

**KISC, LLC**

**Item 1: Cover Page**

**Form ADV Part 2A**

**Investment Adviser Brochure**

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This brochure provides information about the qualifications and business practices of KISC, LLC (“KISC”). If you have any questions about the contents of this brochure, please contact us at 720 336-9596 or [seschbach@401Kisc.com](mailto:seschbach@401Kisc.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.

KISC is a Registered Investment Adviser. Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about KISC is also available on the SEC’s website <https://adviserinfo.sec.gov>. KISC’s CRD number is 286634.

## **Item 2: Material Changes**

This is the third KISC LLC Investment Adviser Brochure. The material change relates to a change in contact information.

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## Item 4: Advisory Business

KISC LLC (“KISC” or “Firm”) is an asset based “fee-only” Registered Investment Adviser organized as a limited liability corporation in the State of Colorado. Steve A. Eschbach is an Investment Adviser Representative, an Accredited Investment Fiduciary (AIF), and the Firm’s founder and President. He also owns 100% of the firm. The Firm was formed in January 2017 and registered with the State of Colorado in June of 2017.

KISC acts as a Registered Investment Adviser for Qualified Retirement Plans (“Plan”). The adviser recommends and monitors the investment option menu offered to participants as well as reviews the Plan’s program and expenses. KISC acknowledges its co-fiduciary status in its Service Agreement.

The Firm only receives asset based fees from the Plan as described in the Service Agreement. This asset based fee is determined based on the end of the quarter Plan assets (EOQPA) and then allocated among the participants according to individual participant EOQPA. The Plan Sponsor does not compensate KISC.

KISC is an investment Co-Fiduciary and bears a high level of responsibility. A Fiduciary has the duty to:

- Operate only in the interest of participants and beneficiaries, for the sole purpose of providing benefits and paying Plan expenses
- Act "prudently," meaning how a professional would perform under similar circumstances
- Diversify the Plan's investments in order to minimize the risk of large losses
- Follow the terms of Plan documents
- Avoid conflicts of interest with the Plan

KISC assists Investment Stewards by discussing the fi360 Self-Assessment of Fiduciary Excellence in the context of their plan. This approach evaluates the Investment Steward’s current level of Fiduciary Organization, Formalization, Implementation, and Monitoring. Such discussion works to reduce the risks associated with Investment Stewards’ Fiduciary Status.

To achieve adequate diversification at minimal costs, KISC generally employs a range of no-load institutional-class stock and bond mutual funds with low annual expense ratios. Due diligence is undertaken to discern which, in the judgment of KISC, best meet the needs of the Plan, and its participants.

KISC actively seeks to avoid or minimize conflicts of interest that may exist between it and the Plan. The Firm sells no products; it accepts no commissions.

KISC, as a Registered Investment Adviser, advises the Plan regarding the full range of fiduciary responsibilities described in ERISA 3(38). These responsibilities include:

- Comprehensive investment program review and detailed fee evaluation (provided at inception of the advising relationship and as needed)
- Custodial evaluation and selection (as needed)
- Investment manager evaluation and selection (as needed)
- Investment policy development (review annually)
- Performance measurement, attribution, and reporting (quarterly)
- Ongoing monitoring

- Portfolio accounting (quarterly or as needed)
- Alternative investment evaluation and selection (as needed)
- Technology assistance (as needed)
- Fiduciary education (as needed)
- Retirement plan vendor selection (as needed)

Services provided unless the Plan elects to not receive them.

