

Form CRS Background

Registered investment advisers are required to provide clients with a relationship summary (also called “Form CRS” or “Form ADV Part 3”) to retail investors. TAN, as an SEC registered IA firm, also needs to file the Form CRS with the SEC. The SEC has indicated that the purpose of Form CRS is to provide easy-to-understand disclosures that are designed to encourage transparency and promote effective communication between investment advisers and their retail investors.

Review the TAN ADV delivery guide and FAQs below to help remember when the Form CRS needs to be delivered to clients. You should also consider the Form CRS to be an introductory document and look to deliver it early and often in your relationship with a client/prospect to ensure you remain compliant. As there are additional disclosure obligations it may make sense to bundle these disclosures together **ensuring that the Form CRS is among the first document in the document package**. Also, for those registered with PKS as broker-dealer, PKS will have separate Reg BI & Form CRS requirements and disclosures for accounts and variable products offered through PKS.

Form CRS FAQ

Can we change what is on the Form CRS?

The SEC has provided very strict guidelines in terms of formatting, design, voice, headers, and conversation starters. As such, unfortunately, there are certain items within the document that are not permitted to be changed.

Where can I find a copy of the Form CRS or our other ADV Brochures?

They will be posted on the [Thrivent Advisor Network](#) website by the end of the week. They are also filed with the SEC and can be viewed by the public at <https://adviserinfo.sec.gov/>.

Who is a retail investor?

The Form CRS defines a “retail investor” as “a natural person or legal representative of such natural person, who seeks to receive or receives services primarily for personal, family, or household purposes.”

All natural persons, regardless of net worth or sophistication, are included in the definition of “retail investor,” and that the Form CRS must be provided to a retail investor who invests for personal, family, or household purposes. It applies when retail investors seek services as to retirement accounts, including IRAs and accounts in workplace retirement plans, such as 401(k) plans, and other tax-favored retirement plans.

When must this be given to clients?

For **new clients** and prospects it must be delivered as of *before* or *at the time* of entering into an investment advisory relationship.

For **existing clients** the Form CRS is required to be delivered prior to or at the time a recommendation is made for advisory services, such as:

- To open a new account that is different from the client’s existing account(s)
- To roll over assets from a retirement account into a new or existing account or investment
- Recommending or providing a new investment advisory service or providing a new advisory service or investment that does not necessarily involve the opening of a new account and would not be in an existing account.

What are some examples of a “triggering” event that would cause re-delivery of the Form CRS to existing clients?

Examples of triggering events are:

- Client has an existing non-wrap account and you make the recommendation to switch to wrap and vice versa.
- Client has an existing managed account being managed by you and you make the recommendation to convert the account to a third-party managed account.
- Client has an existing account being managed by you under an advisory relationship and you recommend entering into a financial planning arrangement.
- Client owns a product that you sold with a previous or existing broker-dealer and you make the recommendation to move that to a managed account.
- You are providing advice to a participant in an ERISA covered plan and make the recommendation to rollover assets into a managed IRA rollover. Note: This recommendation may involve a prohibited transaction under ERISA and additional care is required to ensure this is in the client’s best interest.

Can I email the Form CRS or any ADV to the client?

If you choose to email, you must have reasonable belief that the client will receive the message and include the documents as PDF attachments. If you receive a delivery failure on any email you must take alternate steps to ensure proper delivery. If sent by email TAN has access to the email archive to test delivery to all clients.

If disclosure brochures are sent via traditional mail, please send a list of clients and the date the brochure was sent along with copies of postage costs or applicable invoice to support evidence of delivery to compliance@thriventadvisornetwork.com.

For Clients that do not have an established email address, a paper version must be mailed to the Client’s mailing address. Delivery must be made without charge to the Client. Upon request, a hard copy must be sent by regular, first-class mail or overnight carrier.

When must the Form CRS be updated?

Should any material change occur that requires TAN to update the Form CRS, TAN practices will need to deliver the updated Form CRS within thirty (30) days of the amended filing identifying the material change.

What else was discussed in these new rules?

The investment advice reform package contemplated these additional components:

- Interpretation of Investment Adviser’s Fiduciary Duty – Duty of Care and a Duty of Loyalty
- Best Interest – Managing the client relationship and understanding the client’s objectives and tolerance for risk to provide advice that is suitable for the client.
- Investment Due Diligence – Level of required due diligence generally increases with the complexity of the investment product.