be terminated by either party at any time without penalty upon receipt of thirty (30) days written notice of termination. There is no penalty or "termination fee" for the termination of services. If either party terminates the services during a billing quarter, the client will be charged a prorated fee based on the number of days that services were provided and if PCI has received fees in advance, PCI will promptly issue a prorated refund to the client. Upon termination of Retirement Plan Services, PCI will have no obligation to recommend or take any action with regard to the Plan. If the client terminates Retirement Plan Services **within** fifteen (15) days of signing the Retirement Plan Services Agreement, the client shall receive a **full refund** of all consulting fees. If the Retirement Plan Services Agreement is terminated **after** fifteen (15) days from the date of signing the Agreement, then any prepaid consulting fees shall be **prorated** and the unused portion shall be returned to the client.

#### A. Fees For PERFORMANCE-DRIVEN RETIREMENT PLAN MANAGEMENT Services

To be considered a qualified client under SEC Rule 205-3 for purposes of participating in this performance based fee arrangement, a new natural individual client or company must have at least \$1 million in retirement assets under PCI management or PCI must have reasonable belief

that the new client has a net worth of more than \$2.1 million at the time the investment advisory agreement is executed.

A one-time account establishment fee of \$20,000 per client will be payable upon the effective date of the agreement. The establishment fee includes but is not limited to the following elements: set up of client account, review of plan details, establishing the investment lineup with the record keeper, etc. Clients of PCI that are engaged for either 3(38) Core Complete, 3(21) Core Complete, 3(38) Investment Complete, or 3(21) Investment Complete that switch to this Performance-Driven Retirement Plan Management service will not be charged the account establishment fee.

All new and existing clients will be charged the Quarterly Advisory Base Fee of \$5,000 per quarter, billed from the effective date of the Agreement. Quarterly Advisory Base Fees are billed in advance at the beginning of the quarter and are due within thirty (30) days. PCI's fees are prorated (based on the number of days services will be provided) for partial billing periods. PCI may impose a service charge up to 18% annualized, charged monthly, not to exceed the maximum allowable by Missouri law on late payments.

**In addition to the Advisory Base Fee**, PCI charges performance-based fees to retirement plan clients with a minimum of \$5 Million in plan assets and as pursuant to SEC Rule 205-3. These performance fees are charged for each retirement plan sponsored by the client and subject to the service agreement. Performance-based fees are payable quarterly. Fees are payable per category, and all three performance standards do not have to be met for a performance fee to be due. If the performance standard is met within a particular category, the client will pay either the Tier 1 or Tier 2 performance fee per plan for the category where such performance was attained. The Initial Plan is determined as the plan with the largest amount of assets at the effective date of the service agreement.

Performance Fees for existing clients under an active 3(38) CORE COMPLETE, 3(21) CORE COMPLETE, 3(38) INVESTMENT COMPLETE, or 3(21) INVESTMENT COMPLETE agreement will begin at the end of the first calendar quarter following the execution of a service agreement. For example, if the service agreement is effective on March 1<sup>st</sup>, the quarterly performance fees will be charged, if performance standards are achieved, on March 31<sup>st</sup>. Performance Fees for all other clients will begin at the end of the third calendar quarter following the execution of a service agreement. For example, if the service agreement is effective on March 1<sup>st</sup>, the quarterly performance fees will first be charged, if performance standards are achieved, on September 30<sup>th</sup>.

#### Investment Performance Fee:

Performance tracking will begin on the first of the month following the date all investment options are changed from the Plan's current investment lineup to PCI's investment lineup. Record keepers may take 60-90 days to implement a fund change in the retirement plan's lineup. For an existing client of PCI under the 3(38) Management service which is converting to the Performance-Driven Retirement Plan Management service, PCI will utilize the performance

inception date (under the 3(38) Management service) and not restart performance tracking with the change of service. For existing clients of PCI under 3(21) Advisory service converting to the Performance-Driven Retirement Plan Management service, PCI will begin tracking performance on the first of the month following the date all investment options are changed from the Plan's current investment lineup to PCI's investment lineup.

*Tier 1 Performance Standard.* The client will be charged by PCI a quarterly performance fee of **\$3,750 per quarter for the initial plan, and \$1,875 per quarter per each additional plan**, based upon the performance through the prior calendar quarter end if the client's plan investment lineup out-performs an all index lineup for the inception-to-date period net of fund fees by 1 (0.01%) to 25 basis points (0.25%). (One hundred basis points equals one percent.)

*Tier 2 Performance Standard.* The client will be charged by PCI a quarterly performance fee of **\$5,000 per quarter for the initial plan, and \$2,500 per quarter per each additional plan**, based upon the performance through the prior calendar quarter end if the client's plan investment lineup out-performs an all index lineup for the inception-to-date period net of fund fees by 26 or more basis points (0.26%).

PCI will compare the combined fund lineup performance, after investment fund fees, to the combined all index lineup for the inception to date period, using industry accepted methods of calculating returns.

"Since Inception" is an annualized performance metric,  $TR_{sia} = \{ [ (1 + TR_{m1}) \times (1 + TR_{m2}) \times \dots \times (1 + TR_{mn}) ]^{(12/mn)} - 1 \} \times 100$ .  $TR_{sia}$  is defined as Total Return Since Inception Annualized.  $TR_m$  means Total Return monthly for plan, in decimal format.  $m$  is Month. Each fund representing an asset class in the plan line-up and each index benchmark representing an asset class is weighted equally (i.e. 1/13th) in calculating the performance of the combined fund line-up and combined all index line-up; asset classes weightings are not adjusted to reflect the popularity of a particular fund among retirement plan's participants. Target Date Funds will be treated as a series and count as one fund for weighting purposes. Cash equivalent asset class (i.e. Money Market fund) is not included in performance tracking. The name of each individual index benchmark is provided in the performance management service contract. Each individual fund and index benchmark will be valued by Morningstar, Inc. If PCI determines to switch a particular index benchmark representing an asset class in the all index line-up, PCI will give the retirement plan 90 days' written notice in advance of such switch.

