



**PlanMember Securities Corporation**  
**Investment Adviser Brochure**  
(Form ADV Part 2A) for  
Retirement & Investment Programs

March 31, 2023

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This brochure provides information about the qualifications and business practices of PlanMember Securities Corporation. If you have any questions about the contents of this brochure, please contact us at 800.223.7608 or 800.874.6910. 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 our firm is available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

The terms "Registered" and "Registered Investment Advisor" do not imply a certain level of skill or training.

## **Material Changes**

PlanMember Securities Corporation (“PlanMember”) maintains separate Brochures that describe specific programs with similar traits. This Brochure will address PlanMember’s Retirement & Investment Program (the “Program”), through which it acts as a fiduciary for retirement plans subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), pursuant to Section 3(38) of ERISA, or as an investment adviser for plans not subject to ERISA.

There are no material changes in this brochure since March 30, 2022.

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## **Advisory Business**

### Advisory Firm

PlanMember Securities Corporation “PlanMember”, “we,” “our,” and/or “us”) is registered with the Securities and Exchange Commission (SEC) as both a broker-dealer and an investment adviser. PlanMember has been providing investment advisory services since 1994. Jon M. Ziehl is the founder and President of PlanMember and has been in the financial services industry since 1980. PlanMember is a direct subsidiary of PlanMember Financial Corporation. More than 25% of a voting class of securities of PlanMember Financial are held by Mr. Ziehl and, indirectly, by Equitable Distribution Holdings. Equitable Distribution Holdings is a member of the Equitable.

As used in this Brochure, “Your PlanMember Professional” or “Financial Professional” refers to the PlanMember financial professional who is responsible for your account. The terms “you,” “your,” and/or “client” refer to you as either a current or prospective client of PlanMember. As used in this Brochure, the term “Associated Person” may refer to any or all of the following: PlanMember officers, employees, and/or any individuals providing investment advice on behalf of PlanMember.

### Advisory Services

Under the Program, PlanMember primarily provides two distinct advisory services: first, it assists an employer (or a group of employers) (“Plan Sponsor”) with the selection of investment options for retirement plans (“Plans”); and, second, it makes available the PlanMember Asset Allocation Portfolios (the “Portfolios”) as an investment option for the Plans. In its first role, PlanMember drafts a comprehensive investment policy statement for the Plan, selects and monitor investment options available under the plan, provides periodic investment due diligence reports to the Plan Sponsor, and from time to time adds, removes, or replaces investment options available under the Plan. With respect to Plans that are subject to ERISA, PlanMember performs these services in its capacity as a fiduciary under Section 3(38) of ERISA, unless otherwise agreed upon by PlanMember and the Plan Sponsor; with respect to plans that are not subject to ERISA, PlanMember performs these services in its capacity as a registered investment adviser under the Investment Advisers Act of 1940, as amended.

In its second role, PlanMember will make available the Portfolios as an investment option for the Plan. The Portfolios are a series of professionally managed, risk-based investment portfolios with investment objectives ranging from stability of principal and inflation protection to maximum long-term growth. PlanMember selects and monitors the investments utilized within each Portfolio, monitors each Portfolio to ensure that its allocation is consistent with its stated investment, and, at its discretion, periodically reallocates and/or rebalances the Portfolios based on its evaluation economic and financial market factors. Each Portfolio is comprised of multiple mutual funds, but it is “unitized” to appear as a single investment option for the ease of Plan participants. PlanMember performs these services in its capacity as a registered investment adviser under the Investment Advisers Act of 1940, as amended.

In addition to these advisory services, PlanMember will also provide education and support services to both Plan Sponsors and the participants in the Plans. These services include providing Plan Sponsors with updates on legislative and regulatory changes that may impact the plans and updates on trends in the retirement plan marketplace, as well as changes in contribution limits. For Plan participants, PlanMember will provide access to the PlanMember Service Center (a call center for individual clients), perform seminars on relevant retirement subjects, develop personalized retirement planning services, and provide separation from services counseling for participants who are leaving their employer. In addition, PlanMember will provide ongoing financial wellness education to participants.

As of 12/31/2020, PlanMember managed a total of \$6.19 billion on a discretionary basis.

