

# **Marotta Wealth Management, Inc.**

Descriptive Brochure, March 31, 2011

ADV Part 2A and Part 2B

## **Marotta Wealth Management, Inc.**

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### **Item 1. Cover Page**

This brochure provides clients and prospective clients with information about Marotta Wealth Management and the qualifications, business practices, and nature of its services that should be carefully considered before becoming an advisory client. The contents of this brochure have not been approved or verified by the Securities and Exchange Commission (SEC) or any other state or federal authority. Although the firm is a registered investment adviser, such registration alone does not imply a certain level of skill or training on the part of the firm or its associated personnel. Additional information on registered firms, including ours, can be found at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Throughout this document, Marotta Wealth Management, Inc. is referred to as "we" and the client or prospective client as "you."

## Item 2. Material Changes

This past year the SEC published new rules and requirements for the disclosure document required by investment advisory firms like ours. The requirement changed from a checkbox response to a "plain English" narrative-formatted brochure. As such, although the content and nature of our business has not changed, the new rules require both added information and an entirely new format.

In the future this section will discuss only specific material changes that we have made to the brochure and provide you with a summary of such changes. It will be given to you within 120 days of the close of our fiscal year and will reference the date of our last annual update. This year, because of the completely new format and content, you are encouraged to review this document in its entirety.

We will also provide you with a new brochure at any time without charge. You can request it by calling the office at (434) 244-000. Our latest brochure is also available, free of charge, at [www.emarotta.com/brochure](http://www.emarotta.com/brochure) on our website.

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## Item 4. Advisory Business

Marotta Wealth Management, Inc. is an independent comprehensive wealth management firm that has offered a complete range of investment management and financial planning services since 2000. David John Marotta is the president, sole owner, and chief compliance officer of Marotta Wealth Management. The firm is not publicly owned or traded, and there are no indirect owners of the firm or intermediaries with any ownership interests.

As fee-only financial advisors, we enjoy sitting on our clients' side of the table, helping them with their multifaceted financial needs. It is our hope that the investment of time and energy with those who are receptive to our advice will develop lifelong clients who will appreciate our work and refer us to others. We look forward to meeting you and discussing your financial needs. We offer the following services:

**Strategic wealth management:** We offer a holistic approach to your finances including retirement planning, tax planning, insurance planning, education planning, business ownership concerns, intergenerational support, and estate management solutions.

**Fee-only compensation:** Our management fees are transparent, and we do not sell commissions-based products. The only compensation we receive comes from you, the client.

**Ongoing client support:** Our support is tailored to suit your needs. We have an open-door policy for our clients, and we invite you to contact us with all of your financial questions.

**Portfolio management:** We use an analytic approach to asset allocation with low investment fees. Our investment philosophy focuses on diversification, periodic portfolio rebalancing, and tax-efficient portfolio management.

Your investment account is tailored to your specific situation. We meet with you to determine your needs and clarify your financial goals.

Although we offer comprehensive wealth management advice, our advice is neither legal nor accounting advice. We encourage you to coordinate and discuss the impact of our advice with your attorney and accountant. We also rely on you to inform us promptly anytime your financial situation, goals, or objectives change. Although we offer comprehensive wealth management advice, we rely on clients who are engaged and active in the process. Failure to participate actively in the process may result in our recommendations failing to meet your needs.

Before engaging Marotta Wealth Management advising services, clients enter into a formal *Investment Advisory Agreement* with us. This agreement expresses the terms and conditions under which we manage client assets, and it also includes a separate agreement for custody/clearing of assets with each designated broker-dealer/custodian. Marotta Wealth

Management does not participate in any wrap fee programs (charges for an investment program that bundles together a suite of services).

As of December 31, 2010, we manage \$198,021,826 on a discretionary basis and \$3,930,831 on a nondiscretionary basis.

## Item 5. Fees and Compensation

Our fees are based on the amount of investable assets we manage for our clients as follows:

- 1.0% of the first million (\$1M)
- 0.8% for the next 2 million (\$1–3M)
- 0.7% for the next 2 million (\$3–5M)
- 0.6% for the next 5 million (\$5–10M)
- 0.5% for the next 15 million (\$10–25M)
- 0.4% for the remainder (\$25M+)

Our minimum annual fee for services is \$10,000. Accounts are billed quarterly in advance.