#### Vendor Management Performance Fee:

Performance tracking will begin at the effective date of the Agreement. In order to participate in this performance fee program, the client understands that PCI will promptly attempt to negotiate with the current vendors and/or move the plan to a different vendor should the Plan's fees not be in the lowest quartile. However, in no instance will PCI begin negotiations or move the Plan to a different vendor without first notifying the client.

*Tier 1 Performance Standard.* The client will be charged by PCI a quarterly performance fee of **\$1,875 per quarter for the initial plan, and \$950 per quarter per each additional plan**, based upon the performance through the prior calendar quarter end if the client's plan fees are in the lowest 50th percentile of the fees for plans of similar size.

*Tier 2 Performance Standard.* The client will be charged by PCI a quarterly performance fee of **\$2,500 per quarter for the initial plan, and \$1,250 per quarter per each additional plan**, based upon the performance through the prior calendar quarter end if the client's plan fees are in the lowest 25th percentile of the fees for plans of similar size.

On a quarterly basis, PCI will compare the retirement plan client's annual fees charged to the plan against the fees charged to plans of similar size. Plans of similar size is based on number of participants with account balances and total plan assets at the end of the most recent calendar year. PCI will use an independent third party for each area of the fee comparison. The third-party provider will calculate the fee quartiles and provide PCI with a report identifying the fee rate of the lowest quartile. The comparison is a comparison of retirement plan client's plan to other plans of like size. PCI will utilize the independent third party 401(k) Averages Book for comparing record keeper fees, including administration, trustee, custodian, testing, and reporting. PCI will utilize the independent third-party Fiduciary Decisions, formerly Fiduciary Benchmarks) for comparing Adviser fees. PCI will utilize the independent third party Strategic Insight (formerly Brightscope) for comparing auditing fees. PCI will aggregate the fees charged for the various areas and compare to the aggregate fees charged of plans of similar size as provided by the independent third parties.

#### Participant Management Performance Fee:

Performance tracking will begin at the effective date of the service agreement. PCI will use the client plan's participant income score to determine this performance fee. The projected participant income replacement is a calculated forecast of the percentage or portion of the average plan participant's income that will be replaced in retirement through retirement plan and social security distributions. A projection of 70% is commonly observed as the industry standard for a target rate of income in retirement to maintain a similar standard of living.

*Tier 1 Performance Standard.* The client will be charged by PCI a quarterly performance fee of **\$1,875 per quarter for the initial plan, and \$950 per quarter per each additional plan**, based upon the performance through the prior calendar quarter end if the client plan's projected participant income replacement is between 70.0% and 79.9%.

*Tier 2 Performance Standard.* The client will be charged by PCI a quarterly performance fee of **\$2,500 per quarter for initial plan, and \$1,250 per quarter per each additional plan**, based upon the performance through the prior calendar quarter end if the client plan's projected participant income replacement score is 80% or higher.

The client must (i) implement automatic enrollment starting at a minimum deferral rate of 4% with automatic escalations of 1% per year until capped at a minimum of 10%, and must also

conduct a one-time automatic re-enrollment of all eligible participants currently deferring less than 4% of compensation if the plan's projected participant income replacement is below 70% at the time of engagement. The client (ii) may also collaborate with PCI to provide unlimited one-on-one retirement guidance for eligible plan participants via video, teleconference, or telephone.

PCI will collect retirement plan data from the client and the client's record keeper to project the average income replacement percentage for the client's eligible plan participants. The data used for this projection includes the following elements: total eligible participants, average age, average annual income using IRS compensation limits, average account balance, average annualized assumed market return, average annualized inflation rate, retirement age of 67, depleted funds when the participant reaches age 95, Social Security assumption, and annual contribution amounts. To calculate a plan's average income replacement score, PCI will first determine the future value (FV) of contributions to the plan during the accumulation phase,  $FV = [PV(1+R)^n] + (PMT\{[(1+R)^n - 1]/R\})$ . PCI will then determine the retirement income stream (PMT) that could be generated from this value,  $PMT = PV/(\{[1 - (1+R)^{-n}]/R\}[1+R])$ . Finally, PCI will compare the retirement income stream calculation to the average participant's current income to determine if the Plan meets the 70% projected participant income replacement goal.

In a case of one client with multiple plans which serve the same plan participants, the plans' data may be combined for the purposes of measuring income replacement. The determination of whether to combine the plans for the calculation will be based on whether a substantial majority of the smaller plan's eligible participants are also eligible for the larger plan. The plan with the largest number of eligible participants will be used to determine the number of eligible participants, average age, and average annual income, while metrics from both/all plans will be combined to determine average account balance and average contribution amounts. The participant management performance fee, if applicable, will be charged per plan.

### **Fees for Grandfathered Retirement Plan Services**

For the grandfathered Retirement Plan Services provided by PCI, if PCI cannot determine the value of the investments at quarter end, it will request the amount in writing from the client. If the client does not respond within fifteen (15) days, PCI will calculate the fee using the last known valuation. If this option is utilized by PCI, once the quarter end values are determined the true quarter end fee will be calculated and a subsequent correction, whether an additional fee is to be charged or credit given, will be made on the next quarter's invoice.

