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March 31, 2024

## **Part 2A of Form ADV: Firm Brochure**

This Brochure provides information about the qualifications and business practices of Financial Engines Advisors L.L.C. ("FEA"), an investment adviser registered with the United States Securities and Exchange Commission ("SEC"). Registration does not imply a certain level of skill or training. If you have any questions about the contents of this Brochure, please contact us at 1-800-601-5957. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

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



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## **Item 2: Material Changes**

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This document includes updates to the Firm's Form ADV Part 2A that have occurred since the last annual amendment was filed on March 31, 2023. These changes relate mainly to the addition of certain new and expanded service offerings by the Firm.

Financial Engines Advisors L.L.C. has not had any material changes to this Brochure since the last annual update dated March 31, 2023.

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## **Item 4: Advisory Business**

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Financial Engines Advisors L.L.C. ("FEA" or "Edelman Financial Engines" or the "Firm") is an investment advisory firm registered with the United States Securities and Exchange Commission ("SEC"). FEA provides comprehensive financial advisory services to clients to help them meet their financial and retirement goals. We offer a suite of services that provide different levels of interaction with FEA based upon the unique needs of each client. We are a fiduciary for our advisory services, and none of our planners receive commissions or fees tied to the sale of certain types of products (see Item 10 for more information on commissions and fees).

FEA was established in 1997; Edelman Financial Services was founded in 1986. On November 1, 2018, Financial Engines Advisors L.L.C. (sometimes referred to as "legacy FE" or "legacy Financial Engines") and Edelman Financial Services, LLC (sometimes referred to as "legacy EFS" or "legacy Edelman Financial") came together under the FEA ADV to offer investment advisory services to clients. The name of the registered investment advisor remains Financial Engines Advisors L.L.C.; our overall business primarily operates using the name "Edelman Financial Engines". In all circumstances, advisory services are provided by Financial Engines Advisors L.L.C., the investment advisory firm registered with the SEC.

The principal owner of FEA is Edelman Financial Engines, LLC. The ultimate parent company of Edelman Financial Engines, LLC, and in turn FEA, is Edelman Financial Engines, L.P.<sup>1</sup>

### **I. Overview of Advisory Services**

Edelman Financial Engines provides technology-enabled investment advisory services, including financial planning, investment management and retirement income solutions, for a variety of account types including employer-sponsored defined contribution accounts (401(k), 457, and 403(b) plans), individual retirement accounts ("IRAs"), and taxable accounts. We help individuals, either online, through one of our tools or with an advisor representative, develop a strategy to help them reach their investment and retirement goals. We do this by offering a comprehensive set of services, including holistic, personalized plans for saving and investing, assessments of potential retirement income levels in a variety of scenarios, and the option to speak on the phone or meet face-to-face with an investment advisor representative. As further explained below, our services generally can be accessed either through the workplace, online or through one of our investment professionals. Advisory services are tailored to the individual needs of clients, and clients can impose reasonable restrictions on relevant accounts in consultation with us. Clients participate in a wrap fee program offered by the Firm, for which we receive a portion of the wrap fee for our services.

Edelman Financial Engines works to ensure that clients are engaged with services and tools that will help them achieve their long-term goals in a manner that is appropriate for their needs. Edelman Financial Engines maintains practices to reasonably ensure that clients are directed towards services which will help them work towards those goals in a method that is in their best interest. Edelman Financial Engines has acquired or may acquire certain advisory clients through acquisitions or otherwise. Those clients will generally transition to Edelman Financial Engines models, practices, and methodologies over time in a reasonable manner. For an interim period, they may remain invested, and have their accounts managed and administered, in the manner they were at their legacy firms; including in connection with individual equities, alternative assets, and other holdings established prior to acquisition by EFE.

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<sup>1</sup> Ric Edelman was a co-founder and employee of Edelman Financial Engines. He ceased being an employee and supervised person of the Firm in December 2021.

When we provide investment advice or recommendations to clients regarding their retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act (“ERISA”) and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we are compensated creates some conflicts with our clients’ interests, so we at times operate under a special rule of the US Department of Labor (“DOL”), Prohibited Transaction Exemption (“PTE”) 2020-02, which requires us to act in their best interest and not put our interests ahead of theirs. Under the PTE’s provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of our clients’ when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees and investments;
- Follow policies and procedures designed to ensure that we give advice that is in the client’s best interest;
- Charge no more than is reasonable for our services; and
- Give clients basic information about conflicts of interest.

## **II. Discretionary Advisory Services Offered through the Workplace**

Through a variety of service offerings, Edelman Financial Engines works with participants who have invested in their employer’s retirement plans to manage their workplace retirement accounts and help them reach their retirement goals. The Firm offers the following services for employees’ workplace retirement and other accounts through an agreement between the Firm and the plan and/or the sponsoring employer (“plan sponsor”).

### **Professional Management**

Edelman Financial Engines helps plan participants by providing discretionary investment management for their retirement plan accounts through the Firm’s Professional Management service. That service includes the following features:

- a Retirement Plan or similar document outlining how the Firm will manage and allocate the account. This can include, for example, the account’s portfolio allocation target, suggestions regarding the client’s savings and a forecast regarding their likelihood of achieving their self-articulated retirement goals;
- periodic portfolio monitoring:
  - updates on current retirement account balances and estimated contributions, and a retirement income forecast;
  - the Firm provides suggestions for ways to modify the income forecast, set appropriate risk levels, and get a more holistic picture of likely retirement finances; and
  - Quarterly Retirement Updates outlining, among other things, how the account is performing against goals;
- phone access to investment advisor representatives as well as online account access;

Professional Management is generally made available to plan participants in a defined contribution plan through an agreement between the Firm and the plan sponsor. That agreement will specify the methods of enrollment into Professional Management for eligible plan participants, which may include:

- an “opt-in” method of enrollment where a retirement plan participant actively elects to enroll in the program;

- an “opt-out” method of enrollment where eligible plan participants are automatically enrolled in Professional Management in accordance with plan or plan sponsor specifications, with the ability to withdraw at any time without penalty. With this type of enrollment, Professional Management may be designated as a qualified default investment alternative (“QDIA”), as permitted under ERISA; or
- some combination of both methods, as determined by the plan or plan sponsor and as agreed to by the Firm.

Plan participants who enroll in Professional Management grant the Firm discretionary authority to determine an allocation target for the plan account based upon a variety of inputs provided to the Firm and then to direct the plan provider to execute transactions in a manner designed to achieve that target. This discretionary authority allows the Firm to allocate the client’s plan account among the menu of investment alternatives that have been selected by the plan or plan sponsor, excluding any brokerage window option (if applicable) or other plan restricted investments.

To allow the Firm to provide Professional Management, the plan provider supplies information about each plan participant and the plan account to the Firm. Professional Management clients may provide additional information to the Firm concerning a variety of inputs, including desired retention of company stock, risk preference, asset class exposure limitations, assets held outside the plan, investment objective, and desired retirement age.

The Firm determines an investment strategy and an allocation target based on a reasonable understanding of what is in the best interest of the client, including by considering the client’s current age, an assumption about the retirement age, the available investments for the account, any pension plan information provided, an assumption about risk tolerance that is based on the client’s current age and assumed retirement age, the client’s current portfolio allocation, and any additional information provided by the client. Additional information provided by the client may modify these parameters.

During the period following enrollment, the Firm determines how to transition the account toward the allocation target, directs the plan provider regarding allocation of the account (which may include transfer or exchange directions) and provides directions regarding new contributions to the account. The Firm does not give account directions relating to plan restricted investments. Certain plan sponsor “insiders,” as defined under applicable regulations, and non-U.S. participants in plans, may not be eligible for the Professional Management program.

#### *Income Beyond Retirement*

Professional Management clients may also, if their plan provider has elected to offer this service and if available under the plan sponsor’s agreement with the Firm, access the Firm’s “Income Beyond Retirement” feature. This service provides portfolio management and income payout options to retirees and near retirees from their 401(k) or similar plan account. For those who elect this feature, the Firm manages the client’s portfolio to balance between safety and growth, seeking to protect the ability of the account to generate future income. Income Beyond Retirement also allows additional flexibility for a client to select what portion of their managed account is managed on our standard “growth” objective, and what portion is managed on an “income” objective. Income Beyond Retirement seeks to manage investments and to create payouts that can generally last clients into their early 90s. Upon request, in addition to managing the investment allocations in such accounts, the Firm will work with the plan provider to calculate and facilitate withdrawals from the client’s plan account post-retirement. The Firm does not receive any additional compensation for providing the Income Beyond Retirement service.

Professional Management clients at certain plan sponsors may have access to the Income+ feature of Professional Management, a predecessor feature to Income Beyond Retirement. Income+ offers many of the same features as Income Beyond Retirement but does not permit Professional Management members to select what portion of their account is managed on a “growth” or “income” objective; instead, the member’s account will be managed on an “income” objective only.

Clients pay no additional fees for the Income Beyond Retirement or Income+ features, and they can transition to an Income Beyond Retirement/Income+ portfolio either automatically upon eligibility or at their request (as defined, in part, by the agreement between the Firm and the relevant sponsor). An account balance is maintained for an optional out-of-plan annuity purchase. An in-plan annuity need not be included in a plan’s investment lineup for a plan sponsor to offer Income Beyond Retirement or Income+ to its participants. While the Firm may provide general educational information regarding an out-of-plan annuity, it does not sell or distribute annuities and does not receive any compensation related to out-of-plan annuity purchases made in relation to the Income Beyond Retirement or Income+ features.

Income Beyond Retirement and Income+ availability is subject to establishment of certain data connectivity arrangements between the Firm and the applicable plan provider and is subject to applicable retirement plan provisions related to plan withdrawals.

#### Workplace IRA

Where previously available, plan participants who already have a managed workplace account may have had access to the Firm’s “Workplace IRA” offering, a fee-based individual retirement account (“IRA”) management service offered through the workplace. In some limited circumstances, IRA management services may also have been available to spouses as well as to the plan participants.

#### **Personal Advisor**

If available under the plan sponsor’s agreement with the Firm, plan participants can access our Personal Advisor service. Personal Advisor is a holistic investment advisory service which provides access to a planner and investment management on the participant’s workplace account (as described in the Professional Management section above) and can also provide discretionary investment management on non-workplace assets. The non-workplace assets are invested in either a customized portfolio generated from the Firm’s advice platform or in a model portfolio. Plan participants who select the Personal Advisor service pay an additional fee, as described in Item 5. Personal Advisor requires use of one of the custodians utilized in the Firm’s Wrap Fee Program for the participant’s non-workplace assets, as described in Item 12. For plan participants who do not have access to the Personal Advisor service, comparable investment management of their non-workplace accounts may be available directly through a planner, as described in Section IV below.

### **III. Sub-Advisory Services**

In addition to providing investment advisory and related services directly to clients under arrangements with employer-sponsored plans and plan sponsors, the Firm also has arrangements with certain third parties to provide similar services on a sub-advisory basis. The Firm may license certain technology and software and provide other services to financial services firms to enable those firms to provide investment advisory and related services. For example, the Firm may develop and host customized or private-labeled websites to enable a financial institution to make investment advisory and related services available to that institution’s clients. Depending on the arrangement with the financial institution, the Firm may act as sub-advisor to the financial institution, or the Firm may act as a technology vendor and the financial institution will be responsible for making investment recommendations to its clients. Additionally, at the direction of the third party the firm

may conduct phone-based engagements with plan participants in its capacity as sub-advisor and designated investment expert under applicable DOL rule.

#### **IV. Discretionary Advisory Services through Planners**

Edelman Financial Engines offers investment advisory services for qualified and taxable accounts through planners working in one of our offices nationwide. These services include making and implementing investment decisions for clients based on their needs and providing ongoing advice. In consultation with a client and after consideration of their goals, risk tolerance, investment horizon, and needs, planners will typically prepare a financial plan which takes these factors into consideration and most typically recommend a Firm created model offered through the Firm's Wrap Fee Program. At times we may also recommend a more customized set of investments for a client whose needs are better served outside of one of the standard models offered by the Firm, including where the Firm has acquired assets and clients through acquisition. For more information on the Firm's Wrap Fee Program, please see our Wrap Fee Brochure. Generally, clients who have investable assets below a certain threshold and/or who have less complex financial needs and therefore may not need the same services offered by planners working in an office (including the ability to meet in person) will usually work with a centralized, team-based group of professionals who can help provide services which are more appropriate to such clients' needs. The fee for working with dedicated planners in an office is the same as that for working with professionals in a team-based approach and is outlined in Item 5.

Model portfolios and custom models available through the Wrap Fee Program feature allocation appropriate for each client and their needs. The investments in these accounts include, but are not limited to, equities, cash or cash equivalents, CDs, bonds, and funds registered under the Investment Company Act of 1940, for example, closed-end funds, mutual funds, and exchange traded funds ("ETFs") (collectively referred to as "securities"). Cash equivalent products may include mutual funds and/or ETFs, as well as Federal Deposit Insurance Corporation ("FDIC") insured bank certificates of deposit, or other types of holdings as appropriate. Investments may range across various asset classes.

