



Firm Brochure
(Form ADV, Part 2A)

Financial Engines Advisor Center, LLC

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This brochure provides information about the qualifications and business practices of Financial Engines Advisor Center, LLC (“Financial Engines Advisor Center” or “FEAC”). If you have any questions about the contents of this brochure, please contact us at (913) 319-8100 or (866) 801-0222 or by email at info@financialengines.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about FEAC is available on the SEC’s website at www.adviserinfo.sec.gov.

Note: While FEAC may refer to itself as a “registered investment adviser” or “RIA”, clients should be aware that registration itself does not imply any level of skill or training.

October 2016

MATERIAL CHANGES

Annual and/or Material Changes Update

The Material Changes section of this brochure is updated to report any material changes to the previous version of Form ADV, Part 2A (“Firm Brochure”). The section below provides a summary of material changes since the last update.

Summary of Material Changes since the Last Update

The U.S. Securities and Exchange Commission requires that each Investment Adviser provide its new clients with a copy of its Form ADV, Part 2A. The rule requires completion of specific mandatory sections and those sections are to be organized in the order specified by the rule.

Investment advisers must update the information in their Form ADV, Part 2A, when a material change has occurred. FEAC is updating its Form ADV, Part 2A, dated September 2016, to report the following-

- I. We have removed references to The Mutual Fund Store franchise system as all franchisee assets have been purchased by Financial Engines Advisor Center, LLC and/or its affiliates. These purchases were completed in October, 2016.

The revised Form ADV, Part 2A, for Financial Engines Advisor Center, is dated October 2016.

Full Brochure Available

Whenever you would like to receive a copy of our Form ADV, Part 2, please contact us by telephone at (913) 319-8100 or (866) 801-0222 or by email at info@financialengines.com.

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Description of Advisory Firm and Principal Owners

Financial Engines Advisor Center is an SEC registered investment adviser, offering asset management and investment advisory services. FEAC commenced operation in 1996 and became an SEC registered investment adviser in 2000.

Financial Engines, Inc. (“Financial Engines” or “FEI”), through its subsidiaries, wholly owns FEAC. Financial Engines, Inc. is a publicly traded company (symbol “FNGN”).

Types of Advisory Services Offered

FEAC provides clients with two distinct asset management services. The asset management services are the Standard service and the Retirement Paycheck® service. Below is information about these services.

- **Standard service** – FEAC provides clients with its Standard service, for asset management. The Standard service includes providing ongoing and continuous advice to the client, making investments and investment decisions for a client based on the individual needs of the client. FEAC will manage its Standard service clients’ accounts on a discretionary basis and the management of those accounts is guided by the stated objective(s) of the client. These objectives may include: conservative growth; moderate growth; aggressive growth; income; defensive; a combination of these; or, other objectives.

FEAC will create an investment portfolio of securities for each client. In creating the portfolio, FEAC utilizes primarily no-load and/or load-waived mutual funds, exchange-traded funds, and/or cash equivalent products (which may be referred to collectively as “investment product(s)” or “security” or “securities”). Cash equivalent products may include mutual funds and/or exchange-traded funds as well as Federal Deposit Insurance Corporation (“FDIC”) insured bank certificates of deposit. Investment products will be purchased, representing various asset class categories. The specific asset categories which may be represented when creating the portfolio include large cap growth, large cap value, small cap growth, international equity, fixed income and/or other categories. The funds and asset categories may vary from client to client.

The investment products and asset allocation categories selected by FEAC and recommended to clients are chosen from the listing of mutual funds, exchange-traded funds and asset class categories recommended by The Mutual Fund Research Center, LLC (“The Mutual Fund Research Center”), an SEC registered investment adviser which provides mutual fund, and/or exchange-traded funds, and asset category and allocation recommendations to all registered investment advisers doing business as FEAC in their local geographic region. Various criteria are considered when selecting the investment products recommended by FEAC and by The Mutual Fund Research Center. Those criteria may include:

- the fund’s performance history;
- the industry sector in which the fund invests;
- the track record of the fund’s manager;
- the fund’s investment objectives;
- the fund’s management style and philosophy;
- the fund’s management fee structure; and,
- whether the fund is available for client purchase at the custodian designated by the client.

Portfolio weighting of mutual funds, and/or exchange-traded funds and asset categories will be based on each client’s individual needs and circumstances, which will be determined after FEAC completes the review of information provided by client on the confidential questionnaire and other information provided by client. In order to facilitate the maintenance of predetermined asset

allocation levels, FEAC has in most cases retained TMFS Advisory Services, LLC (“TMFS Advisory Services”), an SEC registered investment adviser and an affiliate of The Mutual Fund Research Center, to act as a centralized trading party by arranging for the execution of securities transactions in connection therewith. The centralized trading services provided by TMFS Advisory Services include arranging the execution of securities transactions in connection with (i) arranging trades for the client account in connection with initial portfolio construction (ii) periodic portfolio rebalancing and/or (iii) adjustments to the underlying asset allocation model on which the client’s portfolio is based, in each case as determined and recommended by The Mutual Fund Research Center. No additional compensation will be paid by clients in connection with such portfolio rebalancing and asset reallocation services. Client will retain individual ownership of all securities, which will be held in the client’s account(s) at the custodian designated by the client. FEAC recommends clients utilize the custodial services of the following custodians: Charles Schwab & Co., Inc. (“Schwab”) and National Financial Services LLC and Fidelity Brokerage Services LLC (collectively “Fidelity Investments”). A certain number of clients may use, or be recommended to use, TD Ameritrade Institutional, a division of TD Ameritrade, Inc., (collectively “TD Ameritrade”). The recommended custodians may be referred to in this document as the “custodian(s)”.

Client will have an opportunity to request restrictions on the types of investments which will be made on the client’s behalf. If FEAC believes these restrictions will limit its ability to provide its Standard service - because of administrative, operational or staff limitations - FEAC may need to decline to provide client with the Standard service.

- Retirement Paycheck® service – FEAC provides clients with the Retirement Paycheck® service, which is managed by TMFS Advisory Services, an SEC registered investment adviser which provides asset management and related investment advisory services for the Retirement Paycheck® service.

The Retirement Paycheck® service creates and manages a portfolio for clients with two main components; investment company securities (mutual funds and/or exchange-traded funds) and fixed income investments. The mutual funds may be in different asset categories and may include large cap growth, large cap value, small cap growth, international equity, fixed income and/or other categories of funds. The fixed income investments 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 issued by corporations. Each client’s portfolio will be held by the client in the client’s investment account opened and maintained by the client at the custodian designated by the client.

