



Form ADV Part 2A – Appendix 1

BETTERMENT WRAP FEE BROCHURE

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This wrap fee program brochure provides information about the qualifications and business practices of Betterment LLC (“Betterment”), a registered investment adviser. Registration does not imply a certain level of skill or training but only indicates that Betterment has registered its business with state and federal regulatory authorities, including the United States Securities and Exchange Commission (“SEC”). If you have any questions about the contents of this brochure, please contact us at support@betterment.com. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

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

Item 2: Summary of Material Changes

The most recent annual update of this Wrap Fee Program brochure was March 30, 2022, in which this brochure was updated to reflect that Betterment receives payments from Cash Reserve Program Banks that it expects will result in annualized revenue of more than 0% but less than 0.50% of the average, aggregate balance of the daily program deposits at Program Banks.

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Item 4: Services, Fees, and Compensation

GENERAL INFORMATION

Betterment offers the Betterment Wrap Fee Program to prospective and current clients. Betterment, a limited liability company organized under Delaware law, is an SEC-registered investment adviser that maintains its principal office at 27 West 23rd Street, 6th Floor, New York, NY 10010. Betterment is a sponsor of the Betterment Wrap Fee Program. If you have questions regarding the material contained herein, please contact Betterment at support@betterment.com.

PROGRAM DESCRIPTION AND INVESTMENT STRATEGY

Betterment generally offers investment advisory services over the internet and, for clients receiving Supplementary Services (as defined below), via phone or email communications with Betterment's financial consultants. This Wrap Fee Brochure is meant to help you understand the nature of the advisory services offered by Betterment, whether the advisory services offered by Betterment are right for you, and the potential conflicts of interest associated with your participation in the Betterment Wrap Fee Program. You should review it carefully.

Betterment offers investment advice to clients and manages assets through the Betterment Wrap Fee Program. A wrap fee program has a fee structure that provides clients with advisory and brokerage services for a bundled fee with no additional account activity charges for execution of trades. As such, Betterment charges clients (defined below) a single bundled fee that covers the investment advisory services it provides, as well as the brokerage and custodial services associated with holding and trading securities provided by its affiliated broker-dealer, Betterment Securities. Please see Item 6 for additional information on brokerage considerations. Additionally, as described in "Other Compensation to Betterment" below, Betterment also receives compensation from Cash Reserve Program Banks (defined below).

Betterment's Wrap Fee Program offers services to three types of clients: (1) a retail service whereby individuals, trusts, and other legal entities receive advisory services from Betterment (such clients are referred to as "Retail Clients"); (2) a platform whereby individuals, trusts, and other legal entities receive advisory services from Betterment and from an unaffiliated registered investment adviser or other provider of investment advice ("Advisor"), subject to Betterment's approval, with which the individual, trust or legal entity has an independent relationship (such clients are referred to as "Third-Party Advised Clients" and such business is referred to as "Betterment for Advisors"); and (3) a platform whereby employer-sponsored retirement plans and plan participants ("Participants") receive 401(k) plan advisory services from Betterment, acting in an ERISA 3(38) fiduciary capacity, 401(k) recordkeeping and/or administrative services from our affiliate, Betterment for Business LLC, and, certain other employee financial wellness benefits offerings (such services collectively, "Betterment at Work") (and such clients are referred to as "Retirement Plan Clients"). Retail Clients, Third-Party Advised Clients, and Retirement Plan Clients are collectively referred to in this brochure as "clients." Betterment additionally offers Retail Clients with a balance of at least \$100,000 in

Betterment accounts (“Account Balance Threshold”) the opportunity to receive discretionary and non-discretionary advisory services over the phone, or email from Betterment’s team of financial consultants through participation in Betterment’s “Betterment Premium” plan. Clients who do not participate in the Betterment Premium plan are referred to as participants in the “Betterment Digital” plan. Betterment reserves the right, in its sole discretion, to reduce or waive the Account Balance Threshold. The Account Balance Threshold does not include funds held in Betterment Cash Reserve (“Cash Reserve”), Betterment for Advisors, Betterment at Work, or Betterment managed health savings accounts (“HSAs”) offered in partnership with Optum Bank (each as described below).

Betterment’s Wrap Fee Program is not designed to provide clients with a comprehensive financial plan and instead is built to advise clients on how to achieve discrete financial goals selected by the client. Betterment’s recommendations are highly dependent on receiving accurate information from clients. If clients provide Betterment with inaccurate information or fail to update promptly the information provided to Betterment when it changes, the quality and applicability of Betterment’s recommendations could be materially impacted.

In addition, there may be other information about a client’s personal financial situation that is not elicited through Betterment’s website that could inform Betterment’s advice if it were provided to Betterment. This is true even for clients who receive Supplementary Services (as defined below) and communicate with Betterment’s financial consultants via phone or email. Clients should consider this limitation on Betterment’s service, which is a function of Betterment primarily providing an automated service.

Before depositing funds with Betterment, or in any investment or cash account, potential clients should consider paying off debt, particularly to ensure that minimum debt payments are made on time to avoid late payment penalties, extra interest, and higher finance charges. Potential clients should also consider prioritizing paying off high-interest debt, which typically is associated with credit card debt or unsubsidized student loan debt. Also, potential clients should consider the options that are available to them through workplace savings plans provided by their employers that may offer match programs.

BETTERMENT PREMIUM

Betterment Premium plan clients are eligible to schedule telephone consultations with a financial consultant, employed by Betterment, who will provide discretionary investment advice, non-discretionary investment advice and/or personalized financial planning, including advice relating to debt, such as student loans and credit card debt, mortgages, savings, and retirement (including pensions and social security) and tax-related advice that does not constitute legal advice or advice requiring licensure as a Certified Public Accountant (such as discretionary advice and non-discretionary advice, “Premium Services”, and solely such non-discretionary advice, “Supplementary Services,” whether delivered via a telephone consultation or another medium). Premium Services and Supplementary Services, whether pursuant to Betterment’s Premium plan or Advice Packages (as defined below), are designed to help clients articulate and quantify goals, organize financial data, identify needs and

opportunities, evaluate alternative courses of actions, and determine whether and how Betterment can fit into clients' broader financial plans. Betterment will base any such advice on information provided by clients regarding, among other things, their age, marital and family status, annual income, employment status, liquid net worth, debt and other investments, investment goals and investment experience during the financial consultation call. Betterment Premium plan Clients are also able to contact financial consultants via email in order to receive more discrete investment advice.

Participation in the Betterment Premium plan will entitle such clients to an unlimited (subject to scheduling availability) number of telephone consultations per year with a licensed Betterment financial consultant in order to receive Premium Services. Premium plan clients are responsible for scheduling such telephone consultations in order to receive such Premium Services. Betterment uses a team-based approach to providing Premium Services and Supplementary Services—if clients receive Premium Services and Supplementary Services on multiple occasions, they are likely to interact with multiple financial consultants. Financial consultants do not monitor client accounts in between consultations.

Information provided by Betterment to Premium plan clients via telephone consultations with financial consultants will be considered in the provision of Betterment's discretionary advisory services, and financial consultants may modify Premium plan client accounts to reflect items discussed in such consultations. Betterment and the financial consultant have discretion over Premium plan client assets or accounts with respect to implementing any such recommendations, as described below in "Premium Authorized Actions".

As a condition of receiving Premium Services, Premium plan clients grant financial consultants the authority to view, receive, access, provide instructions, and modify client's account information in all communications mediums Betterment offers. Based on Premium plan client's situation, as determined through questionnaires, written or verbal communications, or Premium plan client's account information, financial consultants also have the authority to modify the Premium plan client's investment selections, including but not limited to creating new goals, modifying existing goals, and adjusting such client's settings (e.g., investment strategies, asset allocations, and enabling or disabling automated features). Premium plan clients also grant financial consultants the authority to view, receive, and access such client's synced account information, Betterment checking account information, and Betterment 401(k) account information, but financial consultants will not have the ability to provide instructions for, or modify, such synced accounts. The foregoing authorized actions are collectively, "Premium Authorized Actions". Premium plan clients understand that Premium Authorized Actions may not be completed immediately following a discussion or communication with a financial consultant. Financial consultants will implement changes discussed via telephone consultations or email in Premium plan client's Account within a reasonable time period, but Clients acknowledge that Betterment is not liable for any missed market opportunities from the time when any Premium Authorized Action is discussed to implementation.