The securities, asset categories and portfolio weightings vary for each model. In order to determine the model most suited to a client's needs and circumstances, planners speak with clients to discuss their specific situation and review various information provided. Investment objectives and risk tolerance are key factors that help planners recommend an appropriate model. Planners also consider other inputs which can include, but are not limited to, the client's age, health, family circumstances, income, expenses, assets, debts, liquidity needs, goals, personal objectives, and time horizon. Tools are available to help planners and clients choose a model. If a client's investment objectives, risk tolerance or financial situation changes, they are instructed to contact their planner so that appropriate changes, if any, can be discussed and implemented.

Edelman Financial Engines generally manages client accounts and the assets within them on a discretionary basis, in accordance with the client's objectives and goals. There are also situations where certain assets may be, for some period of time, held in a client's account without being managed by the Firm. Unless a different arrangement is agreed to with a particular client, we will not assess an advisory fee for such assets held within an account for longer than what might be considered reasonable under specific circumstances.

Clients may request reasonable restrictions on the types of investments that will be made on their behalf or on the management of their account. A client will ultimately be placed in a model or allocation that the Firm believes is in their best interest and meets their needs, and which allows for such reasonable restrictions as appropriate. A client cannot usually request that we buy specific holdings or types of holdings, although exceptions may be granted. We reserve the right, at our sole discretion, to close an account (or decline to open one) if overly constraining restrictions are requested or the restrictions requested are incompatible with the



client's objectives and/or the portfolio recommended.

The Firm offers clients the ability to aggregate and share with Edelman Financial Engines information concerning other investment and financial accounts established through or held with third parties. While aggregating and sharing such information does not mean that Edelman Financial Engines will manage or advise on those outside accounts, it does help our planners offer more holistic and personalized investment advice to our clients. It is up to each client to decide whether to share such information.

Planners generally prepare and/or discuss a financial plan for prospective clients prior to the commencement of advisory services. As discussed above, this financial plan is based on a variety of factors provided by the client and is designed to assist them in achieving their stated goals and objectives. The financial plan will evolve as we learn more about the client and as their circumstances change. Whether to implement the financial plan with Edelman Financial Engines or elsewhere is entirely at the client's discretion. Clients who choose to implement the financial plan elsewhere will not receive ongoing investment advice from the Firm. The Firm may also offer a retirement review to prospective clients in certain marketing campaigns. The Firm may, at its sole discretion, decline to assist a client with the implementation of investment strategies or choices that have not been recommended or that we deem not to be in the client's best interest.

Our objective is to provide services which are in the best interest of our clients. A conflict of interest exists for our planners as they have an economic incentive to offer certain advisory services, including recommending rollovers to clients from defined contribution, defined benefit, and other plans. This applies to those services for which the advisory fee that Edelman Financial Engines charges, and the compensation that the planner receives, is a function of the assets under management. With respect to rollovers from qualified plans, clients are under no obligation to roll them over to Edelman Financial Engines and should carefully consider all relevant factors before doing so.

While Planners may discuss tax topics, generally, in the context of providing holistic financial planning for certain clients, Planners do not provide legal or actionable tax advice. Clients are advised to work with an attorney or accountant on matters requiring legal or tax counsel. Planners may also at times refer clients to certain other third-party service providers, who could potentially assist them with their needs. In such situations, the Firm introduces the client to the service provider, who then works directly with the client to assist them with those services. The Firm is not compensated for such introductions to these third-parties. Additionally, Edelman Financial Engines, through an affiliate, may assist certain clients with individual tax related items pursuant to the terms in their agreements.

### **Services Available to Address Specific Client Needs**

#### **Retirement Paycheck® Service**

The Retirement Paycheck service is designed to help clients generate a consistent income stream in retirement while remaining invested in the financial markets as a long-term investor. Retirement Paycheck accounts have two components. The income generation component generally places three years' worth of monthly income into lower risk investments, such as U.S. government bonds, FDIC-insured bank CDs, money market funds, or highly rated short-term corporate bonds. After determining how much should be allocated to the income generation component of this service, remaining funds are invested in a highly diversified portfolio to help guard against inflation and increases in the cost of living. The period for which an income stream can be generated depends on the amount of the income to be generated, additional unanticipated withdrawals taken from the account, and market conditions. Clients do not pay any commissions, upfront fees or surrender penalties for this service, and can cancel at any time. Clients do pay a fee in addition to the wrap fee, for fixed income trades which are utilized in the Retirement Paycheck service.

Clients placed in the Retirement Paycheck service authorize the Firm to provide portfolio management services and to direct the investment and reinvestment of the client's assets.

#### Customized Portfolios

Certain Edelman Financial Engines clients can invest in customized portfolios. While the investment management philosophy is the same as for model portfolios, customized portfolios determine appropriate allocations at the household level for individual clients. Accounts enrolled in this feature are regularly monitored and consider factors such as individual tax circumstances, unmanaged assets, concentrated positions, objectives, risk tolerance, and other relevant factors.

#### Management of Held Away Assets

The Firm offers discretionary management services for assets in certain defined contribution plan participant accounts, such as 401(K)s, through a third-party platform. These assets are held away from our primary qualified custodians and are held in the custody of the plan custodian(s). Through this platform, the Firm does not maintain custody of Client assets, as it does not have direct access to Client login credentials required to execute trades. The Firm is not affiliated with the platform in any way and receives no compensation for using their services. A link will be provided to Clients enabling them to connect their account(s) to the platform. Once Client's account(s) is connected, the Firm will review the current asset allocations. In consultation with the Client, and considering their goals, risk tolerance, needs, and investment horizon, the Firm will reallocate the assets in the account. This may include some or all the securities made available through the platform. Once the appropriate allocation is determined, it is continuously and regularly monitored, and rebalanced if necessary.

#### **Turnkey Asset Management Program ("TAMP")**

The Firm's Turnkey Asset Management Program ("TAMP") program makes Wrap Fee Program models available to clients of select unaffiliated investment advisers ("TAMP Advisors"). The wrap fee is shared between Edelman Financial Engines and the TAMP Advisors on a negotiated basis.

#### **V. Non-Discretionary Online Advice**

Online Advice is a dynamic online service that allows individuals to input and/or access information in an online portal in order to obtain advice and information on the holdings within their accounts. This service is non-discretionary in nature and no holdings are bought or sold for clients using Online Advice unless they themselves initiate trading activity. Online Advice is primarily available to participants in employer-sponsored defined contribution plans through an agreement between the Firm and the plan and/or the sponsoring employer. This service is not available to new subscribers or for existing subscriber renewals.

Once certain information is provided by the client into the Online Advice service, or upon that information being provided automatically where available, the Firm's Online Advice service will generate:

- a forecast of the client's potential future account value or the potential annual retirement income based upon the information provided;
- a forecast of the likelihood that a client will achieve their self-reported retirement income or account value goals, taking into consideration the total household investment portfolio as known by the service;
- phone access to investment advisor representatives via a toll-free number;
- guidance on savings rates and retirement age; and
- as outlined below, investment recommendations.

## **Investment recommendations**

Online Advice clients can receive specific non-discretionary buy and sell recommendations for tax-deferred and/or taxable accounts, and – where applicable – on investments held within a company’s qualified retirement plan. To obtain such recommendations, clients specify the universe of available investment alternatives they wish Online Advice to consider. For those accessing these services through their employer, Online Advice clients will receive specific recommendations on how to allocate their funds among the universe of investment alternatives (generally mutual funds and, in some cases, one or more equity securities issued by the plan sponsor) that have been selected by their plan sponsor or other plan fiduciary for the applicable defined contribution plan (or by another financial institution or the adopter in the case of other accounts outside the plan account).

Online Advice can provide recommendations with respect to mutual funds, commingled funds, separate accounts, and exchange-listed equity securities (sell only). When generating investment recommendations, the Firm may take into consideration closed-end funds and exchange traded funds as well as other holdings, as appropriate and where it has access to such information.

The Firm also offers educational content to clients who use Online Advice. The educational content may include an analysis of the risk, expenses, style, turnover and historical performance of a particular mutual fund compared to its peers and may describe how the fund might perform in the future relative to its peers. The educational content may also present a graphical representation of historical performance of an illustrative investment in the fund.

## **Advice implementation**

The Online Advice client is responsible for determining whether and when to implement the recommendations they receive from Online Advice. The Firm has established electronic communications links with certain defined contribution plan providers (“plan providers”) and other financial institutions. With Online Advice, the Firm does not have discretion over client accounts and does not initiate trade instructions on behalf of clients.

## **Account monitoring through Online Advice**

Clients may use Online Advice as frequently as they choose to monitor progress toward their retirement goals, receive forecasts and investment recommendations, and access educational content. Online Advice updates the values of most mutual funds and stocks in plan accounts daily. A client is responsible for periodically revisiting Online Advice to ensure that account information, holdings and personal information is accurate and up to date.

The failure of an Online Advice client to review and periodically update their personal and financial information can materially affect the value of this service. For certain participants, some account information may be updated automatically when the client revisits Online Advice if the Firm has established an electronic communications link with the participant’s plan sponsor and/or plan provider or other financial institution. For manually added and linked accounts, we rely on the client to provide ongoing and updated data either by logging in to refresh a linked account or by manually updating the manually added accounts. The Firm may periodically provide e-mail notifications to clients concerning changes in the value of the client’s investments or the chances of reaching the client’s goal.

## **VI. Other Services Offered by the Firm**

### **Retirement Plans Division (RPD)**

The Retirement Plans Division – Small Business (“RPD”) is available to plan sponsors of 401(k), profit-sharing, non-qualified deferred compensation and retirement plans (“Plans”), as a separate service offering from our traditional workplace offering. These Plans can include both participant-directed and trustee-directed Plans. Through RPD, Edelman Financial Engines creates and maintains model asset allocation portfolios for Plans. It is intended for small and mid-sized companies, organizations, endowments, and associations, who may benefit from value-add services such as participant education, professionally managed model portfolios and a single point of contact for the sponsor of the plan and its employees.

Edelman Financial Engines offers plan sponsors the option of delegating discretionary authority to Edelman Financial Engines with respect to the selection of models on behalf of the Plans in RPD. In such cases, Edelman Financial Engines will select the underlying asset classes for the models and the underlying investment securities for each underlying asset class. Usually, the investment securities consist of funds including, but not limited to, mutual funds and ETFs. The plan sponsor (or other plan fiduciary or agent) approves models to be used for the Plan’s assets, and then Edelman Financial Engines invests pursuant to those models on behalf of the Plan. Generally, in the case of a participant-directed Plan, after the plan sponsor (or other Plan fiduciary or agent) reviews and approves certain recommended models, the models are offered to Plan participants as investment options. Participants select an investment option for their Plan accounts. We do not have discretion to choose a particular option for participants as these plans are employee-directed. Therefore, we are not responsible for reviewing or changing any participant’s decision to invest in a particular investment option. RPD may also offer, as negotiated, assistance with Investment Policy Statements, Designated Investment Alternatives, Qualified Default Investment Alternatives or Retirement Plan Consulting Services. Edelman Financial Engines is not responsible for the administration of the Plan. The responsibility is designated to a third-party administrator.

Plan sponsors (or other Plan fiduciaries or agents) are permitted to impose reasonable restrictions on the underlying assets used in the investment options recommended to the Plan. For example, a plan sponsor (or other Plan fiduciary or agent) may request that securities or types of securities not be purchased, or that such securities be sold. Edelman Financial Engines reserves the right, at our sole discretion, to reject any Plan account where unreasonable or overly restrictive conditions are requested.

Plan sponsors (and other Plan fiduciaries or agents) may be introduced to RPD through other unaffiliated registered investment advisers. The unaffiliated registered investment adviser initiates and maintains the relationship with the plan sponsor. The unaffiliated adviser may charge a separate fee for its services and does not share in the advisory fee generated from any Plan assets that are invested in RPD. Edelman Financial Engines receives no compensation or economic benefit from products or services offered by the unaffiliated adviser to Plans, other than from the services which RPD provides under a separate Investment Management Agreement, nor does the Firm compensate any such unaffiliated parties for such introductions.

Separate from, but related to the RPD business, Edelman Financial Engines planners provide certain investment advisory services on certain non-ERISA (e.g., a simple IRA or a SEP IRA) and certain ERISA covered plans. The latter could be solo Defined Benefit plans or individuals within a defined benefit or defined contribution plan where the employees are able to hire an investment advisor to manage their investments within the plan. In addition, Edelman Financial Engines planners may establish a client relationship with one or more plan participants or beneficiaries in various ways, including but not limited to:

- A plan participant or beneficiary seeking advice on assets they hold outside their plan (such as a non-qualified investment account);
- As part of an individual or household financial plan for which any specific recommendations concerning the allocation of assets or investment recommendations relate to assets held outside of the plan; and/or through a rollover of an Individual Retirement Account ("IRA Rollover").

If we are providing the stated retirement plan services to a plan, our planners may, upon the request of a plan participant or beneficiary, arrange to provide investment advisory services on assets they hold outside their plan directly to that participant or beneficiary through a separate investment management agreement. See Section IV. Discretionary Advisory Services through Planners above for details.

