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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.



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Item 2: Material Changes

This document includes updates to the Firm's Form ADV Part 2A that have occurred since the last annual amendment was filed on March 30, 2020. These changes relate mainly to the addition of certain new and expanded service offerings by the Firm as well as to additional harmonization efforts related to the combination of the formerly separate entities Financial Engines Advisors L.L.C. ("FEA") and Edelman Financial Services, LLC ("EFS").

Item 3: Table of Contents

Item 2: Material Changes	2
Item 3: Table of Contents	3
Item 4: Advisory Business	4
I. Overview of FEA’s Advisory Services	4
II. Discretionary Advisory Services Offered through the Workplace	4
III. Sub-Advisory Services	7
IV. Discretionary Advisory Services through Planners.....	7
V. Non-Discretionary Online Advice.....	10
VI. Other Services Offered by the Firm	12
VII. Amount of Discretionary and Non-Discretionary Client Assets that FEA Manages	14
Item 5: Fees and Compensation	15
I. Fees for Discretionary Advisory Services Offered through the Workplace	15
II. Fees for Sub-Advisory Services	16
III. Fees for New Retail, Legacy EFS and TAMP Clients.....	16
IV. Fees for Advisory Services Provided to Legacy Financial Engines Clients.....	17
V. Fees for Other Services Offered.....	18
VI. Fee Calculation and Other Fees and Expenses for Wrap Fee Program Clients.....	19
VII. Fees for Non-Discretionary Online Advice	21
VIII. Other Fees Earned by Edelman Financial Engines	21
Item 6: Performance-Based Fees and Side-by-Side Management	22
Item 7: Types of Clients	22
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	23
I. Overview of Methods of Analysis and Investment Strategies.....	23
II. Methods of Analysis and Investment Strategies for Services Offered through the Workplace	25
III. Methods of Analysis and Investment Strategies for Services Through Planners	25
IV. Risk of Loss	26
Item 9: Disciplinary Information	29
Item 10: Other Financial Industry Activities and Affiliations	29
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	30
Item 12: Brokerage Practices	31
I. Brokerage Selection.....	31
II. Step-Out Trades.....	35
III. Trade Errors	35
IV. Order Aggregation for Services Offered Directly and Best Execution	36
V. Brokerage for Client Referrals	37
Item 13: Review of Accounts	37
I. Review of Discretionary Advisory Services Offered through the Workplace	37
II. Review of Discretionary Advisory Services Offered through Planners.....	38
III. Review of Non-Discretionary Online Advice	39
Item 14: Client Referrals and Other Compensation	39
I. Custodial Referrals and Solicitors	40
IV. Economic Benefits from Custodians	42
V. TAMP	42
VI. Other Compensation	43
Item 15: Custody	45
Item 16: Investment Discretion	45
I. Investment Discretion for Workplace Clients	45
II. Investment Discretion for Retail Clients	46
III. RPD Clients	47
Item 17: Voting Client Securities	48
Item 18: Financial Information	48

Item 4: Advisory Business

Financial Engines Advisors L.L.C. ("FEA" 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 which provide different levels of interaction with FEA based upon the unique requirements and needs of each client. We are committed to acting as a fiduciary, 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 was founded in 1986 by Ric and Jean Edelman. On or about 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 one 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 now primarily operates using the name "Edelman Financial Engines" (also referred to as the "Firm"). 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.

I. Overview of FEA's Advisory Services

FEA 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, 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. As further explained below, our services generally can be accessed either through the workplace, online or through one of our investment professionals.

Clients of FEA have access to an expansive suite of services ranging from tools designed to allow investors to conduct research and make trades on their own initiative to more comprehensive discretionary account management, as is more fully described below. FEA works to ensure that clients are engaged with services and tools which will help them achieve their long-term goals in a manner that is appropriate for their needs. FEA 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.

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 reach their retirement and financial goals by providing discretionary investment management for their retirement plan account 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;
 - for accounts where the feature has been activated, 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 via a toll-free number as well as online account access; and
- subject to availability, non-discretionary investment advice on retirement accounts outside the plan account.

Professional Management clients authorize the Firm to direct the plan provider to execute transactions on a discretionary basis to move toward the account's allocation target (and to otherwise manage the account) without prior approval of each transaction. Professional Management is generally made available to plan participants in a defined contribution plan through an agreement between the Firm and the plan and/or the sponsoring employer. 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 the Employee Retirement Income Security Act ("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. 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, typically 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 and desired retirement age. The Firm may also take into consideration certain client holdings outside the retirement plan as part of its analysis where such information is provided by the client.

The Firm determines an investment strategy and an allocation target based on 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+ and Income Beyond Retirement

Professional Management clients may also, if their plan provider has elected to offer this service, access the Firm's "Income+" feature. This service provides certain 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, prior to retirement the Firm manages the client's portfolio to balance between safety and growth, seeking to protect the ability of the account generate future income. Once that person is retired, Income+ 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.

Clients pay no additional fees for the Income+ feature, and they can transition to an 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+ 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+ feature.

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.

If available under the plan sponsor's agreement with the Firm, clients may have access to the Income Beyond Retirement feature of Professional Management. This service offers many of the same features of Income+ but 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. Like Income+, Income Beyond Retirement can facilitate steady payouts, at a client's request. The Firm does not receive any additional compensation for providing the Income Beyond Retirement service.

Managed IRA

If available, plan participants who already have a managed workplace account may also access the Firm's "Managed IRA" offering, a fee-based individual retirement account ("IRA") management service offered through the workplace. In some limited circumstances, IRA management services may also be available to spouses or for rollovers 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 personalized 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.