#### **B. Fees For PERFORMANCE-DRIVEN RETIREMENT PLAN MANAGEMENT Services Under an Agreement Effective Dated Prior To July 2019 (grandfathered)**

The fees charged for PERFORMANCE-DRIVEN RETIREMENT PLAN MANAGEMENT Services with an agreement that went into effect prior to July 2019 match the fees described in Item 5 Section A

#### **C. Fees For 3(38) CORE COMPLETE and 3(21) CORE COMPLETE (grandfathered):**

The fees charged for 3(38) CORE COMPLETE, 3(21) CORE COMPLETE and 3(38) Retirement Plan Management services are billed in advance each calendar quarter, calculated based on the total fair market value of the plan on the last day of the prior quarter, and are charged according to the following schedule:

<b><u>Tier Level</u></b>	<b><u>Asset Size</u></b>	<b><u>All Years</u></b>	
1	First \$10,000,000	0.270%	
2	Next \$15,000,000	0.120%	
3	Next \$25,000,000	0.080%	
4	Next \$25,000,000	0.040%	
5	Next \$25,000,000	0.030%	
6	Over \$100,000,000	0.000%	Maximum asset based fee is \$82,500

A total minimum fee of \$13,500 annually is required for 3(38) CORE COMPLETE, 3(21) CORE COMPLETE and 3(38) Retirement Plan Management services (grandfathered).

#### D. Fees For ERISA COMPLETE (grandfathered)

The fees charged for ERISA COMPLETE services are as follows and billed on a quarterly basis (grandfathered):

<b><u>Tier Level</u></b>	<b><u>Total Plan(s) Value</u></b>	<b><u>Fixed Annual Fee</u></b>
1	\$0 – 10,000,000	\$11,000
2	\$10,000,001 – 25,000,000	\$13,750
3	\$25,000,001 – 50,000,000	\$21,500
4	\$50,000,001 – 75,000,000	\$23,000
5	\$75,000,001 – 100,000,000	\$31,000
6	Over \$100,000,000	\$36,000

#### E. Fees For 3(38) INVESTMENT COMPLETE AND 3(21) INVESTMENT COMPLETE services (grandfathered):

The fees charged for 3(38) Investment COMPLETE and 3(21) Investment COMPLETE services are billed in advance each calendar quarter, calculated based on the total fair market value of the plan on the last day of the prior quarter, and are charged according to the following schedule:

<b><u>Tier Level</u></b>	<b><u>Asset Size</u></b>	<b><u>All Years</u></b>	
1	First \$10,000,000	0.170%	
2	Next \$15,000,000	0.070%	
3	Next \$25,000,000	0.040%	
4	Next 10,000,000	0.030%	
5	Over \$60,000.000	0.000%	Maximum asset based fee is \$40,500

A total minimum fee of \$8,500 is required for Investment COMPLETE Services (grandfathered).

#### F. Fees For VENDOR MONITORING (grandfathered)

**Annual Fee:** Annual fees are assessed based on the number of plans monitored at a specific record keeper. The initial plan is \$4,500 annually per record keeper. Multiple record keepers for a plan will result in a \$4,500 annual fee per record keeper. Each additional plan with the same record keeper is an additional \$2,250 annually.

In the first calendar year of the Vendor Monitoring engagement, the Annual Fee will be divided equally for the remaining calendar quarter(s) and billed in advance via invoice each calendar quarter. A calendar year is defined as January 1<sup>st</sup> through December 31<sup>st</sup>. In subsequent years, 1/4 of the annual fee will be billed in advance via invoice each calendar quarter. The full annual service is considered delivered once the VMR is presented to the committee. If either party terminates a Vendor Monitoring schedule and the service has not yet been delivered, all time expended by PCI up to the date of termination will be calculated at the consultants hourly rate and the corresponding fee will be deducted from fees paid in advance by the client; under no circumstances will the hourly fee for such early termination exceed the Annual Fee. The final invoice will be forwarded to the client for payment. Any refund due to the client will be promptly issued by PCI. If the service has been delivered, no refund shall be issued.

#### G. Fees For RETIREMENT PLAN AS NEEDED SERVICES (grandfathered)

Fees for RETIREMENT PLAN AS NEEDED SERVICES are generally quoted on an hourly rate, which is dependent upon the nature of the services and the position and skill of the person performing the work. Hourly rates are between \$68 - \$290 per hour. Alternatively, the fee may be quoted on a project basis.

Hourly fees are charged in quarter hour increments. If the requested RETIREMENT PLAN AS NEEDED SERVICES are expected to exceed three (3) hours, PCI will provide an estimate of the number of hours to complete the consulting after the client has provided information to PCI identifying a particular issue or issues for which the client is requesting the advice or consultation of PCI. If PCI anticipates exceeding the estimated amount of hours required, PCI will contact the client to receive the client's written authorization to provide additional services. The fee for such additional services will be billed monthly after the work is completed and is due within thirty (30) days of receipt of the billing invoice unless through another Schedule, the client is being billed quarterly, in which case, the fee for the RETIREMENT PLAN AS NEEDED SERVICES will be billed each quarter after the work is completed and is due within thirty (30) days after the quarter end.

If the fee for RETIREMENT PLAN AS NEEDED SERVICES is quoted on a project basis, PCI will receive the client's written authorization prior to providing any consultation that will incur project fees. The fee quoted on a project basis will be billed monthly after the work is completed and is due within thirty (30) days of receipt of the billing invoice unless through another Schedule, the client is being billed quarterly, in which case the fee for RETIREMENT PLAN AS NEEDED SERVICES will be billed each quarter after the work is completed and is due within thirty (30) days after the quarter end. Fees for RetireAdvisers® Consulting Services.



### **Fees for RetireAdvisers® Consulting Services**

For the RetireAdvisers® Consulting Services provided by PCI, clients will be charged a fee as described in the applicable Schedule(s). Asset based fees are charged at the beginning of each calendar quarter in advance of the work being completed and are calculated on the total value of account(s)\* on the last day of the previous quarter and are due within thirty (30) days of each quarter end.