Clients of FEAC who request the Retirement Paycheck® service and who have been placed in the Retirement Paycheck® service by FEAC authorize and direct TMFS Advisory Services to provide portfolio management and to direct the investment and reinvestment of the client’s assets. This means that TMFS Advisory Services will execute securities transactions in the client’s account(s). FEAC will retain investment supervision over the client’s account and the account is still subject to oversight by FEAC. TMFS Advisory Services receives mutual fund and asset category allocation recommendations from The Mutual Fund Research Center.

For the Retirement Paycheck® service, the client will have an opportunity to request restrictions on the types of investments which will be made on the client’s behalf. However, as the Retirement Paycheck® service is managed by TMFS Advisory Services, a restriction request must be reviewed and accepted by TMFS Advisory Services. If TMFS Advisory Services or FEAC believes a requested restriction will limit their collective ability to provide the Retirement Paycheck® service - because of administrative, operational or staff limitations - FEAC may need to decline to provide client with the Retirement Paycheck® service.

- Other services – FEAC may, on occasion, provide other services to its clients. These services include Financial Planning, Consulting and advisory services for Retirement and Pension plans. Information on these services is noted below.
- Financial Planning – FEAC may provide clients with its Financial Planning service. Clients will receive a written financial plan, providing the client with a detailed financial plan designed to achieve her or his stated financial goals and objectives. This is after gathering information through personal interviews and other means, to include data on client's current financial status, future goals, and attitudes toward risk. Any related documents supplied by the client are carefully reviewed, and a questionnaire may need to be completed by the client. Should a client choose to implement the recommendations contained in the plan, the client should work closely with her or his attorney, accountant, insurance agent, and/ or financial advisor. Implementation of financial plan recommendations is entirely at the client's discretion. In general, the financial plan may address some or all of the following areas: Personal - Family records, budgeting, personal liability, estate information, financial goals; Tax and Cash Flow - Income tax and spending analysis and planning for past, current, and future years and we will illustrate the impact of various investments on your current income tax and future tax liability; Death and Disability - Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis; Retirement - Analysis of current strategies and investment plans to help the client achieve her or his retirement goals; and, Investments - Analysis of existing and possible investments and their effect on the client's portfolio.
- Consulting – FEAC may, on an infrequent or occasional basis, provide clients with Consulting services in limited areas for topics, assets or investments not related to the Standard or Retirement Paycheck® service. If such advice is requested, it may include a specific area or areas of concern to client, such as estate planning, retirement planning, or other specific topic and can include recommendations that client seek other subject matter experts or appropriately licensed professionals. Upon request, FEAC may provide specific consultation and administrative services regarding the client's investment and financial concerns on assets not managed by it, including advice on non-securities matters, such as insurance or an annuity.
- Retirement and Pension Plans – FEAC may provide advisory services to pension, 401(k), profit sharing and similar plans commonly known as ERISA (Employment Retirement Income Security Act) plans. These services may include –
 - Investment Policy Statement Preparation (“IPS”): FEAC will meet with the client (plan sponsor or trustee - in person or over the telephone) to determine the client's investment needs and goals. A written IPS can be created, stating those needs and goals, encompassing a policy under which these goals are to be achieved. The IPS will also list the criteria for selection of investment vehicles and the procedures and timing interval for monitoring of investment performance.
 - Selection of Investment Vehicles: FEAC will review various investments, consisting exclusively of mutual funds and/or exchange-traded funds (both index and managed) to determine which of these investments are appropriate to implement the client's IPS. The number of investments to be recommended will be determined by the client, based on the IPS.
 - Monitoring of Investment Performance: Client investments will be monitored based on the procedures and timing intervals delineated in the IPS. Although FEAC will not be involved in the purchase or sale of these investments, it will monitor and make recommendations to the client as market factors and the client's needs dictate.
 - Employee Communications: For pension, profit sharing and 401(k) plan clients where participants exercise control over assets in their own account (self-directed plans), FEAC may provide support, such as investment workshops, for the plan participants. The nature of the

topics to be covered will be determined by FEAC and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will not provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

- **Term Life Insurance** – Clients of FEAC who request a term life insurance solution may be directed to an affiliate, TMFS Insurance Agency, LLC, to obtain term life insurance. Insurance is offered through TMFS Insurance Agency, LLC in states where the agency is licensed to offer insurance.

Tailored Advisory Services

FEAC recommends a diversified portfolio of investment products that consist primarily of mutual fund and/or exchange-traded fund securities, representing various asset categories, for clients who utilize its Standard service and believes this will meet the investment needs of those clients.

Prior to managing a client's assets, each new client is provided with an initial written investment plan listing the investment products selected by FEAC, which are aligned with the client's level(s) of tolerance for risk, the client's investment objectives and the client's investment time horizon. This investment plan is created for the client after FEAC receives and reviews the client's completed confidential questionnaire or similar document and other information provided by client, which may include information obtained by notes from or conversations with client. This information is documented in the client's file, which is created and maintained by FEAC. Each client's investment portfolio is created to meet the specific investment needs and objectives expressed by client. Clients with similar investment needs and objectives may have investment portfolios where the investment products and asset categories utilized are similar, or identical, to investment portfolios for clients with similar, or identical needs and objectives.

Clients utilizing the Retirement Paycheck® service will have individual investment portfolios and accounts, as do Standard service clients. The portfolios will primarily consist of mutual fund and/or exchange-traded fund securities, for the growth component, and fixed income investments for the income protection component. Each client's investment portfolio in the growth component will be nearly identical to other clients' in the Retirement Paycheck® service, as to investment products held - representing the asset categories recommended by The Mutual Fund Research Center and chosen by TMFS Advisory Services - and the percentage of the amount invested in each mutual fund and/or exchange-traded fund. Each client's investment portfolio in the income protection component will be similar or the same as other clients' in the Retirement Paycheck® service. That is, clients may hold the same investments or if different investments are held, those investments will share identical or nearly identical high quality ratings for safety and payment of any interest and principal. Minor differences may occur because of limited availability of a specific investment or because the clients commenced using the Retirement Paycheck® service on different dates. Additionally, there may be some differences because of the client's state of residence, as some investments may not be available in all 50 states, so a similar investment will be utilized for clients who are residents of those states as well as differences in the numbers of steps in clients' individual income protection investment ladder.

Clients may request restrictions on investing in certain securities or types of securities and/or may request other investment restrictions. FEAC will meet those requests, when reasonably possible. If such request cannot be met, due to operational or staff limitations, or any other constraint, client will be advised. Client may then choose to remove the restriction or may choose to stop utilizing that investment advisory service.

Amount of Clients' Assets Managed

As of December 31, 2015, FEAC managed \$8,137,569,702 in assets for 32,088 clients. FEAC manages its clients' assets on a discretionary basis.

FEES AND COMPENSATION

Fees for Standard service and Retirement Paycheck® service -

The annual fee charged for both the Standard service and Retirement Paycheck® service is based on a percentage of the client's assets under management. The following schedule lists the fees FEAC will assess for these services. A minimum of \$50,000 (fifty thousand dollars) in assets under management is normally the amount required to begin to receive these services.