We will not increase this fee schedule without prior written notification.

Although we recommend an ongoing relationship, we also offer an hourly fee of \$500 per hour for nonmanaged accounts. We can also provide a fixed-fee quote to complete a specific financial planning analysis.

As fee-only financial planners, we receive no other form of compensation. We believe this policy helps mitigate the conflict of interests inherent when a firm receives compensation based on the sale of specific securities or investment products. Again, as fee-only financial planners, our only compensation is from the clients we serve.

We may, at our sole discretion, reduce our fee minimum and/or charge a lesser investment management fee based on certain criteria (e.g., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, negotiations with client, family relationships, pro bono work, etc.).

Fees are deducted quarterly in advance from client assets, based on the value at the end of the previous quarter after all the transactions have been settled. Clients are still responsible for all regular expenses related to their own investments, including custodian fees, mutual fund expenses, brokerage and transaction costs, and so on. If you drop our services in the middle of the quarter, you will receive a prorated refund of fees paid for the number of days remaining in the quarter.

Because of the reduction in personalized services, we have a lower fee schedule for Employee Benefit Plan Services, also based on the amount of assets under management:

- 0.5% of the first million (\$1M)

- 0.4% for the next 2 million (\$1–3M)
- 0.35% for the next 2 million (\$3–5M)
- 0.3% for the next 5 million (\$5–10M)
- 0.25% for the next 15 million (\$10–25M)
- 0.2% for the remainder (\$25M+)

## Item 6. Performance-Based Fees and Side-by-Side Management

Our investment supervisory service fees are *not* based on a share of the capital gains or capital appreciation of the funds in a client's account, also known as "performance-based" fees. We choose not to use a performance-based fee structure because of the potential conflict of interest it may create. Performance-based compensation can pose an incentive for an advisor to recommend an investment that may carry a higher degree of risk to the client in order to potentially earn higher fees.

We do *not* engage in side-by-side management, which refers to an advisor simultaneously managing accounts that do pay performance-based fees (typically hedge funds) and those that do not. This can create potential conflicts of interest.

## Item 7. Types of Clients

Clients include individuals, pension and profit-sharing plans, trusts, estates, and charitable organizations. Typical clients are people approaching retirement, university professors, small business owners, and other supersavers. Account size must be at least \$1 million or clients must be willing to pay a \$10,000 annual fee.

We strongly recommend that our clients be and stay debt free (except for their mortgage), follow a savings/spending plan to achieve their goals, be willing to read and follow periodic advice, be able to communicate via e-mail, prefer fee-only management for all their investment assets, and be willing to diversify for safety while investing for growth.

We reserve the right to decline services to any prospective client for any reason.

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

Our investment philosophy is based on the principles of modern portfolio theory. We believe markets are relatively efficient over long periods of time and that asset allocation decisions rather than market timing or stock picking will determine most of your long-term return.

We use six different asset classes: three for stability and three for appreciation. We divide the asset classes for stability into short money, U.S. bonds, and foreign bonds. We divide appreciation into U.S. stocks, foreign stocks, and hard asset stocks. We recommend mostly diversified portfolios composed of investments with low expense ratios that follow the index of a subsector of one of the asset classes.

No asset class is risk free. Even relatively stable investments can lose money. Bonds can default or have their credit rating reduced, cash can lose its purchasing power due to inflation, and even the money market can "break the dollar" and return less than you invested.

The equity markets are even more inherently volatile. Investing in securities involves a risk of loss that clients should be prepared to weather. We advocate periodic rebalancing, which means moving into the markets when they have gone down and taking money out of the markets when they have gone up.

No firm, ours included, can represent, guarantee, or imply that their services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or crashes. No guarantees can be offered that your goals or objectives will be achieved. Furthermore, no promises or assumptions can be made that the advisory services offered by a particular firm will provide a return superior to alternative investment strategies.

Having said that, we do not generally recommend strategies that involve investments we believe would be classified as unusually risky. We also do not advise frequent trading, which can increase brokerage costs and taxes.

We craft individual portfolios tailored to your needs. That includes analyzing your current holdings as well as additional investment choices. Appropriate investment vehicles may include exchange-traded funds (ETFs), mutual funds, closed-end funds, money market funds, certificates of deposit (CDs), individual stocks, individual bonds, and, on rare occasions, level 1 options (e.g., selling covered calls).