Betterment Premium plan clients may also individually, if they choose, undertake any of the foregoing Premium Authorized Actions, except for modifying investment strategies, which must

be done in connection with a financial consultant. Financial consultants are also able to incorporate legacy assets transferred in-kind into the investment strategies of Premium plan Clients.

ADDITIONAL ADVISORY SERVICES

In addition, Betterment provides clients the opportunity to receive non-discretionary services in the form of advice regarding financial goal-setting and investment planning tools through its website (“Simple Services”), and non-discretionary fixed fee packages of Supplementary Services via telephone consultations (“Advice Packages”), each covering a particular financial topic and including a combination of time with a financial professional and access to written materials customized to the client. A detailed description of each Advice Package is available at <https://www.betterment.com/advice-packages/>.

Information provided to Betterment Digital plan clients by financial consultants solely in connection with Advice Packages will not be considered in the provision of Betterment’s discretionary advisory services unless Betterment’s online interface solicits such information and the client also enters such information into Betterment’s online interface. Betterment financial consultants will not monitor, or provide continuing advice on, accounts held at institutions other than Betterment.

Advice Packages will not include, among other things, a comprehensive financial plan and certain investment topics, such as investments in real estate, that fall outside the scope of the Supplementary Services. Any tax information provided by Betterment is not a substitute for the advice of a qualified tax advisor. You should consult with your tax advisor to discuss tax-related concerns.

There can be no assurances that any client’s financial goals and objectives will be met through receipt of Supplementary Services. As with Betterment’s Premium plan, Betterment uses a team-based approach to providing Supplementary Services—if clients receive Supplementary Services on multiple occasions, they are likely to interact with multiple financial consultants.

In addition, Betterment reserves the right, in its sole discretion, to offer any client, without charge, certain Supplementary Services through email or telephone communications, subject to the conditions and limitations described above. Clients are under no obligation to accept or follow any recommendations made by a financial consultant as part of the Supplementary Services. In connection with Supplementary Services, either Betterment nor the financial consultant will have any discretion over client assets or accounts with respect to implementing any such recommendations.

Betterment also offers all Retail Clients, regardless of account size, a matching service whereby Betterment provides such clients with the contact information of a dedicated third-party registered investment advisor through Betterment’s Advisor Network program. If a client elects to participate in the Advisor Network program, the client will receive the names and contact information of one or more third-party advisors in the Advisor Network. After an initial phone call with such advisor(s), the client has the option to enter into a separate agreement on such

terms, including fee terms, as mutually agreed between such client and such advisor.

FEES

A. *Retail Clients*

New Retail Clients pay an annualized wrap fee of 0.25% of their account balance for participation in the Betterment Digital plan. HSA accounts are subject to an annualized fee of 0.50% of their account balance, which includes Betterment's annualized wrap fee of 0.25% as well as an additional, asset-based fee for the HSA administrator. For certain clients, Betterment's annualized wrap fee is reduced by discounts and other promotions, including those described below. Retail Clients who participate in the Betterment Premium plan pay a wrap fee of 0.40% of their account balance in annualized fees. Betterment waives its wrap fee on Retail Client account balances held in Cash Reserve. Betterment's wrap fees for Retail Clients are subject to the Discount, as defined below. Betterment includes assets transferred in-kind to Betterment in its calculation of a client's account balance.

All of Betterment's asset-based fees for Retail Clients are subject to a 0.10% discount (the "Discount") on the portions of their balances above \$2 million, except for clients who receive specific fee discounts. Any funds in a client's Cash Reserve and any 401(k) account through Betterment at Work are not subject to the Discount and are not included when determining its availability.

Retail Clients who elect to receive Advice Packages will pay for them on a fixed fee basis based on the package they select. A list of Advice Packages is available at: <https://www.betterment.com/advice-packages/>. Betterment provides certain Supplementary Services to prospective participants in the wrap fee program without charge.

Retail Clients participating in the Advisor Network program typically pay a separate fee to their Advisor that Betterment debits from the Account and remits to the Advisor. Betterment does not receive any portion of the fees paid to an Advisor.

B. *Third-Party Advised Clients*

Third-Party Advised Clients of Advisors associated with new advisory firms to the Betterment for Advisors platform typically pay an annualized wrap fee that is tiered based on the aggregate balance of all of their Advisor's firm's client accounts at Betterment (not including funds held in Cash Reserve). That wrap fee currently ranges from 0.12% to 0.20% of account balances. Negotiated reductions from these fees are available in Betterment's discretion. Advisors with clients on this pricing structure typically also pay a fixed monthly fee to Betterment.

Third-Party Advised Clients of Advisors associated with advisory firms that engaged Betterment before December 5, 2019, typically pay a wrap fee equal to 0.25% of their account balance for participation in the Wrap Fee Program, subject to the Discount.

Third-Party Advised Clients typically pay a separate fee to their Advisor that Betterment debits

from the Account and remits to the Advisor. Betterment does not receive any portion of the fees paid to an Advisor.

C. Retirement Plan Clients

New Retirement Plan Clients typically pay an annualized wrap fee of 0.25% for participation in the Wrap Fee Program. Negotiated reductions from this fee are available in Betterment's discretion. A plan sponsor may choose to allocate this fee to itself or to Participants. Betterment at Work services for 401(k) recordkeeping performed by Betterment for Business LLC are subject to a separate fee schedule. Betterment does not typically accept Retirement Plan Clients unless they also engage Betterment at Work for retirement plan recordkeeping services. Price quotes are available at <https://www.betterment.com/work/pricing>, although the specific fees charged to individual Retirement Plan Clients vary.

Retirement Plan Clients who engaged Betterment before January 1, 2017, generally pay different fees, which are sometimes lower than those paid by new Retirement Plan Clients, for the services provided by Betterment at Work.

D. Client Fee Considerations

Clients should consider that, depending on the amount of activity in a client's account and the value of custodial, trade execution, advisory, and other services that are provided under the arrangement, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately or by others. The number of transactions made in clients' accounts, as well as the commissions that would be charged for each transaction at another provider, determines the relative cost of the Program versus paying for execution on a per transaction basis and paying a separate fee for advisory services. Since Betterment pays the transaction charges in clients' accounts, Betterment has a financial incentive to place fewer trades or trade less frequently.

Clients should also consider that Betterment receives different amounts of revenue (and incurs different costs) from clients participating in each Betterment service plan (i.e., Betterment Digital and Betterment Premium) and, as a result, Betterment has a financial incentive to recommend the higher priced plan (i.e., Betterment Premium). Retirement Plan Clients who choose also to become Retail Clients should consider that if the total fees that a client pays to Betterment or any of its affiliates as a Retirement Plan Client differs from the total fees the client pays as a Retail Client, Betterment will have an incentive to recommend such client invests funds in the program from which it expects to earn greater compensation. Clients also should consider whether paying for the Betterment Premium plan or paying for Advice Packages is most appropriate for their needs. Betterment reserves the right, at its sole discretion, to waive portions of its fees or offer pricing that differs from its standard fees.

Betterment's asset-based fees are calculated as a prorated amount of a client's average daily balance over a month and charged as of the last business day of each month, or with respect to Retirement Plan Clients and certain Third-Party Advised Clients, over a quarter and charged as

of the last business day of each quarter. On the last business day of the relevant period (month or quarter), Betterment instructs Betterment Securities to sell securities in an amount that will generate cash proceeds to satisfy a client's fee obligation. If a client's account exclusively consists of mutual funds, due to small price fluctuations in mutual funds that may occur on the transaction date (the last business day of the period), Betterment will accrue any fees over- or under-assessed and apply the difference to adjust the following period's fees. Betterment will automatically debit the prorated amounts of the fees from the assets in a client's account on a monthly or quarterly, as applicable, basis in arrears.

E. Satisfaction Guarantee

Betterment offers a Satisfaction Guarantee. If for any reason, a Retail Client is not completely satisfied with Betterment's services, at that client's request, Betterment will waive its wrap fee for an upcoming period of 90 days. This guarantee applies only to fees charged by Betterment and does not apply to cash held in Cash Reserve. No other fees, expenses, or market losses will be waived or reimbursed under this guarantee, including, but not limited to, the fees charged by issuers of particular securities and the fees charged by Advisors. Betterment reserves the right to discontinue or modify this guarantee in the future at any time in its sole discretion. The guarantee does not apply to Third-Party Advised Clients, or to Retirement Plan Clients or Participants.