Assets	Annual Fees
\$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

The fees will never exceed the scheduled percentages and rates, but may be lower in some negotiated instances. Instances where a fee may be lower than the percentages listed could include client bringing additional assets into the account at some future date or client who has a family member, relative or other interested person who is or becomes a client of FEAC. There may be instances where limited promotional offers are made – which may include a lower fee amount or other item of value – to clients who engage FEAC to manage assets which it did not previously manage.

Fees are calculated and billed in arrears at the end of each calendar quarter end, based upon the period's month-end value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance) on that amount of the client's investments which FEAC is managing as part of the Standard or Retirement Paycheck® service in the client's account during the previous quarter.

In conjunction with the above schedule, fees are prorated for new client accounts opened during the billing quarter and deposits and withdrawals made during the billing quarter if the in (or out) flows are \$50,000 or greater on any given day during that billing quarter. However, no proration occurs for smaller contributions or withdrawals that a client makes prior to the end of the quarter.

Fees for Financial Planning, Consulting and Retirement and Pension Plans

Financial Planning Fees: Beyond the regular financial planning services provided to clients, a flat fee may be calculated based on the extent and complexity of the individual client's personal circumstances, the client's gross income and amount of assets under management. Fees for this special financial planning service will typically range from \$500.00 to \$2,000.00, with a minimum fee of \$500.00. All fees are agreed upon prior to entering into a contract with any client. One-half of the total fee may be due and payable at the time the client enters into the financial planning agreement, with any balance still due payable at the time the financial plan is delivered to the client. Typically the financial plan will be presented to the client within 90 days of the contract date, provided that all information needed to prepare the financial plan has been provided by the client. If the client terminates the contract prior to completion of the financial plan, any prepaid, unearned fees will be refunded promptly. Any earned, unpaid fees will be due and payable within 30 days of termination of the financial planning agreement.

Consulting Fees: Fees for specific administrative and consulting services will be billed at an hourly rate of \$150.00 per hour, upon mutual agreement with the client, and shall be due and payable as earned.

If a client exclusively uses our Financial Planning or Consulting and subsequently utilized the Standard service or the Retirement Paycheck® service, FEAC may offer to reduce the fee for those services, via an offset of the amount paid to the Planning or Consulting fee, up to a value of \$500.00

Retirement and Pension Plan(s) Fees: Fees for investment advisory services provided to Retirement and Pension and other ERISA plans will not exceed the fees referenced above for the Standard service and the Retirement Paycheck® service and will possibly be less than the listed rates. Such fees will be determined through discussion and agreement between FEAC and whoever is authorized by the plan to make such agreement. This person, or these persons, will usually be the plan's sponsor(s) or trustee(s). The fee negotiated will be noted in the written investment management agreement between FEAC and the plan. Fees will be withdrawn or billed as described in the investment management agreement.

Fee Payment

The Standard and Retirement Paycheck® service management fees are calculated and billed quarterly, in arrears. We calculate and assess our fee on a calendar quarter basis. The fee is withdrawn from your account (or accounts) maintained at the custodian within seven business days from the end of the billing quarter. The custodian will withdraw the fee from your account, based on data FEAC provides to the custodian, and will forward that fee to us.

The fees withdrawn, including the dates and amounts, will be reflected on the quarterly statements you will receive from the custodian. Remember to review those statements and the fees withdrawn. Any questions on the fees withdrawn from your account(s) may be directed to either FEAC or the custodian.

Authorization for the fee withdrawal occurs when you complete account opening paperwork provided by the custodian. Fee billings for Financial Planning and Consulting are discussed above in the Fee section for those services, which are offered and provided on an infrequent basis.

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.

Other Fees; Mutual Funds, Exchange-Traded Funds, Custodian, Brokerage, Recordkeeping

- **Fund Fees** - All fees paid to FEAC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or exchange-traded funds to their shareholders. The fund's fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, which mutual fund and/or exchange-traded fund managers generally charge the fund for their services as investment managers, other fund expenses, and sometimes a distribution fee, also known as a 12(b)-1 fee. Some funds may impose sales charges, either as an initial or deferred sales charge; these are also known as front-end or back-end loads. If FEAC purchases any of those funds for a client, those funds will be purchased on a load-waived basis, so the client will not incur this front-end or back-end load.

Some mutual funds and/or exchange-traded funds which are redeemed within 90 days of purchase, or some other time frame such as 10 days or 180 days, may impose a short-term redemption fee. This fee is usually 1% - 2% of the sale amount. These fees are imposed by the fund to minimize market timing and excessive trading that impairs the value of longer-term shareholders. Other fees could be charged by the fund company. Please see the fund's prospectus for full details. FEAC does not receive any portion of the short-term redemption fee, or any

portion of the 12b-1 fee, or any portion of any other fee charged by the mutual fund and/or exchange-traded fund.

Performance figures quoted by mutual fund and/or exchange-traded fund companies in various publications are after their fees have been deducted.

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

- Custodial Fees – The custodian for the securities accounts of clients of FEAC who are utilizing the Standard service and/or the Retirement Paycheck® service is one of a number of custodians recommended by FEAC which include Charles Schwab & Co., Inc. (“Schwab”) and National Financial Services LLC and Fidelity Brokerage Services LLC (collectively “Fidelity Investments”). A certain number of clients may use, or be recommended to use, TD Ameritrade Institutional, a division of TD Ameritrade, Inc., (collectively “TD Ameritrade” and together with Schwab and Fidelity Investments, the “preferred custodians”). The custodian may receive administrative service fees, management fees and 12b-1 fees from some mutual fund and/or exchange-traded fund companies for some of the funds which are owned by clients and held in clients' account at the custodian. FEAC does not receive these fees and the custodian does not give any portion of these fees to FEAC.

FEAC does recommend clients use Schwab as one of its custodians for custodial and brokerage services and receives some direct and indirect benefits from Schwab for recommending its clients utilize Schwab as custodian. The benefits are received because of this relationship, including Schwab's status as a preferred custodian of the accounts of FEAC's or its affiliates' clients. *Those benefits are described below under Brokerage Practices.*

- Brokerage Fees - Additionally, client may incur other fees, both directly and indirectly, which are paid to the custodian. These fees include commissions paid on certain stock and bond trades, if any, as well as transaction fees on certain mutual fund and/or exchange-traded fund purchases or sales. Transaction fees are often assessed on those funds which do not pay or limit payment of fees, such as administrative service and 12b-1 fees. Additionally, the custodian may assess fees or receive fees and payments on other services it offers.