We do not normally recommend investing in hedge funds, private offerings, or nonpublic limited partnerships. Because these investments are not publicly priced and traded, valuing these assets is difficult to determine. The value of these assets is often assumed to be their purchase price until the management company provides a new value. However, their liquidation value might be only a fraction of the investment's intrinsic value. This scenario causes many conflicts of interest, which we seek to avoid. We do not have confidence in computing a return on a portfolio of investments that are not publicly priced and traded. And we do not know how to value such an investment for computing fees. If new clients own such investments, we will help them determine if they should continue to hold such an investment, but we do not normally recommend such investments because of their inherent conflicts of interest.

We also do not typically recommend purchasing options or futures because these investments are hedges or bets, not really investments. Futures and options can and do make money, but on average they are more of a zero-sum game even before trading costs.

## Item 9. Disciplinary Information

We do not have any disciplinary information to report. Neither Marotta Wealth Management nor any of its associated personnel have been the subject of a reportable legal or disciplinary event under the Investment Advisers Act of 1940 ("Advisers Act") as amended or any similar state statute.

## Item 10. Other Financial Industry Activities and Affiliations.

None of our business ownerships involve a substantial amount of time; nor do they present any material conflicts of interest. None of the advisors serve as an officer, director, partner, or employee of any other organization engaged in trading securities.

## Item 11. Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading

Rule 204A-1 under the Advisers Act requires all investment advisors registered with the SEC to adopt codes of ethics that set forth standards of conduct and require compliance with federal securities laws.

We have adopted a Code of Ethics that sets forth the high ethical standards of business conduct we require of our employees. Character is as important as competence in the financial services profession, and we strive to be outstanding in both. We have structured the firm to avoid many potential conflicts of interest between us. The most obvious conflict of interest arises through commission-based compensation, which we do not accept in any form. This is why we operate on a fee-only basis.

The Advisers Act imposes a fiduciary duty on investment advisors. As fiduciaries, we have a duty of utmost good faith to act solely in the best interests of each of our clients. You entrust us to monitor your investments, which in turn places a high standard on our conduct and integrity. Our fiduciary duty compels all employees to act with the utmost integrity in all of our dealings. This fiduciary duty is the core principle underlying our Code of Ethics and Personal Trading Policy, and it represents the expected basis of all of our dealings with our clients.

We place the interests of clients ahead of the firm's or any employee's own investment interests. Employees are expected to conduct their personal securities transactions in accordance with the Personal Trading Policy and strive to avoid any actual or perceived conflict of interest with the client.

Our Code of Ethics includes provisions forbidding the use of nonpublic securities information (insider trading) and requiring compliance with all applicable federal and state securities laws. We have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles guiding that code.

We suggest the same investments to you that we hold in our own accounts, and we purchase securities in our own accounts that we also recommend to you. Most of our recommended



securities have a sufficient daily volume such that our trading activities should not significantly move a security's price. Our Personal Trading Policy provides advisor guidelines to avoid any appearance of front-running or trying to benefit from the timing of personal trades.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. We agree to abide by the Code of Ethics annually or whenever it is amended. To request a copy, e-mail us at [compliance@emarotta.com](mailto:compliance@emarotta.com) or call 434-244-0000.

## **Item 12. Brokerage Practices**

### **The Custodian and Brokers We Use**

Marotta Wealth Management does not maintain custody of the assets we manage. Your assets are generally housed at a qualified custodian. We often recommend Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer and member of the Securities Investor Protection Corporation (SIPC), as the qualified custodian.

We are independently owned and operated and not affiliated with Schwab. Schwab holds your assets in a brokerage account and buys and sells securities per your instructions. Although we often recommend you use Schwab as your custodian, you will decide whether to do so and will open your account with Schwab by entering into an agreement directly with them. We do not open the account for you, although we may help you do so.

We are given a limited power of attorney to make trades on your behalf and to withdraw our quarterly fee. Neither of these powers are currently deemed as "having custody" of your assets. We may be deemed to have custody of your assets if you give us authority to withdraw assets from your account, pay bills on your behalf, or have credit card information. We have structured the firm such that we refuse to accept these powers or information.

We generally do not aggregate client transactions, also known as block trading. Your accounts are individually reviewed and managed, and transaction costs are not saved by aggregating your orders with other client orders. Thus the price or transaction fee for your trades may be different from others.