OTHER COMPENSATION TO BETTERMENT AND ITS AFFILIATES

Betterment waives its wrap fee on funds held in Cash Reserve. Betterment receives payments from Cash Reserve Program Banks, which Betterment expects will result in annualized revenue of more than 0% but less than 0.50% of the average, aggregate balance of the daily program deposits at Program Banks (i.e., Betterment expects to earn less than 0.50% of the average balance across all Program Banks over any rolling 365-day period, even if payments to Betterment from Program Banks exceed the daily equivalent of 0.50% on a given day). The interest rate available on clients' deposit balances is determined by the amount Program Banks are willing to pay on deposits, minus the payments to Betterment. Betterment will typically seek to set the amount of the payments it receives to minimize potential variations in the rate of interest received by clients. Payments to Betterment from Program Banks will vary between banks and from day-to-day. Betterment has a conflict of interest in setting the amount of payments it receives from Program Banks. Betterment could receive increased payments on a particular day without clients receiving an increased rate of interest. Further, clients should be aware that when payments to Betterment on Cash Reserve balances exceed Betterment's standard wrap fee (0.25% of client balances), Betterment will have a financial incentive to recommend that clients hold cash. Conversely, when payments to Betterment on Cash Reserve balances are less than Betterment's standard wrap fee, Betterment will have a financial incentive to recommend that clients invest in securities. Additionally, Betterment Securities and other third-party service providers receive compensation for providing operational and administrative services in connection with Cash Reserve.

As described below, Advisors who serve Third-Party Advised Clients on the Betterment for

Advisors platform and have been approved to do so by Dimensional Fund Advisors LP (“DFA”) (such Advisors, “DFA-authorized Advisors”) have the option to construct Custom Portfolios (defined below) containing DFA mutual funds (“DFA Portfolios”). Betterment’s parent, Betterment Holdings, Inc., receives a fixed payment, the amount of which is set annually, from DFA to offset costs associated with having DFA mutual funds available on the Betterment for Advisors platform. Only DFA-authorized Advisors—not Betterment itself—construct DFA Portfolios.

Betterment periodically enters into arrangements with third-party providers of goods and services under which Betterment receives payments in exchange for referring clients to such third-party providers. Betterment will disclose the existence of any such payments, as well as any conflicts of interest, at the time that Betterment refers a client to the third-party provider.

ADDITIONAL COMPENSATION TO THIRD PARTIES

All fees paid to Betterment for investment advisory services are separate and distinct from the fees and expenses charged by the Funds to their shareholders. These fees and expenses are described in each Fund’s prospectus, which are available in the “Portfolio” tab of the online interface and are embedded in the securities purchased on clients’ behalf. These Fund fees are generally composed of a management fee and other Fund expenses. Betterment and its affiliates do not earn or receive a portion of such Fund fees. Please see Item 6 for more information about portfolio construction.

As noted above, Third-Party Advised Clients, and Retail Clients participating in the Advisor Network program, pay their Advisor a separate fee; Betterment does not receive any portion of this fee. As part of the Betterment at Work services, Betterment for Business LLC charges Retirement Plan Clients separate fees for certain administrative tasks and services related to plan administration (e.g., Participant loans). Retirement Plan Clients may also pay a third-party administrator to perform certain services. Betterment does not receive any portion of fees paid to a third-party administrator.

Item 5: Account Requirements and Types of Clients

Betterment’s clients include individuals, trusts, employer-sponsored plans (and their Participants) and other legal entities (subject to Betterment’s approval) who are U.S. residents and maintain a checking account with a U.S. bank. There is no minimum account size to maintain an account with the Betterment Digital plan. A balance of at least \$100,000 is required to be eligible to participate in the Betterment Premium plan. This Account Balance Threshold does not include funds held in Cash Reserve. The minimum initial deposit is \$10. All Retail Clients and Third-Party Advised Clients execute an Advisory Agreement with Betterment and a Brokerage Agreement with Betterment Securities. Third-Party Advised Clients have an independent contractual relationship with an Advisor. Retirement Plan Clients must also execute an Administrative Services Agreement with Betterment for Business LLC.

Item 6: Portfolio Manager Selection and Evaluation

SUMMARY

Betterment provides discretionary and non-discretionary investment management services as explained in further detail below. Retail Client accounts are managed by Betterment pursuant to each client's Advisory Agreement and the client's instructions. Third-Party Advised Client accounts are managed by Betterment pursuant to each client's Betterment for Advisors Advisory Agreement and in conjunction with the Advisor's and/or Third-Party Advised Client's instructions. Retirement Plan Client accounts are managed by Betterment, in its capacity as an ERISA 3(38) investment manager, pursuant to an Advisory Agreement specific to the Retirement Plan Client's employer-sponsored 401(k) plan, as well as Participants' instructions.

PORTFOLIO STRATEGIES

Betterment currently offers several investment portfolio strategies to Retail, Retirement Plan, and Third-Party Advised Clients, subject to limitations on availability as described below. Betterment's Executive Investment Committee (the "EIC") is responsible for Betterment's investment strategy, portfolio management, advice, and financial planning models, consistent with its charter and Betterment's policies. The EIC determines which portfolio strategies to offer to clients directly and through Advisors and oversees each portfolio strategy, except to the extent described below. Betterment currently makes available to clients three categories of portfolio strategies:

A. *Betterment Constructed Portfolios*

Betterment Constructed Portfolios are portfolios for which Betterment selects the underlying securities and weightings of those securities associated with particular Allocations (as defined below). Betterment Constructed Portfolios are composed of publicly traded exchange-traded funds ("ETF") securities. The selection process for Betterment Constructed Portfolios is intended to satisfy a broad set of potential client financial goals, including but not limited to maximizing returns, minimizing investment costs, limiting volatility, and diversifying investments. Betterment makes available Betterment Constructed Portfolios to Retail Clients, Retirement-Plan Clients, and Third-Party Advised Clients.

The current Betterment Constructed Portfolios are:

- **Betterment Core portfolio strategy.** Betterment's Core portfolio strategy offers a set of globally diversified stock and bond allocations with a U.S. value and small capitalization tilt relative to the broader market, and is composed of low-cost, liquid, index-tracking ETFs from diverse providers.
- **Socially Responsible Investing portfolio strategies.** Betterment's Socially Responsible Investing portfolio strategies allocate to ETFs that consider environmental, social, and governance ("ESG") criteria when selecting their underlying holdings, as well as funds

that use shareholder engagement strategies to encourage socially responsible corporate behavior. Clients choose from among three areas of focus: Broad Impact, Client Impact, and Social Impact.

- **Innovative Technology portfolio strategy.** Betterment's Innovative Technology Portfolio strategy substitutes specific exposures, relative to Betterment's Core portfolio strategy, to U.S. value stocks with an allocation to an innovation ETF that invests in high-growth potential U.S. and global companies in various industries using existing and emerging technologies, such as clean energies, semiconductors, robotics, automation, and blockchain.
- **Flexible portfolio strategy.** Betterment's Flexible Portfolio strategy makes available a number of asset classes for Clients and/or their Advisors to choose from in order to construct their own portfolios. Betterment selects the underlying ETFs that represent each asset class and which asset classes to make available in the Flexible Portfolio strategy, and Clients and/or their Advisors can choose their asset classes and adjust allocation weights.

In the future, Betterment may construct additional portfolio strategies to provide more investment options to investors. More information about Betterment's Constructed Portfolio strategies can be found in Betterment's interface and in its publicly available portfolio strategy disclosures.

B. Third-Party Portfolios

Betterment also offers Retail Clients, Retirement Plan Clients, and Third-Party Advised Clients the opportunity to select certain portfolio strategies that are constructed and updated by third-party managers ("Third-Party Portfolios"). Betterment does not select the underlying securities in Third-Party Portfolios but periodically reviews the Third-Party Portfolios to ensure that the portfolios remain consistent with the portfolio objectives identified by the third-party manager.

