

## **21st Century Wealth Management LLC**

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### **FORM ADV PART 2 BROCHURE**

**This brochure provides information about the qualifications and business practices of 21st Century Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at (717) 812-9952. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about 21st Century Wealth Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for 21st Century Wealth Management, LLC is 121989.**

**21st Century Wealth Management, LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.**

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## Advisory Business

Form ADV Part 2A, Item 4

### **Description of Services and Fees**

21st Century Wealth Management, LLC (hereinafter "21st Century") is a registered investment adviser based in York, Pennsylvania. We are organized as a limited liability company under the laws of the State of Pennsylvania. We have been providing investment advisory services since 2000. Todd A. Spahr is the principal owner. Currently, we offer the following investment advisory services, which are personalized to each individual client:

- **Portfolio Management Services**
- **Financial Planning Services**
- **Pension Consulting Services**

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our" and "us" refer to 21st Century. The words "you", "your" and "client" refer to you as either a client or prospective client of our firm.

### **Portfolio Management Services**

21st Century offers discretionary and occasionally non-discretionary portfolio management services. Our investment advice is tailored to meet our clients' needs and investment objectives. If you retain our firm for portfolio management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information (the "suitability information") at the beginning of our advisory relationship. We will use the suitability information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf. As part of our portfolio management services, we may customize an investment portfolio for you in accordance with your risk tolerance and investing objectives. We may also invest your assets using a predefined investment policy statement. Once we construct an investment portfolio for you we will monitor your portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a limited power of attorney, or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account.

Our fee for portfolio management services is based on a percentage of your assets we manage and is set forth in the following fee schedule:

<b>Assets Under Management</b>	<b>Annual Fee</b>
First \$1,000,000	1.00%
Next \$1,500,000	0.75%
Over \$2,500,000	Negotiable

21<sup>st</sup> Century may impose a minimum account size of \$250,000. In the event we accept an account under \$250,000 the account may be subject to a minimum \$1500 flat annual fee.

Our annual portfolio management fee is billed and payable quarterly in advance based on the value of your account on the last day of the previous quarter.

If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in meeting the minimum account size and assist in paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

We will send you an invoice for the payment of our advisory fee, or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also receive a duplicate copy of your account statements.

You may terminate the portfolio management agreement upon 30-days' written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

We encourage you to reconcile our invoices with the statement(s) you receive from the qualified custodian. If you find any inconsistent information between our invoice and the statement(s) you receive from the qualified custodian please call our main office number located on the cover page of this brochure.

### ***Financial Planning Services***

We offer broad-based, modular, and consultative financial planning services. Financial planning will typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. If you retain our firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. We may also use financial planning software to determine your current financial position and to define and quantify your long-term goals and objectives. Once we specify those long-term objectives, we will develop shorter-term, targeted objectives. After we review and analyze the information you provide to our firm and the data derived from our financial planning software, we will deliver a written plan to you, designed to help you achieve your stated financial goals and objectives. Depending on the objectives of the Client, the financial plan may include, but is not limited to, one or more of the following:

- **PERSONAL:** Family budgeting, personal liability, estate planning.
- **TAX AND CASH FLOW:** Income tax and spending analysis, also planning for current and future years.
- **RETIREMENT:** Analysis of current strategies and investment plans to help the Client achieve his or her retirement goals.
- **INVESTMENTS:** Analysis of investment alternatives and their effect on a Client's portfolio. It is usually the case that Client's receive generic recommendations (that is, recommendations not limited to any specific security or financial products) with respect to investment planning and asset allocation.
- **INVESTMENT SUPERVISORY SERVICES:** Continuing investment advice and/or making investments for the Client, based on their individual needs.
- **DEATH AND DISABILITY:** Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to our firm. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

We charge a fixed fee for financial planning services, which generally ranges between \$750 - \$10,000. The fee is negotiable depending upon the complexity and scope of the plan, your financial situation, and your objectives. An estimate of the total cost will be determined at the start of the advisory relationship and presented to you in the form of an engagement letter. Fees for financial planning services will generally be due upon completion of the services rendered.

If you only require advice on a single aspect of your finances, we offer modular financial planning/general consulting services on an hourly basis. Our rate for such services is \$175 per hour and is negotiable depending on the scope and complexity of the plan, your financial situation, and your objectives. Fees are due upon completion of services rendered.

We will not require prepayment of a fee more than six months in advance and in excess of \$1,200.

You may terminate the financial planning agreement by providing written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement.