### **How We Select Brokers/Custodians**

We seek to recommend a custodian who will hold your assets and execute transactions on terms that overall are most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, ETFs, etc.)
- Quality of services

- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients

### **Your Brokerage and Custody Costs**

For our clients' accounts held at Schwab, Schwab generally does not charge a separate fee for custody services but is compensated by charging you commissions or other fees on trades that it executes or settles into your Schwab account. Schwab charges you a flat dollar amount as a "prime broker" or "trade-away" fee for each trade we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account.

These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. To minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our responsibility to seek the "best execution" of your trades, which means the most favorable terms for a transaction based on all relevant factors, including those listed earlier (see "How We Select Brokers/Custodians" section).

### **Products and Services Available to Us from Schwab**

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like ours. They provide us and our clients with access to their institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts; others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million, Schwab may charge us quarterly service fees of \$1,200. Following is a more detailed description of Schwab's support services:

*Services That Benefit You.* Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

*Services That May Not Directly Benefit You.* Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

*Services That Generally Benefit Only Us.* Schwab also offers other services intended to help us manage and further develop our business. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it arranges for third-party vendors to provide the services. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business social events for our personnel.

### **Our Interest in Schwab's Services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We do not have to pay for Schwab's services as long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. (Note: Beyond that, these services are not contingent on us committing any specific amount of business to Schwab in trading commissions or assets in custody.) The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How We Select Brokers/Custodians" section) and not Schwab's services that benefit only us. (We have more than \$200 million in client assets under management, and we do not believe that recommending our clients collectively to maintain at least \$10 million of those assets at Schwab to avoid paying Schwab quarterly service fees represents a material conflict of interest.)

### **Item 13. Review of Accounts**

We review client accounts regularly. Accounts are set for review quarterly or more frequently if they are out of balance or cash flows bring them to our attention. While individual advisors are reviewing individual client portfolios, investment philosophy and the underlying mix of asset classes are reviewed and set by our Investment Committee that meets monthly.

We provide clients with several quarterly reports, described next.

### **Portfolio Performance Review Report**

Shows the following activity during the previous quarter:

- Beginning portfolio value
- Net contributions (portfolio contributions and withdrawals)
- Capital appreciation (unrealized gain/loss and realized gain/loss)
- Income (dividend income and Interest income)
- Total expenses (management fees and other expenses)
- Ending portfolio value
- Quarterly investment gain
- The portfolio's time-weighted return (net of management fees and expenses) during the quarter and various longer periods

### **The Portfolio Value versus Cumulative Net Investment Report**

The following values are shown for each quarter, both graphically and in table format:

- Ending date of the quarter
- Contributions and withdrawals
- Cumulative net investment
- Portfolio value
- Cumulative gain

### **The Investment Advisory Statement Report** (for the upcoming quarter):

- Portfolio value at the end of the previous quarter
- Billing rates at each break point
- Total fee
- Prorated portion of the fee for each account

You also receive transaction confirmation notices and regular summary account statements directly from the custodian of your accounts.

Hourly financial planning clients do not receive any ongoing review and reporting.

It is up to you to advise us of any changes in your investment objectives or financial situation. We strive to offer comprehensive wealth management advice, but it remains your responsibility to engage us in that process. As your situation changes you are encouraged to review financial planning issues, investment objectives, and account performance with us.

## Item 14. Client Referrals and Other Compensation

It is Marotta Wealth Management's policy to restrict any noncash compensation we receive from any service provider, sometimes called "soft dollars," to that which enhances our ability to render quality advice and service to all of our clients. An example of this type of benefit would be our access to online information and tools provided by the company that holds your account assets. Although we may recommend custodians to our clients, we derive no material benefit from doing so; nor do we "pay up" to receive additional services.

## Item 15. Custody

We do not have actual custody of client assets. Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab at least quarterly. They will be sent to the e-mail or postal mailing address you provided to Schwab. We suggest you review these statements promptly and compare them to the periodic portfolio reports you receive from us.

Under government regulations, a firm is deemed to have custody of your assets if, for example, you authorize the firm to instruct Schwab to pay bills directly from your account or if you grant us authority to move your money to another person's account. We do not accept authorization to move money outside of the accounts in your name. We do, however, deduct our advisory fee directly from your account. This procedure is not considered custody, but we disclose it here for completeness.