Fees charged by PCI will not be based on the capital gains or the capital appreciation of the client's account(s). The client will notify PCI within ten (10) days of receipt of an invoice if the client disputes any billing entry. PCI's advisory fee may be higher or lower than that charged by other consultants offering similar services and programs.

The fees reflect all time spent by PCI gathering and compiling the client's information, conferring with the client, and/or any other activities directly associated with carrying out PCI's obligations under the services agreement. At its discretion, PCI may impose a late payment service charge of up to 18% annualized, charged monthly, not to exceed the maximum allowable by Missouri law on late payments.

The fees charged by PCI, whether they are based on a percentage of assets, hourly, or charged on a per-project basis, are in addition to other costs charged by third parties for custodial, legal, or accounting tasks.

All fees paid to PCI for consulting services are separate and distinct from the commissions charged by a broker-dealer and separate from asset management fees charged by an investment adviser if the client has elected to implement PCI's recommendations through an investment adviser that is not affiliated with PCI.

If PCI cannot determine the value of the investments at quarter end, it will request the amount in writing from the client. If the client does not respond within fifteen (15) days, PCI will calculate the fee using the last known valuation. If this option is utilized by PCI, once the quarter end values are determined the true quarter end fee will be calculated and a subsequent correction, whether an additional fee is to be charged or credit given, will be made on the next quarter's invoice.

Fees are prorated (based on the number of days services will be provided) for partial billing periods. If services begin other than on the first day of the quarter, the prorated fee for the initial partial quarter will be calculated on the total account(s) value on the last day of that initial calendar quarter, billed in arrears, and prorated from the effective date of the Schedule, or from 15 days after its execution if no effective date is indicated. The initial prorated fee for the initial partial quarter's services will be billed at the same time as the first full quarter's fees are billed in advance.

PCI does not reasonably expect to receive any other compensation, direct or indirect, for its services. If PCI receives any other compensation for such services, PCI will (i) offset that

compensation against its stated fees, and (ii) will disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to the client.

If any additional services are required beyond those detailed in the appropriate Schedule, those services must be approved by the client in writing. For additional services provided on an hourly basis, the hourly rate will vary upon the nature of the services and the position and expertise of the person performing the work. Hourly rates are between \$68 - \$290 per hour. Those additional services will be billed each quarter after the work is completed and the fees are due within thirty (30) days after the quarter end. The client will authorize any broker/dealer or mutual fund sponsor who maintains custody of the client's assets to automatically deduct all fees owed to PCI from the client's account(s) then held in their custody and to pay such fees directly to PCI when they are due.

The Retirement COMPLETE Services may be terminated by either party at any time without penalty upon receipt of thirty (30) days written notice of termination. There is no penalty or "termination fee" for the termination of services. If either party terminates the services during a billing quarter, the client will be charged a prorated fee based on the number of days that services were provided on the total account(s) value as of the previous quarter end and if PCI has received fees in advance, PCI will promptly issue a prorated refund to the client. If the client terminates the Retirement COMPLETE Services within fifteen (15) days of executing the services agreement, the client will receive a full refund of PCI's advisory fees.

If the client terminates the RetireAdvisers® As Needed Services, the client will be responsible for immediate payment of any consulting work performed by PCI prior to PCI's receipt of the client's notice of termination. PCI will issue a final invoice to the client. For consulting charged under an hourly arrangement, the client will pay PCI for any hourly fees incurred at the rates described in RetireAdvisers® As Needed Services Schedule. For consulting charged under a fixed fee arrangement, the client will pay for the hours worked by PCI multiplied by the hourly rate of the consultants who provided services, whose maximum rate is \$290. In the event that there is a remaining balance of any fees paid in advance after the deduction of fees invoiced, PCI will refund those remaining proceeds to the client.

Upon termination of RetireAdvisers® Consulting Services, PCI will have no obligation to recommend or take any action with regard to the portfolio. If the client terminates the RetireAdvisers® Consulting Services within fifteen (15) days of executing the RetireAdvisers® Consulting Services Agreement, the client shall receive a full refund of all consulting fees. If the RetireAdvisers® Consulting Services is terminated after fifteen (15) days from the date of executing the Agreement, then any prepaid consulting fees shall be prorated and the unused portion shall be returned to the client.

### **Rollover IRA Compensation Conflict of Interest Disclosure**

PCI or its associated persons may recommend to individual clients the rollover of client's retirement plan assets to an IRA. This creates a conflict of interest because PCI's

compensation may increase if the client rolls funds out of the retirement plan into an IRA managed by PCI. Thus, PCI has an economic incentive to recommend a rollover which biases the objectivity of the advice rendered by PCI on whether to rollover retirement plan assets to an IRA. It is the express policy of PCI that all persons associated in any manner with the firm must place the interests of PCI clients ahead of their own when implementing rollover recommendations. PCI and its associated persons shall compare and contrast the options available when considering rolling over retirement plan assets to an IRA. This will be documented on a form and signed by the client.

#### A. Fees For RETIREMENT COMPLETE SERVICES

The fees charged for RetireAdvisers® Consulting Services are billed in advance of the work being completed and are calculated on the total value of account(s)\* on the last day of the previous quarter and are due within thirty (30) days of each quarter end, and calculated according to the following schedule:

Engaged Assets*	Up to \$500,000	\$500,001 - \$1,000,000	\$1,000,001- \$1,500,000	\$1,500,001- \$2,000,000	\$2,000,001- \$2,500,000	\$2,500,001- \$3,000,000	\$3,000,001- \$4,000,000	Over \$4,000,000
Fee Schedule	\$6,500	Plus 0.600%	Plus 0.500%	Plus 0.400%	Plus 0.400%	Plus 0.300%	Plus 0.150%	Plus 0.050%

\*Accounts are identified by being listed on the client's Authorization to Debit Fees from My Account form including, but not limited to, all marketable securities, mutual fund shares, certificates of deposit, limited partnerships, unit investment trust shares, and amounts invested in variable annuity and variable insurance products.