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 branch 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 careful consideration of their goals, risk tolerance, investment horizon, and needs, planners will 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. For more information on the Firm's Wrap Fee Program, please see our Wrap Fee Brochure. Generally, clients who have less than \$100,000 in assets under management or who have less complex financial needs and may not need the same services offered by planners working in a branch 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 a branch office is the same as that for working with professionals in a team-based approach and is outlined in Item 5. Clients with smaller balances may be referred to our non-discretionary advisory service, Online Advice.

Model portfolios and custom models available through the Wrap Fee Program feature diversified asset allocation appropriate for each client and their needs. The investments in these accounts include, but are not limited to, equities, mutual funds, cash or cash equivalents, CDs, bonds, 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.

Edelman Financial Engines generally manages client accounts on a discretionary basis, in accordance with the client's objectives and goals. However, 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 discussed with a particular client, we will not charge the client an advisory fee for such assets held within an account for longer than what might be considered reasonable under the specific circumstances.

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.

Clients may request reasonable restrictions on the types of investments that will be made on their behalf or on the management of their account. For example, clients may request that certain securities or types of securities not be purchased or sold, although the Firm has no control over the mix of securities held by a mutual fund or ETF. A client will ultimately be placed in a model or allocation that is most suited to 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 restrictive 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 accounts, bank accounts, credit cards, 401(k) accounts, brokerage accounts and other financial account information 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 with their planner.

Planners generally prepare a written 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.

As an investment adviser, our objective is to provide services which are in the best interest of our clients. Because our services are available both inside and outside the workplace, the Firm is often uniquely situated to provide help without the need to move assets in order to receive services. Working with a client, the Firm seeks to determine the optimal manner in which a client can receive services, based on the client's needs and the specific services available to that client. Edelman Financial Engines maintains policies and procedures related to the rollover of assets into a firm managed account. This includes situations where a planner recommends that a client holding an employer sponsored retirement plan or IRA outside of the Firm roll it over into a service which we provide. When appropriate (for example, an existing high-fee 401(k) or because of a client's desire to consolidate assets) a client may consider rolling money out of a 401(k), in accordance with Firm policies that help to ensure that such a rollover is in the client's best interest. A conflict of interest exists for our planners as they have an economic incentive to offer certain advisory services, including recommending rollovers to clients. 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.

Edelman Financial Engines does not provide legal or tax advice and clients are advised to work with an attorney or accountant on matters requiring legal or tax counsel. In the context of providing holistic financial planning for our retail clients, planners may also at times refer clients to certain other third-party service providers, who could potentially assist them with their financial 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.

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 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 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.

Personalized Portfolios

Certain Edelman Financial Engines retail clients can invest in personalized portfolios through their planner. While the investment management philosophy is the same as for model portfolios, personalized portfolios determine appropriate allocations at the household level for individual clients. Personalized portfolios consider factors such as individual tax circumstances, unmanaged assets, concentrated positions, objectives, risk tolerance, and other relevant factors.

Personalized portfolios may offer an optional feature called Downside Defender™ (also referred to as "Downside Defense™"), designed to reduce the likelihood of the account balance falling below a certain defined threshold during a market decline. Available for certain accounts managed by the Firm, this feature is most appropriate for individuals with a short investment horizon (e.g., clients who are near or in retirement), and who seek to maintain a target balance within the account. Accounts enrolled in this feature are regularly monitored against the desired floor and adjustments are triggered as markets change. As markets decline, we may adjust the investments in these accounts to lower the risk of further loss or crossing the designated threshold. Clients who wish to enroll in this feature must be willing to accept potentially lower long-term portfolio growth, including slower recoveries during market upturns. This feature is not a guarantee against losses or declines in account value, or a promise that accounts will not decline further than a target floor, but rather acts as a tool to help reduce and manage such instances. This feature is offered at no additional cost to the client.

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 available to participants in employer-sponsored defined contribution plans through an agreement between the Firm and the plan and/or the sponsoring employer. Online Advice is also available to retail clients or other interested parties, who can sign up online at any time for this service. The Firm may also refer relevant clients or prospective clients to this service if it appears to be in their best interest to engage with the Firm in this manner.

Once certain information is provided by the client into the Online Advice tool, 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 likely to be generated 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 tool;
- 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. Such investments can include such holdings as mutual funds and ETFs and can also include vehicles such as CDs. 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 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). These alternatives are generally mutual funds, and, in some cases, one or more equity securities issued by the plan sponsor.

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 offers clients who use Online Advice investment analysis of mutual funds and stocks in the form of Scorecards. Each Scorecard presents an analysis of the risk, expenses, style, turnover and historical performance of a particular mutual fund compared to its peers and assigns the fund a score. A fund’s score describes how the fund might perform in the future relative to its peers. The Fund Scorecard also presents a graphical representation of historical performance of a hypothetical investment in the fund. The Scorecards for individual equity securities depict the relative risk and historical performance of the individual stock.

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 to enable plan participants to transmit their contribution and investment decisions to the plan provider or institution for execution if they choose to do so. 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:

- update account information to reflect changes in holdings, including purchases and sales of investments;
- update personal information, including retirement goals, to reflect changes in personal or financial circumstances; and/or
- review any updates regarding changes to the participant's account value or forecast.

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 user 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, from time to time 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.

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.

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 retail investment management agreement. See Section IV. Discretionary Advisory Services through Planners above for details.