Neither FEAC nor TMFS Advisory Services receives these fees and the custodian does not give any portion of these fees to FEAC or TMFS Advisory Services. FEAC does recommend clients use Schwab as one of its custodians for custodial and brokerage services and receives some direct and indirect benefits from Schwab for recommending its clients utilize Schwab as custodian. The benefits are received because of this relationship, including Schwab's status as a preferred custodian of the accounts of FEAC's or its affiliates' clients. *Those benefits are described below under Brokerage Practices.*

- Retirement and Pension Plan Fees – Retirement and pension plans, for which FEAC is the investment adviser, may pay fees to the custodian of the plan's asset or to the record-keeper of the plan, if different than the custodian. FEAC does not receive any portion of those fees.

Termination of Agreement for Asset Management or Advisory Services

A client agreement for services may be canceled at any time, by either party, for any reason, upon receipt of written notice. The client has the right to terminate an agreement without any cost or penalty within the five business days after entering into the agreement. Any prepaid and unearned fees for Financial Planning and Consulting services, upon the termination of the service, will be refunded promptly, and any earned, unpaid fees will be due and payable. The fees for the Standard and Retirement Paycheck® services are billed in arrears, and are due and payable upon termination of the service(s).

PERFORMANCE-BASED FEES

FEAC does not use a performance-based fee structure because of the potential for conflicts of interest. For example, performance-based compensation may create an incentive for an adviser to recommend an investment which has a high degree of risk to the client, in the hope and belief that if the investment has a significant increase in value, the adviser will receive more fees than if a more appropriate, less risky investment was made.

TYPES OF CLIENTS

Description of Clients

FEAC generally provides asset management services and other investment advice and services to individuals, trusts, estates, pension, retirement and profit sharing plans, charitable organizations, and corporations or similar business entities. The individual clients may have taxable investment accounts and/or tax-deferred investment accounts, such as Individual Retirement Accounts, Rollover IRAs and similar types of accounts.

Account Minimums

Generally, FEAC requires clients initially make available a minimum of \$50,000 for it to provide asset management services, i.e., Standard service and Retirement Paycheck® service. If the amount managed by FEAC subsequently declines to less than \$50,000, FEAC will continue to provide its asset management services.

FEAC may choose to lower the initial asset minimum in certain instances. One such instance could be when the client and FEAC anticipate additional assets, within a reasonable amount of time, be available in the future for management. Another instance could be for new clients who are related to or acquaintances of an existing client.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis

FEAC primarily recommends and uses mutual fund and/or exchange-traded fund securities representing various asset categories, to create investment portfolios for clients. The methods used to analyze those investment products and various asset classes include: charting of past performance in various economic and market conditions as well as both fundamental analysis and technical analysis and is further detailed above under *Types of Services Offered*.

The primary mutual fund and/or exchange-traded fund and asset category data utilized by FEAC is the research, analysis and recommendations provided by The Mutual Fund Research Center. Request and review The Mutual Fund Research Center's Form ADV, Part 2 for more information.

Additional sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

FEAC also uses several commercially available software and database services or products to obtain information on investment products and the asset categories it believes will offer clients investment opportunities and diversification. These services and products are used for reviewing investment products and to identify and analyze asset allocation models, including existing and proposed allocations.

Investment Strategy

FEAC utilizes investment products, diversified among various asset categories, to provide its clients with asset management services, in both its Standard service and its Retirement Paycheck® service. Additionally, for the Retirement Paycheck® service, fixed income investments are utilized, and may include highly rated bonds, FDIC insured certificates of deposit and U.S. government issued or guaranteed securities. The investment products utilized for both services may consist of actively and/or passively managed mutual funds and/or exchange-traded funds. While FEAC may and can provide investment advice on other securities, including equity securities, U.S. government securities, corporate and municipal bonds and variable life insurance and annuities, the primary focus is on mutual funds and/or exchange-traded funds.

The investment strategy and level of risk for a specific client is based upon the information provided by the client, regarding levels of risk tolerance as well as investment objectives and investment time periods. The client may change these objectives at any time. This means that while two clients with distinctly different risk level and objectives may have some of the same investment products in their respective portfolios, the percentage holdings of those investment products will likely differ as will the asset class categories. If some or all of the same asset classes are used for both clients, the percentages invested in shared asset classes will likely differ.

Periodically, clients' portfolios are rebalanced or asset category allocations revisions will occur, which will require the purchase and/or sale of investment products:

- Rebalancing - When an asset category or particular 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, the extra amount may be sold, and the proceeds invested in asset categories or investment products which have not appreciated as much, or have declined in percentage.
- Asset allocation revisions – changes in recommended asset categories: Economic or market conditions may prompt The Mutual Fund Research Center to revise its asset categories or the allocation to existing categories. When such occurs, FEAC may make, as appropriate for the client, any necessary changes to client's investment portfolio, to buy or sell investment products, to align the client portfolio with The Mutual Fund Research Center's recommended asset allocation model.

These rebalancing or asset category revisions may occur two times per year, or more or less, depending on previous market increases and decreases and projected future activity. This may result in multiple transactions being effected, due to changes in one or several or all asset categories and investment products utilized in the clients' portfolios. These transactions may include sales of long-term holdings, i.e., shares held for more than one year. However, these transactions may also include some or all sales of short-term holdings, i.e., shares held less than one year.

Additionally, transactions may occur if The Mutual Fund Research Center changes its recommendation or views on a specific investment product or asset category. If such occurs, sales of the subject investment

product or asset category may occur, which may include investment products which are long-term and/or short-term holdings.

In an effort to facilitate the administration of these portfolio rebalancing and asset reallocation services, FEAC has in most cases retained TMFS Advisory Services pursuant to a subadvisory agreement to arrange for the execution of trades for client accounts in connection with such services, as recommended by The Mutual Fund Research Center.

On a very occasional or isolated basis, FEAC may advise a client, upon request of client, on other strategies, including stock or bond trading, margin transactions, option writing and short sales.

Risk of Loss

All investments - including mutual fund and/or exchange-traded fund securities - have certain risks. These risks include the risk of loss. This is a risk borne by the client. FEAC builds clients' investment portfolios and manages clients' accounts primarily using mutual funds and/or exchange-traded funds, representing various asset class 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 classes, can mitigate some risks, it does not and cannot prevent the possibility of a loss. Below are some of the common factors, which can produce a loss in a specific investment product, asset class category, or all asset category and classes and a loss in a client's account:

- **Market Risk:** The price of a security, bond, mutual fund and/or exchange-traded fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Price Volatility:** The price of an investment product's shares may fluctuate, even significantly, in a short term period of time.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Category or Style Risk:** During various periods of time, one category or style may underperform or outperform other categories and styles.
- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline, and the market value of any mutual fund and/or exchange-traded fund holding those bonds.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., lower interest rate). This primarily relates to fixed income securities.
- **Exchange-traded funds:** Investing in exchange-traded funds have market and liquidity risks as they are listed on a public securities exchange and are purchased and sold via the exchange at the listed price, which price will vary based on current market conditions and may frequently deviate from the net asset value of the exchange-traded fund's underlying portfolio.