## Item 16. Investment Discretion

Our clients give us a limited power of attorney to make trades on their behalf. We use this discretionary authority to implement their investment policy statement.

## Item 17. Voting Client Securities

We do not vote client proxies on behalf of clients.

You have the exclusive responsibility for directing how to proxy or vote securities and making all elections for events related to owning a security (e.g., mergers, acquisitions, tender offers, class action securities litigation, bankruptcy proceedings, etc.). We instruct the custodian of assets to send all copies of proxies and shareholder information directly to you. We can, upon request, provide advice to you regarding your voting of proxies.

## Item 18. Financial Information

We have no financial commitment that impairs our ability to meet our contractual and fiduciary commitment to you. We do not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance. Neither have we been the subject of a bankruptcy proceeding. Consequently, an audited balance sheet is not required or included in this disclosure. Nor is any further material financial information required.

## Item 19. Requirements for State-Registered Advisors

We are not a state-registered advisor; therefore this section is not included.

## Item 20. Miscellaneous

**Limited Consulting Services.** We *may* provide limited consulting services on an hourly or fixed fee for projects for nonadvisory clients.

**Client Obligations.** In performing our services, we are not required to verify any information received from you or from any other professionals you employ. We rely on that information being correct. Moreover, it remains your responsibility to notify us promptly if there is ever any change in your financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

**Assignment.** Neither we nor you may assign the *Investment Advisory Agreement* without the prior consent of the other party. Transactions that do not result in a change of actual control or our management are not considered an assignment.

**Disclosure Statement.** A copy of this part 2 of Form ADV should be given to you prior to or along with our *Investment Advisory Agreement*. If you have not received this document at least 48 hours before executing our *Investment Advisory Agreement*, you have five business days subsequent to executing the agreement to terminate our services without penalty.

## Part 2B: Brochure Supplement (Advisory Personnel)

### David John Marotta, CFP®, AIF®

David John Marotta is the president, cofounder, and sole owner of Marotta Wealth Management. David serves as the chief compliance officer. He also serves on the Investment Committee and the Client Service Committee. His primary focus is overseeing the firm's processes and investment management. David writes a weekly financial column, *Marotta on Money*, which often includes topics of comprehensive wealth management appropriate for clients.

### Educational Background and Business Experience

Born 1960

#### Education/Certification

- NAPFA Registered Advisor®, National Association of Personal Financial Advisors, Arlington Heights, IL, 2010
- CFP® (Certified Financial Planner), College for Financial Planning, Greenwood Village, CO, 2009
- AIF® (Accredited Investment Fiduciary), Center for Fiduciary Studies at the University of Pittsburgh, 2005
- AAMS® (Accredited Asset Management Specialist), College for Financial Planning, Greenwood Village, CO, 2002
- M.A.S., Computer and Information Science, University of Oregon, Eugene, OR, 1989
- B.A.S., Electrical Engineering and Philosophy, Stanford University, Palo Alto, CA, 1982

#### Experience

- President, Marotta Wealth Management, Charlottesville, VA, 2000–present
- Weekly financial columnist, *Marotta on Money*, 2002–present
- President, DT7 Software, Charlottesville, VA, 1998–present
- Senior Computer Systems Engineer, University of Virginia, Charlottesville, VA, 1990–99
- Programming Manager, Lane Community College, Eugene, OR, 1987–90
- Instructor, Computer Science, Lane Community College, Eugene, OR, 1982–87
- Instructor, Computer and Information Science, University of Oregon, Eugene, OR, 1985
- Event Speaker and Adjunct Faculty, Stanford University, University of Virginia, Health Level Seven, American Association of Independent Investors, NAPFA Consumer Education Association, and others, 1994–present

#### Disciplinary Information

None

### Other Business Activities

None of David John Marotta's business ownerships involves a substantial amount of time; nor do they present any material conflicts of interest. He does not serve as an officer, director, partner, or employee of any other organization engaged in trading securities.

### Additional Compensation

None

### Supervision

As president, sole owner, and chief compliance officer, David is responsible for overseeing the advisory activities of other members of the firm. He can be contacted at (434) 244-0000 or at [compliance@emarotta.com](mailto:compliance@emarotta.com)



## Bob Arms, CLU®, ChFC®, AIF®

Bob Arms is a wealth manager and serves on the Client Services Committee. His primary focus is client services. He is a licensed life and health insurance consultant in Virginia.