### ***Pension Consulting Services***

We offer pension consulting services to employee benefit plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. In general, these services may include an existing plan review and analysis, plan-level advice regarding fund selection and investment options, education services to plan participants, investment performance monitoring, and/or ongoing consulting. These pension consulting services will generally be non-discretionary and advisory in nature. The ultimate decision to act on behalf of the plan shall remain with the plan sponsor or other named fiduciary.

The compensation arrangement for these services will be at a rate negotiated between 21st Century and the client on a case-by-case basis. The fees and terms will be clearly set forth in the executed agreement for services. The amount of the fees charged to the client will be based on the scope and complexity of the qualified plan and the requested services. An estimate of the total cost will be determined at the start of the advisory relationship. The final fee shall be directly dependent upon the facts and circumstances of the client's financial situation and the complexity of the pension consulting services provided. 21st Century will be compensated at either a fixed fee or a percentage of assets under management that will not exceed .25%.

Either party to the pension consulting agreement may terminate the agreement upon 30-days' written notice to the other party. The pension consulting fees will be prorated for the quarter in which the termination notice is given and any unearned fees will be refunded to the client.

### **Types of Investments**

We offer advice on equity securities, warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities, US Government securities and options contracts on securities and commodities. Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

### **Assets Under Management**

As of December 31, 2010, we manage \$126,086,904 in client assets on a discretionary basis and \$0 in client assets on a non-discretionary basis.

## ***Fees and Compensation***

Form ADV Part 2A, Item 5

Please refer to the "Advisory Business" section in this Brochure for information on our advisory fees, fee deduction arrangements, and refund policy according to each service we offer.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through which your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this Disclosure Brochure.

### **Compensation for the Sale Other Investment Products**

Todd Spahr, principal of 21st Century is licensed as an independent insurance agent. Mr. Spahr will earn commission-based compensation for selling insurance products, including insurance products he sells to you. Insurance commissions earned by Mr. Spahr is separate and in addition to 21st Century's advisory fees. This practice presents a conflict of interest because Mr. Spahr provides investment advice on behalf of 21st Century and may additionally earn a commission on the sale of insurance products. As an insurance agent, Mr. Spahr has an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

## ***Performance-Based Fees and Side-By-Side Management***

Form ADV Part 2A, Item 6

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Advisory Business* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## ***Types of Clients***

Form ADV Part 2A, Item 7

We offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

In general, we require a minimum of \$250,000 to open and maintain an advisory account. In the event we accept an account under \$250,000 the account may be subject to a minimum \$1,500 flat annual fee. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

## ***Methods of Analysis, Investment Strategies and Risk of Loss***

Form ADV Part 2A, Item 8

### **Our Methods of Analysis and Investment Strategies**

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- Charting Analysis – involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends.
- Fundamental Analysis – involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.
- Technical Analysis – involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.
- Cyclical Analysis – a type of technical analysis that involves evaluating recurring price patterns and trends.
- Long Term Purchases – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- Short Term Purchases – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.
- Short Sales – a securities transaction in which an investor sells securities he or she borrowed in anticipation of a price decline. The investor is then required to return an equal number of shares at some point in the future. A short seller will profit if the stock goes down in price.
- Margin Transactions – a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.
- Option Transactions – an option is a financial instrument that establishes a contract between two parties concerning the buying or selling of an asset at a reference price during a specified time frame. During this time frame, the buyer of the option gains the right, but not the obligation, to engage in some specific transaction on the asset, while the seller incurs the obligation to fulfill the transaction if so requested by the buyer. The price of an option derives from the value of an underlying asset (commonly a stock, a bond, a currency or a futures contract) plus a premium based on the time



remaining until the expiration of the option. Other types of options exist, and options can in principle be created for any type of valuable asset.

In return for granting the option, called *writing* the option, the originator of the option collects a payment, the *premium*, from the buyer. The writer of an option must make good on delivering (or receiving) the underlying asset or its cash equivalent, if the option is exercised.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

#### **Investment Strategy/Methods of Analysis - Material Risks**

Client assets are advised using Charting and Technical Analysis, Fundamental Analysis and Cyclical Analysis. The risks in using these methods of analysis are as follows:

Charting and Technical Analysis - The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Fundamental Analysis - The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

Cyclical Analysis - Economic/business cycles may not be predictable and may have many fluctuations between long term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

We may use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Short-term trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk.

#### **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of securities acquired in client accounts. The cost basis reporting requirements will be phased in beginning with equities acquired after January 1, 2011; mutual funds, ETFs and dividend reinvestment plans (DRIPs) acquired after January 1, 2012; and other securities, including fixed income and options, acquired on or after January 1, 2013. Our firm uses tax lot optimization for calculating the cost basis of your investments. Under this method lots are sold with the objective of taking losses first (short term then long term) and gains last (long term then short term).