The current Third-Party Portfolios are:

- **Target Income portfolio strategy.** The Target Income portfolio strategy is designed by BlackRock and composed entirely of BlackRock-managed bond ETFs. The Target Income portfolio strategy allows investors to choose between four yield/risk profiles and is available to all clients.
- **Smart Beta portfolio strategy.** The Smart Beta portfolio strategy is designed by Goldman Sachs Asset Management ("GSAM") and composed of certain Goldman ActiveBeta™ equity and fixed income ETFs, in addition to traditional passive ETFs. The Smart Beta portfolio strategy offers investors the opportunity to seek outperformance by taking more systematic risk at a given allocation of stocks and bonds relative to conventional

market capitalization weighted portfolios. The Smart Beta portfolio strategy is available to all clients.

- **Vanguard CRSP portfolio strategy.** The Vanguard CRSP portfolio strategy is designed by Vanguard and composed of Vanguard-managed broad market equity and investment grade fixed income ETFs based on global market capitalization weights. This portfolio strategy is available only to Third-Party Advised Clients.

Third-Party Portfolios include ETFs sponsored by the third-party manager or an affiliate thereof, for which the manager or its affiliate receives fees. Each such third-party manager is therefore subject to a conflict of interest in that it may be incentivized to include such affiliated ETFs in constructing such portfolios. Furthermore, to the extent any Third-Party Portfolio is updated by the applicable third-party manager, such updates may be delivered to Betterment and updated after such updates are delivered to other users of such Third-Party Portfolio (including affiliates of the relevant manager). Clients should also understand that certain of Betterment's services are restricted or operate differently for clients who elect a Third-Party Portfolio as compared to Betterment's Core portfolio strategy. Third-Party Advised Clients should consult their Advisor for additional information about any other Third-Party Portfolios available to them. More information about Betterment's Third-Party Portfolios can be found in Betterment's interface and in its publicly available portfolio strategy disclosures.

C. Custom Portfolios

Betterment also offers Advisors the ability to construct their own Advisor-designed custom portfolios (each a "Custom Portfolio") available to Third-Party Advised Clients. A Custom Portfolio consists of a set or multiple sets of securities and allocations with underlying return and volatility assumptions provided to Betterment by the Advisor. For any Third-Party Advised Client who elects a Custom Portfolio, Betterment will allocate the client's assets in accordance with the Custom Portfolio. For Custom Portfolios, the Advisor and not Betterment is responsible for ensuring the Custom Portfolio (1) is suitable for its Third-Party Advised Clients, and (2) is constructed and managed in a manner consistent with the Third-Party Advised Client's financial situation and investment objectives. For certain DFA-authorized Advisors on the Betterment for Advisors platform, an Advisor may design a Custom Portfolio constructed entirely of DFA mutual funds and ETFs (such Custom Portfolio, a "DFA Portfolio"). For DFA Portfolios, Betterment provides feedback to Advisors regarding the risk and diversification of DFA Portfolios, but Betterment is not responsible for determining whether a particular DFA Portfolio is appropriate for a particular Third-Party Advised Client, or for making any adjustments to a DFA Portfolio's allocation over time.

Betterment does not independently review and/or approve Advisor-built Custom Portfolios. Betterment's EIC has determined to make Custom Portfolio functionality available to Advisors but does not determine which Custom Portfolios may be offered to clients or oversee each Custom Portfolio strategy. Third-Party Advised Clients should consult their Advisor for additional information about Custom Portfolios available to them, including whether any of Betterment's

services are restricted or operate differently for a Custom Portfolio as compared to Betterment's Core portfolio strategy.

D. *Cash Reserve*

Betterment also offers Retail and Third-Party Advised Clients the opportunity to participate in Cash Reserve, a program in which Betterment directs client funds among interest-bearing, FDIC-insured deposit accounts at banks that agree to accept funds through the program ("Program Banks"). The rates of interest paid by each Program Bank will differ. Betterment does not guarantee that any client will receive a specified average or composite interest rate on funds invested through the program.

Betterment will endeavor to achieve, on each day, the same average rate of interest across all clients' balances in the program, subject to certain client-specific factors. Such factors will include the client-imposed limitations set forth below. In allocating funds to the deposit accounts, Betterment considers a number of factors, including: (1) FDIC coverage on deposits held through Cash Reserve only (up to \$250,000 per Program Bank for each FDIC insurable ownership category—e.g., individual or joint—offered by Betterment) (as limited by clients' decisions to opt out of particular Program Banks); (2) a client's instruction to opt out of particular Program Banks; (3) maximum or minimum capacity constraints imposed by particular Program Banks as a condition of their participation in Cash Reserve; and (4) aggregate client funds in Cash Reserve. A client could receive a lower average rate of interest than they would otherwise receive as a result of the application of one or more of these factors. Betterment reserves the right, in its discretion, to impose conditions on clients' ability to opt out of Program Banks, including by requiring clients to furnish proof that they maintain balances in other accounts at such Program Banks.

Client funds are held at Program Banks through omnibus accounts in the name of Betterment Securities, on behalf of Betterment clients. Betterment Securities maintains records of each client's deposits in Cash Reserve. More information about Cash Reserve, including the timing of transactions, is available at <https://www.betterment.com/legal/cash-reserve>. Betterment retains ongoing discretion to direct client funds held through Cash Reserve into ETFs or other securities in addition to, or instead of, among Program Banks. Participating clients would be notified of any such change.

ADVICE FRAMEWORK

To use Betterment's services, clients and/or their Advisors must inform Betterment of their financial situation and preferences through Betterment's online applications. Based on this information, Betterment will recommend clients an asset allocation of stock to bonds for each selected portfolio strategy, or if a Third-Party Advised Client, the Advisor will recommend their clients an asset allocation based on the selected portfolio strategy or Custom Portfolio.

A. *Advice Type*

Betterment organizes its advice into an advice type framework that generally falls into five categories – education, retirement, safety net, major purchase, and general investing – each with different attributes and a discrete advice model. After identifying an advice type, clients or their Advisors select a portfolio strategy and provide details about their investing purpose. For example, clients or Advisors can input a goal time horizon and/or edit their desired Allocation (defined below). For complex goal types like retirement, Betterment’s advice models factors in other variables such as, but not limited to, the impact of Social Security, tax rates, inflation, and anticipated future spending based on current employment and geographic location.

B. Allocation

Betterment solicits input on a client’s anticipated time horizon in order to recommend an allocation, which is a specific set of asset classes (i.e. stocks, bonds, and if applicable, other asset classes) and the relative distribution among those asset classes in which a client’s account will be invested (the “Allocation”), or if the client does not have a time horizon input associated with the advice type (i.e. general investing), Betterment allows clients to adjust an Allocation to their own risk preference and provides information about the corresponding time horizon. As described above, for Betterment Constructed Portfolios, Betterment determines the specific securities that compose an asset class for an Allocation, and Betterment reserves the right to change the specific assets within an asset class without notice to clients as determined in good faith for the benefit of clients. For Third-Party Portfolios and Custom Portfolios, Betterment receives Allocation updates from the third-party provider or Advisor and interpolates the Allocations into Betterment’s portfolio management software, but Betterment does not determine the specific securities or Allocations that makeup these portfolios.

An Allocation may differ depending on whether a client’s goal is taxable or tax-advantaged and when the client expects to draw on their goal. In general, Betterment will recommend to clients who indicate a more conservative advice type (such as a safety net) or shorter time horizon a more conservative Allocation and will recommend to clients who indicate a more aggressive investment advice type or longer time horizon a more aggressive Allocation. Clients and/or their Advisor either accept the recommended Allocation or elect a different Allocation based on their or their client’s own risk tolerance or preferences, as well as impose reasonable restrictions on the management of their portfolios.

Betterment gives clients and Advisors real-time feedback on their selected Allocations by providing estimated performance figures in the interface, customized to the individual client’s goal. Forward projections can vary based on scheduled recurring deposits, scheduled one-time deposits, goal time horizon, and for retirement goals, tax filing status, location (zip code), and employment. Betterment projects estimated performance based on client inputs and assumptions for anticipated market returns, volatility, risk-free rates, future tax rates, and expected inflation. Forward projections regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results.

For Betterment's Core portfolio, SRI portfolios, Innovation Technology portfolio, and the Smart Beta portfolio, and except for general investing and safety net advice types where the client does not specify a time horizon, Betterment offers a feature to automatically adjust client allocations to be more conservative as their goal time horizons approach (the "glide path"). The glide path is automatically enabled when a client or their Advisor elects Betterment's recommended Allocation for an eligible goal and portfolio strategy. For example, the default Allocation of a retirement goal invested in the Betterment Core portfolio strategy will automatically follow the glide path to be increasingly more conservative as the client approaches their retirement age. For customers who elect a different Allocation from Betterment's recommended Allocation or elect to disable the glide path feature, Betterment will not automatically adjust the applicable Allocations based on the passage of time. Betterment will, however, automatically and periodically adjust the Allocations of Participants who have not exercised control over their employer-sponsored accounts to match Betterment's recommendations for those accounts.