DISCIPLINARY INFORMATION

Disciplinary History

FEAC, its employees and officers have not been involved in disciplinary events related to its clients or to past or present investment activities.

This section of Form ADV requires investment advisers (FEAC is an investment adviser) to report whether it or its employees and officers have been involved in disciplinary, legal or regulatory actions which include, among other things, charges, findings or convictions related to investment related rule violations.

Again, FEAC, its employees and officers do not have any disciplinary or legal events to report.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Financial Industry Activities

FEAC is a fee-based registered investment adviser. FEAC is not registered as a securities broker-dealer, a mutual fund, a futures commission merchant, a commodity pool operator or commodity trading adviser, an insurance company or agency, nor any other type of financial industry entity.

Affiliations

FEAC is wholly owned by Financial Engines, Inc. Through its common ownership under Financial Engines, Inc., FEAC does have material business relationships and arrangements with other investment advisers which are affiliated or related entities, as well as affiliated or related entities which are not investment advisers, which clients should know and broadly understand. FEAC and its staff do not have any material business relationships or arrangements with unaffiliated or unrelated third parties.

Financial Engines, Inc. is also the owner of The Mutual Fund Store, LLC which directly owns two investment advisers (The Mutual Fund Research Center, LLC and TMFS Advisory Services, LLC) both of which provide services to FEAC. The Mutual Fund Store, LLC provides administrative and support services to FEAC as well as The Mutual Fund Research Center and TMFS Advisory Services. Those services include client investment performance and fee reporting, preparation and mailing of statements as well as maintaining software systems for tracking and reconciling client trades at the custodian.

Through its common ownership under Financial Engines, Inc., FEAC is also affiliated with Smart401k, LLC and TMFS Insurance Agency, LLC. Smart 401k, LLC provides investment advice to retirement plan participants to assist in selecting an appropriate mix of investments that are made available to them through their employer-sponsored retirement plan. TMFS Insurance Agency, LLC provides clients term life insurance solutions. Insurance is offered in states where the agency is licensed to offer insurance.

Additionally, as a wholly owned subsidiary of Financial Engines, Inc., FEAC is under common ownership with Financial Engines Advisors, LLC ("Financial Engines Advisors" or "FEA"). Financial Engines Advisors primarily offers advisory and related services to participants in employer-sponsored defined contribution plans for their plan accounts and for retirement accounts outside the plans. FEA offers services for employees' workplace retirement accounts through an agreement between FEA and the plan and/or the sponsoring employer. FEA also has arrangements with financial institutions to provide similar services on a sub-advisory basis. FEA provides other investment-related services, including guidance and investment education.

Investment advice is distributed to FEAC by The Mutual Fund Research Center. The Mutual Fund Research Center provides FEAC with investment recommendations formulated by The Mutual Fund Research Center, including mutual fund and exchange-traded fund recommendations made through the

Select List, as well as various asset allocation models and related services, such as market and economic research and data. All FEAC advisors receive the same investment recommendations from The Mutual Fund Research Center, and each advisor independently implements these investment recommendations on a discretionary basis for each of its clients, taking into account each client's circumstances and investment objectives. For more information on The Mutual Fund Research Center, review its Form ADV, Part 2.

Clients who utilize the Retirement Paycheck® service will receive asset management and related investment advisory services provided by FEAC and TMFS Advisory Services. For more information on TMFS Advisory Services, request and review its Form ADV, Part 2.

An agreement for investment advice exists between FEAC and The Mutual Fund Research Center. Termination of that agreement could limit the ability of FEAC to access new fund and asset allocation recommendations provided by The Mutual Fund Research Center. In addition, a subadvisory agreement exists between FEAC and TMFS Advisory Services governing (i) the arrangement of securities transaction execution for client accounts by TMFS Advisory Services in connection with initial portfolio construction, portfolio rebalancing and asset reallocation services, and (ii) day-to-day asset management and related investment advisory services provided by TMFS Advisory Services to client accounts electing to participate in the Retirement Paycheck® service. Termination of that agreement could limit or eliminate the portfolio rebalancing, asset reallocation, asset management and other services TMFS Advisory Services provides to clients and would also mean that clients would no longer have access to the Retirement Paycheck® service. If either or both agreements were terminated, any securities held in clients' account at the designated custodian would continue to be held there on the clients' behalf.

FEAC does not anticipate any future events occurring which would result in termination of the agreements, as both entities share common ownership. Upon request, FEAC will provide a listing of occurrences that could result in the termination of either of these agreements.

The officers and managers of FEAC are also officers and manager of (all) the other registered investment advisers doing business as FEAC, which are considered company-owned and operated. These are considered company-owned and operated because Financial Engines, Inc. is the owner of those investment advisers and they all share the same management team members.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

FEAC is committed to the highest standards of ethical conduct, business practices and legal compliance. Pursuant to requirements of Rule 204A-1 of the Investment Advisers Act of 1940, FEAC has established a written Code of Ethics to meet those requirements and it maintains and enforces that Code. A copy of the Code of Ethics is available upon request.

Participation or Interest in Client Transactions

FEAC primarily utilizes mutual fund and/or exchange-traded fund securities in its clients' investment portfolios. The Investment Advisers Act of 1940 contains requirements related to registered investment advisers maintaining a Code of Ethics. It also states the compliance or other personnel of FEAC are required to monitor personal trading activity by advisors, officers, employees and their immediate families. The requirements for monitoring do not include mutual fund securities. That said, it does include exchange-traded funds for individuals associated with FEAC, such as advisors, officers and employees, who buy or sell exchange-traded fund securities in their personal and certain family related accounts. Advisors, officers or employees and their applicable immediate family members may also have an existing ownership interest or position in the exchange-traded funds which are recommended to clients. Advisors, officers or employees and their applicable immediate family members may also purchase, in

their personal and certain family related accounts, other securities, including exchange-traded funds, which are not identical or similar to those purchased or recommended for FEAC clients.

Clients' portfolios may include exchange-traded fund securities. Unlike mutual funds which are typically purchased and redeemed at a price derived daily from the net asset value of the fund's underlying portfolio, exchange-traded fund securities are listed on a public securities exchange and are purchased and sold via the exchange at the listed price, which price will vary based on current market conditions and may frequently deviate from the net asset value of the exchange-traded fund's underlying portfolio. It is unlikely that an advisor, officer or employee transaction could or would impact the price, which is a primary reason the Investment Advisers Act of 1940 does not require monitoring of advisors, officers and employee trades in mutual fund securities. FEAC's Chief Compliance Officer and/or designee does review securities transactions, including exchange-traded funds, which advisors, officers and employees make in their personal and certain family related accounts at securities broker/dealers to, among other things, evaluate whether such compete with the interests of clients. If such even appear to conflict with the interests of clients, corrective actions will be taken to cure and prevent recurrence.