### **Ready Cash™**

Individuals, including clients and may include prospective clients, who are seeking a place to maintain their cash reserves are offered to open an account at UMB Bank, N.A. (UMB), Member FDIC ("Ready Cash™") through the Firm's online portal ("Customers"). The account is at UMB Bank, N.A. and is not an investment advisory account managed by Edelman Financial Engines. The cash balance participating Customers placed through Ready Cash™ is in turn placed by UMB at participating program banks, where it earns a variable rate of interest and is eligible for FDIC deposit insurance. Customer funds are FDIC insured up to applicable limits while in transit through UMB. Edelman Financial Engines receives a platform fee from UMB in exchange for providing the Ready Cash service to its Customers. Receipt of the platform fee presents a potential conflict of interest as the Firm receives an economic benefit related to Customers who choose to participate in the Ready Cash™ program, as opposed to other alternatives in the market. In addition, planners may receive more compensation related to the provision of advisory services than with Ready Cash™, creating a potential conflict as well. The Firm does not believe that either conflict is material. Ready Cash™ availability may be limited based on operational capacity.

### **Educational Products and Guidance**

The Firm, or an affiliate, in a non-fiduciary capacity, may offer retirement plan and related guidance and education, including as a workplace benefit, separate from the discretionary and non-discretionary services described above. Such services may include wellness education through phone-based counselors with digital tools and guidance. Generally, availability of such services is subject to the agreement between an employer and the Firm and/or its affiliates.

The Firm, subject to plan sponsor authorization, may provide plan participants with a Retirement Evaluation. The Retirement Evaluation is made available in printed or electronic format to specified plan participants, and is designed to communicate some (or all) of the following information:

- a summary of the current value of the participant's plan account;
- a forecast of how much the plan account investments, and other investments that participants submit for analysis, might be worth at retirement;

- whether a change is suggested to the participant's contribution rate, their portfolio's risk and diversification, unrestricted company stock holdings, if applicable, target date usage, if applicable, and/or investment style and allocation;
- investment proposals; and
- a projection of how much annual income the participant may anticipate at retirement, based on how much the plan account plus Social Security and certain other benefit accounts could provide.

## **Recordkeeping**

Through an arrangement with a third party, the Firm provides recordkeeping services to a limited number of retirement plans. These services are separate from the Firm's Online Advice, Professional Management, and Personal Advisor services described in Item 4.

## **VII. Amount of Discretionary and Non-Discretionary Client Assets that FEA Manages**

As of December 31, 2023, FEA managed approximately \$270,770,414,650 in assets on a discretionary basis. FEA did not manage any assets on a non-discretionary basis as of December 31, 2023.

## **Item 5: Fees and Compensation**

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As is discussed above, Edelman Financial Engines offers clients a range of services intended to provide them with options that will help them meet their varying circumstances and needs. The fees for these services vary. For individual clients, fees for advisory services are generally based upon: (1) whether services are accessed through the workplace or directly; (2) the scope of services and associated costs authorized by the applicable plan fiduciary for workplace-accessed services; (3) the level of service chosen by the client both when obtaining services through the workplace or directly, and/or; (4) whether services were first accessed before November 1, 2018. Fees for individuals may also be subject to negotiation in certain situations. For clients who are not individuals, services and fees are generally negotiated and subject to agreement. The advisory services offered by the Firm may be available elsewhere at a lower cost to the client.

Wealth planning clients of legacy Financial Engines as of November 1, 2018, as well as those who have negotiated separate fee arrangements with the Firm, generally continue to pay the same fees that they were paying at that time or as memorialized in their client records. Clients of legacy Edelman Financial Services as of that date, as well as all clients who began working with the Firm after that date, generally pay according to the fee schedule outlined below. Certain other clients, including clients who used to hold accounts at firms acquired by the Firm, pay fees pursuant to the arrangements they entered into with those legacy firms as outlined in their client agreements. In all cases, the fee paid, which may be subject to negotiation, will be memorialized in the client records. Any changes to fees paid will be disclosed to clients, as relevant, per the terms of the client agreements which govern their relationship with Edelman Financial Engines.

### **I. Fees for Discretionary Advisory Services Offered through the Workplace**

Services offered through the workplace are generally defined by contracts entered into between the Firm and a plan, plan sponsor or plan provider. As a result, clients who interact with the Firm through the workplace will generally continue to see their services and fees be defined by the agreements between the Firm and those entities.

## Professional Management Fees

Workplace clients enrolled in Professional Management (which may include, as applicable, management of Workplace IRAs) pay advisory fees as a percentage of the managed assets in their applicable accounts (up to 0.60% for Professional Management and up to 0.75% for IRA management, generally declining for account balances greater than \$100,000). Professional Management fees are calculated based on month-end balances and clients generally pay their fees quarterly in arrears. Fees are deducted directly from client accounts. The Firm generally does not bill clients and does not in any circumstance deduct fees from clients' take-home pay. Alternatively, the plan sponsor may pay such fees in whole or in part for plan participants. The Professional Management fee schedule is subject to change, and the Firm may offer certain clients discounted fees or promotional pricing. Fee schedules may vary depending on the method of enrollment used for Professional Management as well.

## Personal Advisor Fees

Workplace clients who enroll in Personal Advisor pay a fee generally up to 1.35% on assets under management, although fees may be less per negotiated arrangements with certain employers. Such fees apply to both workplace and any outside accounts. A \$225 minimum quarterly fee may apply for Personal Advisor. Personal Advisor clients pay quarterly in arrears. Fees are deducted from each account managed through Personal Advisor. The Firm does not bill active Personal Advisor clients and does not in any circumstance deduct the fees from clients' take-home pay.

### II. Fees for Sub-Advisory Services

In addition to offering services directly in the workplace, the Firm also offers sub-advisory services to clients or potential clients of certain financial institutions by arrangements with those financial institutions. The Firm receives sub-advisory fees from the financial institutions that are generally based upon the investment advisory fees charged by those financial institution. The amount of the fee is subject to negotiation between the Firm and the financial institution and is typically calculated based on the number of clients or potential clients eligible to receive services, the amount of assets in accounts of clients receiving services, flat annual or other periodic fees or on another basis. The Firm and its supervised persons do not sell investments and do not receive commissions or compensation for the investment decisions the Firm makes about the specific investment alternatives available within a plan.

### III. Fees for Wealth Planning and TAMP Clients

Wealth planning clients generally pay fees pursuant to the fee schedule below. Legacy Financial Engines clients, as well as clients who initiated relationship with firms acquired by the Firm, have rates as negotiated with those firms and as outlined in their client agreements. Unless a separate agreement to the contrary is negotiated and outlined in a written agreement, no clients who receive discretionary investment management through the Firm will pay a fee more than the 1.75% annual fee outlined below. As is noted above, a minimum fee may apply to certain Personal Advisor clients.

Client Fee Schedule	
Assets	Annual Fee
\$0-400,000	1.75% on the first \$400,000
\$400,001-750,000	1.25% on the next \$350,000
\$750,001-1,000,000	1.00% on the next \$250,000

\$1,000,001-3,000,000	0.75% on the next \$2,000,000
\$3,000,001-10,000,000	0.60% on the next \$7,000,000
\$10,000,001-25,000,000	0.50% on the next \$15,000,000
\$25,000,000 +	Negotiable

Clients who are referred to planners by our Engagement Center, who have a certain amount of AUM, and/or come to an agreement on a different rate with the Firm or their planner may receive a discount on the above rates. Edelman Financial Engines employees and their spouses/households are also eligible for a discounted fee. In all such cases the applicable fee will be disclosed in writing.

Generally, planners in our offices are paid a percentage of the above fees we earn from assets under our management. Our planners are eligible to receive additional payments and/or a higher percentage of those AUM fees based on: (1) bringing additional assets or new clients to the firm; (2) retaining existing clients; or (3) obtaining referrals for new clients from existing clients. These additional payments create a conflict of interest where a planner is motivated only to increase AUM. Top-performing planners also receive potential deferred incentive compensation or other equity tied to firm performance. Advisors in our National Engagement Center are paid a salary and an annual bonus based on firm and individual performance and are eligible for variable compensation that is not tied to the sale of specific products.

The Firm's TAMP program makes Wrap Fee Program models available to clients of select unaffiliated investment advisers. The wrap fee, per the above fee schedule, is shared between Edelman Financial Engines and the independent TAMP Advisors. The client does not pay a higher advisory fee to Edelman Financial Engines because of this arrangement. Edelman Financial Engines pays a negotiated percentage of 60% of the annual account fee, to TAMP Advisors on Wrap Fee Program accounts initiated and serviced by TAMP Advisors. Clients will pay the same fee to Edelman Financial Engines, regardless of whether the client selects a model through an Edelman Financial Engines planner or a TAMP Advisor. Also, at no additional cost to the client, Edelman Financial Engines may occasionally pay additional basis points to a TAMP Advisor.

Fees for investment advisory services provided to retirement, pension and other ERISA plans will not exceed the fees referenced above for IRA and taxable account management and may be lower than the listed rates. Such fees will be determined through discussion and agreement between Edelman Financial Engines and the plan. The fee negotiated will be noted in the written investment management agreement between Edelman Financial Engines and the plan. Fees will be withdrawn or billed as described in that agreement. Such pension and retirement plan advisory fees are calculated and billed quarterly in arrears. We calculate and assess our fee on a calendar quarter basis if such is the billing fee standard utilized by the plan's custodian or record-keeper. Subsequent billings will occur every calendar quarter end after that initial assessment. The amount of the assessed fee is provided to the plan's sponsor, trustee, or other designee. The fee collection will occur as specified by the plan's sponsor or trustee, e.g., directly from the plan or directly from the sponsor.

Please see Section V for other relevant fee information.

#### **IV. Fees for Other Services Offered**

##### **Fees for Retirement Plans Division (RPD) Clients**

The Retirement Plans Division (RPD) charges asset-based fees at the plan level. Fees may vary based on the scope of the investment fiduciary and retirement plan consulting services being offered, as well as the size and complexity of the plan. There is an annual flat fee of \$3,500 on plan assets under management of less than



\$350,000. Fees will not exceed 1.00% of AUM for plan assets of \$350,000 or more and flat fees are also negotiable.

Except as otherwise agreed to by the plan sponsor (or other plan fiduciary or agent) and Edelman Financial Engines, the Plan’s recordkeeper, custodian or other service provider will deduct the fee from Plan accounts and remit such amounts to Edelman Financial Engines. The fee is based on the balance of the total assets of the Plan accounts invested in the models and underlying funds as of the end of each calendar quarter and does not include Plan assets that are invested in other options (such as those available through self-directed brokerage windows or funds or securities other than the underlying funds). The first payment is prorated for assets that are placed in Plan accounts during a calendar quarter. Subsequent fees will be determined based on the last day of each quarter. Fees are typically deducted from the client’s account no later than the thirtieth (30th) day after the end of each quarter, in arrears. If an account is terminated prior to the end of a calendar quarter, the terminating client will pay prorated fees due up to the termination date.

If a plan sponsor (or other plan fiduciary or agent) is introduced to RPD through an unaffiliated registered investment adviser, Edelman Financial Engines’ services will be limited to discretionary management of the models. In such cases, Edelman Financial Engines charges an annual fee of 0.35% of Plan assets invested in the models and underlying funds. The unaffiliated adviser is not paid any portion of the fee and may charge a separate fee for its services that is in addition to the Edelman Financial Engines fee. Please see Section VI for other relevant fee information. As previously noted, Edelman Financial Engines has acquired or may acquire certain advisory clients through acquisitions or otherwise. Those clients will generally transition to Edelman Financial Engines fee rates, calculation, and deduction schedules over time in a manner that is reasonable. For an interim period, their fee rates, calculation, and deduction schedule may remain the same and be administered in the manner they were at their legacy firms.

**Fees for Institutional Clients**

Edelman Financial Engines charges a variety of small and mid-sized companies, organizations, endowments, and associations advisory fees for the provision of various investment management services. These institutional clients pay fees as follows on their Wrap Fee Program account:

<b>Institutional Fee Schedule</b>	<b>Fee</b>
Up to \$999,999	1.40%
\$1 million to \$1,999,999	1.00%
\$2 million to \$4,999,999	0.75%
\$5 million to \$9,999,999	0.60%
\$10 million to \$24,999,999	0.50%
\$25 million +	negotiable

Institutional client fees are not negotiable other than as disclosed in the fee schedule above or as otherwise agreed to between the parties. The above advisory fee schedule is based on the assets under management the client invests in the program and are not dependent on the amount of trading in the account or the advice given in any particular time period. Lower fees for comparable services may be available from other sources.

Please see Section V for other relevant fee information.

## **V. Fee Calculation and Other Fees and Expenses for Wrap Fee Program Clients**

When calculating advisory fees, household accounts that are managed as one relationship are aggregated for tiered advisory fees per the relevant fee schedule. Also, when calculating advisory fees, we may exclude, at our discretion, certain assets if they are unable to be invested in the Wrap Fee Program or otherwise are not under our continuous and regular supervisory or management services. Planners are eligible to receive additional compensation for certain new client referrals, based on relationship size.

Wrap Fee Program clients, including TAMP clients, authorize their custodian, on behalf of Edelman Financial Engines, to deduct fees from their accounts unless they and the Firm have agreed to utilize another mechanism in writing. The fee is based on the average daily balance of the account. The first payment is prorated and calculated based on the number of days assets are held in the account during the calendar quarter. Subsequent fees are determined based on the average daily balance for the quarter ending on the last day of each calendar quarter. Fees are deducted from the client's account in arrears. As previously noted, Edelman Financial Engines has acquired or may acquire certain advisory clients through acquisitions or otherwise. Those clients will generally transition to Edelman Financial Engines fee rates, calculation, and deduction schedules over time in a manner that is reasonable. For an interim period, their fee rates, calculation, and deduction schedule may remain the same and be administered in the manner they were at their legacy firms.