<b>Service</b>	<b>Annual Fee</b>
ERISA 3 (38) Fiduciary	Included in Base
Evaluate and Monitor Custodian	Included in Base
Recommend Custodian	Included in Base
Evaluate and Monitor Investment Manager(s)	Included in Base
Recommend Investment Manager(s)	Included in Base
Evaluate and Monitor Participant Investment Options	Included in Base
Recommend Participant Investment Options	Included in Base
Evaluate and Monitor Plan Administrator	Included in Base
Recommend Plan Administrator	Included in Base
Evaluate and Monitor Investment Policy	Included in Base
Recommend Investment Policy	Included in Base
Measure Performance and Quarterly Reporting	Included in Base
Assess compliance risks, stay abreast of legislation, and mitigate risk	Included in Base
Review Portfolio Accounting	Included in Base
Educate Trustees regarding Fiduciary responsibilities	Included in Base
Recommend Plan operation and administration efficiencies	Included in Base
Assess Plan marketplace competitiveness and recommend changes	Included in Base
Calculate and report investment-specific performance, manager-specific	Included in Base
Evaluate fees for all providers (managers, funds, administrators, etc.)	Included in Base
Review Plan transparency	Included in Base

## Item 5: Fees and Compensation

As stated above, KISC is an asset based “fee-only” adviser. To avoid conflicts of interest, **the Firm receives no compensation whatsoever from any source other than our Plan asset based fees paid through the custodian.** It is KISC’s intent to advise the Plan such that it can keep all Plan fees (Custodian, Advisory, Investment Management or Mutual Fund expenses, and Third Party Administration) under 100 basis points of the EOQPA per annum. One basis point is equal to 1/100th of 1%.

Fees for the Firm’s services are negotiable and are paid quarterly based on the EOQPA and one quarter of the Base Annual Fee as outlined in the Service Agreement. The Base Annual Fee is agreed to by both the Plan and KISC and is confirmed in writing. The Base Annual Fee ranges from 60 BPS for small plans to 15 BPS for large plans.

Base Annual Fee rate is applied to participants’ accounts by the custodian. The custodian is authorized, by the Plan, to pay KISC directly from the participants’ accounts. The Custodian provides a statement to the Plan of the fees deducted. KISC provides the Plan a quarterly invoice. Such invoices reflect all fee withdrawals and payments made to KISC on the Plan’s behalf.

## Item 6: Performance-Based Fees and Side-By-Side Management

KISC offers neither a performance-based management structure nor fees.

## Item 7: Types of Clients

KISC provides advice to Qualified Retirement Plans with total EOQPA exceeding \$1,500,000. Plans are accepted at the sole discretion of KISC.

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

KISC applies a KEEP IT SIMPLE approach to investment advice which allows our Plans’ participants to choose among suitable investment vehicles while minimizing investment fees. KISC believes in an efficient marketplace and therefore believes it is difficult to beat the market over the long term. The Firm fully believes that freedom of information, especially in today’s technological age, supports an efficient market.

The Firm bases its investment strategy on the following principles:

- Effective passive investment management
- Past performance does not indicate future outcomes
- Long term investment focus
- Increased returns result from reduced investment fees
- Appropriate performance evaluation relies on proper benchmarking
- Proper diversification reduces investment risk

KISC believes aggressive or active portfolio management seldom out performs passive strategies; especially over the long term. Studies show about 85% of managers – Large-cap, Mid-cap, and Small-cap managers – underperformed their respective S&P index over a year. The results are similar for a ten year period.

During the one-year period, 84.62% of large-cap managers, 87.89% of mid-cap managers, and 88.77% of small-cap managers underperformed the S&P 500, the S&P MidCap 400®, and the S&P SmallCap 600®, respectively.

Spiva® U.S. Scorecard – U.S. mid-year 2016

All investments have associated risks and a potential for loss. While our investment strategy is designed to potentially produce a reasonable return for a given level of risk, the firm cannot guarantee that a participant's investment objective or goal will be achieved. Any investment alternatives may result in loss, which may include the original principal amount invested. The Plan and its participants must recognize the various risks involved in investing, which may include business risk, currency risk, credit risk, inflation, interest rate risk, liquidity risk, market risk and political risk, among others. Since our investment strategy is designed for the long-term, the participants may also risk missing out on possible gains resulting from short-term market fluctuations or market timing. Actively managed investments have the potential to outperform or underperform their targeted benchmarks.