Institutional Advisory Services

Utilizing Wrap Fee Program models, planners provide investment management services to a variety of small and mid-sized companies, organizations, endowments, and associations. The services offered can include drafting an investment policy statement, developing an asset allocation model, preparing a financial profile and/or providing investment management services.

Ready Cash

Ready Cash™ is offered through Edelman Financial Engines as an option for clients seeking a place to maintain their cash reserves. Participating clients must open an account at UMB Bank, n.a. (UMB),

Member FDIC. The account is at UMB Bank, n.a. and is not an investment advisory account managed by Edelman Financial Engines. The cash balance clients place 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. Each program bank pays interest on those funds at an agreed-upon rate. Client funds will be FDIC insured up to applicable limits while in transit through UMB. The Firm receives a fee from each program bank based on the aggregate daily closing balance of deposits held in program accounts by the program bank. This fee may vary by program bank and will generally increase as the aggregate amount of funds with that program bank increases. Receipt of these fees presents a potential conflict of interest as the Firm receives an economic benefit related to clients 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.

Educational Products

Ric and Jean Edelman have authored several books about personal finance. Ric Edelman's books include *The Truth About Money* (4th ed.); *The New Rules of Money*; *Ordinary People, Extraordinary Wealth*; *Discover the Wealth Within You*; *What You Need to Do Now*; *The Lies About Money*; *Rescue Your Money*; *The Truth About Retirement Plans and IRAs*; *The Truth About Your Future*; and *The Squirrel Manifesto*. Jean Edelman has also published *The Other Side of Money*. More information about book compensation can be found in Item 5.

Additionally, the Firm, through an affiliate, may offer guidance and education to employees as an employer-sponsored benefit, separate from the discretionary and non-discretionary services described above. Availability is subject to the agreement between an employer and the Firm.

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.

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

As of December 31, 2020, FEA managed approximately \$260.1 billion in assets on a discretionary basis. As Online Advice is a non-discretionary service, FEA did not manage any assets on a non-discretionary basis as of December 31, 2020.

Item 5: Fees and Compensation

As is discussed above, FEA 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 FEA's 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; (4) whether the client was referred through a referral arrangement (see Item 14), and/or (5) 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.

Clients of legacy Financial Engines as of November 1, 2018 continue to pay the same fees that they were paying at that time. 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. In all cases, the fee paid, which may be subject to negotiation, will be memorialized in the client agreement executed between the Firm and the client. 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

As is described more fully below, 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 service 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 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 the Personal Advisor service pay a fee for that service, generally up to 1.35% on assets under management, although fees may be less per individually negotiated arrangements with certain employers. Such fees apply to both workplace and any outside accounts. A \$225 minimum quarterly fee may apply for the Personal Advisor service. Personal Advisor clients pay

quarterly in arrears. Fees are deducted from each account managed through the Personal Advisor service. 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

For services offered through the workplace, the Firm indirectly 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 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 New Retail, Legacy EFS and TAMP Clients

Clients who begin working with Edelman Financial Engines on or after November 1, 2018, as well as Legacy EFS and TAMP clients whose accounts were established prior to that date, pay fees for services pursuant to the following schedule. This fee schedule is applicable to new retail 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 National Advisor Center, who are referred to Edelman Financial Engines through one of our custodial referral programs (see Item 14), who have a certain amount of AUM, or in certain other individual circumstances may receive a discount on the above rates. Employees and their spouses/households are also eligible for a discounted fee. In all such cases the applicable fee will be disclosed in writing.

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 because of this arrangement. Edelman Financial Engines pays a negotiated percentage, up to 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, 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.

Please see Section VI for other relevant fee information.

IV. Fees for Advisory Services Provided to Legacy Financial Engines Clients

Clients who executed a client agreement with legacy Financial Engines as of November 1, 2018, generally continue to pay the same fees they have historically on those accounts, as is outlined below. Different fees may be assessed in individual situations as will be disclosed in the agreements entered into by individual clients. New client relationships opened with legacy Financial Engines planners will be assessed fees as outlined in Section III, above.

The fee charged for IRA and taxable account management accessed through legacy FE planners on accounts existing as of November 1, 2018 is based on a percentage of the client's assets under management. The following schedule lists the fees that Edelman Financial Engines will assess for these services. Clients of legacy Financial Engines will be charged according to their existing fee schedule as detailed below unless and until such fees are changed. Fee changes will be communicated, as appropriate, per the terms of the agreements governing the accounts.

Legacy FE Client Fee Schedule	
Assets	Annual Fee
\$0-250,000	1.50% on the first \$250,000
\$250,001-500,000	1.30% on the next \$250,000
\$500,001-750,000	1.10% on the next \$250,000
\$750,001-1,000,000	1.00% on the next \$250,000
\$1,000,000-1,250,000	0.90% on the next \$250,000
\$1,250,000 +	0.90% flat, on the entire amount managed

Clients who are referred to planners by our National Advisor Center, who are referred to Edelman Financial Engines through one of our custodial referral programs (see Item 14), who have a certain amount of AUM, or in certain other individual circumstances may receive a discount on the above rates. Employees and their spouses/households are also eligible for a discounted fee. In all such cases the applicable fee will be disclosed in writing.

Fees for investment advisory services provided to retirement and pension and other ERISA plans which existed as of November 1, 2018 and were serviced by legacy Financial Engines planners 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 VI for other relevant fee information.

V. 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 & Retirement Plan Consulting Services being offered, as well as the size and complexity of the plan. There is a flat fee of \$3,500 on 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 wrap 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 wrap 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.

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:

Institutional Fee Schedule	Fee
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 wrap 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 VI for other relevant fee information.