You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.



**Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

**Recommendation of Particular Types of Securities**

As disclosed under the "Advisory Business" section in this Brochure, we offer advice on many types of securities. However, we primarily recommend mutual funds and exchange traded funds ("ETFs"). You should be advised of the following risks when investing in these types of securities:

Mutual funds and exchange traded funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Exchange traded funds differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Funds can also be "closed end" or "open end". So-called "open end" funds continue to allow in new investors indefinitely which can dilute other investors' interests. A "closed end" fund is issued with a fixed number of issued shares traded on an exchange. Because the supply of shares is limited, the shares will rise and fall in value according to supply and demand, like ordinary company shares.

Options give an investor the right to buy or sell a stock at some future time at a set price. Options are complex investments and can be very risky, especially if the investor does not own the underlying security. In certain situations, an investor's risk can be unlimited.

***Disciplinary Information***

Form ADV Part 2A, Item 9

21st Century has been registered and providing investment advisory services since 2000. Todd A. Spahr has been registered as either an investment adviser representative or registered representative since 2000. Neither our firm nor Mr. Spahr has any disciplinary information.

***Other Financial Industry Activities and Affiliations***

Form ADV Part 2A, Item 10

**Arrangements with Affiliated Entities**

Todd A. Spahr, Managing Member/Chief Compliance Officer of 21st Century is also a CPA. Mr. Spahr, in his capacity as a CPA, is an independent consultant to Reinsel Kuntz Leshner LLP ("RKL"), an accounting firm. If you require accounting services, we will recommend that you use RKL. Mr. Spahr spends approximately 10% of his professional time as a CPA.

21st Century expects that clients to whom it offers advisory services may also be clients of RKL. Clients are instructed that the fees paid to the firm for advisory services are separate and distinct from the fees paid to RKL. Clients to whom we offer advisory services are informed that they are under no obligation to use RKL for accounting services and may use the accounting firm of their choosing.

## ***Code of Ethics, Participation or Interest in Client Transactions and Personal Trading***

Form ADV Part 2A, Item 11

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting Todd Spahr at the number listed on the cover of this brochure.

### **Participation or Interest in Client Transactions**

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this Brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Please refer to the "Brokerage Practices" section in this Brochure for information on our block trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.

## ***Brokerage Practices***

Form ADV Part 2A, Item 12

We recommend the brokerage and custodial services of Charles Schwab & Co., Inc. ("Schwab") a securities broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. We believe that Schwab provides quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by Schwab, including the value of research provided, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of research services and additional brokerage products and services Schwab provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

### **Research and Other Soft Dollar Benefits**

21<sup>st</sup> Century will recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab) to maintain custody of clients' assets and to effect trades for their accounts. 21<sup>st</sup> Century does not have a soft dollar agreement with Schwab. However, Schwab provides benefits as a result of 21<sup>st</sup> Century's relationship with Schwab Institutional. These benefits are listed in the following paragraphs.

Schwab Institutional provides 21<sup>st</sup> Century with access to its institutional trading and operational services, which are typically not available to Schwab retail investors. The services generally are available to independent investment advisers at no charge to them so long as a total of at least \$10 million of 21<sup>st</sup> Century's clients' account assets are maintained at Schwab Institutional. Schwab Institutional services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment.

Schwab Institutional also makes available to 21<sup>st</sup> Century other products and services that benefit 21<sup>st</sup> Century, but may not benefit its client's accounts. Some of these products and services assist 21<sup>st</sup> Century in managing and administering clients' accounts. These include software and other technology that provide access to client account data, such as trade confirmations and account statements, facilitate trade execution, and allocation of aggregated trade orders, from multiple client accounts, and assist with back-office support, recordkeeping, and client reporting. Many of these services generally may be used to service all or a substantial number of 21<sup>st</sup> Century's accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional may also provide 21<sup>st</sup> Century with other services intended to help 21<sup>st</sup> Century manage and further develop its business enterprise. These services may include consulting, publications and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services to 21<sup>st</sup> Century by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or part of the fees of a third party providing these services to 21<sup>st</sup> Century. The availability to 21<sup>st</sup> Century of the foregoing products and services is not contingent upon 21<sup>st</sup> Century committing to Schwab Institutional any specified amount of business (assets in custody or trading).

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Directed Brokerage**

We routinely recommend that you direct our firm to execute transactions through Schwab. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage.

In limited circumstances, and at our discretion, some clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. If you choose to direct our firm to use a particular broker, you should understand that this might prevent our firm from aggregating trades with other client accounts. This practice may also prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.

