

ADV Part 2A  
Item 1 – Cover Page



USI Securities, Inc.

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March 30, 2023

This Brochure provides information about the qualifications and business practices of USI Securities, Inc. If you have any questions about the contents of this Brochure, please contact us at (860) 652-3239. 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.

USI Securities, Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

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

## **Item 2 – Material Changes**

Set forth below is a summary of material changes in this brochure from our last annual update. Our last annual update of this Brochure was dated March 30, 2022.

- No material changes to report.

Should any material changes occur in the future, we will ensure that you receive a summary of these changes within 120 days of the close of our business fiscal year (which is December 31st) or, if required by regulations, sooner.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested, free of charge, by contacting the USI Compliance Department at (860) 652-1089 or [Jim.cutler@usi.com](mailto:Jim.cutler@usi.com).

**Additional information about USI Securities is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with USI Securities who are registered, or are required to be registered, as investment adviser representatives of USI Securities.**

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## **Item 4 – Advisory Business**

### **USI SECURITIES**

USI Securities (the “Firm”) was established in 1998 and is registered with the Securities and Exchange Commission as both a broker-dealer and a registered investment adviser. The majority of USI Securities' business activity stems from its role as a broker-dealer, where securities transactions are conducted at the request of a client in return for a commission. A small portion of USI Securities' business activity is derived from its role as a registered investment adviser, where investment advice is provided to retail and institutional plan sponsor clients.

### **ADVICE INCIDENTAL TO BROKERAGE SERVICES**

USI Securities is registered with the Securities and Exchange Commission as a broker-dealer under the Securities Exchange Act of 1934, and its principal business activity is as a securities broker-dealer. When acting as a broker-dealer, USI Securities may provide investment advice to its customers (“Brokerage Services Customers”) which is incidental to the brokerage services provided to such customers and for which USI Securities does not receive any special compensation (i.e., compensation other than the usual and customary commissions paid by customers for brokerage services). Such incidental advice is provided by individuals who are registered representatives of USI Securities (“Broker-Dealer Representatives”). Incidental advice may also be provided by Broker-Dealer Representatives in the form of investment planning services or seminars which are also incidental to their brokerage services activities and for which no special compensation is received. Customers who receive only brokerage services from USI Securities, including incidental investment advice from Broker-Dealer Representatives, are not considered by USI Securities to be investment advisory clients, and as such, USI Securities does not provide continuous monitoring of these brokerage customer accounts.

### **SUMMARY OF ADVISORY SERVICES**

USI Securities is also registered with the Securities and Exchange Commission as a Registered Investment Adviser. When USI Securities is acting as an investment adviser (rather than as a broker-dealer), the investment advisory services provided by USI Securities to select institutional plan sponsor clients (“Institutional Clients”) includes the recommendation of an outside investment advisor, selected and made available by the outside recordkeeper, to provide either non-discretionary/3(21), or discretionary/3(38) advisory services to the plan sponsor (“Institutional Advisory Services”).

USI Securities will perform any advisory service for an Institutional Client as a fiduciary as defined in the Investment Advisers Act of 1940 and will act in good faith and with the degree of diligence, care, and skill that a prudent person rendering similar services would exercise under similar circumstances. When providing advisory services, the Firm will solely be making recommendations to the Institutional Client, and Institutional client retains full discretionary authority or control over the final investment decisions of the retirement Plan. The Institutional Client is not required to implement any recommendations made by the Firm or to otherwise conduct business through the Firm. USI Securities will not be responsible or act as a fiduciary with respect to any other functions or services rendered to the Institutional Client or the Plan by other entities or persons, including outside unaffiliated investment advisors/managers.

**In relation to Institutional Advisory Services, USI Securities provides investment advice insofar as it assists institutional plan sponsor clients with selecting either a non-discretionary/3(21), or discretionary/3(38) advisor, provided and made available by an outside recordkeeper, to provide advisory services to the plan sponsor. USI Securities does not formulate or directly provide investment advice on individual securities (and never has custody or discretion over client assets).**

**As of December 31, 2022, USI Securities has \$0.00 in assets under management.**

#### INSTITUTIONAL ADVISORY SERVICES

The USI Securities advisory program offers Institutional Advisory Services primarily to small business retirement plans. The program was created for emerging retirement plans with assets from \$5 million to \$0 and was designed to guide retirement plan trustees through complex regulatory requirements in order to meet their fiduciary obligations – in the most effective and efficient manner. USI Securities' Adviser Representatives will assist certain Institutional Clients with the selection of either a non-discretionary/3(21) advisor or discretionary/3(38) manager, who will then provide varying levels of investment guidance and advice to said Institutional Clients regarding various types of investment vehicles to be utilized in their retirement plan.

