

# MONARCH PLAN ADVISORS

40 West Easy Street, Suite 4

Simi Valley, CA 93065

818-444-0376

[www.monarch401k.com](http://www.monarch401k.com)

October 8, 2018

This Brochure provides information about the qualifications and business practices of Monarch Plan Advisors (“Monarch”). If you have any questions about the contents of this Brochure, please contact us at (818) 444-0376. 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.

Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

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

## Item 2 – Material Changes

This Brochure, dated October 8, 2018, is an update to the firm’s brochure, dated March 20, 2018. The changes in this brochure relate to 3(38) Investment Fiduciaries, the DBA name under which Monarch Plan Advisors formerly offered advisory services. 3(38) Investment Fiduciaries is now a separately registered and affiliated investment adviser. Our Brochure may be requested by contacting Steve Wilkinson, President, at (818) 444-0376. Our Brochure is also available on our web site at [www.monarch401k.com](http://www.monarch401k.com).

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

### Item 3 – Table of Contents

Item 1 – Cover Page .....	i
Item 2 – Material Changes.....	ii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation.....	3
Item 6 – Performance-Based Fees and Side-By-Side Management.....	5
Item 7 – Types of Clients .....	5
Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss .....	5
Item 9 – Disciplinary Information .....	6
Item 10 – Other Financial Industry Activities and Affiliations .....	6
Item 11 – Code of Ethics.....	7
Item 12 – Brokerage Practices .....	8
Item 13 – Review of Accounts .....	8
Item 14 – Client Referrals and Other Compensation .....	8
Item 15 – Custody .....	9
Item 16 – Investment Discretion.....	9
Item 17 – Voting Client Securities.....	9
Item 18 – Financial Information.....	9
Brochure Supplement(s)	

## **Item 4 - Advisory Business**

Monarch Plan Advisors (“Monarch” or “MPA”) is a corporation located in and organized under the laws of the State of California. The firm is principally owned by Steven T. Wilkinson. Monarch Plan Advisors primarily offers its advisory services under the name Monarch Plan Advisors (“Monarch” or “MPA”); however, the firm also has an affiliated investment adviser called 3(38) Investment Fiduciaries (“3(38) IF”). Monarch is an investment adviser registered with the Securities and Exchange Commission, qualifying as a pension consultant. Individuals offering the advisory services of Monarch Plan Advisors are registered with the appropriate states as investment adviser representatives (“IARs”).

The following is a description of the advisory services offered by Monarch:

### **I. Monarch Plan Advisors - Retirement Plan Advisory and Consulting Services**

Monarch provides advisory services to retirement plans subject to the Employee Retirement Income Security Act of 1974 (“ERISA”), that are participant-directed defined contribution plans, such as 401(k) plans and 403(b) plans covered under ERISA (“ERISA Plan Clients”). MPA may also provide services to Section 457 plans and 403(b) plans not covered under ERISA (“non-ERISA Plan Clients”). Each ERISA Plan Client is required to enter into an investment advisory or management agreement with MPA describing the services that MPA will perform for the ERISA plan and its participants. MPA provides both ERISA fiduciary services and non-fiduciary services to ERISA Plan Clients. MPA enters into similar investment advisory or management agreements with non-ERISA Plan Clients, except that the references to ERISA rules described below do not apply in the case of services provided by MPA to non-ERISA Plan Clients.

#### ***ERISA Fiduciary Services:***

MPA provides ERISA fiduciary services either as a discretionary investment manager or a non-discretionary investment adviser. MPA provides similar fiduciary investment services to non-ERISA Plan Clients.

#### ***Investment Management Services:***

MPA provides investment management services to Non-ERISA Plan Clients and to ERISA Plan Clients on a discretionary basis as an investment manager under ERISA Section 3(38) and in that capacity, MPA’s investment decisions are made in its sole discretion without the plan client’s prior approval. Each plan client who engages MPA to perform investment management services is required to enter into an investment management agreement.

