

TD AMERITRADE HOLDING CORP
Form 11-K
June 09, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2014

OR
☐ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Transition Period from _____ to _____
Commission File Number 1-35509

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:
TD AMERITRADE HOLDING CORPORATION ASSOCIATES
401(k) PROFIT SHARING PLAN AND TRUST

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:
TD AMERITRADE HOLDING CORPORATION
200 SOUTH 108th AVENUE
OMAHA, NEBRASKA 68154

TD Ameritrade Holding Corporation
Associates 401(k) Profit Sharing Plan and Trust

Financial Statements and Supplemental Schedule

Years Ended December 31, 2014 and 2013

Contents

<u>Report of Independent Registered Public Accounting Firm</u>	<u>1</u>
Financial Statements	
<u>Statements of Net Assets Available for Benefits</u>	<u>2</u>
<u>Statements of Changes in Net Assets Available for Benefits</u>	<u>3</u>
<u>Notes to Financial Statements</u>	<u>4</u>
<u>Supplemental Schedule</u>	
<u>Form 5500, Schedule H, Part IV, Line 4(i) – Schedule of Assets (Held at End of Year)</u>	<u>14</u>
<u>Signatures</u>	<u>15</u>
<u>Exhibit Index</u>	<u>16</u>

Table of Contents

Report of Independent Registered Public Accounting Firm
The Board of Directors of
TD Ameritrade Holding Corporation

We have audited the accompanying statements of net assets available for benefits of TD Ameritrade Holding Corporation Associates 401(k) Profit Sharing Plan and Trust as of December 31, 2014 and 2013, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the TD Ameritrade Holding Corporation Associates 401(k) Profit Sharing Plan and Trust at December 31, 2014 and 2013, and the changes in its net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2014, has been subjected to audit procedures performed in conjunction with the audit of TD Ameritrade Holding Corporation Associates 401(k) Profit Sharing Plan and Trust's financial statements. The information in the supplemental schedule is the responsibility of the Plan's management. Our audit procedures included determining whether the information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the information, we evaluated whether such information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ ERNST & YOUNG LLP

Chicago, Illinois
June 9, 2015

Table of Contents

TD Ameritrade Holding Corporation
Associates 401(k) Profit Sharing Plan and Trust

Statements of Net Assets Available for Benefits

	December 31, 2014	2013
Assets		
Cash	\$1,080,395	\$407,198
Investments, at fair value (Notes 3, 4 and 5)	725,554,305	630,469,650
Receivables:		
Employer contributions	18,224,228	16,784,458
Notes receivable from participants	16,332,837	15,122,231
Due from parties-in-interest	164,174	162,611
Due from brokers	1,620,425	1,286,872
Total receivables	36,341,664	33,356,172
Total assets	762,976,364	664,233,020
Liabilities		
Due to brokers	1,990,896	1,618,521
Accrued administrative expenses (Note 5)	223,673	187,506
Total liabilities	2,214,569	1,806,027
Net assets available for benefits	\$760,761,795	\$662,426,993

The accompanying notes are an integral part of the financial statements.

Table of Contents

TD Ameritrade Holding Corporation
 Associates 401(k) Profit Sharing Plan and Trust

Statements of Changes in Net Assets Available for Benefits

	For the Years Ended December 31,	
	2014	2013
Additions to net assets attributed to:		
Investment income:		
Net appreciation in fair value of investments (Note 3)	\$45,131,413	\$126,552,343
Dividend income	8,175,348	7,882,835
Mutual fund administrative income (Note 5)	186,099	226,295
Interest income	50,324	48,441
Net investment income	53,543,184	134,709,914
Interest income on notes receivable from participants	649,200	578,358
Contributions:		
Employer	31,445,979	28,438,495
Participants	50,457,199	39,663,682
Total contributions	81,903,178	68,102,177
Total additions	136,095,562	203,390,449
Deductions from net assets attributed to:		
Distributions to plan participants	36,752,524	43,836,318
Administrative expenses (Notes 2 and 5)	1,008,236	794,280
Total deductions	37,760,760	44,630,598
Net increase	98,334,802	158,759,851
Net assets available for benefits:		
Beginning of year	662,426,993	503,667,142
End of year	\$760,761,795	\$662,426,993

The accompanying notes are an integral part of the financial statements.

Table of Contents

TD Ameritrade Holding Corporation
Associates 401(k) Profit Sharing Plan and Trust

Notes to Financial Statements
December 31, 2014 and 2013

1. Description of Plan

The following description of the TD Ameritrade Holding Corporation Associates 401(k) Profit Sharing Plan and Trust (the “Plan”) provides only general information about the Plan’s provisions. Participants should refer to the Plan Document and Summary Plan Description for a more complete description of the Plan’s provisions, copies of which may be obtained from the Plan sponsor.

General – The Plan is a defined contribution profit sharing and 401(k) plan sponsored by TD Ameritrade Online Holdings Corp. (“TDAOH”), a wholly owned subsidiary of TD Ameritrade Holding Corporation (the “Parent”). The Parent is the plan administrator. The Plan covers employees of the Parent and its participating affiliated companies (collectively, the “Company”) who meet eligibility requirements. The Plan covers employees who are 21 years old or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”), as amended.