In relation to the Firms Institutional Advisory Services, USI Securities provides indirect investment advice insofar as it assists institutional Clients in selecting an unaffiliated third-party investment advisory firm and an associated retirement plan custodian. USI Securities does not formulate or directly provide investment advice (and never has custody or discretion over client assets). Consequently, it also does not provide 3(38) discretionary investment management services.

## **Item 5 – Fees and Compensation**

### **FEES FOR INSTITUTIONAL ADVISORY SERVICES**

Fees are generally subject to negotiation; however, the Firm reserves the right to refuse to engage certain Institutional Clients based on the type, size, and/or the nature of services requested by the proposed account. Additionally, some scenarios may involve the implementation of a minimum fee/charge, which will be specified in the Investment Advisory Agreement. USI Securities will typically receive compensation from the Program Sponsor selected by the Institutional Client, who calculates and deducts various fees directly from Institutional Client accounts based upon contractually agreed upon terms.

In general, the advisory fees are deducted from the Advisory Client's accounts on a quarterly basis, provided that the Client has given written authorization to the Program Sponsor for the automatic deduction. Depending upon the Program being utilized, the Program Sponsor may charge advisory fees either in advance or in arrears of when services are actually rendered. The Client may terminate the contract at any time. In the event of contract termination, regardless of whether fees are charged in advance or in arrears of when services are actually rendered, the advisory fees will be prorated for the number of days in which the accounts were open.

### **OTHER FEES, CHARGES, AND EXPENSES FOR ADVISORY SERVICES**

This section provides general information regarding fees, charges and expenses that may apply beyond the advisory fee. Such charges, fees, expenses and commissions are exclusive of and in addition to the total advisory fee, and USI Securities will not receive any portion of them.

In addition to the total advisory fee, assets invested in mutual fund portfolio shares and/or exchange traded funds are subject to various other fees and expenses that are paid by those portfolios, but ultimately borne by clients as shareholders. These expenses, which are described in the portfolio's prospectuses, may include investment advisory, administration, distribution, transfer agent, custodial, legal, audit, and other customary fees/expenses related to investments in mutual funds.

For those Clients that utilize separate account investment management programs, the separate account manager(s) selected within the Program will typically charge a portfolio management fee that may or may not be included in the total advisory fee charged by the Program Sponsor. Some separate account investment managers may be willing to negotiate a lower portfolio management fee in certain circumstances. These circumstances

typically involve the investment of a significantly higher level of assets than is usual, as determined by the Program's Sponsor.

In addition, Clients may pay separate transaction-based commissions for execution (i.e., an advisory fee plus brokerage commission arrangement). Thus, the investment manager's fee is for asset management services only. It may happen that an investment manager assists in facilitating brokerage transactions for establishing custodial services, but the costs of such transactions and services are not included in the investment manager's fee. Rather, such costs are a separate expense of the Client.

Certain Programs may include alternative investments (e.g., real estate investment trusts, hedge funds, notes, private placements, and/or other pooled investment vehicles) that are subject to various other fees and expenses that are paid by the investment manager, but are ultimately borne by Clients who invest in these alternative investments. These expenses, which are described in the Offering Materials, may include investment advisory, administration, distribution, transfer agent, custodial, legal, audit, brokerage, appraisal, accounting, and other customary fees/expenses related to investments in the respective type of investment vehicle.

Some investment management firms may offer an advisory fee plus brokerage commission arrangement or an all-inclusive wrap fee arrangement, in which case the Client selects the most favorable fee option based on the Client's objectives and preferences. The wrap fee option may cost more or less than purchasing such services separately. In some cases where the Client's account will have relatively low turnover rates, the wrap fee option may be more costly.

Additionally, Clients may incur certain charges imposed by custodians, brokers, third-party investment managers, and other third-party providers. Such fees may include, but are not limited to, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, other fees and taxes on brokerage accounts and securities transactions, recordkeeping and administrative fees, etc.

Comparable programs or services may be available from sources other than these Program Sponsors for fees, which may be lower, or higher, than those discussed and/or specified above.