### **Block Trades**

We combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm

may participate in block trading with your accounts; however, they will not be given preferential treatment.

### ***Review of Accounts***

Form ADV Part 2A, Item 13

Todd A. Spahr, Managing Member and Chief Compliance Officer of 21st Century will monitor your accounts on an ongoing basis and will conduct a formal account reviews at least once annually to ensure the advisory services provided to you and that the portfolio mix is consistent with your current investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

We will provide you with additional or regular written reports in conjunction with account reviews. Clients will receive quarterly investment reports from 21<sup>st</sup> Century that will include client holdings, cost basis, market value, performance information. On a semi-annual basis clients will receive realized gain and loss reports and an investment income report. You will receive trade confirmations and monthly statements directly from your account custodian(s).

We will review your financial plan only at your request. Otherwise, we do not review or monitor your investment account(s), review your financial plan, or review statements you receive from other money managers or account custodians. At your request, we may meet with you to discuss asset allocation or financial planning, but we will not make recommendations regarding specific investments or provide any regular written reports to you.

### ***Client Referrals and Other Compensation***

Form ADV Part 2A, Item 14

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

Please refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with Charles Schwab and Co., Inc.

As disclosed under the "Fees and Compensation" section in this Brochure, persons providing investment advice on behalf of our firm are licensed insurance agents. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the "Fees and Compensation" section.

## ***Custody***

Form ADV Part 2A, Item 15

We directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. We will also provide statements to you reflecting the amount of advisory fee deducted from your account.

Todd A. Spahr, Managing Member/Chief Compliance Officer of 21st Century serves as co-executor and co-trustee to certain accounts for which we provide investment advisory services. Mr. Spahr's capacity as co-executor/co-trustee gives him custody over the advisory accounts for which he serves as co-executor/co-trustee. These accounts will be held with a bank, broker-dealer, or other independent, qualified custodian. If 21st Century, acts as co-executor or co-trustee for any of your advisory accounts, you will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. You should carefully review account statements for accuracy.

We will also provide statements to you. You should compare our statements with the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact Todd Spahr at the phone number listed on the cover of this brochure.

## ***Investment Discretion***

Form ADV Part 2A, Item 16

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a limited power of attorney, and/or trading authorization forms.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the "Advisory Business" section in this Brochure for more information on our discretionary management services.

## ***Voting Client Securities***

Form ADV Part 2A, Item 17

### **Proxy Voting**

We will determine how to vote proxies based on our reasonable judgment of the vote most likely to produce favorable financial results for you. Proxy votes generally will be cast in favor of proposals that maintain or

strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders. Generally, proxy votes will be cast against proposals having the opposite effect. However, we will consider both sides of each proxy issue. Unless we receive specific instructions from you, we will not base votes on social considerations.

Except in the case of a conflict of interest as described below, we do not accept direction from you on voting a particular proxy.

Conflicts of interest between you and our firm, or a principal of our firm, regarding certain proxy issues could arise. If we determine that a material conflict of interest exists, we will take the necessary steps to resolve the conflict before voting the proxies. For example, we may disclose the existence and nature of the conflict to you, and seek direction from you as to how to vote on a particular issue; we may abstain from voting, particularly if there are conflicting interests for you (for example, where your account(s) hold different securities in a competitive merger situation); or, we will take other necessary steps designed to ensure that a decision to vote is in your best interest and was not the product of the conflict.

We keep certain records required by applicable law in connection with our proxy voting activities. You may obtain information on how we voted proxies and/or obtain a full copy of our proxy voting policies and procedures by making a written or oral request to our firm.

### ***Financial Information***

Form ADV Part 2A, Item 18

Todd A. Spahr, Managing Member and Chief Compliance Officer of 21st Century does have custody over certain client accounts of which he serves as a co-trustee or co-executor. Please see the "Custody" section of this brochure. However, neither Mr. Spahr nor 21st Century has any financial conditions that would reasonably be likely to impair the ability of 21st Century to meet contractual commitments to clients.

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

Form ADV Part 2A, Item 19

21st Century is SEC registered.

### ***Additional Information***

#### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will never sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact Todd Spahr at the phone number listed on the cover of this brochure if you have any questions regarding this policy.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, the trade error will be corrected in the trade error account of the executing broker-dealer and you will not keep the profit. If a trade error results in a loss, the loss will be absorbed by either Schwab or 21st Century.

### **Class Action Lawsuits**

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. 21<sup>st</sup> Century has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. We also have no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, we have no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where 21st Century receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials, to the client. Electronic mail is acceptable where appropriate if the client has authorized contact in this manner.