Contributions – Participants may contribute up to 75% of their compensation on a salary deferral basis, subject to limitations specified in the Internal Revenue Code (the “Code”). During an enrollment process, employees of the Company select their salary deferral percentage or they may elect not to participate in the Plan. Employees of the Company who do not complete the enrollment process with the Plan’s recordkeeper are subject to a default election in an amount equal to 3% of such employee’s compensation, and unless the employee affirmatively acts to increase or decrease the default election amount, it will automatically increase by 1% at the beginning of each subsequent Plan year up to a maximum of 6%. Participants direct the investment of all contributions into various investment alternatives offered by the Plan. In addition, participants may transfer balances between the various investment alternatives, including Company common stock and self-directed brokerage accounts. In the event a participant does not direct the investment of their account, the trustee has been directed by the Plan to invest the participant’s contributions into the lifecycle fund that best approximates when the participant would reach age 65.

The Company contributes to the Plan as a matching contribution 50% of the participant’s contributions to the Plan that do not exceed 6% of the participant’s compensation. The Company may also make discretionary contributions to the Plan. The Company’s contributions are invested in the same manner as that of the participant’s elective contributions.

Participant Accounts – Individual accounts are maintained for each participant. Each participant account is credited with the participant contributions, the Company matching contribution, the Company discretionary contribution (if any), an allocation of forfeitures (if applicable) and an allocation of the Plan’s earnings or losses, and charged with an allocation of administrative expenses, provided however, that forfeitures are first used to pay administrative expenses and any excess expenses are then charged to participant accounts. Plan earnings or losses are allocated based on the participant’s share of net earnings or losses of their respective elected investment alternatives. The benefit to which a participant is entitled is the benefit that can be provided from the participant’s vested account.

Table of Contents

TD Ameritrade Holding Corporation
Associates 401(k) Profit Sharing Plan and Trust

Notes to Financial Statements (continued)

Vesting – Company contributions, including allocated forfeitures, and earnings or losses thereon vest 20% after the first year of continuous service and vest an additional 20% each year, with 100% vesting occurring for all participants after five years of service. Participants become fully vested upon the participant's normal retirement date, death or disability, provided that the participant is employed by the Company at such time. Participants immediately vest in their contributions plus actual earnings or losses thereon.

Participant Loans – Participants may borrow from their Plan accounts up to the lesser of 50% of their vested account balance or \$50,000 and may only have two loans outstanding at any point in time. The loans are secured by the balance in the participant's account and bear interest at the prime rate plus 1%, determined as of the date of the loan. Principal and interest is paid ratably through payroll deductions over a period not to exceed five years except for loans used to acquire a principal residence, for which the repayment period may exceed five years.

Payment of Benefits – On termination of service, a participant may elect to receive a lump-sum payment or installment payments, or to roll over their distribution to an individual retirement account or other eligible plan. Distributions are made in the form of cash or in-kind, at the election of the participant.

Forfeited Accounts – Participants who terminate service forfeit the non-vested portion of their account balance, if any. Forfeitures are first used to reinstate prior forfeitures for former employees who return to employment with the Company, then to pay the Plan's administrative expenses and lastly to be allocated to participants. As of December 31, 2014 and 2013, unallocated forfeited non-vested accounts included in investments on the Statements of Net Assets Available for Benefits totaled \$2,818,025 and \$2,775,077, respectively. There were no forfeitures used to reinstate prior forfeitures for former employees who returned to employment with the Company during 2014. There were \$27,060 forfeitures used for reinstatements during 2013. Forfeitures used to pay administrative expenses were \$866,310 and \$674,041 during 2014 and 2013, respectively. Forfeitures allocated to participants' accounts subsequent to the Plan year end were \$463,613 and \$881,675 for the years ended December 31, 2014 and 2013, respectively.

Plan Termination – Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

Table of Contents

TD Ameritrade Holding Corporation
Associates 401(k) Profit Sharing Plan and Trust

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”).

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein. Actual results could differ from those estimates.

Risks and Uncertainties – The Plan utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and market risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participant account balances and the amounts reported in the financial statements.

Notes Receivable from Participants – Notes receivable from participants represent participant loans that are measured at their unpaid principal balance plus any accrued but unpaid interest. Related fees charged by Empower Retirement, the Plan recordkeeper, are recorded as administrative expenses. No allowance for credit losses has been recorded as of December 31, 2014 or 2013. If a participant ceases to make loan payments and the plan administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

Income Recognition – Security transactions are recorded as of the trade date. Dividends are recorded on the ex-dividend date. Net appreciation or depreciation in fair value of investments includes both realized and unrealized gains and losses. See Note 4 for a discussion of fair value measurements.

Administrative Expenses – The Company pays certain administrative expenses for the Plan. Only expenses incurred by the Plan are reflected in the Plan’s financial statements.

Payment of Benefits – Benefits are recorded when paid.

Table of Contents

TD Ameritrade Holding Corporation
Associates 401(k) Profit Sharing Plan and Trust

Notes to Financial Statements (continued)

3. Investments

The following table presents individual investments that represent 5% or more of the Plan's net assets available for benefits.

	December 31, 2014	2013
Investments at fair value as determined by quoted market price or quoted net asset value:		
TD Ameritrade Holding Corporation common stock	\$ 114,946,393	\$ 98,745,458
Vanguard Institutional Index Fund	72,906,482	60,474,008
T. Rowe Price Mid Cap Growth Fund	63,374,752	57,217,110
Vanguard Reserve Prime Money Market Institutional Fund	42,449,901	39,315,375
PRIMECAP Odyssey Stock Fund	39,510,829	33,173,758
T. Rowe Price Retirement 2040 Active Trust	38,395,755	*
T. Rowe Price Small Cap Value Fund	*	33,526,847

* Investment represented less than 5% of Plan assets as of the dates indicated.

During 2014 and 2013, the Plan's investments (including investments bought, sold and held during the year) appreciated (depreciated) in fair value as follows:

Year Ended December 31,