## **Item 9: Disciplinary Information**

KISC and its management have not been involved in any legal or disciplinary events that are material to a Plan's or prospective Plan's evaluation of its advisory business or the integrity of its management.

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

KISC has no relationships or arrangements with any financial services company or other organization that creates a conflict of interest with respect to advice given Plans.

Mr. Eschbach has an actuarial consulting firm, Bodon, Inc., that focuses on the healthcare actuarial issues related to managing a IRC §501(c) 9 trust. Bodon has one client requiring about 150 hours of services per year. Bodon expects no more clients. Actuarial services are unrelated to KISC.

The sole business of KISC is to advise Qualified Retirement Plans and their Sponsors. KISC is not involved in other business endeavors. KISC does not maintain any affiliations with other firms.

## **Item 11: Code of Ethics**

KISC has adopted a Code of Ethics that governs a number of potential conflicts of interests it or its employees might have when providing advisory services to Plans. This Code of Ethics is

designed to ensure that we meet our fiduciary obligation to Plans and to establish a Culture of Compliance within the firm.

Our Code includes the following:

- Requirements related to the confidentiality of Plan information;
- Prohibitions on insider trading based on material, non-public information;
- Prohibitions on the acceptance of gifts and entertainment that exceed our policy standards;
- Pre-clearance of certain employee and firm transactions;
- Reporting quarterly all personal securities transactions involving reportable securities as mandated by regulation; and,
- Reporting annually by all employees to identify all accounts that hold securities in which they have a beneficial interest (e.g., accounts of members of the employee's household).

Our Code is comprehensive, and distributed to each employee at the time of hire, and annually thereafter if there are changes. KISC's Chief Compliance Officer monitors Code compliance.

Any Plan or prospective Plan may request a copy of our Code of Ethics.

## **Item 12: Brokerage Practices**

KISC may, at the request of a Plan, recommend a custodian and/or broker-dealer. Recommendations are based on quality of Plan service and reporting, technological capability, and costs.

KISC does not receive any compensation, revenue, soft dollar benefits or incentives from custodians and/or brokerage-dealer organizations.

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

KISC reviews Plan accounts quarterly and more often based on deposits, withdrawals or investment market performance.

For some Plans, there is a quarterly meeting to review its performance report. Our quarterly performance report is a comprehensive tool for communicating with Plans each quarter.

A written report is provided to each Plan each quarter even if there is no in-person meeting.

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

KISC does not receive any economic benefit, other than the asset based fees paid by the Plan, for providing advisory services. KISC neither receives nor pays referral fees.

## Item 15: Custody

Plan funds and securities are held by a qualified custodian. Qualified custodians recommended by KISC are independent of KISC and send quarterly, or more frequent, account statements directly to the Plan. Plans, Plan Trustees, and Plan Sponsors should carefully review those statements.

KISC does not take custody of Plan funds or securities. KISC does not accept delivery of Plan securities, stock powers, cash or checks made payable to KISC (other than checks from the custodian for advisory services as described in the Service Agreement). Any such assets inadvertently delivered to the Firm will be returned to the Plan with instructions to deliver the assets directly to the custodian.

KISC produces a quarterly invoice for its services. KISC delivers the aggregate invoice to the Plan. The invoice is paid from Plan assets and is allocated on a prorated portion to each participant based on their individual end of quarter assets.

## Item 16: Investment Discretion

KISC accepts no discretionary authority with respect to Plan account management. Participants have the authority to allocate their investments among the available Plan investment options.

## Item 17: Voting Client Securities (i.e., Proxy Voting)

KISC does not vote proxies on the Plan's behalf.

## Item 18: Financial Information

KISC has never filed for bankruptcy and is not aware of any financial condition that is reasonably likely to impair its ability meet its contractual commitments to Plans.