For Wrap Fee Program clients, the management fee is the same as the wrap fee, which covers brokerage execution costs associated with trades placed through one of the program custodians, without regard to the number of transactions executed during the billing period. This wrap fee does not include certain other fees and expenses, which are either charged directly to the account by the custodian or deducted by the fund company directly from the underlying mutual funds or ETFs that the model is invested in. This wrap fee also does not include fees for fixed income transactions which is applicable for clients utilizing the Retirement Paycheck service.

Fund company fees and expenses may include a management fee, administrative fees, operating costs, other fund expenses, sometimes a distribution fee, also known as a 12b-1 fee, and any other asset-based costs incurred by the fund. Some funds may also impose sales charges, either as an initial or deferred sales charge; also known as front-end or back-end loads. If the Firm purchases any of those funds for a client, those funds will usually be purchased on a load-waived basis, so the client will not incur this front-end or back-end load. Some mutual funds or ETFs that are redeemed within a certain time frame, typically 90 days from purchase or some other time frame, such as 10 days or 180 days from purchase may impose a short-term redemption fee. This fee is usually 1% - 2% of the sale amount. These fees are imposed by funds to minimize market timing and excessive trading that impair the value of the fund for long-term shareholders. Edelman Financial Engines does not receive any portion of the above fees.

Clients should review both the fees charged by the funds and the fees charged by Edelman Financial Engines to understand the total amount of fees. A client could invest directly in many of the investment products recommended by Edelman Financial Engines without its assistance or services. In that case, the client would not receive services from Edelman Financial Engines designed - among other things - to assist in determining which mutual funds and/or exchange-traded funds are more appropriate to that client's financial condition and objectives, nor would the client benefit from the ongoing mutual fund and/or exchange-traded fund research and monitoring performed by Edelman Financial Engines.

The sum of these fees and expenses annually, expressed as a percentage of the assets being managed is called an expense ratio. Each model has an average expense ratio of all the mutual funds and ETFs it contains.

Planners can share with clients the average expense ratio for the model that clients are in or the one that they are recommending. Further information on the fees and expenses of individual holdings can be found in the prospectuses of the relevant mutual funds or ETFs in your portfolio.

Edelman Financial Engines has negotiated fees with Axos Advisor Services, Fidelity Institutional Wealth Services (“Fidelity”, as cleared through National Financial Services LLC), and Charles Schwab & Co., Inc. (“Schwab”), a registered broker-dealer, member SIPC. For RPD clients, the Plan’s recordkeeper, custodian or other service provider may charge a separate fee to cover the administrative, trust, custody and other record-keeping costs associated with Plan accounts invested in the investment options. Transaction costs imposed by the above custodians are covered as part of the wrap fee, with a few exceptions that are custodian specific and which we discuss or disclosed otherwise.

Custodians may also deduct certain fees and expenses directly from your account, such as administrative service fees, fees associated with certain money market and mutual funds, or fees on other services it offers. Examples of the latter could include debit balances, related margin interest, IRA and retirement plan fees, transfer fees, wire transfer fees, overnight check fees, account closing fees, paper statement/confirm delivery fees, non- standard asset/alternative investment fees, insufficient fund fees, returned check fees, or fees imposed by regulators. Edelman Financial Engines does not receive any of these fees. Clients may also pay fees to the extent a holding is bought/sold that is not a no-transaction fee holding.

We anticipate that transactions placed in a client’s account will be executed through one of the program custodians. However, in limited circumstances, the Firm may choose to execute trades with another broker-dealer if we reasonably believe that another broker-dealer can likely obtain a more favorable execution under the circumstances. Where the Firm trades through a broker-dealer other than one of the custodians, the wrap fee does not include the compensation that is paid to that broker-dealer. This compensation is embedded into the price of the security which is paid by the client. These costs are in addition to the wrap fee paid to Edelman Financial Engines by the client.

Transactions executed on behalf of Wrap Fee Program clients are executed for a single wrap fee (except as noted above and in Item 12), which reduces the potential conflict of interest associated with executing a large number of orders for client accounts and earning transaction-based compensation following each order. Edelman Financial Engines and its planners receive compensation based on the assets under management the client has invested in the program. Neither Edelman Financial Engines nor its planners earn any additional revenue from Wrap Fee Program accounts beyond the wrap fee. A portion of the advisory fee is paid to the planner; however, such compensation does not vary based on which securities are bought, sold, or held in each Wrap Fee Program account or how many transactions occur. The advisory fee earned may be more or less than what Edelman Financial Engines or its planners might earn from other programs available in the financial services industry or if the services were purchased separately. Edelman Financial Engines may negotiate a reduction in fees or other costs on services provided by third-party service providers based on size, volume, or other factors. Because the cost to the client of these services is included in the wrap fee, any negotiation of lower costs to Edelman Financial Engines will not be reflected in the client’s costs.

Clients holding non-model assets in a model account with us may also incur commissions paid on certain securities trades, as well as transaction fees on certain securities purchases or sales. Transaction fees are often assessed on those funds that do not pay or limit payment of fees, such as administrative service fees and fees associated with certain money market and mutual funds.

Retirement and pension plans, for which Edelman Financial Engines is the investment adviser, may pay fees to the custodian of the plan's assets, or to the record-keeper of the plan, if different than the custodian. Edelman Financial Engines does not receive any portion of these fees.

In the course of reviewing a client's portfolio, a planner may refer them to an unaffiliated third-party insurance agency and/or broker dealer for possible consideration of a fee-based or other variable annuity. For certain legacy accounts, planners will continue to manage the sub-accounts of certain fee-based variable annuities that their clients are already holding. The fee charged for the management of these sub-accounts is typically a flat 25 bps fee, subject to exception.

## **VI. Fees for Non-Discretionary Online Advice**

### **Online Advice Fees**

For individuals who subscribe to Online Advice directly from Edelman Financial Engines (and not through the workplace), fees range up to \$300 per year, depending on the services provided. Such fees are payable in advance by credit card. A refund of prepaid but unearned fees is available by contacting the Firm at 1-800-601-5957. Fees associated with Online Advice are subject to change and Edelman Financial Engines may offer certain clients discounted fees or other promotional pricing.

The Firm has arrangements with certain plans or plan sponsors to provide services, including Online Advice, to plan participants and may charge a platform fee, as described further below in "Workplace Platform Fees".

## **VII. Other Fees Earned by Edelman Financial Engines**

### **Financial Plans**

Edelman Financial Engines charges a one-time initial fee of \$800 for financial plan development and presentation. Clients or prospective clients who pay for a plan are under no obligation to implement the plan with our Firm. The financial planning fee can be waived in part or in whole for clients or prospective clients at the discretion of the planner and/or the Firm. The Firm currently waives financial planning fees for those working in certain industries, for members of certain professional associations, and for Edelman Financial Engines employees and their spouses/households. If the fee is charged, planners receive a portion of that fee. The Firm, at times, promotes special offers (e.g., a Free Retirement Review) to clients or prospective clients under certain parameters. The content of plans may differ over time or based upon in what context and how the plan is prepared.

The Firm also, at times, promotes special offers to clients or prospective clients under certain parameters as solely set by Edelman Financial Engines.

### **Workplace Platform Fees**

The Firm earns fees through its arrangements with a plan or plan sponsor to make investment advisory services available to plan participants. Such fees generally range up to \$12 per eligible plan participant per year, depending on the services provided. The Firm and the plan, plan sponsor, or plan provider, may negotiate a different fee schedule based on other factors, including but not limited to the amount of aggregate assets in the plan or the assets in client accounts, or a flat annual or other periodic fee.

Separately, the Firm's insurance agency affiliate receives insurance related compensation in relation to products or services previously purchased by clients in certain circumstances and where a referral of insurance opportunities to third parties occurs. However, no client facing personnel receive commissions, sales credits, or other compensation as a result of this arrangement.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

Edelman Financial Engines does not charge any performance-based fees. Given this, Edelman Financial Engines does not manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee at the same time (or engage in side-by-side management).

## **Item 7: Types of Clients**

Edelman Financial Engines generally provides investment advice to individual investors, participants in employer-sponsored defined contribution plans, trusts, estates, pension, retirement and profit-sharing plans, charitable organizations, foundations, associations, high net worth individuals, institutions, small to mid-sized businesses including corporations, and other business entities.

There are certain requirements for opening or maintaining accounts at Edelman Financial Engines, including (in certain cases), minimum account sizes or a minimum fee. For workplace clients: 1) defined contribution plan participants may be required to maintain an account balance of \$5.00 prior to initiation of transactions in, and ongoing servicing of, a workplace plan account; and 2) for the Workplace IRA service, clients may be required to have an account balance of \$10,000, although this minimum may be waived.

For Wrap Fee Program clients who have executed a legacy EFS client agreement: 1) the household minimum account size is \$5,000 (\$3,000 for legacy EFS employees of the Firm), although this minimum may be reduced or waived at our discretion; and 2) for institutional clients, the minimum account size is \$500,000, although this may be waived or reduced at our discretion.

Wealth planning clients wishing to open an account may be subject to a minimum account size, which is determined based on specific models created by the firm and offered through the Firm's Wrap Fee Program. That minimum account size may be reduced, increased, or waived, in whole or in part, at our discretion. Where a minimum is not met, we make available certain educational tools and guidance at no charge.

A minimum fee of \$225 quarterly may apply to Personal Advisor clients. This minimum fee will still be applied if the fees for aggregated assets do not result in a fee greater than \$225 quarterly.

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

The Firm's Investment Committee has overall responsibility for the oversight of advisory and investment management services, including the application of proprietary investment methodology that generates advice recommendations and portfolio management. The Committee meets regularly to review and approve methodology and parameter updates, investment policies, new service and client communications designs, and ongoing monitoring of portfolio allocations. The Committee is comprised exclusively of Edelman Financial Engines employees with a broad range of experience and expertise. Most members of the Committee have long tenure with Edelman Financial Engines, and the majority have been integrally involved in the development of the advisory platform for many years. For specific information about the membership on the Investment

Committee, please see the Firm's Form ADV Part 2B.

## **I. Overview of Methods of Analysis and Investment Strategies**

Fundamental to the mission of Edelman Financial Engines is providing comprehensive financial advisory services which will help our clients work towards achieving their long-term financial goals. The mechanism to achieve those desired outcomes will depend on a variety of factors, some applicable to most or all clients and some highly personalized to individual account holders. While individual circumstances are prioritized, we are also guided by certain overarching methods of analysis and investment strategies.

Edelman Financial Engines' investment philosophy is guided by certain basic principles, including:

- Developing diversified portfolios that feature a range of asset classes and market sectors;
- Utilizing holdings that strike a balance between those that are the most cost-effective and those that we forecast may offer added return;
- Maintaining investment strategies, and often individual investments, longer term;
- Strategically reallocating investments as conditions warrant and as goals, time frames or other material realities of clients change; and
- Periodically rebalancing as needed to ensure long term commitment to overall strategies and allocation targets.

On an individual client level, Edelman Financial Engines recommended or managed portfolio allocations are driven by many factors. Some of the key factors include:

- A client's investment objectives (such as growth or income or a combination of such objectives);
- A client's risk tolerance;
- Circumstances specific to the client's individual situation (their time horizon, availability of pensions to supplement their retirement accounts, other household investments held by the client, state of residence, etc.);
- The status of a portfolio acquired through acquisition;
- Investment options available to a given client (for example, the suite of investments available within their 401(k) plan); and
- Forward-looking models of securities' risk, expected returns, and correlations.

Edelman Financial Engines' approach may also be informed by certain established academic research, such as Modern Portfolio Theory and returns based style analysis, as well as by established discoveries in behavioral finance.

Although Edelman Financial Engines may recommend more frequent trading or holding assets short-term in certain circumstances, frequent and/or short-term trading strategies are generally avoided. It is generally anticipated that the dominant mode of advice will reflect strategies geared towards consistent and long-term strategies and holding periods. At times, however, there may be reasons to effect changes within an account. Reasons for reallocations to new or different allocations, may include:

- Client-driven changes – Changes in client objectives, preferences or financial status may necessitate a revised target allocation or portfolio;
- Rebalancing – When an asset category or an investment product has experienced a material appreciation or decline in value, beyond the assigned percentage for that asset category or investment product in

comparison to other asset classes or investment products, an appropriate amount may be bought or sold, and the proceeds invested in other asset categories or investment products as appropriate; and

- Updated assessment of forward-looking returns, risks, and correlations – Edelman Financial Engines regularly updates its risk and return models, which may affect its assessment of prospects at the level of macroeconomic factors, asset classes, and/or individual investments. These updates may in turn lead to revised target allocations in client accounts.

Edelman Financial Engines may also periodically review available investment vehicles to determine if changes in cost, performance, or other factors may lead towards shifts from specific holdings to others.

## **II. Methods of Analysis and Investment Strategies for Services Offered through the Workplace**

The methods of analysis and investment strategies applied to services offered to participants through the workplace depend in part on their stated goals. For participants with a growth objective, Edelman Financial Engines' advice platform generates a recommended portfolio allocation that is generally designed to maximize expected returns in a manner consistent with the client's stated risk preference and investment horizon. For participants with an income objective, on the other hand, the advice platform generates a portfolio designed to provide steady payouts in retirement.