#### B. Fees For RETIREADVISERS® AS NEEDED SERVICES

Fees for RetireAdvisers® As Needed Services may be charged on an hourly or fixed fee basis. Hourly fees will be charged in quarter hour increments and the hourly rate charged will be determined based on the nature and complexity of the client's circumstances, as well as the individual conducting the requested consulting services. Hourly rates are between \$68 - \$290 per hour. PCI will estimate the total number of hours needed to complete the requested consulting services and if PCI anticipates exceeding the estimated amount of hours required, PCI will contact the client to receive authorization to provide additional services.

#### **Newsletters**

Newsletters are provided to clients and prospective clients free of charge.

#### ***Proxy Consulting and Research Services***

PCI also offers consulting and research services to Pension and Profit Sharing Plan Sponsor clients to assist them in managing and fulfilling their proxy voting responsibilities. Our Proxy Consulting and Research Services are offered solely for plan assets invested in mutual funds.

Clients may contract with us to develop appropriate proxy policies and procedures, including among other things, compliance with the plans written statement of investment and / or proxy policy, delegation of proxy voting authority, procedures for monitoring mutual fund governance, proxy voting research and consultation.

Our services, however, do not include the voting of proxies.

*FEES:* Proxy Consulting and Research Services are generally quoted on an hourly rate which is dependent upon the nature of the services and the position and expertise of the person performing the work. Hourly rates are between \$68 - \$290 per hour. Alternatively, the fee may be quoted on a project basis. Both hourly and project work will be billed on a quarterly basis, in arrears, for 3(38) CORE COMPLETE, 3(21) CORE COMPLETE, 3(38) Investment COMPLETE, 3(21) Investment COMPLETE, and ERISA COMPLETE clients. Other clients will be billed monthly, in arrears.

At our discretion, charges for the Proxy Consulting and Research Services are negotiable for engagements that are significant in volume or scope, and charges also may be discounted for first time clients of this service.

PCI will never hold client funds greater than \$1200 for more than six months in advance of completion of the services rendered.

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

There are conflicts of interest PCI faces by managing performance-based accounts at the same time as managing asset based, non-performance-based accounts. One way PCI may favor performance fee accounts is that we may devote more time and attention to performance fee accounts than to accounts under an asset-based fee arrangement.

There are other conflicts associated with performance fees that are not as common under an asset-based fee arrangement. The nature of performance fees can encourage unnecessary speculation with client assets in order to earn or increase the amount of the fee. The result of riskier investments can have a positive effect in that results could equal higher returns when compared to an asset-based fee account. On the other hand, riskier investments historically have a higher chance of losing value. Also, since in a performance fee arrangement an adviser is compensated based on capital gains or capital appreciation, these arrangements could give an investment adviser an incentive to time transactions in a client's account on the basis of fee considerations rather than on what is in the best interest of the client.

Performance fees can cause an investment adviser to engage in transactions or strategies which will increase the amount of the performance fees, but which may not increase the overall performance of the client's account. This is a conflict of interest. For example, an account may lose value during a year and no performance fee will be earned. In the following year, PCI may receive a performance fee for simply recouping losses from the previous year. A performance fee may also encourage PCI to make riskier and more speculative investments. PCI does not represent that the amount of the performance fees or the manner of calculating the performance

fees is consistent with other performance related fees charged by other investment advisers under the same or similar circumstances. The performance fees charged by PCI may be higher than the performance fees charged by other investment advisers for the same or similar services.

PCI has established policies and procedures to address the various conflicts of interest associated with charging a performance fee:

- PCI devotes equal time to the management of performance fee accounts and asset-based fee accounts.
- Only clients that are able to assume additional risk are solicited to engage in a performance fee arrangement. PCI limits participation in the performance fee arrangement to plans that have aggregate assets of at least \$5 million. PCI provides such clients full disclosure of the additional risks associated with a performance fee arrangement.
- Client accounts eligible to be charged a performance-based fee must reach pre-determined and agreed upon threshold standards before the performance-based fee is charged (See Item 5 for details).
- The investment performance, participant management performance and vendor management performance fees are calculated internally. The metrics used to calculate the performance fees are determined, valued, or obtained (as applicable) from independent third-party sources. The investment performance is verified by an independent third-party quarterly. The vendor fees and performance benchmarks are determined by and obtained from independent third-party sources. The values and calculations for all performance fees are audited internally.

Performance based fee arrangements of PCI will comply with Section 205(e) of the Investment Advisers Act of 1940. According to Section 205(e) (see Rule 205-3 thereunder), only natural individual clients or companies meeting the SEC's definition of "qualified clients" may enter into agreements providing for performance-based compensation to PCI. A natural person or company must meet the following conditions to be considered a qualified client:

- Have at least \$1,000,000 under management with PCI at the time the client enters into an agreement with PCI; **or**
- Provide documentation to PCI so that PCI will reasonably believe the client has either a net worth of \$2,100,000 or is a qualified purchaser under Section 2(a)(51)(A) of the Investment Company Act.

## **Item 7 – Types of Clients**

Pension Consultants generally provides investment advice to the following types of clients:

- Individuals
- High-Net Worth Individuals
- Pension and profit sharing plans
- Trusts, estates or charitable organizations

All clients are required to execute an agreement for services in order to establish a client arrangement with PCI.