## **Fees and Compensation**

PlanMember charges fees of up to 0.50% annually of assets invested in the Plan for investment fiduciary services. Fees for each plan are disclosed in the services agreement between PlanMember and the Plan Sponsor.

For its investment management services with respect to the Portfolios, PlanMember charges an annual fee of up to 0.50% of assets invested in the Portfolios. This fee is paid only by participants who select one of the Portfolios. This fee includes a portfolio unitization fee of 0.025% paid to Matrix Trust Company.

In certain cases, PlanMember will, out of the revenue it receives for its investment advisory services, pay a Financial Professional a fee for participant education and support services. In other cases, a separate fee will be charged for the services provided by the Financial Professional.

### **Performance-Based Fees and Side-By-Side Management**

This item is not applicable because PlanMember does not charge performance-based fees.

### **Types of Clients**

PlanMember provides advisory services to individuals, pension and profit sharing plans and other ERISA accounts, trusts, estates, and business entities.

### **Account Requirements**

There is no minimum investment required to establish a Program plan account. There is also no investment minimum with respect to participant accounts.

### **Methods of Analysis, Investment Strategies and Risk of Loss**

#### *Selection of Plan Investment Options*

PlanMember seeks to provide a diversified universe of investment options for each Plan, selected by the investment staff at PlanMember. Each investment option is selected for factors that are expected to produce either reasonable growth or preservation of capital, or the combination of both of these objectives.

When adding an investment option, or replacing a deleted investment option, the following criteria are considered:

- Attractiveness of asset class
- Favorable historical relative investment performance and/or attractive risk characteristics
- Diversification among fixed-income or equity style classes
- For fixed-income funds, diversification among issuer type/rating, yield/spread, and/or time to maturity and duration
- For equity funds, diversification among market capitalization, investment style, and/or sector
- Specific client requests, if any

The ongoing due diligence of investment options in the program includes the following:

- Attendance at conferences and meetings sponsored by the investment companies, at which investment strategists, economists, portfolio managers and analysts discuss company events and investment strategy
- Participation in teleconference calls with investment managers
- Review of prospectuses, annual and semi-annual reports, press releases and other relevant information provided by the investment companies as needed
- Review of external sources of investment option evaluation, such as Morningstar
- Analysis of investment characteristics
- Analysis of investment performance, including preparation and analysis of fund comparisons
- Analysis of investment risk characteristics, including correlation between funds

Active management of the Plan investment options may occasionally require removal of a specific investment option. Investment options may be removed for one or more of the following reasons:

- Unsatisfactory investment performance, either absolute or relative
- Change in investment objective
- Change in structure
- Change in portfolio manager or management team
- Portfolio assets or structure are not in agreement with the objectives of the investment option
- Replacement in favor of another investment option with similar investment objective
- Investment option closure

- Removal of an asset class, based on top-down analysis

Changes to the investment options may be made at any time. The PlanMember Investment department will communicate any recommended changes to the Plan Sponsor prior to the deletion of any fund(s).

### *PlanMember Asset Allocation Portfolios*

For the PlanMember Asset Allocation Portfolios (the “Portfolios”), PlanMember utilizes strategic asset allocation, i.e. a top-down approach, in the management of Portfolios. Portfolios are primarily constructed using mutual funds, which are an investment vehicle that provides diversification in a cost-effective manner. Within each plan, clients can generally pick from a series of five portfolios (labeled I through V) that graduate risk from conservative to aggressive. One typically finds higher equity allocations in the more aggressive portfolios, and higher fixed-income allocations in the more conservative portfolios.

PlanMember’s investment process can be divided into 3 main parts:

1. **Economic Framework:** PlanMember develops a broad, intermediate to long-term view of the global economy and financial markets.
2. **Portfolio Strategy:** PlanMember develops its strategy for each managed portfolio. Such strategy may increase or decrease expected portfolio risk or shift into or out of investments based on their perceived attractiveness.
3. **Mutual Fund Selection and Weighting:** PlanMember’s investment strategy is then translated into specific mutual fund weightings. Adjustments to the strategy can be made depending on strengths and weaknesses of the individual mutual funds being used. PlanMember also implements a monitoring process to identify if and when another portfolio reallocation or rebalancing should occur.