Due to algorithms and the statistical nature of Edelman Financial Engines' process, a number of potential portfolios will satisfy its criteria for an appropriate investment strategy and allocation. This optimal set of portfolios that offer the highest expected return for various levels of risk is often referred to as the "efficient frontier." The efficient frontier is not a line, but instead is a thin band of portfolios with varying allocations. The portfolio that is selected for implementation is the product of optimization enhancements developed by Edelman Financial Engines, which considers, among other factors, portfolio turnover, concentration, risk and expected return, and number of positions and transactions.

The universe of available investment alternatives may be designated by the plan sponsor or other plan fiduciary (in the case of a defined contribution plan account) or by a financial institution. Investments or securities not available in such defined universes may have characteristics similar or superior to those available investment alternatives being analyzed, potentially at lower cost. Except in connection with its IRA management services, Edelman Financial Engines has no authority or responsibility to select the universe of investment alternatives available for client accounts, nor does Edelman Financial Engines have the authority or responsibility to monitor investment choices for the continued appropriateness for inclusion in the universe, or to monitor the adequacy of the universe as a whole. Such decisions are made by individual plan sponsors, the plan fiduciary or other third parties. In such situations, Edelman Financial Engines bases its recommendations on the universe of available holdings.

The above methodology may also apply to certain other services offered by Edelman Financial Engines, such as in customized portfolios offered through planners to relevant clients.

## **III. Methods of Analysis and Investment Strategies for Services Through Planners**

For clients who obtain services directly through Edelman Financial Engines planners, as opposed to through the workplace, the Firm most typically recommends a Firm created model offered through the Firm's Wrap Fee Program. The investment products recommended are usually mutual funds and/or exchange-traded funds geared towards the stated goals of clients. For the Retirement Paycheck service, fixed income investments are also recommended, and may include highly rated bonds, FDIC insured certificates of deposit and U.S. government issued or guaranteed securities.

While Edelman Financial Engines can and may at times provide investment recommendations on other securities, including equity securities, U.S. government securities, corporate and municipal bonds and variable life insurance and annuities, its focus is on mutual funds and/or exchange-traded funds. On an isolated basis, Edelman Financial Engines may advise a client on other strategies, including stock or bond trading, margin transactions, option writing and short sales. As previously noted, Edelman Financial Engines has acquired or may acquire certain advisory clients through acquisitions or otherwise. Those clients will generally transition to Edelman Financial Engines models, practices, and methodologies over time in a manner that is reasonable. In limited circumstances, some may remain invested, and have their accounts managed and administered, in the manner they were at their legacy firms with such legacy holdings typically consisting of mutual funds, exchange-traded funds and securities, and, occasionally, more specialized investments (e.g., non- traded real estate investment trusts or private-placement secured real estate notes).

Edelman Financial Engines – consistent with the general principles outlined above – relies upon an investment philosophy which seeks to help clients achieve their long-term investment goals. The Firm uses a number of different methods to model the risk and return properties of these investments, including returns-based style analysis, compositional analysis, and qualitative review of fund managers. Assessments of forward-looking returns may incorporate information on expenses, turnover, and risk-adjusted manager performance. For investments held in taxable accounts, Edelman Financial Engines may also analyze the tax efficiency of those investments.

For all account types, and consistent with its fiduciary duties, Edelman Financial Engines’ policy is to exercise high levels of care and prudence in making and implementing investment decisions for client accounts. Edelman Financial Engines typically employs validation tests and operational oversight and quality control procedures. We also obtain and utilize information and data from a wide variety of public and private sources as well. Neither Edelman Financial Engines nor our planners independently verify or guarantee such information and data, which may not be free from error.

Where appropriate and, based upon what is known by the Firm, if it’s considered to be in a client's best interest, the Firm may undertake tax loss harvesting in relevant client accounts. Planners discuss tax loss harvesting with clients periodically to determine a client’s interest in utilizing such strategies if opportunities arise. The Firm will then execute on such opportunities where appropriate if the client indicates a desire for the firm to do so when such opportunities present themselves. The Firm periodically identifies wealth planning client accounts where there is a potential opportunity to harvest tax losses. Planners review each such client’s personal situation as known to the Firm to determine whether tax loss harvesting may be warranted. Each client is responsible for communicating their preferences related to tax loss harvesting to the Firm. This strategy is not without risk and is not suitable for all clients. There is no guarantee that tax loss harvesting will achieve a particular tax result. While we make best efforts to avoid wash sales in client accounts, wash sales might still transpire under certain circumstances, particularly if regular contributions or distributions are being made in accounts. In addition, wash sales can also occur if securities are sold and then bought in different accounts, including external accounts. Therefore, it is essential for clients to actively monitor their external accounts that are not managed by the Firm to ensure that transactions involving the same security or a substantially identical security do not inadvertently create a wash sale. Clients should be aware that the Firm bears no responsibility for any tax consequence arising from transactions, including potential capital gains or wash sales, as a result of employing tax loss harvesting. Therefore, the decision of whether tax loss harvesting is right for a given client is dependent on each individual’s unique tax situation, which should be discussed by the client with their tax adviser.



#### IV. Risk of Loss

Investments (including investments in mutual funds and/or exchange-traded funds) have risks associated with them – including the risk of loss of principal. Edelman Financial Engines strives to help clients manage these risks to within acceptable levels. For example, Edelman Financial Engines typically constructs portfolios with allocations across numerous asset categories. This diversification is intended to reduce the volatility in clients' investment portfolios when compared to a single asset category. While a diversified investment portfolio, including a portfolio of investment products representing different asset categories, can mitigate some risks, it does not and cannot prevent all loss. Ultimately, such risks are borne by the client, so we encourage clients to carefully read and consider these risks and discuss them with their planner if any questions arise.

While not all risks are listed below, some of the material risks which may lead to a loss in the value of a client's overall account and/or risks which may attach to a specific investment product or vehicle include:

- **Market Risk** – The price of a security, bond, mutual fund, or other investment may drop in reaction to tangible or intangible events and conditions at any time. Economic, political and/or issuer-specific events may cause the value of securities to rise or fall. Because the value of investment portfolios and holdings will fluctuate, there is the risk that a client will lose money and their investments may be worth less upon liquidation than it was at the time of purchase.
- **Business Risk** – There can be certain risks associated with investing in a particular industry or market sector. For example, investments in a fund which invests in energy sector holdings may be affected by external political or economic events affecting oil-producing companies or countries.
- **Category or Style Risk** - During various periods of time, one category or style of holdings may underperform or outperform other categories and styles. For example, during certain periods of time value-oriented mutual funds may outperform large cap growth funds, or vice versa.
- **Foreign Securities and Currency Risk** - Investments in international and emerging-market securities include exposure to risks such as currency fluctuations, foreign taxes and regulations, and the potential for illiquid markets and political instability.
- **Capitalization Risk** - Small-cap and mid-cap companies may be hindered due to limited resources or less diverse products or services, and their stocks have historically been more volatile than the stocks of larger, more established companies.
- **Interest Rate Risk** – Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds may become less attractive, causing their market values and the market value of any mutual fund or exchange-traded fund holding those bonds to decline.
- **Reinvestment Risk** – There is a risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (for example, at a lower interest rate). This risk is primarily related to fixed income securities.
- **Inflation Risk** – When any type of inflation is present, purchasing power may be eroding at the rate of inflation. Also referred to as purchasing power risk, this risk also reflects the possibility that the cash flows from an investment will not be worth as much in the future due to changes in purchasing power due to inflation.

- **Credit Risk** - Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and, thus, impact the performance of the issue – and any mutual fund or exchange-traded fund which holds it.
- **Thematic Risk** - We offer two thematic portfolios for certain clients: one focused around environmental, social, and corporate governance ("ESG") factors and the other focused around digital asset prices as well as the broader digital asset sector. The ESG portfolio consists of funds that apply environmental, social and governance factors ("ESG") in their investment process and may exclude certain securities for nonfinancial reasons. Given this, the portfolio may forgo some market opportunities available to portfolios that do not use an ESG criteria. The ESG factors may impact the portfolio's exposure to other industries, sectors, and countries, which may impact its relative performance depending on market and economic conditions, and the portfolio's performance may at times be better or worse than the performance of portfolios that do not use an ESG criteria. The Digital Assets Portfolio ("DAP") consists of securities in a new and developing asset class with an uncertain future, and relatively untested technology protocols and regulatory framework. Given the lack of transparency surrounding many digital assets, and in some instances blockchain adjacent companies, certain underlying investments which constitute the DAP may, potentially, experience fraud, theft, and other modes of manipulation. As a result, certain of these activities may go undetected as digital assets and blockchain adjacent companies are part of an emerging financial ecosystem that is less regulated than more established asset classes. The DAP's performance is not guaranteed to be better than any other models offered by the Firm.
- **Concentration Risk** - There is a risk associated with having too much invested in a given sector, type of holding, or similar concentration. Concentration risk may be further compounded by factors such as asset correlation or performance, and may be compounded by certain securities, or types of securities, being held in various investment vehicles in a portfolio.
- **Exchange-Traded Funds** – Exchange-Traded funds present market and liquidity risks. They are listed on a public securities exchange and are purchased and sold via the exchange at the listed price, which will vary based on current market conditions and may deviate from the net asset value of the exchange-traded fund's underlying portfolio. There may also be a lack of an active market for certain funds, and/or losses from trading in secondary markets. The Firm has holdings in a few ETFs where the aggregate holdings may at times represent a substantial percentage of outstanding shares. This risk is mitigated by the fact that the underlying holdings of each ETF are generally liquid.
- **Performance of Underlying Managers** - We select the mutual funds and ETFs in a client's portfolio based on a variety of criteria. However, we depend on the manager of such funds to select individual investments in accordance with their stated investment strategy. Should a fund manager deviate from such norms, or do a poor job of selecting investments, a given investment might underperform or face enhanced risk.
- **Leverage Risk**-Certain investments may employ strategies that employ borrowing or derivatives. Such strategies may give rise to leverage, magnifying gains and losses and causing the Fund to be more volatile than if it had not been leveraged. This means that leverage entails a heightened risk of loss.
- **Valuation Risk**-Investments in certain asset classes (private debt, private equity, real estate) may be priced based on fair market value rather than publicly observable market prices on actual transactions. There is a risk at any given point in time that the valuation may not reflect changes in macroeconomic, sector, or industry factors on a timely basis.

## **Item 9: Disciplinary Information**

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There are no legal or disciplinary events to disclose that are deemed material to a client or prospective client's evaluation of FEA's advisory business or the integrity of FEA's management.

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

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Edelman Financial Engines is not a registered broker-dealer or insurance agency. It is affiliated with Edelman Financial Services, LLC ("EFS"), which is an insurance agency. We do not believe that these affiliations create a material conflict of interest for the Firm's current or prospective clients.

All Edelman Financial Engines planners are fee-only and receive no commissions from affiliates or other entities. Neither Edelman Financial Engines nor any of its planners sell broker-dealer products or services. The Firm continues to receive insurance related compensation in relation to products or services previously purchased by clients in certain circumstances and where a referral of insurance opportunities to third parties occurs, as discussed below. Edelman Financial Engines does not sell or distribute proprietary investment products or assess sales charges. It does sponsor the Wrap Fee Program, for which a separate brochure is available.

Certain planners maintain individual insurance licenses in order to enable them to provide comprehensive investment advice and financial planning to clients. No planners sell insurance products or services. For clients who have insurance needs, Edelman Financial Engines planners generally refer them to unaffiliated third-party insurance agencies or carriers to provide the most appropriate insurance product. The Firm is compensated with a percentage of commissions generated on the sale of certain insurance products placed as a result of a Firm referral. However, no client facing personnel receive commissions, sales credits, or other compensation as a result of this arrangement. We do not believe that any of these activities create a material conflict of interest for Edelman Financial Engines' current or prospective clients. Clients are advised that they are under no obligation to purchase any insurance products through any affiliated or unaffiliated insurance agency or carrier and that other, similar products may be less expensive elsewhere.

The Firm may reimburse or compensate certain plan providers for maintaining secure communications links between the plan provider's information systems and the Firm's systems for the purpose of facilitating the provision of services to workplace clients who are plan participants. If applicable, the Firm also may reimburse or compensate certain plan providers for coordinating the Firm's activities with certain plan sponsors with whom the plan provider has a service agreement, who may be interested in providing the Firm's services to participants. The amount and structure of reimbursement generally is a function of one or a combination of: the number of participants in a plan; the number of participants who use our services; a percentage of the advisory fees the Firm receives in connection with the provision of advisory services to clients using the communications links; or the value of being an investment advice provider with access to the particular recordkeeping platform.

These reimbursements may vary among plan providers based upon, without limitation, respective roles and responsibilities among the parties and systems' capabilities and/or constraints. The connectivity arrangement and the communications link between a plan provider and the Firm do not constitute an endorsement, sponsorship, or solicitation by the plan provider of the Firm or its services. Plan participant clients receiving the Firm's advisory services pursuant to such an arrangement with a plan provider are not charged any additional fees due to such data connectivity arrangements. In addition to its investment advisory business, the Firm may offer technical computer and software set-up and support services on a fee basis that is not deemed to be investment advice. Edelman Financial Engines may also provide education and other investment-related services that are separate from its investment advisory services. The Firm does not believe that any of these

activities create a material conflict of interest for the Firm's current or prospective clients.