Personal Trading

The Chief Compliance Officer (CCO) of FEAC is Clifford M. Brandt. He or another member of the Compliance staff quarterly reviews all advisor, officer and employee securities transactions which are required to be reviewed by the Investment Advisers Act of 1940. The CCO's securities transactions are reviewed by the Chief Operating Officer (COO), Ted Bloomberg. The personal trading reviews verify, among other items considered, that the personal trading of advisors, officers and employees does not affect the market(s) and those securities owned by customers, and that clients of FEAC are not disadvantaged by the personal trading.

BROKERAGE PRACTICES

Recommending Brokerage Firms

FEAC recommends clients utilize the custodial services of the following custodians: Charles Schwab & Co., Inc. ("Schwab") and National Financial Services LLC and Fidelity Brokerage Services LLC (collectively "Fidelity Investments"). A certain number of clients may use, or be recommended to use, TD Ameritrade Institutional, a division of TD Ameritrade, Inc., (collectively "TD Ameritrade," and together with Schwab and Fidelity Investments, "preferred custodians"). Arrangements with these firms provide FEAC services the preferred custodian provides which include, among others, custodial, brokerage, administrative support as well as record keeping and related services to support FEAC in conducting business for its clients.

FEAC makes an annual review of the brokerage firm (where clients' securities are purchased and sold) and preferred custodians (where clients' securities are held) it recommends to clients. The annual review of custodians includes assessing whether it provides services, including: products; competitive fees; quality and quantity of services, customer service locations and quality of securities transactions executed on behalf of clients.

Clients should note that other broker/custodians could offer other funds, pricing, services or capabilities of which some, or many, could equal or exceed certain offerings available from the preferred custodians.

While FEAC recommends clients use one of its preferred custodians, the client ultimately chooses the custodian. All brokerage executions are conducted on the selected custodian's platform. FEAC and/or its affiliates may still receive benefits from the custodian, as described under the sections titled *Benefits Received by Financial Engines Advisor Center* and *Client Referrals and Other Compensation*.

FEAC may on occasion make an error in submitting a trade order on client's behalf. If such occurs, a correcting trade or adjustment will be made. If an investment gain is realized in client's account, client

may retain such unless such is not permissible by the custodian or client declines such. If client declines gain and such is over a certain amount, the custodian may donate such to a charity. Additionally, the custodian may retain gains of less than \$100.00 not retained by client and will fund reimbursement to client of trade error loss of less than \$100.00, while FEAC is responsible for funding reimbursement amounts greater than \$100.00. Please contact FEAC for additional information on how trade errors are handled by FEAC and each of its recommended custodians.

Best Execution

FEAC annually reviews a sample selection of trades made in clients' and/or the accounts of clients of other investment advisers doing business as FEAC in other geographic regions, in those clients' accounts at the recommended brokerage and custodian. The review is part of the review noted above under *Recommending Brokerage Firms* section and is to verify trades were executed at the appropriate market price and any trading fees or other charges did not exceed the custodian's printed fee and expense schedule.

Benefits Received by Financial Engines Advisor Center

Schwab Advisor Services™ is Charles Schwab & Co., Inc.'s ("Schwab") business area serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts; while others help us manage and grow our business. Schwab normally charges a fee to registered investment advisers for these services, but because FEAC and/or other investments advisers doing business as FEAC in specific geographic regions have clients whose assets in accounts at Schwab total more than \$10,000,000, the Schwab quarterly service fee of \$1,200 is not charged to FEAC.

TMFS Holdings, LLC and The Mutual Fund Research Center, each of which is an affiliate of FEAC, have entered into a marketing support agreement with Schwab for a material amount of money paid each quarter to TMFS Holdings, LLC. This money may be used to support client acquisition efforts of TMFS Holdings, LLC or its affiliates with the expectation that Schwab will benefit indirectly from those efforts through the continued recommendation of Schwab to serve as the custodian of client accounts. This arrangement will benefit TMFS Holdings, LLC, and FEAC and not necessarily clients.

Schwab Services That Benefit You: 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 significantly higher minimum initial investment by our clients.

Schwab Services That May Not Directly Benefit You: Schwab makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts and include software and other technology that: provide access to client account data (such as duplicate trade confirmations and account statements); 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 our fees from our clients' account; and, assist with back-office functions, recordkeeping, and client reporting.

Schwab Services That Generally Benefit Only Us: Schwab offers other services intended to help us manage and further develop our business enterprise. These services include: software and information technology programming; educational conferences and events; consulting on technology, compliance, legal, 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 us. 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 us with other benefits, such as occasional business entertainment of our personnel.

Our Interest in Schwab's Services: The availability of these services from Schwab, especially the support for software and information technology programming, benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. We do receive additional benefits of significance, as described above. We believe, however, that our selection of Schwab as one of our recommendations for custodian and broker is in the best interests of our clients, as well as that of the other custodians we recommend, and do perform an annual review of Schwab's custodial and trade execution services, as well as that of the other recommended custodians, to verify the quality of those services and the fees paid by clients are comparable to similar custodians and brokerages. That said, clients need to know that when we recommend clients use Schwab for its custodial and brokerage services, FEAC receives material benefits from Schwab and you, the client, should be aware of these benefits.

If the client utilizes as custodian National Financial Services LLC and Fidelity Brokerage Services LLC (collectively "Fidelity Investments"), Fidelity Investments does provide FEAC a waiver of quarterly fees once a certain asset threshold is met.

While FEAC recommends clients use Schwab, or one of the other preferred custodians, for its custodial and brokerage services, it is the client who opens the account and the client may decline the use of any one particular custodian or that of any of the preferred custodians.

Order Aggregation

FEAC utilizes investment products, which consist primarily of mutual funds and/or exchange-traded funds, as the types of investment securities in its client portfolios for the Standard service and in the growth component of the Retirement Paycheck® service. 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. For example, a purchase of 100 shares of a mutual fund for the account of a client is transmitted, in that form, to the executing broker. It is not aggregated or combined with another client's order.