Please review the prospectuses, offering materials and/or other comparable documents for each investment recommended by the Program Sponsor for a description of applicable fees, charges and expenses associated with the investments. Also, please review the Program Sponsor's Form ADV Part 2A (including the Appendix 1 wrap fee program brochure, if applicable), as well as the Program Sponsor's investment advisory agreement

for details regarding fees, charges and expenses which are directly and/or indirectly related to the Program and services provided through the Program Sponsor.

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

USI Securities does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). The Client should carefully read all materials provided by a Program Sponsor to determine whether the Client will be subject to this type of fee structure through a given Program.

## **Item 7 – Types of Clients**

### INSTITUTIONAL ADVISORY SERVICES

Through the advisory program USI Securities will primarily provide Institutional Advisory Services to small business owner retirement plan clients, as well as select corporate pension and profit-sharing plans.

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

### INSTITUTIONAL ADVISORY SERVICES

USI Securities, may refer Institutional Clients to a particular Program Sponsor based upon a multitude of factors. These factors include, but are not limited to: the USI Securities advisory representative's familiarity with a given Program; features and benefits provided by the Program that appear to align with the needs and goals of the Client; structure, costs, and past performance history of Program Sponsor; presentation materials available for participant education; etc.

The Program Sponsor, in execution of its duties to a Institutional Client, may choose to utilize any method of securities analysis or investment strategy that it deems appropriate in fulfilling its obligations to the Client. USI Securities encourages the Client to read carefully all materials provided by the Program Sponsor to ensure the Client understands these important factors. USI Securities will assist the Client by helping them to understand these matters, answering Client questions, and obtaining additional information from the Product Sponsor (if so requested by the Client).

**Investing in securities involves risk of loss that Clients should be prepared to bear.**



USI Securities does not guarantee that the investment advice of any Program Sponsor will be profitable or that any Program Sponsor will be able to meet the investment objectives of any Client. Past performance should never be viewed as a guarantee of future performance.

All investments bear different types and degrees of risk. While the Program Sponsor's investment strategies are designed to provide appropriate investment diversification, some investments have significantly greater risks than others. Moreover, while diversification and asset allocation are effective strategies to help you manage risk, they do not guarantee against loss. Clients should always be cognizant of the fact that obtaining higher rates of return on investments entails accepting higher levels of risk. The Program Sponsors' investment strategies are designed to seek a balance between risks and rewards to achieve the stated investment objectives. Clients need to ask questions about investment risks they do not understand. USI Securities' advisory representatives would be pleased to discuss any questions clients have regarding these Programs or, where appropriate, refer clients to a representative of the Program Sponsor.

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

USI Securities, as a registered investment adviser, is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of our firm or the integrity of our firm's management. USI Securities has no information applicable to this Item.

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

USI Securities is actively engaged in the business activity of a securities broker-dealer. USI Securities spends approximately 98% of its time on securities brokerage activities. USI Securities engages primarily in the sale of various types of securities; including, but not limited to, mutual funds, group annuities and variable life insurance.

USI Securities is also a licensed insurance agency offering traditional insurance products (e.g., life insurance, annuities, disability insurance, and long-term care insurance).

Advisory representatives of USI Securities (in its role as a registered investment adviser) are typically also both registered representatives of USI Securities (in its role as a securities broker-dealer) and insurance agents with USI Securities (in its role as a licensed insurance agency).

Certain USI Securities Broker-Dealer Representatives/Insurance Agents (“Producer”), who may also be Advisory Representatives of USI Securities, may provide certain investment or insurance services to meet a financial goal or objective (e.g., retirement funding, educational funding, estate liquidity, long-term care expenses, and disability income continuance, etc.). The Producer will not charge a fee for the analyses of products or suitability determination, but hopes that the prospective client will select him/her to implement the investment/insurance strategies designed to meet the financial goal or objective through the purchase/sale of investment and/or insurance products. These services are not related to USI Securities’ registered investment adviser. In the event that these investment/insurance strategies are implemented through the purchase of investment or insurance products, then the Producer will be compensated through commissions.

As noted in Item 4, USI Securities effects securities transactions in its primary business as a securities broker-dealer. In this capacity, USI Securities receives other compensation in the form of dealer concessions and/or 12b-1 fees. USI Securities’ Broker-Dealer Representatives may also receive insurance commissions from various insurance companies, as compensation for the sale of various insurance products to individuals who may also be Advisory Clients and/or Brokerage Services Customers of USI Securities.

The services and/or products offered by USI Securities in its role as either a securities broker-dealer or a licensed insurance agency are completely separate and distinct from its role as a registered investment adviser.