## Educational Background and Business Experience

Born 1952

### Education/Certification

- NAPFA Registered Advisor®, National Association of Personal Financial Advisors, Arlington Heights, IL, 2009
- AIF® (Accredited Investment Fiduciary), Center for Fiduciary Studies at the University of Pittsburgh, 2005
- ChFC® (Chartered Financial Consultant), The American College, 1991
- CLU® (Chartered Life Underwriter), The American College, 1987
- B.A., Communications, University of Virginia, Charlottesville, VA, 1975

### Experience

- Wealth Manager, Marotta Wealth Management, Charlottesville, VA, 2002–present
- Work Force Development Computer Applications Instructor and Adjunct Faculty, PVCC, Charlottesville, VA, 1999–2002
- Agent, Integrity Insurance, Charlottesville, VA, 1997–98
- Agent, Northwestern Mutual Life/Robert W. Baird & Co., Charlottesville, VA, 1975–96

### Disciplinary Information

None

### Other Business Activities

None

### Additional Compensation

None

### Supervision

Bob is supervised by David John Marotta, president, sole owner, and chief compliance officer of the firm. David can be contacted at (434) 244-0000 or at [compliance@emarotta.com](mailto:compliance@emarotta.com)

## Beth Nedelisky, CFP®

Beth Nedelisky is a wealth manager. She serves on the Investment Committee and the Client Services Committee. Her primary focus is investment management and client services. Beth also focuses on foundation and nonprofit management and charitable giving.

## Educational Background and Business Experience

Born 1980

### Education/Certification

- CFP®(Certified Financial Planner), College for Financial Planning, Greenwood Village, CO, 2009
- B.A., Philosophy, Covenant College, Lookout Mountain, GA, 2003

### Experience

- Wealth Manager, Marotta Wealth Management, Charlottesville, VA, 2005–present
- Director of Admissions, Covenant College, Lookout Mountain, GA, 2004–05
- Assistant Director of Admissions, Covenant College, Lookout Mountain, GA, 2003
- Regional Assistant Director of Admissions, Covenant College, Lookout Mountain, GA, 2003–04
- Witherspoon Fellow, Washington, D.C., 2002

### Disciplinary Information

None

### Other Business Activities

None

### Additional Compensation

None

### Supervision

Beth is supervised by David John Marotta, president, sole owner, and chief compliance officer of the firm. David can be contacted at (434) 244-0000 or at [compliance@emarotta.com](mailto:compliance@emarotta.com)

## Matthew Illian, CFP®, AIF®

Matthew Illian is a wealth manager. He serves on the Investment Committee and the Client Services Committee. His primary focus is investment management and client services. Matthew also focuses on business services, including corporate retirement plans and college planning. He is a licensed life and health insurance consultant in Virginia.

## Educational Background and Business Experience

Born 1976

### Education/Certification

- CFP® (Certified Financial Planner), College for Financial Planning, Greenwood Village, CO, 2007
- B.A., Economics and Government, University of Virginia, Charlottesville, VA, 1999

### Experience

- Wealth Manager, Marotta Wealth Management, Charlottesville, VA, 2008–present
- Retirement Specialist, Nationwide Retirement Solutions, Richmond, VA, 2003–07
- Investment Broker, AXA Advisors, Charlottesville, VA, 2001–03

### Disciplinary Information

None

### Other Business Activities

None

### Additional Compensation

None

### Supervision

Matthew is supervised by David John Marotta, president, sole owner, and chief compliance officer of the firm. David can be contacted at (434) 244-0000 or at [compliance@emarotta.com](mailto:compliance@emarotta.com)

## About Professional Designations

### CERTIFIED FINANCIAL PLANNER™ (CFP®)

The CERTIFIED FINANCIAL PLANNER™, CFP®, and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education, (2) stringent code of conduct and standards of practice, and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 people have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education: Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services and attain a bachelor’s degree from a regionally accredited U.S. college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning.
- Examination: Pass the comprehensive CFP® Certification Examination. This 10-hour examination, administered over two days, includes case studies and client scenarios designed to test the examinee’s ability to diagnose financial planning issues correctly and apply his or her knowledge of financial planning to real-world circumstances.
- Experience: Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year).
- Ethics: Agree to be bound by CFP Board’s Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP® professionals.