ONGOING MANAGEMENT

A. Rebalancing and Dividend Reinvestment

Betterment's portfolio management tools include automatic rebalancing and automatic dividend reinvestment. Unless clients elect to turn off rebalancing, Betterment will rebalance client portfolios so that, in the face of fluctuating market prices, each client's portfolio remains controlled within a specific range of the client's Allocation. Betterment typically rebalances a client's account when a portfolio is identified as having drifted by 3% or more and cash flows are not sufficient to enable Betterment to reduce such drift, although clients can request to have Betterment only rebalance their accounts in response to cash flows. For Third-Party Advised Clients, the rebalancing threshold differs for certain Advisor-designed Custom Portfolios. Except in the case of Third-Party Advised Clients or Betterment Premium plan clients utilizing tax-aware migration strategies, when clients elect to change their investment strategy, Betterment immediately rebalances that client's portfolio into the newly elected strategy, which can result in the realization of both short- and long-term capital gains or losses for any securities that are sold. To participate in Betterment's offerings, clients agree to have their dividends automatically reinvested in accordance with their Allocation.

B. Tax Saving Strategies

Betterment offers optional tax loss harvesting ("TLH") and tax coordinated asset location ("Tax Coordination"). The value provided by these optional services will vary depending on each investor's personal circumstances, and clients should carefully read Betterment's disclosures for each of these services, and the documents linked therein, before enabling them. Clients should understand that Betterment has discretion to limit or postpone tax loss harvesting in order to prioritize other trading activity on any given day, including days where extreme market conditions produce a higher volume of trading.

Clients should also be aware that electing different portfolio strategies across their investing goals will, depending on the securities held in an account and market conditions, cause the tax loss harvesting algorithm to identify fewer opportunities to harvest losses than it would if a client elects the same portfolio strategy for all of their goals. The tax loss harvesting algorithm is designed to reduce the potential for wash sales and permanently disallowed losses for such clients by seeking to avoid harvests in asset classes where there is overlap between one or more securities in the portfolio strategies elected.

The TLH Disclosure Statement is available at <https://www.betterment.com/legal/tlh-disclosure/> and the Tax Coordination Disclosure Statement is available at <https://www.betterment.com/legal/tax-coordination>. For the avoidance of doubt, Betterment's TLH and Tax Coordination services are not designed to, and do not, provide comprehensive tax advice to clients. Clients are solely responsible for the determination of whether, and when, to enable these features in their accounts, as well as any tax consequences arising from any transaction associated with these features.

C. Synced External Accounts

Betterment provides clients the opportunity to link external accounts to Betterment via Betterment's online interface (such accounts, "Synced External Accounts"). Betterment's investment advice will not base its recommendations on Synced External Accounts except as specifically disclosed in the interface.

Synced External Accounts, including those with debt, are reflected in the summary presentation of a client's profile in Betterment's interface but are not associated with any particular portfolio or investment goal. Betterment offers Retirement Plan Clients the ability to link external student loan accounts to Betterment and make repayments through their payroll contributions or a linked checking account, such services described in more detail below in 'Student Loan Management Services'. Except for Student Loan Management Services, Betterment does not otherwise collect information that would allow it to provide advice on Synced External Accounts with debt.

Clients should also understand that entries made in Betterment's Investing Journal feature, which allows clients to record notations concerning the context for specific transactions, are not directly incorporated into Betterment's advice to individual clients. The Investing Journal feature is instead designed to provide clients with a place to create notations for their own reference and to allow Betterment to collect information that can be used to improve its overall offering.

USE OF ALGORITHMS

Betterment uses algorithms to advise clients and manage their accounts. These algorithms are developed, overseen, and monitored by Betterment's investment advisory personnel. When a Retail Client or Retirement Plan Participant creates a Betterment account, identifies an investing goal and/or time horizon, and selects a Betterment Constructed Portfolio strategy, an algorithm, developed by Betterment's investment advisory personnel, determines Betterment's

recommended Allocation based on these inputs from the Client. Betterment does not recommend an allocation for Third-Party Advised Clients, who are instead recommended an allocation by their Advisor. Algorithms also generate advice regarding other investment decisions, including but not limited to Allocation selection, savings and withdrawal rates, automatic rebalancing, and account type selection.

When clients make deposits or withdrawals from investing goals, elect to change portfolio strategies, or donate shares, an algorithm determines the specific securities to trade based on a client's Allocation, current tax lots, and other directions that they have provided to Betterment. If clients opt into Betterment's TLH or Tax Coordination services, algorithms also determine the specific trades that are made in a client's account to effect such services, described in more detail in each product disclosure. Algorithms may not perform as intended for a variety of reasons, including but not limited to incorrect assumptions, changes in the market, and/or changes to data inputs. Betterment periodically modifies its algorithms, or a computer system's code or underlying assumptions, and these changes may have unintended consequences. Betterment conducts testing designed to ensure that our algorithms continue to function as intended when new code is introduced and existing code is updated. Although such testing is intended to ensure that code changes do not create unintended consequences, Clients should understand that testing, no matter how comprehensive, cannot guarantee the absence of code-related issues with our algorithms.

The algorithms described above will generate recommendations only from information that is input into the algorithm. Betterment does not provide a comprehensive financial plan and although Betterment collects a variety of information from clients, individualized information about every aspect of a client's personal financial situation is not elicited through Betterment's interface, and therefore, not considered by Betterment's algorithms. Clients should be aware of this limitation when considering Betterment's service.

TRADE EXECUTION, ACCOUNT MAINTENANCE, AND ASSET CUSTODY

In order to open a Wrap Fee Program account with Betterment, clients must establish a brokerage relationship with Betterment Securities, an affiliated broker-dealer registered with the SEC and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. By entering into an Advisory Agreement with Betterment, clients authorize and direct Betterment to place all trades in their accounts through Betterment Securities. As such, Betterment Securities will maintain all client accounts and execute all securities transactions in client accounts without separate commission costs or other fees. Betterment Securities exercises no discretion in determining if and when trades are placed; it places trades only at the direction of Betterment. Betterment's procedures are designed to make every attempt to obtain the best execution reasonably available under the circumstances at that time, although there can be no assurance that it can be obtained. Clients should understand that the appointment of Betterment Securities as the sole broker for their accounts under this Wrap Fee Program may result in disadvantages to the client as a possible result of less favorable executions than may be available through the use of a different broker-dealer.

Clients should understand the Betterment Wrap Fee Program is a discretionary investment advisory program (except for advice provided through Supplementary Services, which is non-discretionary), and not a self-directed brokerage service. Unlike self-directed brokerage accounts, Betterment clients do not enter individual buy and sell orders for specific securities to be executed at particular times. Rather, Betterment places orders to buy and/or sell securities with Betterment Securities consistent with the discretionary authority granted to it by clients, which includes, among other things, the authority to select which securities to buy and sell and when to place orders for the execution of securities. If you want to control the specific time during the day that securities are bought and sold in your account (e.g., you want the ability to “time the market”), you should not use Betterment’s service.

Betterment trades in client accounts for any number of reasons, including in response to client actions such as asset Allocation changes, deposits, or withdrawals. Betterment also trades in order to rebalance client accounts, to change investment options, or otherwise to further the investment objectives that clients specify via Betterment’s website.

Subject to Betterment’s trading policies, described in this section, Betterment generally trades on the same business day. However, transactions will be subject to processing delays in certain circumstances. For example, orders initiated on non-business days and after markets close generally will not transact until the next business day, and halted securities will generally not transact until the exchange resumes trading in those securities. Additionally, orders for mutual funds placed after the daily deadline disclosed on Betterment’s website or Interface will not transact until the next business day. Betterment maintains a general approach of not placing securities orders during approximately the first thirty minutes after the opening of any U.S. market session to avoid periods of market instability, which are common during this time. Betterment generally stops placing orders arising from Allocation changes in existing portfolios approximately thirty minutes before the close of any market session. Betterment continues placing orders associated with deposit and withdrawal requests until market close. Betterment maintains a general approach of not placing orders around the time of scheduled Federal Reserve interest rate announcements. This time period, during which markets often exhibit instability, is typically fifteen to thirty minutes before and after such announcements. Betterment also reserves the right to postpone trades in order to modulate its overall trading volume on a particular business day. Further, account deposits are automatically subject to a processing period that could be up to five business days or longer; deposit-related transactions will not occur until the next business day after this processing period is complete.

