

# SAMPLE NON-DISCRETIONARY INVESTMENT ADVISORY AGREEMENT: ERISA

This Non-Discretionary Investment Advisory Agreement is entered into this [DAY] of [MONTH], [YEAR], by and between [FINANCIAL ADVISOR] (hereafter known as "Advisor") and [CLIENT NAME] (hereafter known as "Client").

WHEREAS, Client wishes to retain Advisor to advise Client with respect to the investment of certain assets of the [NAME OF TRUST] (the "Trust"), which is subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and Advisor wishes to accept such retention in accordance with the terms and conditions of this Agreement.

NOW THEREFORE, Client and Advisor hereby agree as follows:

## ARTICLE I APPOINTMENT OF FIDUCIARY

1. Client appoints Advisor to render advice with respect to the investment and reinvestment of certain assets of the Trust, as shall be designated by Client from time to time. Such assets, together with all investments and reinvestments and income earned thereon, less distributions and withdrawals, are hereinafter collectively referred to as the "Account." Client represents that it is the "named fiduciary" (as defined in Section 402(a)(2) of ERISA) with respect to the control or management of the assets of the Account, including the power to acquire and dispose of the assets of the Account.
2. Advisor hereby accepts appointment as an investment advisor of the Account pursuant to the terms of this Agreement, acknowledges that it is a "fiduciary," as defined in Section 3(21) of ERISA, with respect to recommendations it provides to Client regarding investment of assets of the Trust at any time constituting the Account, and represents that it is registered as an investment advisor under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Advisor further represents that it is not subject to any of the disqualifications set forth in Section 411 of ERISA.
3. Upon the establishment of the Account, Client will provide Advisor with Investment Guidelines setting forth the investment policy, objectives, risk tolerance, and any restrictions governing the Account. Such Investment Guidelines are attached as Exhibit A. Client agrees to notify Advisor in writing of any changes or modifications to the Investment Guidelines or any other matters affecting the Account which are material to Advisor in carrying out its duties hereunder. Advisor shall be entitled to rely upon such guidelines until Client notifies Advisor of any changes or modifications in writing.

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4. The physical possession of the Account shall at all times be held, controlled and administered by a bank or other entity designated by Client ("Custodian") (except when securities are held by a seller pending delivery to or in the hands of transfer agent). All such assets, securities, funds and other property shall be held on the books and records of Custodian in a manner so as to clearly establish that they are held as part of the Account. Advisor shall under no circumstances act as custodian for the Account or otherwise have physical custody or control of the Account.

## **ARTICLE II IMPARTIAL CONDUCT STANDARDS**

1. Advisor shall use the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives, risk tolerance, financial circumstances, and needs of Client, without regard to the financial or other interests of Advisor, any affiliate or related entity of Advisor, or any other party.
2. Advisor, its affiliates and related entities, shall receive no more than reasonable compensation for its services.
3. Statements made by Advisor to Client regarding recommended transactions, fees and compensation, material conflicts of interest and any other matters relevant to Client's decisions shall not be materially misleading when made.

## **ARTICLE III ADVISOR'S DUTIES**

1. Advisor shall review periodically the investments held by the Account and shall make such recommendations to Client with reference to investments or changes in investments as it considers to be in the bests interest of Client, including recommendations for the investment of cash. Advisor shall not sell or purchase any securities except upon written directions from Client. Advisor shall not be liable for any loss incurred by Client or Advisor in accepting and acting upon Client's instructions.
2. Advisor will render to Client periodic statements summarizing all security transaction(s) within the stated period and such other information as Client may reasonably request. In computing the value of any asset in the Account for the purposes of this Agreement, such values shall be determined by Advisor in accordance with generally accepted accounting practices and methods consistently followed and uniformly applied and in accordance with applicable laws, rules, and regulations.
3. Advisor shall not vote proxies for investments held in the Account but shall forward any proxies to Client who shall be responsible for voting such proxies.