MPA's investment management services include developing and implementing an investment policy statement; selecting a broad range of investment options consistent with ERISA Section 404(c); making decisions about the selection, retention, removal and addition of investment options; providing periodic reporting of investment performance and results; and if the ERISA Client has determined that the Plan should have a qualified default investment alternative (a "QDIA") for participants who fail to make an investment election, selecting the investment that will serve as a QDIA

### **Investment Advisory Services:**

MPA also provides investment advisory services on a nondiscretionary basis and in that capacity, the plan client retains, and exercises, final decision-making authority and responsibility for the implementation (or rejection) of MPA's recommendations or advice. Each plan client who engages MPA to perform nondiscretionary investment advisory services is required to enter into an investment advisory agreement. MPA's nondiscretionary investment advisory services include assisting the plan client in developing and implementing an investment policy statement; assisting the ERISA Plan Client in selecting a broad range of investment options consistent with ERISA Section 404(c); assisting the plan client in making decisions about the selection, retention, removal and addition of investment options, meeting periodically to discuss MPA's investment recommendations; and if the ERISA Client has determined that the Plan should have a QDIA for participants who fail to make an investment election, assisting in the selection of the investment that will serve as a QDIA. The investment options recommended by MPA may include managed portfolios developed by MPA that use the plan's investment options. MPA has full discretionary authority over investment management of the plan assets invested in the MPA managed portfolios including, but not limited to, determination of the asset class allocations and selection of the underlying investments for each portfolio, adjustment of the asset class allocations, and the addition, removal or modification of the underlying investments. If MPA managed portfolios are offered as plan investment options, it will not result in additional compensation to MPA.

### ***Non-Fiduciary Services:***

MPA may also provide non-fiduciary services to ERISA Plan Clients and Non-ERISA Plan Clients or alternatively, may arrange for the plan's other providers to offer these services, as agreed upon between MPA and the plan client. MPA's non-fiduciary services to plan clients include assisting in group enrollment meetings, educating plan participants about general investment principles and the investment alternatives under the plan and educating the plan client as to its fiduciary responsibilities. MPA's nonfiduciary services may also include assisting the plan client in monitoring, selecting and supervising service vendors, performing benchmarking studies and fee analysis, and assisting the ERISA Plan

Client in obtaining information needed to prepare the participant disclosures required under ERISA Regulations Section 2550.404a-5, provided that MPA is not responsible for verifying the accuracy and completeness of the information provided.

For a more detailed description of MPA's fiduciary and non-fiduciary services, the ERISA Plan Client and the non-ERISA Plan Client should refer to the investment advisory agreement or investment management agreement, as the case may be.

### **General Information About Advisory Services**

For each of the above disclosed advisory and management services, Monarch does not limit its investment recommendations to any specific type of product or security. Monarch considers the universe of investment options open to retirement plans. A client's individual needs and objectives are analyzed to determine appropriate investments and products for the client. Since different types of investments typically involve different types of risk, the firm conducts a risk analysis of the client and the overall portfolio, before recommending a certain investment. Monarch manages assets on either a discretionary or non-discretionary basis, and the client is always free to place restrictions on the types of investments the firm recommends for the client's portfolio.

Monarch generally recommends an investment allocation consisting of mutual funds and exchange traded funds, but other options may be considered if appropriate for a client.

Monarch endeavors at all times to only recommend investments that it feels are suitable for a given client, and the firm makes reasonable efforts to describe in detail, any conflicts of interest that may exist. Clients should be aware that all securities investments involve risk, including the possible loss of all or part of an investment. Clients who elect to invest in securities must be willing to bear this risk. For this reason, Monarch takes care to determine an appropriate risk tolerance of its clients. Investment recommendations are made with this risk tolerance in mind.

Monarch Plan Advisors is a pension consultant and does not have regulatory assets under management.

### **Item 5 – Fees and Compensation**

Monarch has established the below fee schedule for the advisory services described in Item 4 above.

Monarch is a fiduciary under ERISA with respect to the investment management and advisory services described in the investment management or advisory agreement, as the

case may be, between Monarch and the ERISA Plan Client. As such, Monarch is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include, among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Monarch may only charge fees for investment advice about products for which Monarch and/or its affiliates do not receive any commission, 12b-1 fees or other compensation or conversely, if such compensation is received by Monarch and/or its affiliates, Monarch will offset such amounts against Monarch's stated fee. Where Monarch offsets such compensation amounts against its stated fee, Monarch will disclose to the ERISA Plan Client the amount of such compensation, the services rendered for such compensation, the payer of such compensation and a description of the arrangement with the payer in accordance with the requirements of ERISA Regulation Section 2550.408b-2(c).

### **Monarch Plan Advisors - Retirement Plan Advisory and Consulting Service Fees**

The annual investment management fee or investment advisory fee for MPA's ERISA Plan services and non-ERISA Plan Services is described in the investment advisory agreement or investment management agreement, as the case may be, with the client. It shall be based upon a percentage (%) of included plan assets as reported by the plan custodian or recordkeeper generally up to .60% annually), or on a flat fee basis not to exceed \$50,000, dependent on the size of the plan. Included plan assets are the plan assets for which MPA provides services as described in the investment advisory or management agreement.