## Item 19: Requirements for State-Registered Advisers

Name: Steve A. Eschbach, AIF®

Year of Birth: 1953

### Educational Background

- BS in Mathematics and Statistics, University of Washington – Seattle, 1975
- Berkeley Executive Education, University of California – Berkeley, 1991

### Business Experience

- |              |                 |                |
|--------------|-----------------|----------------|
| ● KISC, LLC  | President/Owner | 2017 – Present |
| ● Bodon, Inc | President/Owner | 2007 – Present |

● Milliman	Principal	1995 – 2005
● Healthcare Management Group, Inc.	President	1993 – 1995
● Ernst & Young	Partner	1990 – 1993
● Treacy & Rhodes Consultants	Chief Actuary	1985 – 1990
● The Wyatt Company	Consulting Actuary	1980 – 1985
● Metropolitan Life	Assistant Actuary	1975 – 1980

*Other Business Activities*

Steve A. Eschbach is engaged in an actuarial consulting business, Bodon, Inc., related to retiree healthcare financial budgeting and projections. He has one client he has served for over twenty years. This client requires about 150 hours of his time over the course of a year.

*Performance Based Fees*

The firm does not accept Performance Based Fees. None of its employees are compensated on Performance Based Fees.

*Material Disciplinary Disclosures*

Steve A. Eschbach has no disciplinary history to disclose.

*Relationships with Securities Issuers*

Steve A. Eschbach has no relationships with Securities Issuers to disclose.

**KISC LLC**  
9101 E Chenango Ave  
Greenwood Village, CO 80111  
(720) 336-9596

**Form ADV Part 2B - Brochure Supplement**  
**For**  
**Steve A. Eschbach, AIF**  
**President/Chief Compliance Officer**  
**Effective: December 31, 2019**

This Brochure Supplement provides information about the background and qualifications of Steve A. Eschbach, AIF (CRD #6748859) in addition to the information obtained in the KISC LLC (hereinafter “KISC LLC” or “Firm” or “It” – CRD #286634) Disclosure Brochure. If you have not received a copy of the Disclosure Brochure or if you have any questions about the contents of the KISC LLC Disclosure Brochure or Brochure Supplement, please contact us at 720 336-9596 or by email at [eschbach@401Kisc.com](mailto:eschbach@401Kisc.com).

Additional information about Mr. Eschbach is available on the SEC’s Investment Adviser Public Disclosure website at <https://adviserinfo.sec.gov/>. (CRD #6748859)

# Educational Background and Business Experience

Name: Steve A. Eschbach, AIF®

Year of Birth: 1953

## Educational Background

- BS in Mathematics and Statistics, University of Washington – Seattle, 1975
- Berkeley Executive Education, University of California – Berkeley, 1991

## Business Experience

● Metropolitan Life	Assistant Actuary	1975 – 1980
● The Wyatt Company	Consulting Actuary	1980 – 1985
● Treacy & Rhodes Consultants	Chief Actuary	1985 – 1990
● Ernst & Young	Partner	1990 – 1993
● Healthcare Management Group, Inc.	President	1993 – 1995
● Milliman	Principal	1995 – 2005
● Bodon, Inc	President/Owner	2007 – Present
● KISC, LLC	President/Owner	2017 – Present

# Disciplinary Information

Steve A. Eschbach has no disciplinary history to disclose.

# Other Business Activities

Steve A. Eschbach is engaged in an actuarial consulting business, Bodon, Inc., related to retiree healthcare financial budgeting and projections. He has one client he has served for over twenty years. This client requires about 150 hours of his time over the course of a year.

# Additional Compensation

Mr. Eschbach does not receive compensation, related to KISC services, from any source other than the Plan asset-based fees received by KISC from the custodian.

# Supervision

Steve A. Eschbach is President and Chief Compliance Officer of KISC. He is responsible for the implementing the written policies and following the procedures contained in KISC Compliance Manual.

## **Requirements for State-Registered Advisers**

Mr. Eschbach does not have any additional information to disclose.