### **Minimum Investment Amounts Required**

**PERFORMANCE-DRIVEN RETIREMENT PLAN MANAGEMENT:** PCI limits participation in the performance fee arrangement to plans that have aggregate assets of at least \$5 million. PCI provides such clients full disclosure of the additional risks associated with a performance fee arrangement.

**3(38) CORE COMPLETE (*grandfathered*), 3(21) CORE COMPLETE (*grandfathered*), 3(38) Investment COMPLETE (*grandfathered*), 3(21) Investment COMPLETE (*grandfathered*), and ERISA COMPLETE (*grandfathered*):** PCI requires a minimum annual fee of \$13,500 for its 3(38) CORE COMPLETE, 3(21) CORE COMPLETE and 3(38) Retirement Plan Management services, \$8,500 for its 3(38) Investment COMPLETE and 3(21) Investment COMPLETE services, and \$11,000 for its ERISA COMPLETE services. These minimum fees may prevent PCI from rendering its services to the sponsors of smaller plans.

**RetireAdvisers® Retirement COMPLETE:** PCI requires a minimum annual fee of \$6,500 for RetireAdvisers® Retirement COMPLETE. This minimum fee may prevent PCI from providing these services to clients whose accounts are less than \$500,000 in assets. PCI retains the discretion to reduce the minimum annual fee.

### **Item 8 – Methods of Analysis and Risk of Loss**

PCI's primary evaluation focus is on analysis of money managers, with a secondary focus on analysis of individual securities. PCI established internal philosophical and investment level principles intended to guide the investment advice that is provided. PCI's philosophical and investment level principles are available upon request.

PCI may use the following methods of analysis in formulating investment advice:

Charting - The set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

Cyclical - Analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

**Fundamental** - A method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

**Technical** - A method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

### **Risk of Loss**

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities.

- **Market Risk** – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- **Equity (Stock) Market Risk** – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

- Company Risk – When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk – When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk – Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – Investments in an ETF or mutual fund bear additional expenses based on the pro rata share of the ETFs or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

### **Item 9 – Disciplinary Information**

*Item 9* is not applicable to this Disclosure Brochure because there are no legal or disciplinary events in the past 10 years that are material to a client's or prospective client's evaluation of our business or integrity.

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

PCI is **not** and does **not** have a related company that is a (1) broker/dealer, municipal securities dealer, government securities dealer or broker, (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), (3) other investment



adviser or financial planner, (4) futures commission merchant, commodity pool operator, or commodity trading adviser, (5) banking or thrift institution, (6) accountant or accounting firm, (7) lawyer or law firm, (8) insurance company or agency, (9) pension consultant, (10) real estate broker or dealer, or (11) sponsor or syndicator of limited partnerships.

## **OTHER BUSINESS ACTIVITIES**

PCI is a SEC registered investment adviser. As discussed above, PCI provides a broad range of services to pension and profit sharing plans, their sponsors, plan participants, and other individuals and families.

Certain of these services, including PCI's ERISA and Vendor Services, do not involve the giving of investment advice. Vendor Services includes a broad range of services to assist pension and profit sharing plan sponsors to identify and evaluate third- party vendors that will provide necessary support services to the plan. The fees charged for such services are separate and distinct from the advisory fees earned by PCI in the grandfathered services identified above. No client is obligated to utilize PCI for this service, nor is any non-advisory client obligated to utilize the advisory services of PCI.

As part of its Fiduciary Consulting service to clients, PCI will from time to time recommend that clients purchase or sell securities, including stocks, bonds, mutual funds and variable insurance and annuities. Although clients of PCI ultimately decide how to implement these recommendations, related persons of PCI may facilitate the implementation of the recommendations with the client's custodian.

PCI may retain individuals on its staff who are separately licensed as attorneys, however, PCI is not a law firm. As is defined by the bodies governing law practice within the states in which PCI does business, PCI does not engage in the unauthorized practice of law; PCI does not provide legal services; and PCI does not provide the protections that would be allotted to persons engaged in an attorney-client relationship. If assistance is needed in making legal determinations, counsel in the appropriate jurisdiction should be retained, and Pension Consultants may continue to provide consulting services, if needed.

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

### **Code of Ethics Summary**

PCI has adopted a Code of Ethics that sets forth high ethical standards of business conduct that PCI requires of its employees, including compliance with applicable federal securities laws. Our Code of Ethics also includes policies and procedures for the review of quarterly securities transaction reports as well as initial and annual securities holdings reports that must be submitted by PCI's covered persons. Among other things, PCI's Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our Code also includes oversight, enforcement and recordkeeping

provisions. A copy of PCI's Code of Ethics is available to PCI's advisory clients upon request to the Chief Compliance Officer at PCI's principal office address.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

PCI or its associated persons may buy or sell for their accounts, investment products identical to those recommended to clients. This creates a potential conflict of interest. It is the express policy of PCI that all persons associated in any manner with the firm must place the interests of our clients ahead of their own when implementing personal investments. PCI and its associated persons shall not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of his/her employment unless the information is also available to the investing public upon reasonable inquiry. In order to minimize this conflict of interest, securities recommended by PCI are widely held and publicly traded.

## **Item 12 – Brokerage Practices**

Clients are under no obligation to act on the financial planning recommendations of PCI. If the firm assists in the implementation of any recommendations, PCI is responsible to ensure that the client receives the best execution possible.