In addition, Betterment reserves the right, at any time and without notice, to delay or manage trading in response to market instability. Betterment delays or manages trading when it determines it is appropriate to respond to extraordinary circumstances of market instability, as evidenced by extreme instances of elevated localized volatility (i.e., minute-to-minute spikes in implied volatility), insufficient or unstable market depth, price dislocation, incomplete execution, fast markets, rapidly widening bid-ask spreads, and halted securities (as determined by the exchange). In the event Betterment delays placing orders in response to extraordinary market volatility for greater than sixty consecutive minutes during Betterment’s typical trading

hours of 10:00 a.m. to 4:00 p.m. Eastern, Betterment will undertake to provide notice of such delay to Clients (Retail and Third-Party Advised) and Participants by posting a message via Betterment's online interface and, separately, to Advisors on the Betterment for Advisors platform via email. For the avoidance of doubt, Betterment does not delay or manage trading based on any view about whether markets are likely to rise or fall.

Clients' access to their funds are generally not affected by Betterment's trade management practices, including decisions to delay intra-day trading during extraordinary circumstances of market instability. This is because withdrawals from (as well as deposits into) Betterment accounts are subject to the timing of the ACH network, which functions as a batch process on a 24-hour cycle and is independent of the time of day a trade occurs.

Betterment places aggregated orders involving multiple Betterment accounts trading in the same securities. In conducting these transactions no client is favored over any other client and each client that participates in an aggregated transaction will participate at the average share price for transactions in the aggregated order. Betterment or its affiliates do not charge separate fees for any trade execution or custody service provided to clients.

Orders for the purchase or sale of securities are routed by Betterment Securities to Apex Clearing Corporation ("Apex"), the clearing broker used by Betterment Securities, for managed execution. Apex is entitled to receive payments or rebates on orders from Betterment Securities, but Apex does not pass on to Betterment Securities any portion of such payments.

Betterment maintains a policy for addressing trade errors, through which Betterment seeks to mitigate any associated harm from a trade error reasonably ascertainable at the time of mitigation to an affected client, consistent with Betterment's fiduciary duty. Betterment does not retain profits from correcting trade errors.

SERVICES SPECIFIC TO EMPLOYER-SPONSORED RETIREMENT PLAN CLIENTS

Under the Retirement Plan Investment Advisory Agreement, Betterment provides individual plan Participants with personalized advice. Plan Participants are not required to, but have the option of, becoming Retail Clients.

Retirement Plan Clients may elect to receive student loan management services from Betterment, which includes non-discretionary financial advice relating to how clients may prioritize the repayment of their linked student loans, as well as the ability to make student loan repayments via payroll deduction or from a linked checking account. More information about Student Loan Management Services can be found in Betterment's interface and in its publicly available product disclosure.

OTHER INFORMATION ABOUT BETTERMENT'S PORTFOLIO MANAGEMENT

HSAs. In partnership with Optum Bank, Betterment Retail Clients and Third-Party Advised Clients can elect to invest in an HSA account to save for medical costs. Optum Bank is a national

HSA provider and member of the FDIC. Betterment provides discretionary investment advisory services to HSAs as part of its Wrap Fee Program.

Municipal Bonds. Clients with taxable accounts in eligible portfolio strategies who live in California or New York who have a balance of, or intent to fund, at least \$100,000 to their account, are provided the option to further customize their portfolios by adding exposure to California or New York municipal bonds, respectively, in lieu of national municipal bonds. Disclosures of the benefits and risks of adding state-specific municipal bond exposures are delivered to eligible clients when they contact Betterment customer support regarding this option. Funds held in Cash Reserve are not counted toward this \$100,000 threshold. Betterment does not currently offer clients who live in states other than California and New York the ability to tailor their account to include state-specific municipal bond exposure.

In-Kind Transfers. Betterment is currently able to accept the transfer of certain securities into client accounts. Once transferred to Betterment, Betterment's asset-based wrap fee will be assessed on any legacy assets that have been transferred into the portfolio, in addition to assets purchased by Betterment on client's behalf. Additional considerations related to the transfer of outside securities into a Betterment account will be disclosed in Betterment's online interface before any such transfer takes place. Betterment currently supports in-kind transfers of securities to other brokerages or banks only for transfers of all securities in a Betterment client account and not for partial transfers.

Charitable Contributions of Securities. Betterment offers clients with taxable accounts the opportunity to make charitable contributions by donating shares with long-term capital gains. Clients can donate to a select group of charities that have opened Betterment accounts. The charities pay a wrap fee only on the balance in their accounts above \$1 million and can withdraw funds at any time to maintain a balance that does not incur any fee. More information about charitable giving can be found in Betterment's interface and in its publicly available product disclosure.

Item 7: Client Information Provided to Portfolio Managers

Because Betterment manages all client portfolios directly, there are no portfolio managers with whom Betterment could share client information. However, for Third-Party Advised Clients on the Betterment for Advisors platform, Betterment provides certain client information to clients' Advisors that clients explicitly request Betterment provide via the Betterment for Advisors Advisory Agreement.

Item 8: Client Contact with Portfolio Managers

Clients should consider that Betterment primarily uses electronic rather than telephonic means to provide customer support. To receive customer support, clients contact Betterment via email or through the online interface, and prospective clients should be comfortable communicating through those channels. Clients should be aware that Betterment prioritizes requests from new clients when responding to inquiries in the customer support queue. Clients should consider

that such customer support is educational in nature only, and that although the algorithms that manage client accounts are overseen, monitored, and updated by investment advisory personnel, clients participating in the Betterment Digital plan will generally not interact directly with such investment advisory personnel, except as described elsewhere in this document.

In addition to the availability of Betterment's customer service personnel to each client, Betterment provides a multitude of materials prepared by investment professionals relating to client portfolios and the investment decisions made for client accounts on its publicly available website, including a frequently asked questions site and the "Resource Center," available at <https://www.betterment.com/help> and <https://www.betterment.com/resources/>, respectively. This information is designed to address commonly asked questions clients have about their accounts and the management of their accounts, and customer service personnel will provide clients links to such material. Clients receiving Supplementary Services may schedule telephone consultations with a financial consultant via an online scheduling link. Clients should be aware that they may not be able to speak to a person during market events, such as periods of exceptional volatility or downturns.

Item 9: Additional Information

BETTERMENT'S DISCIPLINARY HISTORY

Betterment has not been subject to any disciplinary events by regulators nor is it party to any legal events that are material to client evaluation of our advisory business.

BETTERMENT'S FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Betterment is a wholly owned subsidiary of Betterment Holdings, Inc., which is also the parent company of Betterment Securities, Betterment for Business LLC, Betterment Financial LLC, and Argonaut Asset Management Inc. (operating as "Makara").

Betterment Securities, Betterment's affiliate, provides custody and execution services for Betterment's Clients. Betterment Securities is both a carrying and introducing broker registered with the Financial Industry Regulatory Authority ("FINRA") and a member of the Securities Investor Protection Corporation ("SIPC"), whose sole purpose is to service Betterment's clients and carry accounts that Betterment manages pursuant to discretionary authority granted to by Betterment's Clients. Betterment Securities exercises no discretion with respect to Client accounts. Betterment Securities has entered into an agreement with Apex Clearing Corporation ("Apex"), pursuant to which Apex serves as its clearing broker. Betterment Securities instructs Apex to clear and settle Betterment's Clients' transactions on an omnibus basis.

Betterment for Business LLC, Betterment's affiliate, provides administrative services such as recordkeeping, payroll integrations, and plan communications for employer sponsored retirement plans. Betterment for Business LLC acts as a 3(16) fiduciary under ERISA with respect to certain

Betterment Financial LLC, Betterment's affiliate, makes available checking account services in partnership with a third-party, nbkc bank. Neither Betterment Financial LLC, nor any of Betterment or its affiliates, is a bank.

Makara is an SEC-registered investment adviser that provides its clients investment advisory services exclusively related to cryptocurrencies and other digital assets.