Except for the fee for the initial quarter under advisement or management, asset-based fees are assessed in arrears based on either the market value of the assets on the last business day of the fee period, or as an average daily balance during the fee period, as specified in the investment advisory or management agreement, as the case may be. The initial fee is the amount pro-rated for the number of days remaining in the initial fee period from the effective date of the Agreement.

As agreed to under the investment management or advisory agreement between MPA and the client, the client may authorize the plan custodian to automatically deduct the fee from the plan or the plan sponsor of the plan client may choose to pay the fee in which case, fees are due and payable within 30 days of the invoice date.

Either MPA or the plan client can terminate the investment management or advisory agreement at any time, without penalty, by sending the other party 30 days prior written notice. Both parties remain responsible for obligations arising under any transactions initiated before the agreement was terminated. MPA is entitled to a fee, prorated for the number of days in the fee period prior to the effective date of termination, based on the market value of the included assets on the effective date of termination or on the average

daily balance of the fee period, as specified in the investment advisory agreement or investment management agreement, as the case may be.

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

Monarch does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

### **Item 7 – Types of Clients**

Monarch provides investment advisory and investment management services to retirement plans subject to ERISA that are participant-directed defined contribution plans, such as 401(k) plans and 403(b) plans covered by ERISA, as well as 403(b) plans that are not covered by ERISA and 457 plans (each, a “Plan”).

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

In most instances, the method of security analysis, sources of information and investment strategy chosen for a client will be dictated by the client’s individual needs and objectives. Monarch takes a comprehensive approach to evaluate an overall Plan strategy that meets a client’s needs and objectives, using multiple sources of information. Note that Monarch typically does not recommend frequent and short-term trading strategies for its clients.

Upon the determination of Plan strategy, Monarch will then proceed with the recommendation and/or selection of specific investments to fulfill the Plan offerings. Research & analysis on the investments it recommends will be conducted using publicly available information. For mutual funds/ETF’s, Monarch will evaluate the experience and track record of investment managers to determine whether a manager has demonstrated the ability to manage assets under varying economic situations. Monarch also evaluates the underlying investments in a mutual fund or exchange traded fund, to determine whether the manager invests in a manner that is consistent with the fund’s investment objective. A risk associated with this type of analysis is that past performance is not a guarantee of future results. While a manager may have demonstrated a certain level of success in past economic times, he or she may not be able to replicate that success in future markets. In addition, just because a manager may have invested in a certain manner in past years, such manager may deviate from his/her strategy in future years. To mitigate this

risk, Monarch attempts to select investments from companies with proven track records that have demonstrated a consistent level of performance and success. Monarch also relies on an assumption that the rating agencies it uses to evaluate investments is providing accurate and unbiased analysis.

Monarch uses investment management strategies that it feels best meet its clients' needs and objectives. Such strategies typically include asset allocation and diversification. While this strategy typically meets the needs and objectives of our clients, long-term investment strategies may include the risk of not taking advantage of short-term gains that could be profitable to a client. In addition, all securities investments involve risk and clients may lose all or part of their investment. Clients who elect to invest in securities must be willing to bear this risk. For this reason, Monarch takes care to determine an appropriate risk tolerance of its clients. Investment recommendations are made with this risk tolerance in mind. Monarch recommends use of both long-term (investments held for more than one year) and short-term (investments held for less than one year) strategies.

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

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Monarch or the integrity of Monarch's management. Monarch has no reportable information applicable to this Item.

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

Monarch Plan Advisors is principally owned by Steven T. Wilkinson. Monarch is also affiliated with an independently-registered investment adviser, 3(38) Investment Fiduciaries, that is also principally owned by Steven T. Wilkinson.

Monarch IARs may also be licensed to sell various insurance products for which they may receive product commissions. The potential for this additional insurance compensation creates a conflict of interest when making financial planning recommendations that involve insurance products for which commissions may be earned. Monarch IARs make insurance product recommendations when they feel it is in the client's best interest, based on the specific needs and objectives of the client. The potential for additional compensation is not a criterion on which these recommendations are based.

Monarch is not registered as a broker-dealer nor does the firm have any pending registration. Monarch is also not registered as a futures commission merchant, commodity pool operator or commodity trading advisor, nor have any pending applications to register as such.