Clients' portfolios may include exchange-traded fund securities. Unlike mutual funds which are typically purchased and redeemed at a price derived daily from the net asset value of the fund's underlying portfolio, exchange-traded fund securities are listed on a public securities exchange and are purchased and sold via the exchange at the listed price, which price will vary based on current market conditions and may frequently deviate from the net asset value of the exchange-traded fund's underlying portfolio. In order to participate in an investment program implemented by FEAC which includes any exchange-traded fund securities, a client will be required to permit TMFS Advisory Services, a subadviser to FEAC, to provide the portfolio with the centralized trading services described above (e.g., arranging trades for the client account in connection with initial portfolio construction, periodic portfolio rebalancing and revisions to asset allocation models, each as recommended by The Mutual Fund Research Center) to help ensure that purchases and sales of exchange-traded funds are arranged and executed in a manner which is fair to all applicable clients. In connection with these centralized trading services, TMFS Advisory Services may aggregate the purchase and sale of any exchange-traded fund securities by processing a single trade order aggregating the quantity of exchange-traded fund 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, TMFS Advisory Services 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. Clients will not incur additional transaction costs related to the aggregation of transactions, and 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 provided by FEAC 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 issued by corporations. When income protection component purchases are made, the investment adviser for the Retirement Paycheck® service, TMFS Advisory Services, will determine the amount of investments needed, for all Retirement Paycheck® service clients, for each investment step in their income protection ladder. TMFS Advisory Services will then purchase the investment(s) for that step, and divide the purchase or purchases into proportional pieces for each client. Clients will not incur additional transaction costs related to the aggregation of transactions and each client will pay the same purchase price or, if applicable, receive the same sale price for transactions in the same security. Most transactions will likely be effected through our recommended brokers, but TMFS Advisory Services may utilize other appropriately qualified brokerages for these purchases if the securities and prices are more advantageous than available through our recommended brokers. If such occurs, any security will be forwarded by that brokerage to our recommended brokers, for deposit into the clients' accounts.

A specific investment selected by TMFS Advisory Services 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, TMFS Advisory Services will shop separately for those clients and purchase something that is available for sale to them. If there is insufficient supply, TMFS Advisory Services 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, TMFS Advisory Services 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.

Cost Basis Tax Reporting

All custodians are required to report details of clients' gains or losses to clients and to the Internal Revenue Service ("IRS") on Form 1099-B, for those accounts which have an IRS reporting requirement. Unless notified in writing by a client, FEAC will instruct custodians to sell lots of a security with the objective of taking losses first (short term then long term, taking in both instances the greatest loss to the least loss) and gains last (long term then short term, taking in both instances the least gain to the greatest gain).

Clients are solely responsible for any tax liabilities associated with their accounts and for contacting their personal tax advisors to determine if this accounting method is the right choice for them. If clients believe another accounting method is more advantageous for their accounts, clients may provide written notice to FEAC and we will alert the client's custodian of the client's selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

REVIEW OF ACCOUNTS

Periodic Reviews

The investment products recommended to FEAC by The Mutual Fund Research Center are reviewed by The Mutual Fund Research Center personnel. The review considers the investment products' performance to measurement standards utilized by The Mutual Fund Research Center. The asset allocation models recommended to FEAC by The Mutual Fund Research Center are reviewed quarterly or when significant changes to economic and market conditions have occurred or are occurring. These reviews are to consider

whether changes to asset allocation model recommendations will occur, based on The Mutual Fund Research Center's projections of significant economic and/or market changes which have occurred or may occur. Changes are made in response to shifts or expected shifts in the valuation and/or risk of the different types of assets.

Pursuant to a subadvisory agreement, FEAC has in most cases delegated the responsibility for portfolio rebalancing to TMFS Advisory Services. FEAC will review clients' investment account(s) at least two times per year. Additionally, clients' investment account(s) will be considered for review or changes when asset rebalancing transactions and/or asset category changes are recommended by The Mutual Fund Research Center. 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 FEAC to report those changes so we and you (the client) can assess whether changes to your (the client's) investment account(s) should be made.

Regular Reports

Standard service and Retirement Paycheck® service clients will receive monthly or quarterly statements from the custodian in addition to confirmations of transactions in their accounts at the custodian. Additionally, FEAC will provide clients with quarterly reports about your investment portfolio, including a listing of the holdings and recent performance return information.

Financial Planning/Consulting clients will not receive regular reports from FEAC.

Retirement and pension plan clients will receive periodic written reports (scheduled frequency to be determined jointly by plan and FEAC) describing the recent performance of investments available in the plan.

CLIENT REFERRALS AND OTHER COMPENSATION

Referrals

FEAC may compensate, either directly or indirectly, third-party (non-affiliated) entities or institutions or any person for referrals. FEAC may also compensate an affiliated organization for referrals. Compensation for client referrals is generally paid out of client fees paid to FEAC. Regardless of whether referral compensation is paid, FEAC will not charge you more fees or expenses, beyond the fees and rates noted in the standard Fee Schedule - which is detailed in this Form ADV.

Each client for which FEAC pays a referral fee should receive, and agree to, disclosures setting forth the nature of activities conducted by the referral entity, institution or person (solicitor), the nature of the fees paid by FEAC, whether FEAC is affiliated with the solicitor and any other terms which may be important to a client or prospective client's investment decision.

In those instances when FEAC utilizes a non-affiliated solicitor, the solicitor's role is exclusively limited to that of a solicitor and is not an agent, representative or employee of FEAC and does not provide investment-related advice on behalf of FEAC. The solicitor has agreed to act in accordance with FEAC's instructions and will not make any specific recommendations of securities or any other type of investment. Only FEAC will make any specific recommendations if you become a client of FEAC.

Other Compensation

We receive an economic benefit from Charles Schwab & Co., Inc. ("Schwab") in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. In addition, TMFS Holdings, LLC, an affiliate of FEAC, currently receives quarterly payments from Schwab to support the client acquisition efforts of TMFS Holdings, LLC and its affiliates (see *Benefits Received by TMFS Advisory Services*). These products, payments and services, how they benefit us, and the related conflicts of interest are described above (see *Benefits Which*

FEAC Receives). The benefits we receive from Schwab are not based on the investment recommendations we make. That is, the benefits are not based on specific security investment advice, such as buying or selling a specific mutual fund, and/or exchange-traded fund or other security in our clients' accounts.

Occasionally, FEAC and/or The Mutual Fund Store, LLC may offer and/or sponsor sales contests to Advisors that provide them with additional incentives in the form of cash and/or non-cash incentives. Prizes would be awarded when meeting a certain predetermined sales target during a given period of time. Sales targets can include the gathering of assets under management, referrals and/or retention of assets. We do not offer sales contests that involve the promotion of a specific product line or security.

CUSTODY

Account Statements from Custodian

FEAC recommends that all clients' in the Standard and Retirement Paycheck® services use the custodial services of our preferred custodians as custodian for their assets. Client's assets are held there in accounts which are registered in the name of the client. Under government regulations, we are deemed to have custody of those clients' assets for those clients who have authorized us to instruct the custodian to deduct our advisory fees from those clients' accounts at the custodian. While FEAC can instruct the custodian to withdraw its fees, the custodian maintains the actual custody of the clients' assets.

Clients will receive account statements directly from the custodian, at least quarterly, which will reflect the withdrawal of any fee. These statements will be sent to the email or postal address the client provided to the custodian. Clients should carefully review these statements.