VI. 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 to determine the lowest percentage 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 management. Planners are eligible to receive up to \$5,000 for certain new client referrals, based on relationship size.

All Wrap Fee Program clients, including TAMP clients, authorize their custodian, on behalf of Edelman Financial Engines, to deduct fees from their accounts. 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. For margined accounts, the fee may be added to the margin balance unless the client elects to deposit cash or liquidate securities. 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.

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. However, 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.

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, say 90 days or some other time frame, such as 10 days or 180 days of 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. Your planner can share with you the average expense ratio for the model that you are in or the one that they are recommending putting you in. 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 E*TRADE Savings Bank (doing business as "E*TRADE Advisor Services"), TD Ameritrade ("TDA"), 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.

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, which are typically driven by a client's particular situation and needs. 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 delivery fees, non-standard asset fees, insufficient fund fees, returned check fees, or fees imposed by regulators. Edelman Financial Engines does not receive any of these fees.

We anticipate that transactions placed in a client's account will be executed through one of the program custodians. However, in the 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. 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. Compensation paid to planners from the wrap fee does not vary depending upon the number of trades made in Wrap Fee Program client accounts. 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.

VII. 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's Advisor Center at 1-800-601-5957. The fee schedule is 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".

VIII. 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. The Firm can also, at its discretion, waive financial planning fees that are contingent upon the client making a pledge, or other philanthropic donation, to unaffiliated non-profits, such as PBS. The value of these donations or pledges may or may not be equal to the one-time initial fee of \$800. 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 both workplace and retail 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.

Edelman Financial Engines planners may create an arrangement with a corporation or other organization where a combination of financial planning, advice and/or educational services are provided

to employees or members. Bundled services of this type may be offered at a reduced fee. Nominal costs for additional products or services may be charged at the discretion of Edelman Financial Engines. The Edelman Financial Engines planner can further waive that subsidized fee, in whole or in part, at their discretion. The Firm also, at times, promotes special offers to clients or prospective clients under certain parameters as solely set by Edelman Financial Engines.

Speaking Engagements

Ric Edelman is a public speaker, as well as a radio, television and webinar host covering topics related to investing and financial education. Generally, fees for his speaking engagements range from free to \$30,000 plus travel expenses, depending on sponsor, date, location, and program requested.

Educational Products

Ric and Jean Edelman's books are available for sale through booksellers, with prices ranging up to \$26.00. Edelman Financial Engines may provide these books at a discount or for no cost to organizations, individual clients, or prospective clients. Edelman Financial Engines has in the past asked third-party service or product providers to buy copies of a book and going forward Edelman Financial Engines may ask them to buy copies of a current or future book or provide financial incentive for doing so. Such purchases may be a conflict of interest. Edelman Financial Engines and/or Ric and Jean Edelman receive book royalties or other revenue from the sale of any books written by them. Any direct receipt of revenue by Mr. Edelman from the sale of books, as well as the indirect receipt of an economic benefit by Mr. Edelman by promotion of the Firm in books, the radio show, seminars, and other mediums could result in a conflict of interest in how Mr. Edelman promotes the Firm or its products.

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.

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

Edelman Financial Engines does not charge any performance-based fees (that is, fees based on a share of capital gains on or capital appreciation of the assets of a client). 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). Please see Item 5 above for additional details on fees and compensation related to the advisory services which Edelman Financial Engines offers.

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 the following minimum account balances may apply: 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 Managed 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, the following minimum account balances may apply: 1) For retail clients, 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.

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

Below we describe the methods of analysis and investment strategies we currently use in formulating advice or managing assets. In addition, because investing in securities involves risk of loss that clients should be prepared to bear, we describe material risks below that attach to the methods of analysis and investment strategies we use (and more generally to anyone investing in securities). Our description of overarching methods of analysis and investment strategies is organized into sections tied to the general service offering options described above. Please note that methods of analysis and investment strategies may change over time.

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 its 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 has 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 over-arching methods of analysis and investment strategies. Some of those broad methods of analysis and strategies are addressed below.

Broadly speaking, 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.);
- 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. To that end, 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, or for tweaking existing portfolios, 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. Listed below is additional information related to methods of analysis and investment strategies as applied to services historically offered through the workplace by Edelman Financial Engines and services offered directly through Edelman Financial Engines planners.

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 on the 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 level. For participants on the income objective, on the other hand, the advice platform generates a portfolio designed to provide steady payouts in retirement in line with the participants' needs, stated risk tolerance and time horizon, among other factors.

Due to 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 takes into account, among other factors, portfolio turnover, concentration, risk and expected return, 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 personalized 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 actively and/or passively managed 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 most investment products recommended fall into several large buckets (mutual funds and exchange-traded funds), there is significant diversity within those very broad categories and therefore Edelman Financial Engines does not believe that there are material risks associated with the universe of securities traded or recommended to clients.

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 (upon request of the client), on other strategies, including stock or bond trading, margin transactions, option writing and short sales. This is infrequently done.

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, it appears 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 retail 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. This strategy is not without risk and is not suitable for all investors. 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. Each client is responsible for communicating their preferences related to tax loss harvesting to the Firm.

IV. Risk of Loss

For all clients who invest in the markets through Edelman Financial Engines (or otherwise), regardless of the services they choose, 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 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, such as large cap growth stocks or small cap value stocks. 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.