### **Item 11 – Code of Ethics**

Monarch has adopted a Code of Ethics to promote the principles of honesty and integrity in its business practices, and to maintain Monarch’s reputation as a firm that operates with the highest level of professionalism. Monarch recognizes its fiduciary responsibilities to its clients, and its duty and pledge to place clients’ interests first and foremost. In connection with this duty, all employees of Monarch are subject to the firm’s Code of Ethics and are required to acknowledge their understanding of its terms.

Monarch and its employees are required at all times, to comply with applicable federal laws and regulations, including ERISA, and federal and state securities laws and regulations. All employees have a duty to comply and cooperate with any investigation or inquiry conducted or authorized by Monarch. All employees of Monarch are required to avoid any circumstances that might adversely affect or appear to affect the firm’s duty of loyalty to its clients. Conflicts of interests must be avoided at all times, or in cases where such conflicts cannot be avoided, full disclosure must be given to clients. Employees are prohibited from favoring one client over another client. Employees are also prohibited from using any knowledge about client transactions to personally benefit or profit.

Employees of Monarch are required to report to the Compliance Officer personal trading activity on a quarterly basis. All access persons of Monarch, including officers, directors, and partners must report personal holdings to the Chief Compliance Officer on an annual basis. Newly employed access persons are required to report personal holdings upon employment and on an annual basis thereafter. Employees and their immediate family members are prohibited from participating in any initial public offering without prior approval from Monarch. Additionally, employees and their immediate family members must receive prior approval from Monarch before participating in any private placement offering. For all other personal securities transactions, except for transactions in direct obligations of the US Government, shares of investment company or variable insurance products, bank certificates of deposit, shares of unit investment trusts or money market funds, employees may not knowingly execute a personal transaction for which a client has a pending transaction, and must report all transactions as part of the quarterly reporting process.

A conflict of interest would exist when the personal interests of employees interfere with their responsibilities to the firm and its clients. Therefore, employees are prohibited from accepting inappropriate gifts, favors, or other things of material value that could influence their decision-making. Similarly, employees are prohibited from offering gifts, favors or other things of value that could be viewed as overly generous or aimed at influencing the decision making of a client or potential client.

Monarch will review its Code of Ethics on an annual basis and will update it when the need exists. Any employee that violates the firm's Code of Ethics will be subject to reprimand and the situation will be reviewed by the Chief Compliance Officer of Monarch. Any subsequent violation of the firm's Code of Ethics could result in the employee's termination. Clients who wish to receive a copy of the firm's Code of Ethics may request it by submitting a written request to the firm.

### **Item 12 – Brokerage Practices**

Monarch does not engage in any brokerage activities, as the firm's only advisory activities involve Plans that are participant-directed defined contribution plans, such as 401(k) plans and 403(b) plans, and 457 plans, and the product offerings available to such Plans through the Plan recordkeeper. Monarch also does not recommend broker-dealers to its clients. The firm does not have any formal or informal soft-dollar arrangements or receive any soft-dollar benefits.

### **Item 13 – Review of Accounts**

On a daily basis, Monarch's IARs monitor market conditions as well as significant developments related to the general economy. On a quarterly basis, Monarch will receive plan scoring to monitor investment selections. Clients will also receive normal and customary brokerage or custodial statements from the custodians at which their assets are held. These brokerage or custodial statements are typically generated monthly whenever there is activity in the account or at least quarterly.

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

Monarch does not accept or receive any economic benefit from any third party. Monarch does not compensate any person for client referrals.

## **Item 15 – Custody**

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

## **Item 16 – Investment Discretion**

Monarch provides discretionary investment management services under ERISA Section 3(38), as described in Item 4. This authority includes the responsibility to select the investment fund options available under the ERISA Plan. In addition, in providing non-discretionary investment advisory services to Plan clients, the investment options recommended by Monarch may include managed portfolios developed by Monarch that use the Plan's investment options. If the Plan client selects those managed portfolios, MPA has full discretionary authority over investment management of the Plan assets invested in the Monarch managed portfolios including, but not limited to, determination of the asset class allocations and selection of the underlying investments for each portfolio, adjustment of the asset class allocations, and the addition, removal or modification of the underlying investments. If Monarch managed portfolios are selected by the Plan client as Plan investment options, it will not result in additional compensation to Monarch.

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

Monarch does not have any authority to and does not vote proxies on behalf of clients. Clients retain the responsibility for receiving proxy materials and voting proxies for any and all securities maintained in client portfolios.

## **Item 18 – Financial Information**

Monarch does not require or solicit prepayment of more than \$1,200 in advisory fees more than six months in advance of services rendered. Monarch is therefore not required to include a financial statement or balance sheet with this brochure.

Monarch does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Monarch has not been the subject of any bankruptcy petition.