Decisions to change portfolio weightings rely on Strategic Rebalancing Events (SREs). These events can be classified into the following categories (but are not exclusive).

- Changes in economic circumstances
- Financial market disparities
- Drift-based repositioning
- Repositioning based on the characteristics of individual mutual funds

### Risk of Loss

Investing involves risk. The investment return and principal value will fluctuate and, when redeemed, the investment may be worth more or less than the original purchase price.

By its nature, asset allocation looks to the long-term. Selection of investment options and management of the Portfolios are intended to provide for the growth and security of retirement savings.

While there is risk in all investments, some carry a greater degree of risk or higher costs. There is no guarantee that the investment strategy selected for the plan will result in the participants’ goals being met, nor is there any guarantee of profit or protection from loss.

PlanMember is disclosing those risks and opportunities for our investment strategy or for particular types of securities used.

- High yield, high risk bonds generally involve more credit risk. These securities may also be subject to greater market price fluctuations than lower yielding higher rated debt securities. Fixed income investments are subject to interest rate risk and values may decline in an increasing interest rate environment.
- The return of principal for the bond holdings is not guaranteed. Fund shares are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings.
- Investing outside the United States entails additional risks, such as currency fluctuations, as more fully described in the prospectus.
- Small cap and Mid-cap investments may have additional risk, including greater price volatility.

- Money market funds have relatively low risks, compared to other mutual funds (and most other investments). By law, they can invest in only certain high-quality, short-term investments issued by the U.S. Government, U.S. corporations, and state and local governments. Money market funds try to keep their net asset value (NAV), which represents the value of one share in a fund, at a stable \$1.00 per share. However, the NAV may fall below \$1.00 if the fund's investments perform poorly. Investor losses have been rare, but they are possible.
- There may be tax consequences for short-term trading wherein capital gains are taxed as ordinary income. Additionally, some Funds charge short-term trading fees that are more fully disclosed in the Fund families' prospectus.
- While diversification through an asset allocation strategy is a useful technique that can help to manage overall portfolio risk and volatility, there is no certainty or assurance that a diversified portfolio will enhance overall return or outperform one that is not diversified. An investment made according to one of these asset allocation models neither guarantees a profit nor prevents the possibility of loss.
- Investment portfolio rebalancing is subject to market risk primarily that the value of redeemed and purchased shares may vary during the rebalancing process, resulting in gains or losses to your account.

## Disciplinary Information

An investment advisor must disclose material facts about any legal or disciplinary event that is material to a client's evaluation of the advisory business or of the integrity of its management personnel.

2010. NASD Rules 2110, 3010-PlanMember outsourced its mutual fund breakpoint determinations to a third party vendor. Due to software programming error PlanMember's vendor failed to take certain B shares into consideration when determining PlanMember's customers' breakpoints. As a result, the Firm's customers (39 accounts) were overcharged for their mutual fund purchases. During this period, the firm did not have in place a system or procedures for supervising the vendor's breakpoint determinations. The Firm's decision to outsource breakpoint determinations to a third party did not relieve the Firm of its ultimate responsibility for the outsourced activity. During the relevant period, PlanMember failed to have in place adequate policies and procedures to monitor the outside vendor's compliance with the terms of its agreement with the Firm, and to assess the outside vendor's continued fitness and ability to perform the outside activities. The Firm failed to properly supervise its outside vendor to ensure that it was adequately carrying out the outsourced functions.

Without admitting or denying the findings, PlanMember Securities Corporation consented to the described sanctions and to the entry of the findings; therefore, it was censured and fined \$20,000.

2018. MSRB Rules G-17, G-27, and G-30 – During the period from October 1, 2015, through December 31, 2015, PlanMember was found by the FINRA to have committed municipal securities fair pricing and related supervision violations with respect to 8 transactions in 3 accounts, in violation of Municipal Securities Rulemaking Board regulations.

Without admitting or denying the findings, PlanMember consented to the described sanctions and to the entry of the finding; it was fined \$18,500 and paid restitution in the amount of \$5,808, plus interest.