Because any mutual fund, ETF, or annuity held in a client's Wrap Fee Program account has its own internal expenses, changing one or more investment funds in a model and, as a result, the relevant client accounts, will likely result in a change to the expense ratio of the overall portfolio. The resulting expense ratio may be higher or lower than the expense ratio of the original portfolio. If a change is made and the expense ratio of the new fund is in fact higher than that of the fund or investment that was replaced, clients will incur a greater expense than previously incurred (or vice versa if the expense ratio is lower). Clients should understand that, while Edelman Financial Engines takes the cost of particular investments into account when making investment decisions, cost is one of the many factors that are considered. Other factors that are considered include: overall diversification, return, risk adjusted return, exposure to particular asset classes or market sectors in which the Firm and Investment Committee have conviction, internal characteristics, trading impact, liquidity, and manager reputation.

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.
- **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.
- **Risks Associated with Positions in ETFs with which Edelman Financial Engines was Involved** – Certain Firm models include positions in the SPDR S&P North American Natural Resources ETF (“NANR”) and/or the iShares Exponential Technologies ETF (“XT”). At a certain point of time, Ric Edelman became interested in how new economy innovation and technology disruption would change investing. As a result, he articulated certain principles that BlackRock later used in creating XT. Ric Edelman played a similar role with respect to NANR. XT and NANR are sponsored and managed by BlackRock and State Street Global Advisors, respectively. Neither Ric Edelman nor Edelman Financial Engines receives any direct or indirect compensation from either of the funds or their respective affiliates based on the sale of, or investment in, either fund. For each of these funds a very significant percentage of each ETF’s total assets may be held by Firm clients. Such large concentrations present a variety of risks. For example, should the Firm decide to transition out of one or both of the funds, the high concentration of clients within NANR and XT could lead to liquidity risk and/or reputational risk. This risk may occur in relation to other ETFs or mutual funds within models at various times due to portfolio allocations and holdings as well.
- **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.
- **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.

Item 9: Disciplinary Information

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

FEA is not a registered broker-dealer or insurance agency. It is affiliated with Edelman Financial Services, LLC ("EFS"), which is an insurance agency. FEA is also under common indirect ownership and control with other broker-dealers and investment advisers, but FEA does not maintain any material business relationships with those other investment advisers and broker-dealers. We do not believe that these affiliations create a material conflict of interest for FEA'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 new 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 for the referral of insurance opportunities to third parties, as discussed below. FEA 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 FEA affiliate 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 the number of participants in a plan and the number of participants who use our services, or in limited circumstances, a percentage of the advisory fees the Firm receives in connection with the provision of advisory services to clients using the communications links. 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's time spent on these activities is incidental to its investment advisory business. 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 fee from each program bank in the Ready Cash™ program that is based on the aggregate daily closing balance of deposits held in that bank's program accounts. This fee will generally increase as the aggregate amount of funds with that program bank increases. Receipt of these fees presents a potential conflict of interest as the Firm receives an economic benefit related to clients 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.

FEA 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 FEA'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

Edelman Financial Engines has adopted a Code of Ethics (the "Code") pursuant to SEC Rule 204A-1 and/or similar state rules. A copy of the Code will be provided to any client or potential client 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, 21st Floor, Boston, MA 02109.

Of primary importance to the policies within the Code is adhering to a fiduciary standard and putting the 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. Persons designated as Access Persons under the Code are subject to additional, specific requirements with respect to their personal securities transactions, including the disclosure of all securities holdings on an annual basis, certain reporting on a transactional and quarterly basis and prior approval of transactions for certain designated securities and offerings. 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. The Code has a series of rules designed to ensure that trading activity of Access Persons is appropriate. At times, officers and employees may purchase securities for their own accounts that may, in certain instances, be the same securities as those recommended to clients, such as shares of certain exchange-traded funds. 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 front-running, trading in securities on the restricted or watch list, 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 risks serious sanctions, including potential loss of employment.

As disclosed in Item 12, the Firm does not engage in agency cross transactions or make any principal trades for advisory clients.

Item 12: Brokerage Practices

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 broker-dealers. The roles of Edelman Financial Engines and the broker-dealer are different, but 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).

This section describes certain brokerage practices related to the Firm, including in the areas of research and soft dollar benefits, brokerage for client referrals and directed brokerage. Conflicts of interest associated with the Firm's custodial arrangement are described below as well as in Item 14.

I. Brokerage Selection

Retail 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; E*TRADE Advisor Services; TD Ameritrade Institutional, a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade" or "TDA"), an unaffiliated SEC-registered broker-dealer and FINRA member; 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 or TDA. While Edelman Financial Engines has arrangements established with these custodians, it does not select which ones to use to effect trades or determine commissions paid by clients, although in some cases the choice of custodian may be driven by services selected.

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.

While we anticipate that transactions placed in a client’s account will be executed through one of the custodians listed above, in limited circumstances the Firm may choose to execute trades with another broker-dealer, as is detailed below. Each custodian also 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 retail clients. These services include duplicate client statements and confirmations (with the exception of E*TRADE 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 retail 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, we look for terms that are, overall, most advantageous when compared with others. We consider a wide range of factors, including the types of services offered and the quality of them, 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

Edelman Financial Engines has entered into a marketing support agreement with Charles Schwab & Co., Inc. (“Schwab”) for which the Firm receives payment from Schwab each quarter. This money reduces

Firm expenses tied to client acquisition efforts. In addition to benefiting the Firm, Schwab will benefit indirectly from those efforts through the establishment of multiple client accounts at the Firm with Schwab as a custodian of client non-workplace accounts. Clients are not required to select Schwab as their custodian in order to receive the Firm's services generally but are currently required to select Schwab as custodian in order to receive the Personal Advisor level of service. Because Edelman Financial Engines receives an economic benefit, the Firm has a conflict of interest if it encourages or requires that clients use Schwab as a custodian. Clients are not charged a different or additional fee based on their custodian selection, and such agreement does not have any impact on the determination of the advice and/or management that the Firm provides to its advisory clients. In addition, such agreement does not require the maintenance of any specified number of accounts or amount of assets under management in Schwab accounts.