4. Client may appoint an investment advisor to manage a portion of the investments covered under this Agreement. Such appointment shall be evidenced in a writing signed by Client and investment advisor. Upon receiving such writing, Advisor shall not be responsible for the management of such investments which has been assigned to the investment advisor and shall thereafter be held harmless and indemnified by Client for the actions of the investment advisor. The investment advisor will be responsible for providing such reports and valuations as Client may request, and Advisor shall have no duty to report on the value of such investments. Any investment advisor shall comply with the terms of the delegation and shall exercise reasonable care, skill, and caution in carrying out its duties and responsibilities.
5. Advisor has no duty to prepare or file any tax return or to pay any tax due in connection with investments held hereunder and the income therefrom, except as may be required by law.

**ARTICLE IV  
ADVISOR'S LIABILITY**

1. Advisor's recommendations are based upon its professional judgment. Advisor does not represent or guarantee the results of any of the investment recommendations made on behalf of the Account. Advisor, if acting in good faith, shall not be liable for any action, omission, investment recommendation/decision, or loss in connection with this Agreement including, but not limited to, the investment of the assets, or the acts and/or omissions of other professionals or third-party service providers selected on behalf of or recommended to Client by Advisor, including a broker-dealer and/or custodian. If the Account contains only a portion of Client's total assets, Advisor shall only be responsible for those assets that Client has designated to be the subject of Advisor's investment advisory services under this Agreement without consideration to those additional assets not a part of the Account. Nothing herein shall constitute a waiver or limitation of any rights which Client may have under any federal securities laws. This Section shall survive termination of this Agreement.

**ARTICLE V  
ADVISOR'S COMPENSATION**

1. Advisor will receive compensation based on market value of Account as of the last business day of the billing quarter at an annual rate of \_\_\_\_%. Fees will be paid quarterly in arrears. Fee schedule can be changed only by written request with minimum advance notice of sixty (60) business days. Advisor's Fee Schedule is attached as Exhibit B.
2. Advisor's quarterly advisory fee shall be deducted from the Account or billed directly to Client as agreed.



3. [Advisor may receive indirect compensation for the services it provides under this Agreement as outlined in Exhibit B.] **OR** [Advisor shall receive no indirect compensation for the services it provides under this Agreement.]

## **ARTICLE VI CONFIDENTIALITY**

1. Advisor acknowledges that all information and documents disclosed by Client to Advisor, or which come to Advisor's attention during the course of its performance of services under the Agreement, constitute valuable assets of and are proprietary to Client. Advisor agrees not to disclose, either directly or indirectly, to any person, firm, or corporation any confidential information unless the information is already in the public domain or unless such disclosure is necessary in the operation of its duties under this Agreement or is required to be disclosed by applicable law. This provision shall survive the termination of this Agreement. Client acknowledges receipt of the Advisor's Privacy Statement which is attached as Exhibit C.

## **ARTICLE VII NOTICE**

1. Either party may terminate this Agreement by giving thirty (30) days' prior written notice to the other at any time during the term of this Agreement. Any such notices shall not affect any obligation incurred prior to the termination.
2. All notices or other communications shall be in writing and shall be delivered personally or by fax, or sent by registered mail, return receipt requested. Notices intended for Advisor shall be addressed to:

[FINANCIAL ADVISOR]  
[ADDRESS]  
[PHONE NUMBER]

Notices intended for Client shall be sent to the address provided by Client. Advisor may rely upon any notice (written or oral) from any person that Advisor reasonably believes to be genuine and authorized.

## **ARTICLE VIII GENERAL PROVISIONS**

1. This Agreement may not be assigned, nor may any obligations hereunder be transferred or delegated, by either party without the prior written consent of the other, except as provided under Article III(4).
2. Except as otherwise expressly provided herein, this Agreement shall not be amended, nor shall any provision of this Agreement be considered modified or

waived, unless evidenced by writing signed by the party to be charged with such amendment, waiver, or modification.

3. This Agreement shall be governed by and construed in accordance with the laws of [STATE] and cannot be changed or terminated orally and shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors, and assigns. The captions appearing in this Agreement are inserted as a matter of convenience and for reference only and shall not define, limit, or describe the scope and intent of this Agreement or any of the provisions thereof.

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

[FINANCIAL ADVISOR]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[CLIENT]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

*Note - attach:*

*Exhibit A: Investment Guidelines*

*Exhibit B: Advisor's Fee Schedule*

*Exhibit C: Advisor's Privacy Statement*

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