BETTERMENT'S CODE OF ETHICS

Betterment maintains a Code of Ethics designed to ensure we meet its fiduciary obligations to Clients and detect and prevent violations of securities laws. Betterment's Code of Ethics establishes standards of conduct for all officers and employees consistent with the code of ethics requirements of Rule 204A-1 under the Investment Advisers Act. A copy of Betterment's Code of Ethics is available to clients and prospective clients upon request by emailing support@betterment.com.

PARTICIPATION IN CLIENT TRANSACTIONS AND POTENTIAL CONFLICTS OF INTEREST

Betterment or individuals associated with Betterment are permitted to buy or sell securities identical to or different than those recommended to clients for their personal accounts. Individuals associated with Betterment are also Betterment clients. In addition, any related person(s) may have an interest or position in certain securities which may also be recommended to a client. In such instances, Betterment or its related persons may have a financial incentive to buy or sell such securities for client accounts, although this incentive is limited because Betterment generally recommends highly liquid index funds to its clients and because client activity in such funds is unlikely to materially impact their price.

It is the express policy of Betterment that no person employed by Betterment may use material, non-public information obtained during the course of his or her work in deciding whether to purchase or sell any security prior to any pending transaction(s) being executed for an advisory account. This policy is intended to prevent employees from benefiting from transactions placed on behalf of advisory accounts.

EMPLOYEE COMPENSATION AND POTENTIAL CONFLICTS OF INTEREST

All employees are paid a base salary and certain employees are also eligible for a discretionary bonus. Discretionary bonuses are based on firm-wide targets, individual targets, or both. Employees also receive compensation in the form of equity option grants in Betterment's parent company. No compensation is based on the performance or selection of specific securities. Sales team members who support the Betterment for Advisors and Betterment at Work offerings receive incentive compensation based on revenue from retirement plans or advisory firms brought to Betterment. Betterment's Licensed Concierge Team offers support for individuals transferring assets to Betterment of \$100,000 or more, and receives incentive compensation based on revenue from assets brought to or invested with Betterment. As noted above, Betterment's revenue varies for different offerings (e.g. Betterment Digital and

Premium) and consequently sales employees who receive incentive compensation have an incentive to recommend the offering which results in the greatest revenue for Betterment. The marketing and solicitation activities of these individuals are supervised by Betterment in an effort to ensure that these individuals act in the client's best interest.

REVIEW OF ACCOUNTS

Betterment's investment tools are designed to provide clients with continuous access to account information through Betterment's online interface. Clients can utilize various tools on the interface to review their account and better understand their holdings and performance information. Clients also receive periodic emails from Betterment with information about their accounts as well as links to account statements.

As described above in Item 6, and subject to the limitations for Custom Portfolios and Third-Party Portfolios referenced there, Betterment's algorithms continuously review clients' accounts to confirm their portfolios are within a set range of their Allocation. If a client's portfolio deviates from this range, Betterment will rebalance such portfolio back to its target Allocation in certain circumstances. Furthermore, for certain goals, Betterment monitors accounts to determine whether a client is on or off track to meet a particular goal or whether, in Betterment's judgment, client's chosen Allocation is too aggressive or conservative for a goal, and indicates the result of that monitoring through the online interface. Betterment personnel further conduct focused reviews of accounts when triggered by certain account activity, although clients should be aware that their individual accounts are generally not actively monitored directly by investment advisory personnel.

Clients are directed on at least a quarterly basis to update their information via the online interface.

For clients using the Betterment for Advisors Service or receiving sub-advisory services from an Advisor through the Advisor Network matching service, clients' agreements with their Advisors govern any additional responsibilities for conducting reviews of clients' accounts that the Advisors may have.

CLIENT REFERRALS

Betterment offers compensation to current clients, affiliate marketers, solicitors, and other strategic partners who recommend Betterment and refer new clients. The compensation received by a solicitor for referring a Retail Client will depend on the amount of that client's initial deposit and whether it is used to purchase securities or held as cash in Cash Reserve. The compensation received by a solicitor for referring a Retirement Plan Client will depend on the number of Participants in the Plan. Current clients may refer new clients only through Betterment's Refer-a-Friend program, through which compensation is limited to waivers of Betterment's advisory fee. New clients are advised of such compensation prior to opening an account. Betterment supervises the referral activities of current customers, affiliate marketers (including "bloggers"), solicitors, and other strategic partners. Clients are not charged any fee

nor do they incur any additional costs for being referred to Betterment by a current client, affiliate marketer, solicitor, or other strategic partner. In addition, Betterment personnel are eligible for variable compensation based on the firm's growth. This compensation is based on firm-wide targets, individual targets, or both. Certain Betterment personnel are also compensated based on assets that they personally attract to the firm. The marketing and solicitation activities of these individuals are supervised by Betterment.

TRAINING EVENTS

Periodically Betterment participates in Betterment hosted or third-party hosted training and educational conferences, seminars, trade shows, booth events or similar events ("Training Events"). Third parties, which sometimes include the providers of funds that Betterment selects for inclusion in its portfolios, generally share in the cost of the Training Event. Additionally, third parties participate in Training Events that provide Betterment and our personnel with information about their products and services. The participation and cost-sharing by third parties in Training Events could create incentives for us to recommend their products and services over others. Our participation in Training Events is subject to our Code of Ethics and Betterment does not recommend products or services of third parties based on their involvement in Training Events.

TERMINATION OF ADVISORY RELATIONSHIP

Retail and Third-Party Advised Client agreements may be canceled at any time, by either party, for any reason upon notice in accordance with the applicable Advisory Agreement. Retirement Plan Client agreements may be canceled by the client at any time and by Betterment after a specific notice period, in both cases in accordance with the applicable Advisory Agreement. Upon termination of any account any earned, unpaid fees will be due and payable.

VOTING CLIENT SECURITIES

Betterment clients delegate to Betterment the authority to receive and vote all proxies and related materials for any security held in Betterment accounts. Betterment maintains policies and procedures reasonably designed to mitigate conflicts of interest and reasonably ensure that proxy matters are conducted in the best interest of clients. Betterment will only vote on proxies and respond to corporate actions associated with securities that Betterment currently selects for Betterment Constructed Portfolios (as defined above) and will abstain from voting on other securities, including but not limited to those securities only present in third-party portfolios, Advisor custom portfolios, or securities transferred to Betterment via ACATS, in each case that are not already supported in a Betterment Constructed Portfolio. If a security is present in Betterment Constructed Portfolios and outside of Betterment Constructed Portfolios, Betterment will vote on proxies associated with that security in all portfolios in which it is held. Betterment will abstain from voting on such proxies if it determines that abstaining is in the best interest of its clients. Clients may request information regarding how Betterment voted a client's proxies, and clients may request a copy of Betterment's proxy policies and procedures, which may be updated from time to time, by emailing support@betterment.com.

Betterment Securities earns revenue from companies that issue proxies, for facilitating the processing and delivery of the proxies to Betterment's clients. The revenue earned by Betterment Securities is not contingent on whether or how proxies are voted by Betterment or its clients, and the identity of funds and other securities that Betterment includes in client accounts is not influenced by these payments.

BUSINESS DISRUPTION

There is a risk that a disaster outside of Betterment's control leads to a business disruption. Betterment maintains a business continuity plan designed to allow us to maintain or resume operations as quickly as possible after a business disruption, given its scope and severity.

PRIVACY POLICY

Betterment is committed to protecting our clients' private information. Betterment has instituted policies and procedures to reasonably ensure that customer information is kept private and secure. Betterment does not disclose any non-public personal information about its customers or former customers to any non-affiliated third parties except as required by or permitted by law or agreed to by the client or as otherwise disclosed in Betterment's Privacy Policy. In the course of servicing a client account, Betterment may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and attorneys; with an Advisor in the case of Third-Party Advised Clients; and with the employer or plan sponsor in the case of Participants. Betterment restricts internal access to non-public personal information to those employees who need access to such information in order to provide products or services to a particular client. Betterment also maintains physical, electronic, and procedural safeguards to protect client information.

A copy of the Betterment's Privacy Policy is available on the Betterment website at <https://www.betterment.com/security/privacypolicy/>.

FINANCIAL INFORMATION

To the best of Betterment's knowledge, we are not aware of any financial condition that is reasonably likely to impair Betterment's ability to meet its contractual commitments to its clients.