### **Brokerage Recommendations**

For compliance and operational efficiencies, PCI has decided to recommend our individual clients use broker/dealers and other qualified custodians determined by PCI. PCI has negotiated with its recommended broker/dealer(s) to provide the benefits of reduced broker/dealer transaction and/or account fees, and the ability to invest on an institutional platform which affects the share classes and associated fees available to clients. Clients are under no obligation to act on our recommendations. Clients may select a broker/dealer or account custodian other than those PCI uses, although this may limit PCI's ability to deliver some services, including implementing recommendations. Individual clients should understand that not all investment advisers require the use of a particular broker/dealer or custodian. Some investment advisers allow their clients to select whichever broker/dealer the client decides. By recommending clients use a particular broker/dealer, PCI may not achieve the most favorable execution of client transactions and recommending the use of specific broker/dealers may cost clients more money than if the client used a different broker/dealer or custodian.

### **Handling Trade Errors.**

PCI has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of PCI to correct trade errors in a manner that is in the best interest of the client. In all situations where the client does not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by PCI if the error was caused by the firm. If the error is caused by the broker/dealer or custodian, the broker/dealer or custodian will be

responsible for handling the trade error. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction.

### **Block Trading Policy**

Transactions implemented by PCI for client accounts are generally affected independently, unless the firm decides to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by the firm when PCI believes such action may prove advantageous to clients. PCI does not aggregate orders as our advice is customized to each client and typically limited to mutual fund holdings.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reports**

Clients are strongly urged to compare any reports received from PCI against their brokerage account statements received from the account custodian. Discrepancies between the reports received from PCI and the statements received from the account custodian should be reported to PCI and the account custodian immediately.

## **PERFORMANCE-DRIVEN RETIREMENT PLAN MANAGEMENT**

*INVESTMENT REVIEWS and REPORTS:* PCI will act as ERISA 3(38) Investment Manager with respect to the selection of investment funds, including regularly reviewing, monitoring, adding, and/or removing investment funds from its coverage and buy lists when it believes those changes are in the best interest of PCI clients. PCI will communicate investment changes to the client and directly instruct the plan's record keeper regarding any changes made to the plan's investment lineup. PCI will provide the client with an Investment Policy Statement for their plan.

*VENDOR REVIEWS and REPORTS:* PCI will monitor the vendors of the plan (including, e.g., but not limited to the plan's record keeper, auditor, other adviser, or legal counsel), including a review of the services provided and fees incurred in the preceding calendar year.

*PARTICIPANT REVIEWS and REPORTS:* PCI will gather plan participant metric data, calculate the projected income replacement of an average eligible participant in a client's plan, and compare it to the 70% income replacement goal. PCI will not provide ongoing monitoring or reviews of Plan Participant accounts.

### *PERFORMANCE REPORTS:*

Investment Performance Report – Intended to report in a transparent and simple way the since-inception performance of a plan's investment lineup compared to the index lineup representing

the Plan's investment line-up benchmark (net of fund fees) to indicate whether the Plan is meeting the performance standard.

Fees Performance Report – Intended to report in a transparent and simple way the fees paid by the plan compared to the benchmark for plans of similar size to indicate whether the plan is meeting the performance standard.

Contributions Performance Report – Intended to report in a transparent and simple way the projected income replacement of an average eligible participant in Client's plan compared to a 70% income replacement goal to indicate whether the Plan is meeting the performance standard.

**3(38) CORE COMPLETE (grandfathered), 3(21) CORE COMPLETE (grandfathered), 3(38) Investment COMPLETE (grandfathered), and 3(21) Investment COMPLETE (grandfathered):**

*INVESTMENT REVIEWS:* These plan sponsor clients will receive a thorough review of the investments in their plan's lineup no less than quarterly. The review will compare actual return and risk performance with guidelines in IPS. If guidelines are not met it will be reflected in the client's quarterly report. Investments on the PCI buy and coverage list have an in-depth review performed for the purpose of determining if the investment should be on watch, retained or replaced. Changes to a client's investment options will be chosen from PCI's current buy list for the client based upon the criteria reflected in the client's quarterly report. Clients may also contract with PCI for more frequent reviews or to conduct investment research on investments outside of PCI's coverage or buy list. PCI will provide the client with the current Investment Policy Statement for their plan.

The Investment Committee of PCI will determine the investment changes for PCI's buy and coverage list. The PCI Investment Consultant will implement fund changes for plans under PCI's discretion and notify Fiduciary Consulting clients not under PCI's discretion of investment recommendations from the PCI buy list. See Item 16 below for additional information.

*REPORTS:* Clients are provided detailed reports listing: account values, comparison data, charts, research materials and recommendations on buy and coverage list funds as appropriate. PCI will provide such reports to client quarterly.

#### **ERISA COMPLETE (grandfathered)**

ERISA COMPLETE clients do not receive investment reviews or reports. Reports to ERISA COMPLETE clients are limited to ERISA technical matters.

#### **RetireAdvisers® Retirement COMPLETE**

*INVESTMENT REVIEWS:* The client will receive a thorough review of the investments on a quarterly basis.

The review will compare actual return and risk performance with the stated objectives and standards outlined in the client's Investment Policy Statement. If those standards are not met, investments on the PCI buy and coverage list will have a more in-depth review performed for the purpose of determining if the investment should be retained or replaced. The Investment Consultant will recommend investment options on PCI's current buy list to the client based upon the criteria outlined in the IPS including the client's risk tolerance and investment objectives after consideration of the tax consequences.

Clients may also contract with PCI for more frequent reviews or to conduct investment research on investments outside of PCI's coverage or buy list.

*REPORTS:* Clients are provided detailed reports listing: account values, comparison data, charts, research materials and recommendations on buy and coverage list funds as appropriate. PCI will provide such reports to a client quarterly.

### **AS NEEDED INDIVIDUAL ADVISORY SERVICES**

*REVIEWS:* These client accounts will be reviewed as contracted at the inception of the advisory relationship.

*REPORTS:* RetireAdvisers® As Needed Individual Advisory Services clients may or may not receive investment reports from PCI depending on the nature of the work performed.