Certified individuals must complete the following ongoing education and ethics requirements to maintain the right to continue to use the CFP® marks:

- Continuing education: Complete 30 hours of continuing education hours every two years, including two hours on the Code of Ethics and other parts of the Standards of Professional Conduct, to maintain competence and keep up with developments in the financial planning field.
- Ethics: Renew an agreement to be bound by the Standards of Professional Conduct. The Standards prominently require that CFP® professionals provide financial planning

services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the standards and requirements just described may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

## NAPFA-Registered Financial Advisor®

NAPFA-Registered Financial Advisor® is the top level of membership in the National Association of Personal Financial Advisors (NAPFA). All NAPFA-Registered Financial Advisors® must have three years of comprehensive financial planning experience, present a sample comprehensive financial plan, and pass a peer review process. Since January 1, 2009, all NAPFA-Registered Financial Advisors® must possess a bachelor's degree from an accredited institution. Since January 1, 2010, new NAPFA-Registered Financial Advisors® must also possess either the Certified Financial Planner™ designation awarded by the Certified Financial Planner Board of Standards, Inc., or (since mid-2010) the American Institute of Certified Public Accountants' Personal Financial Specialist (CPA/PFS) credential. All NAPFA-Registered Financial Advisors® must also adhere to NAPFA's Fiduciary Oath, Standards of Membership and Affiliation, and Bylaws. NAPFA-Registered Financial Advisors® must also comply with NAPFA's industry-leading strict continuing education requirements of 60 hours every two years. All NAPFA-Registered Financial Advisors® provide investment and/or financial advice on a strictly Fee-Only basis as defined by NAPFA. NAPFA defines a Fee-Only financial advisor as one who is compensated solely by the client with neither the advisor nor any related party receiving compensation that is contingent on the purchase or sale of a financial product. No NAPFA-Registered Financial Advisor® may receive commissions, rebates, awards, finder's fees, bonuses, or other forms of compensation from others as a result of a client's implementation of the individual's planning recommendations. In addition, NAPFA-Registered Financial Advisors® must continue to meet NAPFA's standards for strong character and adherence to the laws and regulation governing the profession.

## Accredited Investment Fiduciary® (AIF®)

The AIF designation certifies that the recipient has specialized knowledge of fiduciary standards of care and their application to the investment management process. To receive the AIF designation, individuals must complete a training program, successfully pass a comprehensive closed-book final examination under the supervision of a proctor, and agree to abide by the AIF Code of Ethics. To maintain the AIF designation, individuals must annually renew their affirmation of the AIF Code of Ethics and complete six hours of continuing education credits. The certification is administered by the Center for Fiduciary Studies, LLC (a Fiduciary360 [fi360] company).

## Accredited Asset Management Specialist® (AAMS®)

Individuals who hold the AAMS® designation have completed a course of study encompassing investments, insurance, tax, retirement, and estate planning issues. The program is designed

for approximately 120 to 150 hours of self-study. The program is self-paced and must be completed within one year from enrollment.

Following initial conferment of one of the College for Financial Planning's professional designations, authorization for continued use of the credential must be renewed every two years by completing 16 hours of continuing education; reaffirming compliance with the Standards of Professional Conduct, Terms, and Conditions; and complying with self-disclosure requirements.

### Chartered Life Underwriter® (CLU®)

The Chartered Life Underwriter® (CLU®) designation is granted by The American College in Bryn Mawr, Pennsylvania, to individuals who have completed training in life insurance and personal insurance planning. To obtain the designation, individuals have to complete advanced courses and examinations on several topics including insurance, investments, taxation, employee benefits, estate planning, accounting, management, and economics.

### Chartered Financial Consultant® (ChFC®)

A chartered financial consultant designation is offered by The American College, formerly known as The American College of Life Underwriters. To receive the chartered financial consultant designation, the candidate must pass 10 examinations on a number of financial and planning topics, some of which are waived if the person also holds a CLU® designation. The ChFC® designation demonstrates a candidate's ability to understand and apply personal financial planning concepts. The applicant must also have at least three years of experience in the financial industry and have studied and passed an examination on the fundamentals of financial planning including income tax, insurance, investment, and estate planning for his or her clients or employer.