Retirement and pension plan participants will receive periodic account statements from the plan or its custodian or record keeper, on a schedule designated by the plan.

Performance Reports from Financial Engines Advisor Center

FEAC will provide Standard service and Retirement Paycheck® service clients with quarterly reports about client's investment portfolio, which will include a listing of the holdings and recent performance return information. Standard service and Retirement Paycheck® service clients should compare the quarterly account statements received directly from the custodian to the quarterly performance report statements provided by FEAC.

Financial Planning/Consulting clients will not receive regular reports from FEAC for the Financial Planning/Consulting services.

Retirement and pension plan clients will receive periodic written reports (scheduled frequency to be determined by plan and FEAC) describing the recent performance of investments available in the plan.

INVESTMENT DISCRETION

Discretionary Authority for Trading

FEAC does request and obtain discretionary authority in the securities accounts of its clients who have selected the Standard service and/or the Retirement Paycheck® service. In addition, clients authorize FEAC in most cases to delegate trade execution authority to TMFS Advisory Services in connection with initial portfolio construction, portfolio rebalancing and asset reallocation services. This means FEAC or its authorized delegate (*e.g.*, TMFS Advisory Services) has the authority to determine, without obtaining prior client consent, the securities to be bought or sold, the amount of the securities to be bought or sold and when those securities are bought and sold.

Discretionary trading authority permits FEAC or its authorized delegate to make trades in your accounts on your behalf so that we may promptly implement the investment plan that we created for you and make ongoing changes as we believe appropriate. Those changes may include periodic rebalancing of asset classes when one or more asset class has significantly increased or decreased in value or when FEAC implements asset category changes recommended by The Mutual Fund Research Center.

Client may request, or make, purchases and sales of securities in their accounts. Such requests can be directed to the custodian or to FEAC.

By opening an account with FEAC and its custodian this gives trading and limited disbursement authority to FEAC. This means that you, the client, authorize FEAC to make purchases and sales of securities in your designated accounts at the custodian. Additionally, this permits FEAC to request the custodian to access your account(s) and withdraw the investment management fee it has earned for providing asset management services to you, the client, during the prior quarter.

Pursuant to this agreement, The Mutual Fund Store, LLC, through its wholly owned subsidiary, The Mutual Fund Research Center, and their personnel may access client's information to provide administrative services to client, such as performance statements, fee processing and other administrative and support functions issued on behalf of Affiliate. This also permits The Mutual Fund Research Center to selectively review performance of clients' accounts holding investment products or asset allocation models recommended for use by The Mutual Fund Research Center.

For clients who utilize the Retirement Paycheck® service, a limited power of attorney authorization form will need to be completed. This is necessary to permit and enable TMFS Advisory Services, the investment adviser of the Retirement Paycheck® service, to make necessary trades in the investment accounts of those clients' utilizing the Retirement Paycheck® service.

VOTING CLIENT SECURITIES

Proxy Votes

FEAC will receive proxies for both mutual fund securities and other securities held in custody in client accounts maintained at the custodian, if the client has designated to the custodian that proxies should be forwarded to FEAC. The following guidelines are used for voting those proxies received -

Voting of Mutual Fund Proxies: Proxies received on mutual fund and/or exchange-traded fund securities which are recommended by FEAC and The Mutual Fund Research Center will be voted. Proxies on these securities will be voted as recommended by The Mutual Fund Research Center. Proxies received on securities which are not recommended by FEAC will not be voted.

Voting of non-Mutual Fund Securities: Proxies received by FEAC on non-recommended securities (stocks, bonds) owned by clients will not be voted by FEAC.

Conflicts of Interest: FEAC will only vote the proxies for those securities it, and The Mutual Fund Research Center, has recommended. It is not anticipated that conflicts between the interests of FEAC and the interests of its clients will occur. This is because mutual funds and/or exchange-traded funds (almost always) hold multiple securities and because FEAC and The Mutual Fund Research Center do not provide investment advisory services to any mutual fund and/or exchange-traded fund or investment company, nor is there a financial or ownership interest in any investment adviser which offers or manages a mutual fund and/or exchange-traded fund security. Additionally, FEAC does not receive sales loads, fees or other compensation from recommending or using mutual funds and/or exchange-traded funds in its clients' accounts.

Voting Policies: FEAC does maintain a written policy regarding the standards considered when determining how a proxy will be voted for a security it has recommended. A copy of the policy will be provided upon request.

Voting Procedures and Records: FEAC may vote proxies via physical, electronic or telephonic ballot. Clients may request voting records for a specific proxy by sending FEAC a written request noting the name of the recommended investment product and the approximate date of the proxy.

FINANCIAL INFORMATION

Financial Condition

FEAC has discretionary trading authority in your accounts we manage. As such, we are required to report any financial condition reasonably likely to impair our ability to meet our contractual obligations to clients – FEAC does not have any financial impairment that will preclude us from meeting our contractual commitments to our clients.

PRIVACY NOTICE

Financial Engines Advisor Center

At FEAC, our commitment to protecting your privacy is of the utmost importance to us. We value the trust you place in us and want you to understand what information we collect and how we protect and use it. We treat personal information—nonpublic data that identifies you—with respect and in accordance with our Privacy Policy. This Privacy Policy applies to both our current and former customers.

The information we collect about you generally falls into one of the following categories:

- Information provided on applications and other forms submitted to us, such as your name, address, Social Security Number, family member information, assets, income and investment objectives;
- Transactional information about your accounts, such as investment choices, account balances, transaction history.

We use this information primarily to manage your investments or services obtained from or through us. We may disclose all of the personal information, as described above, to companies providing services to you on our behalf (e.g., Financial Engines Advisor Center, LLC; TMFS Advisory Services, LLC; The Mutual Fund Research Center, LLC; Charles Schwab & Co., Inc. or any other custodian or support companies), in the following types of situations:

- Providing administrative, customer assistance, clearing, operational, or other services;
- Preparing, printing, and delivering portfolio management performance reports, confirmation statements, and other documents;
- Executing securities transactions; or
- Maintaining or developing software for us.

In instances when FEAC must provide your personal information to a non-affiliated company, it is only as necessary to complete activities on your behalf or essential to our operation or as otherwise allowed or required by law. Additionally, we require non-affiliated companies to contractually agree not to further disclose any personal customer information obtained from us. FEAC does not sell any personal information in any circumstance.

To further safeguard your personal information within our company, our policy allows access to information only by individuals and departments who must have it to service your account. We maintain

physical, electronic, and procedural safeguards to protect this information and treat information from our former clients with the same care used for information from current clients.

We believe the protection of your privacy is of utmost importance, and appreciate and take seriously the trust you place in us and in our ability to safeguard your personal information. Please contact your investment advisor with any questions about this Privacy Statement.

You will see this notice regularly, as we are required by law to deliver this Privacy Notice to you annually, in writing.