Unrelated to its services in the workplace, if a client accesses services directly, and the client 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 clients. 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, marketing, and compliance

consulting products and services 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: TDA

Edelman Financial Engines also participates in the TD Ameritrade Institutional Program. We receive services that include custody of client securities, trade execution, clearance, and settlement of transactions as a result. The Institutional Program provides additional economic benefits to Edelman Financial Engines that are not typically available to TD Ameritrade retail investors. There is no direct link between Edelman Financial Engines participation in the program and the investment advice it gives to its clients. The economic benefits include the following products and services, which are provided at no cost or at a reduced cost to Edelman Financial Engines:

- Receipt of duplicate client statements and confirmations
- Research-related products and tools
- Consulting services
- Access to a trading desk serving Edelman Financial Engines
- 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
- 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
- Discounts on compliance, marketing, research, technology and/or other services
- Practice management products or services provided to Edelman Financial Engines by third-party vendors
- Business consulting and professional services received by Edelman Financial Engines -related persons (may be paid for by TD Ameritrade)

Some of the products and services made available by TD Ameritrade through the Institutional Program may benefit Edelman Financial Engines but may not benefit client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Edelman Financial Engines manage and further develop our business enterprise. The benefits received by Edelman Financial Engines or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. Edelman Financial Engines at times recommends TD Ameritrade to clients for custody and brokerage services. Therefore, receiving these economic benefits creates a conflict of interest and could directly or indirectly influence Edelman Financial Engines to recommend TD Ameritrade to clients for custody and brokerage services.

Custodian Specific Disclosures: E*TRADE

For retail clients, E*TRADE 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. E*TRADE 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 E*TRADE Advisor Services charges is contingent upon the assets under custody that Edelman Financial Engines holds with E*TRADE Advisor Services. Edelman Financial Engines also participates in E*TRADE Securities LLC (“E*TRADE”)’s referral program. Please see Item 14.

These arrangements with E*TRADE Advisor Services and E*TRADE, 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 E*TRADE Advisor Services for custody and brokerage services even though a Custodian other than E*TRADE 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 will 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 taking into account the surrounding facts and circumstances.

Generally, if an error is categorized as a trade error and is the responsibility of Edelman Financial Engines, the client transaction will be corrected, and Edelman Financial Engines will be responsible for client losses resulting from an inaccurate or erroneous order, with certain possible exceptions.

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.

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") 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 of ETFs 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 by processing a single trade order aggregating the quantity of ETF 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 amount 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 by side each client will pay the same purchase price or, if applicable, 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 all such transactions.

The Retirement Paycheck service will aggregate purchases, and any sales, 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.

V. Brokerage for Client Referrals

Edelman Financial Engines participates in TD Ameritrade's and E*TRADE Securities LLC's referral programs. For clients who are referred to us through these programs the Firm will custody the accounts opened by that client at the custodian who made that referral. While this creates a conflict of interest, we do not believe it is material. For more detail about these referral programs and any potential conflict of interest, please see Item 14.

Item 13: Review of Accounts

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

Clients who are enrolled in legacy Financial Engines services have accounts which are periodically reviewed, as is described below. The one exception is clients who enroll in Online Advice; such clients, due to the nature of that service, are responsible for monitoring accounts on their own and do not receive periodic reports from Edelman Financial Engines.

For clients enrolled in Professional Management and/or Managed 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 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 directly are typically reviewed daily for rebalancing; other accounts are generally reviewed periodically. Personalized portfolios with the optional Downside Defense™ feature 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. Allocations are reviewed frequently to assess the need, if any, for a reallocation.

In addition to the above, individual planners review accounts on as frequent a basis as is appropriate 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 appropriate 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 tolerance for risk, investment objectives or time horizon, clients are urged to contact Edelman Financial Engines to report those changes, so Edelman Financial Engines and 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 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 sends or 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 in 2021 or beyond). 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.

Clients are able in many cases use a personal finance information management tool which allows clients to 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 may request in writing that their financial planner consider their outside accounts as part of any annual review of their advisory accounts managed by Edelman Financial Engines and the planner may choose to do so at their sole discretion. 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

Edelman Financial Engines' Online Advice service 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, 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

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. Nonetheless, we describe certain of those items below.

I. Custodial Referrals and Solicitors

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 solicitor is negotiated between the solicitor and Edelman Financial Engines. These referrals comply with the Cash Solicitation Rule of the Investment Advisers Act, respective federal and state laws governing the same where relevant, and ERISA, if applicable.

Edelman Financial Engines has policies in place meant to ensure that those who are referred to Edelman Financial Engines through a non-client referral receive appropriate disclosures where appropriate. To that end, new clients are provided a copy of the FEA ADV and a copy of relevant written disclosure documents about fees. In addition, each client for which Edelman Financial Engines pays a referral fee receives disclosures setting forth the nature of activities conducted by the person or entity making the referral, the nature of the fees paid by Edelman Financial Engines, whether Edelman Financial Engines is affiliated with the solicitor and any other material terms which may be important to a prospective client's decision to become an Edelman Financial Engines client under such circumstances.