The Firm receives a platform fee from UMB in exchange for providing the Ready Cash™ program to its Customers. This fee will generally increase as the aggregate amount of funds with that program bank increases. Receipt of the platform fee presents a potential conflict of interest as the Firm receives an economic benefit related to Customers who choose to participate in the Ready Cash™ program, as opposed to other alternatives in the market. In addition, Planners may receive more compensation related to the provision of advisory services than with Ready Cash™, creating a potential conflict as well. The Firm does not believe that either conflict is material.

Edelman Financial Engines is not a futures commission merchant, commodity pool operator, or commodity trading advisor, nor does it have any applications pending to register as one. Similarly, none of the Firm's management persons are associated persons of a futures commission merchant, commodity pool operator, or commodity trading advisor, nor do they have any applications pending to register as one.

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

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Edelman Financial Engines has adopted a Code of Ethics (the "Code"). A copy of the Code will be provided upon request. To request a copy, please call 1-800-601-5957, or request a copy in writing at: Compliance Department, Edelman Financial Engines, 28 State Street, Boston, MA 02109.

Of primary importance to the policies within the Code is adhering to a fiduciary standard and putting the best interests of our clients first. Maintaining high standards of ethical conduct is core to Edelman Financial Engines and the manner in which we approach financial planning. To that end, the Code establishes and reinforces the standard of business conduct that is expected of employees and provides specific guidance related to avoiding actual or apparent conflicts of interest. The Code emphasizes certain governing principles that employees should always be mindful of in the course of their work, including the duty to place the interests of clients first, the importance of protecting material non-public information and the obligation to report violations of the Code. Neither the Firm nor its employees recommend to clients, or buys or sells for client accounts, securities in which the Firm or a related person has a material financial interest. The Code contains procedures for distribution and acknowledgement of the Code to all employees and the Firm provides training on its content and requirements both at the time of hire and periodically thereafter.

Persons designated as Access Persons under the Code are subject to additional requirements with respect to their personal securities transactions. At times, officers and employees may purchase securities for their own accounts that may be the same securities as those recommended to clients. Planners may also invest their personal funds in the same programs used by clients, including in models contained in the Wrap Fee Program. They may participate in a 401(k) plan which similarly invests in one or more Wrap Fee Program model. In this way, planners (through investments in these models) may buy or sell the same underlying securities as clients also invested in such models. This can include interests in mutual funds, ETFs, or insurance products. Although employees get a fee reduction on certain Wrap Fee Program accounts, these accounts are not given preferential trading treatment. Such accounts are monitored and rebalanced in the same manner as client accounts, in accordance with the same underlying model strategy.

In the course of providing its advisory services Edelman Financial Engines does not select the investment alternatives available to workplace clients within their plans or publish any recommended list of securities. The Code is designed to prevent and/or detect such activities as trading in securities on the restricted or watch list

and/or trading on insider information. This also ensures that employees comply with certain ethical constraints and otherwise act in a manner designed to ensure that no conflicts of interest take place. Violations of the Code risk serious sanctions, including potential loss of employment.

## **Item 12: Brokerage Practices**

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As part of obtaining services from Edelman Financial Engines, clients must open and maintain an account at a qualified custodian, generally a broker-dealer. These custodians will hold client assets in a brokerage account and buy and sell securities when the Firm instructs them to. Edelman Financial Engines is independently owned and operated and is not affiliated with any of these custodians. The roles of Edelman Financial Engines and the custodians are different, although both work together to help the client achieve their goals. The Firm does not maintain physical custody of client assets that we manage, although we may be deemed to have custody of a client's assets if they give us authority to withdraw assets from their account (see Item 15: Custody).

### **I. Brokerage Selection**

Clients who have direct account relationships with an Edelman Financial Engines planner may choose from a number of unaffiliated registered broker-dealers as custodians for their accounts: Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, member SIPC; Axos Advisor Services; or Fidelity Institutional Wealth Services ("Fidelity", as cleared through National Financial Services LLC). The majority of Edelman Financial Engines client assets are custodied at Schwab. While Edelman Financial Engines has arrangements established with these custodians, it does not select which to use to effect trades or determine commissions paid by clients, although in some cases the choice of custodian may be a function of service(s) selected by the client.

The Firm does not enter into directed brokerage arrangements with clients, engage in agency cross transactions or make any principal trades for advisory clients. The Firm also does not enter into in any formal or informal soft dollar arrangements to utilize research, research related products, or other brokerage services with any of our custodians. Some specific services offered by the Firm may require a client to open an account with a particular custodian, and in some circumstances other factors may require the use of a specific custodian. Any such obligations will be communicated as appropriate to relevant clients.

Each custodian makes available other trading options that Edelman Financial Engines can select, if deemed necessary, such as algorithmic trades. Each custodian also provides services that are typically made available to institutional investment managers and generally not to wealth planning clients. These services include duplicate client statements and confirmations (with the exception of Axos Advisor Services), access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts), the ability to have advisory fees deducted directly from client accounts, and access to mutual funds with no transaction fees. Custodians receive compensation for their services either through a fixed percentage fee based on all account assets that are maintained in the custody of their firm or on a transactional basis. All clients in the Institutional Program and a limited number of wealth planning clients are handled on a transactional basis. Because the cost of what each custodian charges the Firm is included in the wrap fee, whether the custodian charges the Firm a fixed percentage or on a transactional basis has no bearing on what the client pays.

In selecting the broker-dealers that will custody client assets and execute client transactions, the Firm looks for terms that are, overall, most advantageous when compared with others. We consider a wide range of factors, including the types and quality of services offered, and any costs indirectly borne by clients, to determine if the broker-dealer provides overall quality of service for the price. Quality of service includes, among other things,

execution, clearing and settlement capability, commission rate, capability to facilitate transfers and payments to and from accounts, financial responsibility, responsiveness to the adviser, willingness to negotiate prices, breadth of available investment products, the value of any investment research and tools provided, the broker-dealer's reputation, financial strength, security and stability, and their track record of service to our Firm and our clients. While we attempt to negotiate favorable rates for transactions and believe that each broker-dealer we select offers competitive rates, we do not select a broker-dealer solely due to cost. While another broker-dealer may offer the same services at a lower overall cost, the Firm is not required to move accounts to that broker-dealer.

### **Custodian Specific Disclosures: Schwab**

Clients that access services directly, and selects Schwab as custodian, its business unit, Schwab Advisor Services provides certain services to Edelman Financial Engines and the Firm's clients. These services include access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail investors. Schwab also makes available various support services, some of which help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis and at no charge to the Firm. Edelman Financial Engines does not charge clients a different advisory fee based on the client's selection of custodian.

Following is a more detailed description of Schwab's support services.

*Schwab Services That May Benefit Clients:* Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a higher minimum initial investment by our clients.

*Schwab Services That May Not Directly Benefit Clients:* Schwab makes available to us other products and services that benefit the Firm but may not directly benefit clients or client accounts. These products and services assist the Firm in managing and administering our clients' accounts and include software and other technology that: provide access to client account data; facilitate trade execution in individual clients' accounts as well as aggregated trade orders for multiple client accounts; provide pricing and other market data; facilitate payment of fees from clients' account; and assist with back-office functions, recordkeeping, and client reporting.

*Schwab Services That Generally Benefit Only Edelman Financial Engines:* Schwab offers other services intended to help Edelman Financial Engines manage and further develop our business enterprise. These services include software and information technology programming; educational conferences and events; consulting on technology and business needs; and publications and conferences on practice management and business succession. Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to the Firm. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide the Firm with other benefits, such as occasional business entertainment of our personnel.

Edelman Financial Engines' Interest in Schwab's Services: The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We do not have to pay for Schwab's services. Schwab has also agreed to pay for certain technology, research, and marketing on our behalf once the value of our clients' assets in accounts at Schwab reaches certain thresholds.

These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The fact that we receive these benefits from Schwab is an incentive for us to recommend the use of Schwab rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that taken in the aggregate our recommendation of Schwab as custodian and broker is, when made, in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only us.

#### **Custodian Specific Disclosures: Axos Advisor Services**

Axos Advisor Services provides custodial services to Edelman Financial Engines which include safekeeping of assets, producing quarterly account statements, deducting advisory fees from client accounts, and performing account allocations. Axos Advisor Services also directs third parties to handle trade execution, clearance, and settlement of transactions. These tools benefit Edelman Financial Engines but may not benefit client accounts. Furthermore, the annual asset fee that Axos Advisor Services charges is contingent upon the assets under custody that Edelman Financial Engines holds with Axos Advisor Services.

The arrangement with Axos Advisor Services, and the economic benefits to Edelman Financial Engines that result, create a potential conflict of interest and could directly or indirectly influence Edelman Financial Engines to make it more likely that a client will choose Axos Advisor Services for custody and brokerage services even though a custodian other than Axos Advisor Services may be able to provide better quality service or provide services at a lower cost. However, because the cost to the client of these custodial services is included in the wrap fee, lower costs to Edelman Financial Engines will not be reflected in the client's costs. However, Edelman Financial Engines would not act in a manner which it felt was not in the best interest of its clients.

#### **Custodian Specific Disclosures: Fidelity**

If the client utilizes National Financial Services LLC and Fidelity Brokerage Services LLC (collectively "Fidelity Investments") as custodian, Fidelity Investments provides Edelman Financial Engines a waiver of quarterly fees once a certain asset threshold is met. This may provide a benefit to Edelman Financial Engines, but that benefit is not deemed material.

## **II. Step-Out Trades**

In certain circumstances, Edelman Financial Engines may choose to execute trades for client accounts with a broker-dealer other than those listed above if we reasonably believe that another broker-dealer can obtain a more favorable execution under the circumstances. Occasionally, Edelman Financial Engines may utilize a broker-dealer other than one of the Custodians to execute large transactions if we determine that it is in our clients' best interest and that other broker-dealer has the capability to handle such large transactions and to reduce or eliminate any potential negative price fluctuation. This generally will occur when the size of the transaction in any one security is so large that it could cause the price of the security to fluctuate, up or down, resulting in an unfavorable execution price for our clients. Where Edelman Financial Engines trades through a broker-dealer other than one of the Custodians, the wrap fee does not include the compensation that is paid to

that broker-dealer. This compensation is embedded into the price of the security which is paid by the client. These additional costs are in addition to the wrap fee paid by the client.

### **III. Trade Errors**

As a fiduciary, Edelman Financial Engines seeks to effectuate trade orders and account related actions correctly, promptly and in the best interests of its clients. In the event an error occurs in the handling of any client transaction due to Edelman Financial Engines' actions or inactions, Edelman Financial Engines' policy is to promptly investigate and correct such errors without disadvantaging its clients, seeking a fair and appropriate resolution while considering the surrounding facts and circumstances.

Occasionally, an error is caused by a client. In those situations where Edelman Financial Engines can correct it, the error will be corrected promptly in the client's best interest and reviewed on a case-by-case basis to determine the party responsible for potential losses. Edelman Financial Engines relies on a significant amount of data from multiple sources and cannot guarantee that all relevant data are free from error. Clients should always review relevant documents to ensure that trades, information, and data are accurate and free of error to the best of the client's knowledge. If corrective action on a trade error resulted in a gain in excess of \$100 in your account custodied at Schwab, the gain will be donated to a charity by Schwab and will not be retained by Schwab or EFE.

### **IV. Order Aggregation for Services Offered Directly and Best Execution**

Edelman Financial Engines utilizes investment products consisting primarily of mutual funds and/or exchange-traded funds. Clients' mutual fund trades are not aggregated. This means that when a mutual fund is purchased or sold in a client's account, that transaction request is forwarded to the executing broker as a stand-alone transaction request. Clients wishing to include exchange-traded funds ("ETFs") or other holdings in their portfolio will typically do so by selecting a Wrap Fee Program model, which offers centralized trading services to help ensure that purchases and sales are arranged and executed in a manner that is fair to all applicable clients. In connection with these centralized trading services, the Firm may aggregate by custodian the purchase and sale of any ETFs or other portfolio holdings by processing a single trade order aggregating the quantity of shares necessary to meet the objectives for multiple clients, instead of processing a series of similar securities transactions for each client.

Accordingly, at the time of any such transactions, the Firm will determine the number of securities it must purchase or sell to meet the clients' objectives, and divide the securities purchased or the proceeds from any securities sold into proportional pieces for each applicable client account. It is Firm policy that such transactions will be allocated to all participating client accounts in a fair and equitable manner.

Clients will not incur additional transaction costs related to the aggregation of transactions, and when aggregated by custodian, by ticker/side, each client will pay the same purchase price or receive the same sale price for transactions in the same security. In cases where more than one transaction may be necessary to obtain or liquidate the aggregated quantity of securities, each client will pay a purchase or receive a sale price, as applicable, reflecting the average price paid or received with respect to each transaction.

The Retirement Paycheck service will aggregate purchases of investments in the income protection component, which primarily utilizes fixed income investments. These may include FDIC insured bank certificates of deposit, securities issued by national or local governments or government agencies, and highly



rated fixed income and related debt securities issued by corporations. When income protection component purchases are made, Edelman Financial Engines will determine the amount of investments needed for all Retirement Paycheck service clients for each investment step in their income protection ladder. The Firm will then make purchase requests for the investments for that step and divide the purchase or purchases into proportional pieces for each client.