2019. Investment Advisers Act Sections 206(2) and 207. During the period from January 2014 to June 2018, PlanMember purchased, recommended, or held for advisory clients mutual fund share classes that charged 12b-1 fees instead of lower-cost share classes of the same funds for which the clients were eligible. PlanMember and its associated persons received 12b-1 fees in connection with these investments. PlanMember failed to adequately disclose in its Form ADV or otherwise the conflicts of interest related to (a) its receipt of 12b-1 fees, and/or (b) its selection of mutual fund share classes that pay such fees.

Without admitting or denying the findings, PlanMember Securities Corporation entered into a settlement with the U.S. Securities and Exchange Commission (SEC), agreeing to disgorge the 12b-1 fees it had received, plus interest, in the total amount of \$3,550,660.48 and be censured, but the firm was not assessed any fines.

2019. FINRA Rules 3010, 3110, 2330(d)(1), 2210, and 2010. During the period July 2012 to June 2016, PlanMember is alleged to have failed to establish, maintain, and enforce a supervisory system reasonably designed to achieve compliance with respect to four aspects of its business: the review of variable annuity exchanges; the review, approval, and retention of consolidated reports; the review of e-mail and customer correspondence; and the review of its registered representatives' business-related websites and social media.

On July 3, 2019, PlanMember, without admitting or denying the findings of FINRA, entered into a letter of Acceptance, Waiver, and Consent ("AWC") to settle the alleged violations. As conditions of its settlement, PlanMember consented to a censure and a monetary fine of \$90,000.

## **Other Financial Industry Activities and Affiliations**

PlanMember is not, but Investment Advisor Representatives and Registered Representatives of the firm are licensed as securities salespersons ("Registered Representatives") and insurance agents and are in the business of selling securities and insurance products. The sale of these products account for approximately 50% of time allocated.

Investment Advisor Representatives of PlanMember are associated with PlanMember Securities Corporation, a dual registrant, as Registered Representatives. PlanMember is a general securities broker/dealer having membership in the Financial Industry Regulatory Authority. PlanMember is a wholly owned subsidiary of PlanMember Financial Corporation, a diversified financial services company engaged in the design and sale of investment products. We may recommend securities, asset management, or insurance products. If clients purchase these products through us, we will receive the normal fees. Thus, a conflict may exist between our interests and those of advisory clients. The client is under no obligation to purchase products recommended, or to purchase products either through PlanMember.

Investment Advisor Representatives and Registered Representatives of the firm may be licensed with several life, disability, and other insurance companies. Insurance products offered by these companies may be recommended. If clients purchase these products through us, we receive the normal compensation. Thus a conflict of interest may exist between our interests and those of advisory clients. The client is under no obligation to purchase products recommended, or to purchase products either through us or through these insurance companies.

PlanMember may exercise agreements with other Registered Investment Advisors and recommend other Advisors to clients. In such instances, PlanMember may receive a portion of the account fee or commissions. In these instances, we will make available to the client a "Compensation Disclosure Statement" and the Investment Advisor Brochure for the other Advisor. The client is under no obligation to use the services of the other Advisor(s) recommended.

PlanMember is affiliated by common ownership with PlanMember Services Corporation ("PSC"), a pension administration and recordkeeping company, registered with the SEC as a transfer agent. PSC will perform client level recordkeeping and plan administration for PlanMember clients enrolled in the PlanMember Advisor and PlanMember Preference Programs and may receive fees for such services from the Fund Companies.

## **Fiduciary Duty with Respect to Retirement Plan Accounts and IRAs**

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

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

### Code of Ethics

PlanMember maintains a Code of Ethics. The Code of Ethics sets forth standards of conduct expected of advisory personnel; requires compliance with federal securities laws; and, addresses conflicts that arise from personal trading by advisory personnel.

### Personal Trading

At times PlanMember and/or its IA Reps may take positions in the same securities as clients, and we will try to avoid conflicts with clients. The firm and its IA Reps will generally be "last in" and "last out" for the trading day when trading occurs in close proximity to client trades. We will not violate our fiduciary responsibilities to our clients. Scalping (trading shortly ahead of clients) is prohibited. Should a conflict occur because of materiality (i.e. a thinly traded stock), disclosure will be made to the client(s) at the time of trading. Incidental trading not deemed to be a conflict (i.e. a purchase or sale which is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price), would not be disclosed at the time of trading.