In instances where Edelman Financial Engines utilizes a non-affiliated solicitor, the solicitor's role is limited to that of a solicitor. Such solicitors are not an agent, representative or employee of Edelman Financial Engines, and that solicitor does not provide investment-related advice on behalf of Edelman Financial Engines. Each such solicitor 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 solicitors will generally 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, including the duty to obtain best execution when selecting brokers to execute securities transactions on behalf of clients, are in no way impacted or reduced based on whether a client was referred.

From time to time, the Firm may initiate programs for employees to refer clients to the Firm that result in funded accounts. Separately, supervised persons of Edelman Financial Engines who are employees of Edelman Financial Engines and who work in Edelman Financial Engines' National Advisor 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 engagement are paid to Edelman Financial Engines National Advisor Center employees, Edelman Financial Engines does not consider them material and does not deem them to present a conflict of interest.

TD Ameritrade Institutional Program / AdvisorDirect®

Edelman Financial Engines participates in the TD Ameritrade Institutional Program known as AdvisorDirect®. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC (“TD Ameritrade”), an independent and unaffiliated SEC registered broker-dealer and FINRA member. The AdvisorDirect® program allows TD Ameritrade to refer its brokerage clients and other investors seeking fee-based personal investment management or financial planning services to other investment advisers such as Edelman Financial Engines. TD Ameritrade will generally not allow its clients to participate in AdvisorDirect® unless they have a minimum of \$750,000 in investable assets. TD Ameritrade does not supervise Edelman Financial Engines and has no responsibility for our management of client models or other advice or services. To participate in AdvisorDirect®, an advisor must meet certain minimum eligibility criteria. However, AdvisorDirect® is not open to all advisors who meet these minimum criteria. TD Ameritrade limits the number of advisers based on the services provided and investment style of the advisor.

We receive client referrals from TD Ameritrade through participation in the AdvisorDirect® program that result in an economic benefit to Edelman Financial Engines. We pay TD Ameritrade an ongoing fee for referrals that result in the referred client choosing to conduct business with Edelman Financial Engines where the assets remain in custody with TD Ameritrade. For referrals that occurred through AdvisorDirect before April 10, 2017, this fee is a percentage (not to exceed 25%) of the advisory fee that the client pays to the Firm. For referrals that occurred through AdvisorDirect on or after June 9, 2017 the fee is annualized, based on the amount of referred client assets that does not exceed 25% of 1%, unless such client assets are subject to a “Special Services Addendum.” In the case of a Special Services Addendum, the fee is annualized, based on the amount of referred client assets that does not exceed 10% of 1%.

We also pay TD Ameritrade a referral fee on any assets we receive from any of certain of a referred client’s family members who also become an Edelman Financial Engines client on the recommendation of such referred client. Clients who are referred to Edelman Financial Engines through this program will generally pay a lower fee for the services they receive than other clients. For more information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect® Disclosure and Acknowledgment Form.

E*TRADE Securities LLC (“E*TRADE”)’s Referral Program

Edelman Financial Engines participates in E*TRADE Securities LLC (“E*TRADE”)’s referral program. E*TRADE is an independent, unaffiliated broker-dealer registered with the SEC. E*TRADE does not have the authority to make representations or accept clients or accounts on behalf of Edelman Financial Engines. E*TRADE is not providing any investment advice to Edelman Financial Engines. It is Edelman Financial Engines’ sole discretion whether to accept or reject a referral from E*TRADE and Edelman Financial Engines is solely responsible for determining the suitability of any advisory services provided to the referred client. Planner’s participation does not reduce or eliminate planner’s fiduciary duties to clients it otherwise would have. E*TRADE will generally not allow its clients to participate in the E*TRADE Advisor Network unless they have a minimum of \$400,000 in investable assets.

Edelman Financial Engines pays E*TRADE a referral fee (not to exceed 23 basis points) for as long as the referral remains an investment advisory client of Edelman Financial Engines and the assets remain in

custody with E*TRADE. Edelman Financial Engines also pays such referral fees to E*TRADE if additional accounts over which a referred client has beneficial ownership or authority engages with Edelman Financial Engines for investment advisory services, or if certain of the referred client's relatives or members of their household also engage with Edelman Financial Engines for investment advisory services. Referred clients will not pay any additional or higher fees as a result of being referred from E*TRADE. Clients who are referred to Edelman Financial Engines through this program will generally pay a lower fee for the services they receive than other clients.

Edelman Financial Engines participation in these referral programs poses potential conflicts of interest. 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 clients referred through AdvisorDirect® to transfer their accounts from TD Ameritrade nor to establish brokerage or custody accounts at other Custodians, except when our fiduciary duties require doing so. Edelman Financial Engines participation in these programs does not diminish our duty to seek best execution of trades for client accounts.

IV. Economic Benefits from Custodians

The Custodians that Edelman Financial Engines uses (TD Ameritrade, Fidelity, Schwab or E*TRADE 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 (TD Ameritrade, Fidelity, Schwab, or E*TRADE Advisor Services) 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.

V. 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 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

back-office 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.

VI. 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 TD Ameritrade Institutional, Dimensional Fund Advisors LP ("Dimensional"), Investnet, Charles Schwab & Co., Inc., Smarsh Inc., and/or Skience LLC Advisory Panels. 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 either the TD Ameritrade Institutional or Charles Schwab & Co., Inc. panels does not depend on the amount of brokerage transactions directed to them.