ONLINE APPLICATIONS

Clients should be aware that, when Betterment makes changes to its online applications, not all clients see such changes at the same time. There will typically be different services and tools available to Clients depending on the means by which they are interacting with Betterment over the internet. For example, the services available on a mobile phone (or a particular mobile phone operating system) will look different or be different than the services and tools available via a web-based interface.

SUBJECT TO CHANGE

From time to time Betterment may adjust its wrap fee program and policies. In the event of such adjustments this brochure will be modified as needed and an updated copy will be made available on the Betterment website and clients will be notified via email.

Form ADV Part 2B

CLIENT BROCHURE SUPPLEMENT

Betterment
27 West 23rd Street
6th Floor
New York, NY 10010
646-600-8263
www.betterment.com

March 30, 2021

This Brochure Supplement provides information about certain Betterment employees listed below that supplements the Wrap Fee Brochure you received above. If you have any questions about the contents of this brochure, please contact us at support@betterment.com. Additional information about Betterment is available on the SEC's website at www.adviserinfo.sec.gov.

Betterment's discretionary investment advice is formulated by a team comprised of more than nine Supervised Persons, and Betterment has provided group supplementary information below for the nine Supervised Persons with the most significant responsibility for the day-to-day advice provided to Clients.

Many of the Supervised Persons listed below hold the Certified Financial Planner™ (CFP) certification. Obtaining that certification requires that candidates meet the following criteria as set forth by the Certified Financial Planner Board of Standards:

- Hold a bachelor's degree or higher;
- Complete course training in financial planning;
- Pass a 6-hour multiple choice examination requiring the application of financial planning knowledge;
- Receive approval by the CFP Board, which requires passing an extensive background check and that the certificant adhere to a code of ethics.

NICHOLAS HOLEMAN, CFP®

Head of Financial Planning

Born 1991

Education

B.S. San Diego State University, 2013

MSBA, San Diego State University, 2015

Business Background

Betterment; Senior Financial Planner, 2018-2019

Betterment; Financial Planning Expert, 2016-2018

Disciplinary Information

None

Other Business Activity

None

Additional Compensation

None

Supervision

Mr. Holeman is supervised by Sarah Levy

CHRISTINE ANN CELAYA, CFP®

Customer Growth Manager, Licensed Concierge

Born 1989

Education

B.S., Texas Tech University, 2011

Business Background

Betterment; Financial Planning Supervisor, 2016-2018

Disciplinary Information

None

Other Business Activity

None

Additional Compensation

None

Supervision

Ms. Celaya is supervised by Mr. Holeman

ANDREW WESTLIN, CFP®

Senior Financial Planner

Born 1993

Education

B.S., Virginia Polytechnic Institute and State University, 2015

Business Background

Vanguard; Flagship Associate, 2015 – 2016

Disciplinary Information

None

Other Business Activity

None

Additional Compensation

None

Supervision

Mr. Westlin is supervised by Mr. Holeman

JOHN S. WITTIG

Senior Investment Adviser Representative, Licensed Concierge

Born 1992

Education

B.S. B.A, University at Buffalo, 2015

Business Background

Charles Schwab & Co.; Financial Consultant Academy, 2016 – 2017

Disciplinary Information

None

Other Business Activity

None

Additional Compensation

None

Supervision

Mr. Wittig is supervised by Mr. Holeman

ANNE CORBIN BLACKWELL, CFP® *Senior Financial Planner*

Born 1990

Education

B.A., Denison University, 2013.

Business Background

United Income; Financial Advisor, 2017 – 2018

Farr Miller and Washington; Business Development, 2016 – 2017

Morgan Stanley; Client Services Associate, 2013 – 2016

Disciplinary Information

None

Other Business Activity

None

Additional Compensation

None

Supervision

Ms. Blackwell is supervised by Mr. Holeman

BRYAN TYRELL STIGER, CFP®

Financial Planner

Born 1979

Education

B.S., Illinois State University, 2001

MSBA, Northern Illinois University, 2010

Business Background

TIAA; Financial Planner, 2015-2020

Disciplinary Information

None

Other Business Activity

None

Additional Compensation

None

Supervision

Mr. Stiger is supervised by Mr. Holeman

DANA TRENTALANGE

Investment Advisor Representative, Licensed Concierge

Born 1996

Education

B.S., King's College, 2018

Business Background

The Vanguard Group, Inc.; Retirement Associate, 2018-2019

Disciplinary Information

None

Other Business Activity

None

Additional Compensation

None

Supervision

Ms. Trentalange is supervised by Mr. Holeman

ANDY NOTTINGHAM

Sales Development Representative, Licensed Concierge

Born 1994

Education

B.S., Miami University (Ohio), 2016

Business Background

Crazy Mountain Brewing Company; Sales Representative and Marketing Coordinator, 2016-2018

Disciplinary Information

None

Other Business Activity

None

Additional Compensation

None

Supervision

Mr. Nottingham is supervised by Mr. Holeman

Kyle Thomas McBrien, CFP®

Financial Planner

Born 1994

Education

B.S., Indiana University, 2017

Business Background

Plante Moran Financial Advisors; Financial Advisor, 2017 – 2021

Disciplinary Information

None

Other Business Activity

None

Additional Compensation

None

Supervision

Mr. McBrien is supervised by Mr. Holeman

SARA KALSMAN, CFP®

Financial Planner

Born 1990

Education

B.A., San Diego State University (2013)

Business Background

One Capital Management, LLC; Director, Wealth Planning, 2020 – 2021

Beacon Pointe Advisors, LLC; Agent, 2016 – 2020

Beacon Pointe Wealth Advisors, LLC; Senior Wealth Advisor, 2016 – 2020

Disciplinary Information

None

Other Business Activity

None

Additional Compensation

None

Supervision

Ms. Kalsman is supervised by Mr. Holeman

Dylan Schwaber

Investment Advisor Representative, Licensed Concierge

Born 1994

Education

B.S., Indiana University (2016)

Business Background

ExecOnline; Business Development Representative, 2020 – 2021

Wells Fargo Advisors; Financial Advisor, 2017 – 2020

Northwestern Mutual; Financial Representative, 2017 – 2017

Disciplinary Information

None

Other Business Activity

None

Additional Compensation

None

Supervision

Mr. Schwaber is supervised by Mr. Holeman

Alec Pupo

Investment Advisor Representative, Licensed Concierge

Born 1996

Education

B.B.A., Temple University (2018)

Business Background

The Vanguard Group; Ultra High Net-Worth Client Consultant, 2021 – 2021

The Vanguard Group; High Net-Worth Client Consultant, 2020 – 2021

The Vanguard Group; Investment Services Representative, 2019 – 2020

The Vanguard Group; Brokerage Investment Professional, 2018 – 2019

SEI Investments; Private Trust Company Operations Intern, 2017 – 2017

Broadview Networks; Company Operations Intern, 2015 – 2017

Disciplinary Information

None

Other Business Activity

None

Additional Compensation

None

Supervision

Mr. Pupo is supervised by Mr. Holeman

Yosef Ghebray

Investment Advisor Representative, Licensed Concierge

Born 1987

Education

B.A., University of California, Berkeley (2010)

Business Background

Fidelity; Financial Consultant, 2020 – 2021

Wells Fargo; Premier Banker, 2020 – 2020

Merrill Lynch; Financial Advisor, 2016 – 2020

Disciplinary Information

None

Other Business Activity

None

Additional Compensation

None

Supervision

Mr. Ghebray is supervised by Mr. Holeman

Boris Khentov

Senior Vice President of Operations & Legal Counsel

Born 1977

Education

A.B., Harvard University (2000)

J.D., Northwestern University School of Law (2009)

Business Background

Betterment; VP of Operations & Legal Counsel, 2016 - 2018

Betterment; Director of Operations & Legal Counsel, 2014 - 2016

Disciplinary Information

None

Other Business Activity

None

Additional Compensation

None

Supervision

Mr. Khentov is supervised by Michael Reust

Mychal Campos

Senior Director of Investing

Born 1978

Education

M.S., University of Washington (2017)

B.A., Reed College (2000)

Business Background

Kindur; Director of Product, 2019-2021

Stash; Director, Head of Investing, 2017-2019

Betterment; Senior Quantitative Investing Researcher, 2015-2017

Disciplinary Information

None

Other Business Activity

None

Additional Compensation

None

Supervision

Mr. Campos is supervised by Mr. Khentov