## **Brokerage Practices**



## *Selection or Recommendation of Broker/Dealers*

Because the principal and IA Reps of PlanMember are also registered representatives, if clients freely choose to implement advice through us, the broker/dealer is one in the same. PlanMember performs "due diligence" on mutual funds, limited partnerships, and insurance products. Only those investments that meet firm requirements will be on the PlanMember "approved product list" and be offered for sale to clients.

## **Soft Dollar Practices**

PlanMember may receive compensation from a brokerage firm in the form of products or services ("soft dollars"). When a firm uses client brokerage commissions to obtain soft dollars, the firm receives a benefit by not having to produce or pay for such items. A firm may have an incentive to select or recommend a broker/dealer based on soft dollars received, rather than best execution for the client.

PlanMember understands its duty for best execution and considers all factors in making recommendations to clients. These research services may be useful in servicing all PlanMember clients and may not be used in connection with any particular account that may have paid compensation to the firm providing such services. While PlanMember may not always obtain the lowest commission rate, PlanMember believes the rate is reasonable in relation to the value of the brokerage services provided.

## **Review of Accounts**

On a daily basis, PlanMember monitors market conditions as well as significant developments related to the general economy. Plan sponsors and participants will also receive normal and customary brokerage or custodial statements from the custodians at which their assets are held. These brokerage or custodial statements are typically generated monthly whenever there is activity in the account or at least quarterly.

Participants will be contacted in writing and/or via telephone on an annual basis to determine whether there have been any material changes to their financial situation or investment objectives that may affect their asset allocation recommendation. Any clients who feel they may have such a change will be directed to consult with PlanMember. It is the client's responsibility to notify PlanMember at any time there are changes.

## **Client Referrals and Other Compensation**

### Referral Fees Paid

Typically, PlanMember does not pay for client referrals with respect to the plans, although PlanMember may do so with respect to other clients in other Programs. All promoters' agreements comply with the Investment Advisers Act of 1940 and the SEC Marketing Rule of 2022. In addition, all applicable federal and state laws will also be observed. All clients procured by promoters will be given full written disclosures describing the terms and fee arrangements between the advisor and the promoters prior to or at the time of entering into the advisory agreement.

## **Custody**

For Program clients, PlanMember does not deduct its own fees or otherwise have custody of any Plan funds or assets. Rather, the Plan sponsor generally authorizes the Plan custodian to automatically deduct Adviser's fees from the Plan. Clients receive normal and customary custodial account statements at least quarterly, which detail the amount of advisory fees debited from an account. Clients are strongly encouraged to review all statements carefully and compare them accordingly. Clients, not account custodians, are responsible for verifying the accuracy of all fees.

## **Investment Discretion**

Unless otherwise agreed upon between PlanMember and the plan sponsor, PlanMember provides discretionary investment management services under ERISA Section 3(38). This authority includes the responsibility to select the investment fund options available under the ERISA Plan. In addition, in providing non-discretionary investment advisory services to Plan clients, the investment options recommended by PlanMember may include managed portfolios developed

by PlanMember. If the Plan client selects those managed portfolios, PlanMember has full discretionary authority over investment management of the Plan assets invested in the PlanMember-managed portfolios including, but not limited to, determination of the asset class allocations and selection of the underlying investments for each portfolio, adjustment of the asset class allocations, and the addition, removal or modification of the underlying investments.

### **Voting of Client Securities**

PlanMember does not have any authority to and does not vote proxies on behalf of plan sponsors. Plan sponsors retain the responsibility for receiving proxy materials and voting proxies for any and all securities maintained in client portfolios.

### **Privacy Policy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact Sean Haley, Chief Compliance Officer, at 805-684-1199 if you have any questions regarding this policy.

### **Financial Information**

Investment advisors who have discretionary authority or custody of client funds or securities are required to disclose any financial condition that is reasonably likely to impair its ability to meet its contractual obligations to clients. PlanMember has no such conditions to disclose.