Evaluation of NANR, XT and Other ETFs

Certain models available through the Wrap Fee Program include positions in the SPDR S&P North American Natural Resources ETF (NANR) and the iShares Exponential Technologies ETF (XT). Ric Edelman initially articulated the principles that BlackRock later used in creating XT. Edelman Financial Engines played a similar role with respect to NANR. XT and NANR are sponsored and managed by BlackRock and State Street Global Advisors, respectively. Neither Ric Edelman nor Edelman Financial Engines receives any direct or indirect compensation from either of the funds or their respective affiliates based on the sale or investment in either fund. For each of these funds, a very high percentage of each ETF's total assets may be held by Wrap Fee Program clients. There is a conflict of interest regarding the initial role that the Firm and/or Ric Edelman played in the suggestion for or the creation of these two ETFs, as well as any promotion of NANR or XT by the Firm and/or Ric Edelman, in that the Firm may receive indirect economic and other benefits from the association of its name with that ETF. That conflict could influence our decision to use either State Street Global Advisors' SPDRs or BlackRock's iShares to provide ETFs in the Wrap Fee Program.

Salentica

Salentica, along with other companies is part of an “Institutional Alliance” with TD Ameritrade. Edelman Financial Engines uses Salentica as its Client Relationship Management (CRM) system. The relationships between Edelman Financial Engines, Salentica and TD Ameritrade, and their participation in the Institutional Alliance present a conflict of interest in that it may make it less likely that the Firm would move away from relationship with TD Ameritrade.

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.

Economic Benefits from Third Parties

Edelman Financial Engines and/or Ric Edelman may enter into discussions with a third-party, including existing vendors or other service providers regarding joint ventures, partnerships, marketing initiatives or other such forms of cooperation. Edelman Financial Engines may also use third-parties, including existing vendors or service providers in a consultative manner, sounding them out for advice or insight, at no or a reduced cost to Edelman Financial Engines, which the Firm could use for its proprietary purposes and/or for the potential benefit of our clients. This activity could create a conflict of interest to the extent that it benefits Edelman Financial Engines and such benefits are not passed on to the client, or Edelman Financial Engines otherwise makes decisions with respect to that third-party which may adversely affect the client. In addition, to the extent Edelman Financial Engines has an arrangement or relationship with a third-party separate and apart from that third-party’s provision of services to our clients, Edelman Financial Engines judgment with regard to those services could be affected by its arrangement or relationship.

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. Edelman Financial Engines has asked third-party service providers to make donations to the initiative. 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.

Ric Edelman frequently speaks, writes, and opines on a variety of topics through multiple platforms, including on retirement security, blockchain technologies, cryptocurrencies, and assets, digital assets, and exponential technologies. His views do not necessarily represent those of the Firm generally, and do

not constitute a recommendation for any specific Firm client or groups of clients. He has passive and non-passive participation with, and investments in, various bodies, boards and entities tied to the above topics including cryptocurrencies and assets, blockchain technologies, digital assets, and exponential technologies. This may create a potential conflict of interest to the extent that Edelman Financial Engines and/or Edelman Financial Engines models contain investments or allocations associated with such areas of the economy. Clients and potential clients should not consider any general commentary on such topics by Mr. Edelman to be a specific recommendation for any account or individual.

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

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. For purposes of providing its advisory services, Edelman Financial Engines does not maintain actual possession or custody of client assets. 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 1A 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

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 any of the Firm's investment advisory or 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 explicitly granted by the client.

Discretionary trading 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. It also allows us to implement the investment plan that was created for that client after significant client inputs about such preferences as risk tolerance, time horizon, goals, and needs. The Firm makes ongoing changes as is appropriate to effectuate the relevant plan. Those changes may include periodic rebalancing of asset classes or reallocations as appropriate.

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 Retail 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. Personalized 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 most suited to 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 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 in securities. Although clients may deposit freely tradable securities in their accounts to meet the minimum account size, we 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 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, QDIAs, and models.

Under the RPD Investment Management Agreement, Edelman Financial Engines has the limited 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. Generally, Plan sponsors (or other Plan fiduciaries or agents) are notified of reallocations after the transactions are made.

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

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.

Item 18: Financial Information

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.

Financial Engines Advisors L.L.C.
3315 Scott Blvd, 4th Floor
Santa Clara, California 95054

Chief Compliance Officer: Jonathan Robbins
www.EdelmanFinancialEngines.com

March 31, 2021

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.



©2021 Edelman Financial Engines, LLC. Financial Engines® and Edelman Financial Engines® are registered trademarks of Edelman Financial Engines, LLC. As is discussed in more detail within this document, the name of the registered investment advisor remains Financial Engines Advisors L.L.C.; the overall business will now primarily operate using the name "Edelman Financial Engines."

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

Christopher L. Jones (1967), Chairman

A.B. Economics, Stanford University;
M.S. Engineering – Economic Systems, Stanford University;
M.S. Business Technology, Stanford University
Mr. Jones is an Executive Vice President and Chief Investment Officer

Wei-Yin Hu (1967)

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

Gregory D. Stein (1970)

A.B. Economics, Stanford University;
A.M. Economics, Stanford University
Mr. Stein is Vice President of the Analytics Office

Robert L. Young (1966)

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

Neil Gilfedder (1971)

B.A. Philosophy, Economics, University of York;
M.A. Economics, Stanford University
Mr. Gilfedder is Senior Vice President, Portfolio Management

Patricia Wang (1971)

B.A. Industrial Engineering and Economics, Stanford University Ms.
Wang is Senior Director, Portfolio Management

Brian Lipps (1974)

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

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

There is no disciplinary information, other business activities or additional compensation to report for each of the above persons.

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.