### **Vendor Search and Vendor Monitoring Services (grandfathered)**

Plan sponsor clients who receive Vendor Services do not receive investment reviews or investment reports. Reports to Vendor Monitoring or Vendor Search clients are limited to Vendor (retirement plan service provider) technical matters.

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

PCI will enter into agreements with various entities (referring parties) to refer clients to PCI. If a referred client enters into an investment advisory agreement with PCI, a cash referral fee is paid to the referring party. The referral agreements between any referring party and PCI will not result in any charges to clients in addition to the normal level of advisory fees charged.

When a client is referred to us by a referring party, the referring party provides the client with a copy of PCI's Disclosure Brochure as required by the *Investment Advisers Act of 1940*. The client also will complete a Solicitor's Disclosure Statement document. If the referring party is an unaffiliated registered investment adviser firm, then the client will also receive a copy of the referring party's Form ADV Part 2 Disclosure Brochure. If a referred client enters into an investment advisory agreement with PCI, a referral fee is paid to the referring party. The referral relationship will not result in clients being charged any fees over and above the normal advisory fees charged by PCI for the advisory services provided.

The referral agreements between PCI and referring parties are in compliance with state and federal securities rules regarding paid solicitor arrangements.

PCI has a policy to not accept gifts of any value from current or potential service providers to PCI clients. In keeping with this policy, PCI does not accept gifts or allow services providers to pay for PCI travel expenses (including due diligence trips), meals or entertainment. PCI does not accept direct or indirect compensation from service providers.

*Please see Item 5, Fees and Compensation, Item 10, Other Financial Industry Activities and Affiliations and Item 12, Brokerage Practices, for additional discussion concerning other compensation.*

### **Item 15 – Custody**

Custody, as it applies to investment advisers, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

PCI is deemed to have custody of client funds and securities whenever PCI is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody PCI will ever maintain. For most of PCI's advisory services, the client is requested to pay advisory fees upon receipt of a billing invoice. However, PCI's advisory fees are directly deducted from the client's account for clients who have contracted for RetireAdvisers® Retirement COMPLETE and RetireAdvisers® As Needed services. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which PCI is deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from PCI. When clients have questions about their account statements, they should contact PCI or the qualified custodian preparing the statement.

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

PCI will maintain non-discretionary trading authorization and/or investment discretion over certain client accounts upon receiving written authorization from a client.

When authority for investment discretion is granted by a retirement plan client through PCI's investment advisory agreement under the schedule for PERFORMANCE-DRIVEN

RETIREMENT PLAN MANAGEMENT, 3(38) CORE COMPLETE (grandfathered), or 3(38) Investment COMPLETE (grandfathered), PCI will have the authority to (a) make all investment decisions regarding the investment options that will be made available to the retirement plan's participants without consulting with the retirement plan in advance of such investment decisions in accordance with the retirement plan's investment policy statement and (b) directly instruct the record keeper regarding any changes in the investment options of the retirement plan. PCI will be responsible for making decisions regarding the timing of buying or selling an investment. The record keeper may require a signed authorization from the retirement plan prior to making an investment option change which may delay how quickly an investment option may be changed. Investment option changes may take 60 days or more from notification to complete.

When a client has granted PCI discretionary authority, the client may place reasonable limitations on the discretionary power granted to PCI so long as the limitations are specifically set forth or included as an attachment to the client agreement.

PCI will maintain non-discretionary trading authorization for 3(21) CORE COMPLETE (grandfathered), 3(21) Investment COMPLETE (grandfathered), RetireAdvisers® Retirement COMPLETE and RetireAdvisers® As Needed clients. PCI's authority to implement trades on a **non-discretionary** basis means that PCI is required to contact the client prior to implementing changes in the client's account. If the client is not able to be reached or is slow to respond to PCI's request, it can have an adverse impact on the timing of trade implementations and PCI may not achieve the optimal trading price. If the client has granted non-discretionary trading authority to PCI, the client will be contacted and required to accept or reject PCI's investment recommendations including:

- The security being recommended
- The number of shares or units; or dollar amount; or percentage of holding
- Whether to buy or sell

Once the above factors are agreed upon, PCI will place the trade order with the client's custodian.

All clients have the ability to place reasonable restrictions on the types of investments that may be purchased in an account.

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

To the extent that a client has not engaged PCI for Proxy Consulting and Research Services, PCI will not vote proxies on behalf of the client's account. While there are some investment advisers that will vote proxies and other corporate decisions on behalf of their clients, PCI has determined that taking on the responsibility for voting client securities does not add enough value to the services provided to clients to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is the client's responsibility to vote all proxies for securities held in the client's accounts. Clients will receive proxies directly from their custodian or transfer agent and such documents will not be delivered by PCI. PCI may offer assistance as to proxy matters upon a client's request, but the client always retains the

responsibility for voting proxies. A client may contact PCI if the client has a question about a particular proxy.

PCI's Proxy Consulting and Research Services are offered solely for plan assets invested in mutual funds. To assist in managing and fulfilling the Plan Sponsor clients' proxy voting responsibilities, Plan Sponsor clients may contract with PCI to develop appropriate proxy policies and procedures, including among other things, compliance with the plan's written statement of investment and/or proxy policy, delegation of proxy voting authority, procedures for monitoring mutual fund governance, and proxy voting research and consultation. PCI does not vote client proxies.

#### **Item 18 – Financial Information**

This item is not applicable to this brochure. PCI does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, PCI is not required to include a balance sheet for PCI's most recent fiscal year. PCI is not subject to a financial condition that is reasonably likely to impair PCI's ability to meet contractual commitments to clients. Finally, PCI has not been the subject of a bankruptcy petition at any time. *(Please refer to Information Required by Part 2B of Form ADV: Brochure Supplement for more information).*