A specific investment selected by Edelman Financial Engines might not be available to all Retirement Paycheck service clients, either because the security is not available for sale to residents of some states or because there is not enough of the security available for purchase to meet the demand in that step of the income protection ladder. When there are limitations specific to the residents of some states, the Firm will shop separately for those clients and purchase a security that is available for sale to them. If there is insufficient supply, the Firm will identify two or more securities for purchase to fulfill the ladder step for all clients, and if those securities have differences in the interest yield, the Firm will use a randomized selection method to select clients' accounts to receive the highest yielding, then the second highest yield, etc., until all clients have been invested.

Edelman Financial Engines seeks the best available execution for client transactions and monitors transactions (including rebalancing, reallocation, model changes and liquidations) retrospectively to evaluate whether best execution was obtained. The Firm monitors best execution with its Custodians. Additionally, the Firm reviews each broker-dealer's execution reports to evaluate the services provided, quality of executions, fee rate, and other services.

It is Firm policy to allocate investment opportunities amongst its clients on a basis that it determines in good faith is reasonable and appropriate, considering contractual obligations, portfolio diversification objectives, the specific nature of the investment, the risk-return profile of the investments, the specific investment objectives of each client, trade size, regulatory considerations, and any operational or logistical considerations or limitations, or other factors deemed relevant by the Firm under the circumstances. The Firm will seek to resolve any conflicts of interest associated with the allocation of any investment opportunity in a manner that it determines in good faith to be reasonable and appropriate.

As previously noted, Edelman Financial Engines, through acquisitions of advisory firms or otherwise, will generally transition clients to Edelman Financial Engines brokerage practices, which includes, but is not limited to, brokerage selection, order aggregation, and best execution practices over time in a manner that is reasonable. For an interim period, their brokerage practices may remain the same and be administered in the manner they were at their legacy firms.

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

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A key part of helping clients achieve their financial goals includes periodic reviews of client accounts in most service offerings. Below, we describe generally the frequency and nature of such reviews, which will vary depending on the service clients choose to enroll in. We also describe the content and frequency of the regular written reports provided to clients, if any, regarding their accounts.

### **I. Review of Discretionary Advisory Services Offered through the Workplace**

For clients enrolled in Professional Management and/or Workplace IRA services through the workplace, the Firm generally conducts account reviews monthly. The account review process begins with an automated analysis of the account, which generates a retirement plan and proposed adjustments, if applicable, to an account's

allocation target. The Firm's portfolio management team reviews the proposed target allocation for appropriateness and determines whether transactions are desirable in the current period based on deviation from the target. Variances outside of predetermined tolerances may prompt additional review and adjustments by the Portfolio Management team. Additional review may also be triggered by market events or information provided by Professional Management members or Workplace IRA clients related to assets held in outside accounts that may impact the management of the account(s). Certain changes to investment preferences, such as risk preference, retirement age, or limitations regarding company stock, can also trigger additional review. The Firm's portfolio management team conducts these reviews under the supervision of the Firm's Investment Committee. Clients who have experienced any changes in their financial situation or investment objectives should call us to discuss these changes and/or log into their account to review and update their plan accordingly. They should also contact us if they wish to impose reasonable restrictions on the management of their account or wish to reasonably modify existing restrictions.

All discretionary management clients in the workplace will receive printed or electronic Quarterly Retirement Updates, which generally include information concerning account holdings and balances.

## **II. Review of Discretionary Advisory Services Offered through Planners**

Accounts of wrap fee clients who interact with Edelman Financial Engines planners and other accounts directly, are periodically reviewed for rebalancing. Customized portfolio programs are typically reviewed weekly. Such reviews are geared towards determining if rebalancing or reallocation is appropriate to keep clients invested in a manner which will help them achieve their financial goals. In addition to this account level review, the investment products recommended to clients are reviewed by members of the Investment Management team periodically, with that review considering amongst other things a fund's history, performance, cost, risk, and asset exposure.

In addition to the above, individual planners review accounts periodically to ensure that client accounts are invested appropriately. To that end, the planner review seeks to ensure that clients are enrolled in accounts and investments that are reasonable given their risk tolerance, goals, and a variety of other factors. In addition, Edelman Financial Engines periodically performs an analysis of selected clients' accounts to determine if market movements or other changes have produced a deviation from the clients' designated investment models. If clients experience or anticipate changes in their personal situation, such as risk tolerance, investment objectives or time horizon, clients are urged to contact Edelman Financial Engines to report those changes, so Edelman Financial Engines and the client can assess whether changes to the client's investment accounts should be made. On at least an annual basis, clients are contacted in order to attempt to assess their needs and update their personal and financial situation. The information is used to determine if there are any changes that could impact relevant account allocations, risk tolerance or other factors important to determining each client's investment portfolio. Clients should also contact us if they wish to impose reasonable restrictions on the management of their account or wish to reasonably modify existing restrictions. Clients may request an additional review at any time.

Clients enrolled in standard service offerings will receive written monthly or quarterly account statements directly from the relevant custodian. Additionally, Edelman Financial Engines currently makes available to clients quarterly written reports about their investment portfolio, including a listing of their current holdings and recent investment performance information (the type and frequency of such communications may change). Financial planning clients will not receive regular reports from Edelman Financial Engines unless other arrangements have been negotiated or agreed to. Retirement and pension plan clients will receive periodic

written reports (frequency to be determined jointly by the plan and Edelman Financial Engines) describing the recent performance of investments available in the plan.

In many cases, clients can aggregate information from both their Edelman Financial Engines account and relevant outside accounts (such as 401(k) accounts, external brokerage accounts, and other financial accounts). Such information is only made available if and as the client instructs. While such information is viewable by the client's planner and can be a valuable tool in helping maintain focus on a client's overall financial situation, it is for informational purposes only. Edelman Financial Engines and its planners are unable to, and do not purport to, make trading decisions about such outside accounts, and will use such information as relevant to help best understand the client's overall financial situation. Clients should further understand that Edelman Financial Engines does not manage or supervise any outside account linked through the account aggregation portal.

RPD Plan assets invested in models are monitored on an ongoing basis. Plan assets invested in the models are rebalanced or reallocated based on market or other conditions as warranted, consistent with changes recommended by the Investment Committee. Changes in the models, which include adding, removing, or replacing securities at the recommendation of the Investment Committee, are made infrequently based on a variety of factors, which include but are not limited to changes in the economic, financial, or political climate (only as expressed in market moves), and the management of the securities used by the model. Changes may also be made based on the Plan's circumstances or restrictions that the plan sponsor (or other Plan fiduciary or agent) may place on the investments in the Plan's account.

### **III. Review of Non-Discretionary Online Advice**

Online Advice allows clients to review their accounts on demand at their own initiative. While Online Advice clients can generate their own reports as frequently as they choose, such reports are not generated or sent to them on a periodic (or other) basis by Edelman Financial Engines. If clients elect to receive them, Edelman Financial Engines may from time to time provide e-mail notifications to Online Advice clients about their accounts. Such emails may include updates on changes in the value of their investments, the likelihood of reaching their stated goals, or other Online Advice account-related information. Such updates are sent at the discretion of Edelman Financial Engines; there are no specific triggers for such communications.

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

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This section of the ADV describes certain arrangements that Edelman Financial Engines has with third parties, as well as certain other compensation and benefits Edelman Financial Engines may receive from third parties while conducting business. For example, in some circumstances, Edelman Financial Engines compensates individuals or companies for client referrals. Edelman Financial Engines may also receive economic benefits from actions or inactions of certain individuals or companies. Edelman Financial Engines never charges a client more as a result of such referrals, compensation, or benefits, and always acts in a manner it deems in the best interest of its clients pursuant to its fiduciary duties.

### **I. Custodial Referrals and Promoters**

Edelman Financial Engines compensates certain persons, entities and/or institutions for referrals. Compensation for client referrals is paid out of client fees paid to Edelman Financial Engines; however, clients pay only the fees and rates noted in the applicable fee schedule. Compensation paid to a promoter is negotiated between the promoter and Edelman Financial Engines. These referrals comply with relevant federal and state laws governing

such arrangements.

Edelman Financial Engines has policies in place meant to ensure that those who are referred to Edelman Financial Engines through a referral receive disclosures as required.

In instances where Edelman Financial Engines utilizes a non-affiliated promoter, the promoter's role is limited to that of a promoter. Such promoters are not an agent, representative or employee of Edelman Financial Engines, and that promoter does not provide investment-related advice on behalf of Edelman Financial Engines. Each such promoter has agreed to act in accordance with Edelman Financial Engines' instructions and will not make any specific recommendations of securities or any other type of investment. Only Edelman Financial Engines will make specific recommendations to a client of Edelman Financial Engines. Edelman Financial Engines may also pay for advertising services on digital or other platforms.

Clients referred by one of our promoters may pay less than clients who were not referred and will not pay more. They will not pay fees beyond those listed in the relevant fee disclosures and will receive the same level and quality of service as other clients. In addition, the fiduciary responsibilities of Edelman Financial Engines are in no way impacted or reduced based on whether a client was referred.

From time to time, the Firm may initiate programs for certain employees to introduce clients to the Firm that result in funded accounts. These employees may be eligible to receive referral fees as part of these programs. Separately, supervised persons of Edelman Financial Engines who are employees of Edelman Financial Engines and who work in Edelman Financial Engines' Engagement Center may receive referral or other fees based on client engagement with our services. To the extent that these referral or other fees based on client introduction and client engagement are paid to Edelman Financial Engines employees, Edelman Financial Engines does not consider them material and does not deem them to present a conflict of interest.

Edelman Financial Engines previously participated in referral programs with some of our Custodians which posed potential conflicts of interest. For any remaining clients who were referred through these programs, the Firm continues to pay a referral fee for as long as the referral remains a client. Referred clients will not pay any additional or higher fees as a result of being referred to the Firm. Clients who are referred to Edelman Financial Engines through these programs will most likely have their assets custodied by the custodian associated with that program. We have agreed not to solicit referred clients to transfer their accounts nor to establish brokerage or custody accounts at other Custodians, except when our fiduciary duties require doing so. Edelman Financial Engines previous participation in these programs does not diminish our duty to seek best execution of trades for client accounts.

## **II. Economic Benefits from Custodians**

The Custodians that Edelman Financial Engines uses (Fidelity, Schwab or Axos Advisor Services) offer various services to Edelman Financial Engines, including custody of client securities; trade execution; clearance and settlement of transactions; access to platform systems; duplicate client statements; research-related products and tools; access to a trading desk; access to block trading; the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and use of overnight courier services. Some of these services may benefit Edelman Financial Engines but may not benefit our clients and receipt of these economic benefits creates a conflict of interest and could directly or indirectly influence Edelman Financial Engines to recommend a certain Custodian to clients for custody and brokerage services. These custody services are paid for as part of the client's wrap fee.

Edelman Financial Engines receives an economic benefit from the Firm's custodians in the form of the support products and services that they make available to us. These custody services are paid for as part of the client's wrap fee. In addition, Schwab has also agreed to pay for certain products and services for which we would otherwise have to pay once the value of our clients' assets in accounts at Schwab reaches a certain size. The Firm's clients do not pay more for assets maintained at our custodians as a result of these arrangements. Some of these services may benefit Edelman Financial Engines but may not benefit our clients. Receipt of these economic benefits creates a conflict of interest as the cost of these services would otherwise be borne directly by us. It could also directly or indirectly influence the Firm to recommend a certain custodian to clients for custody and brokerage services. The products and services provided by our custodians, how they benefit us, and the related conflicts of interest are described above in Item 12.

### **III. TAMP**

The Firm's TAMP program makes Wrap Fee Program models available to clients of select unaffiliated investment advisers ("TAMP Advisors"). Edelman Financial Engines performs a due diligence review of each TAMP Advisor firm and their investment advisor representatives who will be offering these models prior to establishing the relationship and on an ongoing basis thereafter. We provide systems, services, and operational support to the TAMP Advisors. Edelman Financial Engines administers and supervises the TAMP program. The TAMP Advisor initiates the relationship with the client and is the ongoing client relationship manager responsible for the relationship and such tasks as making investment recommendations and maintaining books and records. The advisory fee is shared between Edelman Financial Engines and the TAMP Advisor on a negotiated basis. The client does not pay an increased advisory fee because of this arrangement.

### **IV. Other Compensation**

In some situations, Edelman Financial Engines or its employees might receive compensation or benefits from third parties or receive products or services which others might not be entitled to. This section describes such potential compensation or benefits and how it may relate to services provided to clients. Edelman Financial Engines has policies and procedures in place to ensure that any such compensation or benefits does not impede Edelman Financial Engines' acting in the best interest of clients and in a fiduciary capacity. Edelman Financial Engines does not believe that the information disclosed below acts as an actual material conflict.

#### **Advisory Panels**

From time to time, Edelman Financial Engines employees serve on advisory panels sponsored by Dimensional Fund Advisors LP ("Dimensional"), Charles Schwab & Co., Inc., Smarsh Inc., Skience LLC, Blackrock, Inc., and State Street Global Advisors. The panels are sponsored by those companies and consist of independent advisers who advise those companies on issues relevant to the service, technology and products provided by them. Panel members are not compensated for their participation; however, some of these companies will at times either pay or reimburse FEA employees for travel, lodging and/or meal expenses incurred when they attend panel meetings. From time to time, Dimensional or other companies may sponsor FEA corporate events, which could include use of their facilities. While service on these panels could create a conflict of interest, the economic sums involved are minimal and such conflicts, if they did exist, would be in FEA's opinion immaterial. The potential benefits received by either FEA or its employees by serving on the Charles Schwab & Co., Inc. panels does not depend on the amount of brokerage transactions directed to them.