Certain advisory representatives of USI Securities may be dually registered as advisory representatives of USI Advisors, Inc., a registered investment adviser and affiliate company of USI Securities, which is also wholly owned by USIC IG (USIC Investment Group, Inc.) USI Advisors specializes in providing investment advice to institutional clients (e.g., employer sponsored retirement plans, endowments, etc.).

## **Item 11 – Code of Ethics**

USI Securities has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at USI Securities must acknowledge the terms of the Code of Ethics annually, or as amended.

USI Securities' clients or prospective clients may request a copy of the firm's Code of Ethics by contacting the USI Compliance Department at (860) 652-1089 or Jim.cutler@usi.com.

## **Item 12 – Brokerage Practices**

The Program Sponsors that USI Securities has selected for its Institutional Advisory Services offer Programs typically classified as bundled solution retirement plan programs.

USI Securities does not receive any form of soft dollar benefits (i.e., arrangements under which products or services are obtained by an adviser from or through a broker-dealer in exchange for the direction by the adviser of client brokerage transactions to the broker-dealer), nor does it receive any form of other compensation beyond the fully disclosed and Client negotiated advisory fee.

If a client chooses to utilize the Program Sponsor's services, and a particular broker-dealer in connection with the Program Sponsor's services, the charges incurred may or may not be higher than through a competitor. USI Securities does not receive any products, research, services or compensation from other brokerage firms in connection with such transactions.

In relation to Institutional Advisory Services, USI Securities does not have the authority to determine: 1) the securities to be bought or sold; 2) amount of the securities to be bought or sold; 3) broker or dealer to be used; and/or 4) commission rates to be paid. The Program Sponsor, often with no input from the Client, makes these decisions.

## **Item 13 – Review of Accounts**

### **ADVISORY SERVICES**

USI Securities' Investment Committee will conduct an annual review of the various advisory services offered to Clients. These reviews will be for the purpose of determining whether additional or different services should be offered. USI Securities' Investment Committee may review any of the aforementioned services as needs and circumstances dictate and will review new services and/or various other materials as opportunities arise.

### **INSTITUTIONAL ADVISORY SERVICES**

USI Securities' Investment Committee will conduct an annual review of the various Institutional Advisory Services program sponsors offered to Clients. These reviews will be for the purpose of determining whether additional or different program sponsors should be offered. USI Securities' Investment Committee may review any of the services as needs

and circumstances dictate and will review new program sponsors and/or various other materials as opportunities arise.

USI Securities leverages the due diligence performed by the selected program sponsors (plan record keepers or custodians), relying on said sponsor to notify the Firm of any material account changes, and whether the Institutional Client's account has been managed in a manner consistent with the retirement plan's investment objectives and Investment Policy Statement.

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

USI Securities does not directly or indirectly compensate any person or firm for client referrals and prohibits the use of paid endorsements and/or testimonials.

The only compensation that USI Securities receives for advisory services is the stated advisory fee, which is a portion of the total fee paid by the Client in relation to Institutional Advisory Services.

#### **Item 15 – Custody**

USI Securities does not maintain custody of any Institutional Advisory Services Client's assets.

However, Program Sponsors may or may not have custody of a Client's assets. Program Sponsors will typically utilize a qualified custodian to hold Client assets.

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains clients' investment assets. USI Securities urges you to carefully review such statements and compare such official custodial records to the account statements that the Program Sponsor may provide to you. The Program Sponsor's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

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

USI Securities does not maintain or accept discretionary authority over Client assets.

Program Sponsors and/or affiliated investment advisors for Institutional Clients may have discretion, depending upon the Program selected.

Please read all materials provided by the Program Sponsor to determine their level of involvement in selecting the securities purchased or sold, the selection of broker-dealers and/or qualified custodians, etc.

The 3(38) discretionary Program Sponsor will usually receive discretionary authority from the client, at the outset of an advisory relationship, in order to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, the Program Sponsor observes the investment policies, limitations and restrictions of the clients for which it advises. Some Program Sponsors may act as adviser to registered investment companies. In those instances, the Program Sponsor's authority to trade securities for registered investment companies may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to the Program Sponsor in writing.

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

As a matter of firm policy and practice, USI Securities does not have any authority to and does not vote proxies on behalf of any type of advisory client. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios.

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

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. USI Securities has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding. In addition, USI Securities does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance of providing Financial Planning services.