## **Workplace Platform Fees**

Edelman Financial Engines offers certain services to plan participants in certain retirement plans by arrangement with the plan, plan sponsor or plan provider. Certain of these arrangements provide for the Firm's fees to be paid by the plan, the plan sponsor and/or the plan provider. The amount of the fee is subject to negotiation with the plan sponsor or plan provider and may be calculated based on the number of individuals eligible to participate in the plan, the amount of aggregate assets in the plan or assets in client accounts, or a flat annual or other periodic fee. In such situations, the Firm does not compensate the plan, plan sponsor or plan provider for clients, although fee structures generally may have some relationship to the number of enrollees from a plan.

## **Funding Our Future Initiative**

Funding Our Future is an alliance of organizations dedicated to making a secure retirement possible for all Americans. The alliance informs the public about the barriers to retirement security and calls on policymakers to make strengthening retirement policies a top priority. It was founded by Edelman Financial Engines and the Bipartisan Policy Center, with the support of Schwab, BlackRock, and many other partner organizations. The publicity which Edelman Financial Engines receives from the initiative represents an economic benefit. The donations may affect our judgment with regard to the services provided by those third parties, which may not benefit the client, creating a conflict of interest.

All of the above conflicts, to the extent they are deemed to actually exist, are considered immaterial to Edelman Financial Engines. Further, policies and procedures are in place to ensure that the Firm and its personnel act in the best interest of clients.

## **Item 15: Custody**

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Where applicable for accounts outside of the workplace, client assets are held at a qualified custodian in accounts that are registered in the name of the client. To that end, Edelman Financial Engines has established relationships with various non-affiliated third-party clearing/custodian broker-dealers who are responsible for taking custody of and maintaining client funds and securities. While Edelman Financial Engines does not maintain actual possession or custody of client assets in the manner of its qualified custodians, as disclosed in Form ADV Part 1 we do have custody of client funds or securities under applicable SEC guidance for certain clients who have authorized us to deduct our advisory fees from the clients' account or who have granted us the limited power to transmit funds to one or more third parties as specifically designated by the client through a Standing Letter of Authorization. However, even in such situations the custodian maintains actual possession of the clients' assets.

Clients receive account statements directly from the custodian at least quarterly which will reflect the withdrawal of any fee, funds, or other account activity. These statements will be sent to the email or postal address the client provided to the custodian. Clients may also receive periodic account statements from Edelman Financial Engines. We urge clients to compare the account statements received from Edelman Financial Engines with those received from the custodian to verify the accuracy of their balances and fees.

## **Item 16: Investment Discretion**

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Edelman Financial Engines accepts discretionary authority to manage securities accounts on behalf of clients in relation to the provision of certain investment advisory services. Below we outline the services where we accept

such discretionary authority and describe any limitations clients may (or customarily do) place upon this authority. We also describe the procedures we follow before we assume this authority. Clients who utilize the Online Advice service are responsible for executing their own transactions.

#### **I. Investment Discretion for Workplace Clients**

For workplace clients, the Firm accepts discretionary authority to manage assets on behalf of clients who enter into an agreement for the Firm's investment advisory management services. Where the Firm accepts discretionary authority to manage assets on behalf of clients in relation to other services, it does so through an explicit grant of such authority by clients to the Firm. This authority is granted to the Firm when clients open an account and ask the Firm to manage those accounts on their behalf through acceptance and agreement to the Professional Management Terms and Conditions or other relevant advisory agreements. No discretionary authority is accepted by the Firm unless granted by the client. Discretionary authority permits the Firm to send trading instructions to a recordkeeper for the client accounts on their behalf to help them achieve their financial goals.

Clients in services where discretionary authority is exercised may place reasonable restrictions on their accounts. For example, clients enrolled in the Professional Management program may communicate to the Firm a desired allocation for the stock of the plan sponsor that may be held in their workplace retirement account, subject to the program's management parameters and processes. Where available, and subject to the Firm's investment methodology, Professional Management clients may also place short-term (12 months) limitations on a single asset class in their account. Clients have the option to renew the limitation for an additional 12 months. We reserve the right, at our sole discretion, to reject any account for which unreasonable or overly restrictive conditions are requested.

#### **II. Investment Discretion for Wealth Planning Clients**

Clients who enroll in the Wrap Fee Program grant Edelman Financial Engines discretionary authority to manage their account by signing a written client agreement granting the Firm that authority. This limited discretionary authority gives the Firm the authority to execute client-approved investment strategies in their accounts. This includes permission to place orders through custodians, make investments in accordance with the model selected by the client, select and modify those investments, and reallocate assets and rebalance accounts in accordance with the client's specified investment objectives.

In a reallocation, we change the target percentages of some or all of the asset classes or types of assets relative to the total model. Models and accounts are monitored on an ongoing basis and assets reallocated based on market or other conditions as warranted. Changes in the model are made based on a variety of factors, including but not limited to changes related to the economic, financial, or political climate and the management of the underlying securities used by the model. The Firm may replace a particular security (or securities) if its risk, return and costs, in the context of the portfolio and/or in comparison to similar securities suggest a change is appropriate, or if there is a different security that, in our opinion, would be better suited for the model portfolio. Customized portfolios are generally managed as outlined above for Workplace clients.

As markets fluctuate, and values change, amounts originally allocated to a fund will either exceed or fall below the target allocations. We periodically adjust account holdings to be in line with the asset allocation targets, or "rebalance" the account.

Generally, if a client asks to place reasonable restrictions on the management of their Wrap Fee Program account the Firm will discuss those proposed restrictions with the client. For example, clients may request that securities or types of securities not be purchased or sold, subject to restrictions, although Edelman Financial Engines has no control over the mix of securities held by, for example, a mutual fund or ETF in which client accounts may be invested. Ultimately, a client will be placed in a model that is in their best interest and which allows for such reasonable restrictions as appropriate. A client cannot usually request that we buy specific holdings or types of holdings, although exceptions may be granted. We reserve the right, at our sole discretion, to close an account (or decline to open one) if overly restrictive restrictions are requested or the restrictions requested are incompatible with the client's objectives and/or the portfolio recommended.

Contributed cash or money market fund shares in client accounts may initially remain uninvested. Although clients may deposit freely tradable securities in their accounts to meet the minimum account size, we typically will liquidate those securities positions and invest the proceeds in securities matching the client's selected investment strategy. Tax consequences associated with this liquidation and reinvestment process will likely occur, and clients should consult with their tax professional before depositing securities in their accounts. Edelman Financial Engines does not provide legal or actionable tax advice to clients. Clients are advised to discuss the possible legal or tax consequences of their investment decisions with their legal or tax advisers prior to effecting any transaction.

Wrap Fee Program accounts may contain assets for which the Firm has not been granted discretionary authority and generally does not provide investment advisory services. The Firm does not charge advisory fees on these "unmanaged assets", although certain exceptions may apply.

### **III. RPD Clients**

Edelman Financial Engines offers discretionary services with respect to the selection and monitoring of designated investment alternatives ("DIAs"), qualified default investment alternatives ("QDIAs"), and models made available to Plans. If these services are selected by the plan sponsor (or other Plan fiduciary or agent) under the RPD agreement, Edelman Financial Engines will have discretionary authority to select, replace, and remove DIAs, QDIAs, and models available under the Plan. DIAs, QDIAs, and Models will be monitored on an ongoing basis for consistency with the Plan's Investment Policy Statement ("IPS"), investment objectives, and financial circumstances, as well as market conditions and other relevant factors. Plan sponsors (or other Plan fiduciaries or agents) will generally be notified of any additions to or removals of the Plan's DIAs and QDIAs.

Under the RPD Investment Management Agreement, Edelman Financial Engines has discretionary authority to change a model's asset allocations and its underlying investments. Models are monitored on an ongoing basis and reallocations are made based on market or other conditions as warranted and appropriate pursuant to the Firm's Investment Committee's recommendations, and/or the Plan's circumstances or restrictions as imposed by the plan sponsor (or another Plan fiduciary or agent). We will notify the plan sponsor (or other Plan fiduciary or agent) when replacing an underlying fund from the Plan's investment menu, if it significantly diverges from its relevant index in terms of risk or return, with another underlying fund that is more in line with the risk/return profile of the relevant index.

Each investment option is invested in a mix of underlying funds in accordance with the corresponding model approved by the plan sponsor (or other plan fiduciary or agent) and the target allocation percentages determined by that model. As markets fluctuate and values change, the actual percentage allocations of some or all of the underlying funds for the investment option's model may either exceed or fall below the target



percentage allocations. At Edelman Financial Engines' discretion, we may periodically rebalance an investment option's holdings in underlying funds to return the investment option to be in line with its target percentage allocations under the model.

## **Item 17: Voting Client Securities**

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Edelman Financial Engines does not vote proxies on behalf of clients. To that end, Edelman Financial Engines does not have authority to vote client securities and will not do so. Clients will receive proxies or other solicitations directly from their provider or applicable custodian or, in applicable situations, from ERISA plan sponsors or fund companies.

### *Class Action Claims*

Edelman Financial Engines will not file proof of claims in class action settlements. Clients assume the sole responsibility of evaluating the merits and risks associated with any class action settlement; therefore, clients are responsible for filing proofs of claims. Edelman Financial Engines cannot provide legal advice, and clients are encouraged to consult with their legal advisor when filing claims in securities class actions suits. The client's response to a settlement notice will impact the client's legal rights. A client shall not be precluded from contacting Edelman Financial Engines for information about a particular class action settlement, and Edelman Financial Engines will attempt to provide information (e.g., regarding quantities, purchase dates, etc.) the client may need to file proof of claims.

## **Item 18: Financial Information**

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Edelman Financial Engines does not require or solicit prepayment of more than \$500 in fees per client six months or more in advance. While Edelman Financial Engines has discretionary authority or custody of client funds or securities, Edelman Financial Engines does not believe that there is any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients. Edelman Financial Engines has not been the subject of any bankruptcy proceeding at any time during the past ten years.

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Santa Clara, California 95054

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March 31, 2024

## **Part 2B of Form ADV: Brochure Supplement**

This Brochure Supplement provides information about Edelman Financial Engines, LLC Investment Committee, advisory services provided by Financial Engines Advisors L.L.C. (FEA). You should have received a copy of that Brochure. If you have any questions about the contents of this Brochure Supplement, please contact us at 1-800-601-5957. The information in this Brochure Supplement has not been approved or verified by the SEC or by any state securities authority.

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



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## **ITEM 2 EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE**

The Investment Committee at Financial Engines Advisors L.L.C. (FEA) has overall responsibility for the oversight of advisory and investment management services, including the application of proprietary investment methodology that generates its advice recommendations and portfolio management. The Committee meets regularly (typically bi-weekly) to review and approve methodology and parameter updates, investment policies, new service and client communications designs, and ongoing monitoring of portfolio allocations. The Committee is comprised exclusively of Edelman Financial Engines employees with a broad range of experience and expertise. Most members of the Committee have long tenure with Edelman Financial Engines, and the majority has been integrally involved in the development of the advisory platform for many years.

### **FEA's Investment Committee**

#### **Neil Gilfedder (1971)**

B.A. Philosophy, Economics, University of York;  
M.A. Economics, Stanford University  
Mr. Gilfedder is Chief Investment Officer and Chairman

#### **Wei-Yin Hu (1967)**

A.B. Economics, Stanford University;  
Ph.D. Economics, Stanford University  
Mr. Hu is Vice President, Investment Research and Strategy

#### **Robert L. Young (1966)**

A.B. Economics, Georgetown University;  
M.B.A., Stanford Graduate School of Business  
Mr. Young is Senior Director of Portfolio Management

#### **Patricia Wang (1971)**

B.A. Industrial Engineering and Economics, Stanford University;  
Ms. Wang is Vice President, Portfolio Strategy and Development

#### **Brian Lipps (1974)**

B.S. English, Radford University;  
M.B.A., University of Southern California  
Mr. Lipps is Regional Director, Financial Planning

#### **Ismail Ceylan (1980)**

B.S. Industrial Engineering, Bilkent University;  
M.S. Industrial Engineering and Operations Research, University of California, Berkeley  
Ph.D. Industrial Engineering and Operations Research, University of California, Berkeley  
Mr. Ceylan is Director, Financial Research

#### **Valerie B. Pimenta (1977)**

B.A., Economics and Business, Westmont College  
M.B.A., University of San Diego  
Mrs. Pimenta is Senior Vice President, Client Operations

**ITEMS 3, 4 & 5****DISCIPLINARY INFORMATION, OTHER BUSINESS ACTIVITIES,  
ADDITIONAL COMPENSATION**

There is no disciplinary information or additional compensation to report for each of the above persons. Robert Young sits on an advisory panel for SPDR Client Advisory Council and Blackrock RIA Advisory Council in an advisory capacity. He does not earn compensation from this activity.

**ITEM 6****SUPERVISION**

The Investment Committee at FEA has overall responsibility for the oversight of advisory and investment management services, including the application of Edelman Financial Engines' proprietary investment methodology that generates its advice recommendations and portfolio management.