

**Part 2A of Form ADV: *Firm Brochure***

**Item 1. Cover Page**

**PAYNE WEALTH PARTNERS, INC.**

7144 East Virginia Street  
Evansville, IN 47715  
Telephone: 812.477.6221  
[www.paynewealthpartners.com](http://www.paynewealthpartners.com)

03/26/2012

This brochure provides information about the qualifications and business practices of Payne Wealth Partners, Inc. If you have any questions about the contents of this brochure, please contact us at 812.477.6221 or [klmitchell@paynewealthpartners.com](mailto:klmitchell@paynewealthpartners.com). 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 Payne Wealth Partners, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 105904.

# PAYNE WEALTH PARTNERS, INC.

## Item 2. Material Changes

Payne Wealth Partners updates this document annually, or more frequently in the event of certain material changes. This section outlines and summarizes the specific changes made since the document's previous update. Payne Wealth Partners will deliver a copy of this section to its clients within 120 days of the close of its fiscal year to make sure clients are aware of any material changes to the

This disclosure document, dated March 26, 2012, includes the material changes below since the last annual update on March 23, 2011. Payne Wealth Partner's clients may request a full copy of the latest version of this document at any time by contacting Kelly Mitchell, Chief Compliance Officer, at 812.477.6221 or [klmitchell@paynewealthpartners.com](mailto:klmitchell@paynewealthpartners.com).

### Amendment to Item 4 Advisory Business

#### **BUSINESS EXIT PLANNING**

We provide specific advice to business owners regarding business planning, succession planning, business continuity, and asset protection. Payne Wealth Partners has developed expertise and processes to help business owners evaluate future scenarios and track progress toward business goals. We have a network of business experts that we can utilize to help our clients attain their business and personal goals.

### Amendment to Item 5 Fees and Compensation

#### **BUSINESS EXIT PLANNING FEES**

Our fees for Business Exit Planning will be based upon the complexity of the service provided and agreed upon, in writing, prior to undertaking the business planning service.

Business Exit Planning fees are generally billed at 50% of the overall engagement retainer upon execution of the engagement. Any advance payment collected will never be more than six months in advance. Balance will be due as work is performed. Where outside consultants are engaged, Payne Wealth Partners will provide information in advance on the anticipated fees for their services, to the best of our ability.

#### **FEE RETAINER**

Upon executing an Investment Advisory and Wealth Planning Services Agreement with the client, we may request a retainer of \$5,000.00 (five thousand dollars). This retainer shall be offset against fees as outlined under WEALTH PLANNING AND INVESTMENT ADVISORY SERVICE FEE, shown above. Any advance payment collected will never be more than 6 months in advance.

If the Client executes transfer documents to transfer \$1,000,000 (one million dollars) or more of Portfolio Assets to accounts managed by Advisor or if Advisor is presently managing \$1,000,000 (one million dollars) or more of Portfolio Assets for the Client, then such retainer shall not be required.

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

**Under Asset Allocation.** Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

**Fundamental Analysis.** We attempt to measure the intrinsic value of a client's portfolio by looking at economic and financial factors (including the overall economy, as well as industry conditions) to determine if portfolio holdings are in-line with the client's objectives and risk tolerance. Our firm's main source of information includes research material prepared by others.

A risk in utilizing this type of analysis is that our subjective judgment cannot guarantee market performance.

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# PAYNE WEALTH PARTNERS, INC.

## Item 4. Advisory Business

Payne Wealth Partners, Inc. is a SEC-registered investment adviser with its principal place of business located in Indiana. Payne Wealth Partners, Inc. began conducting business in 1988.

Listed below are the firm's principal shareholders (i.e. those individuals and/or entities controlling 25% or more of this company):

- T. Taylor Payne, President

Payne Wealth Partners, Inc. offers the following advisory services to our clients:

### WEALTH PLANNING

We provide wealth planning, also known as financial planning, services. Wealth planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the wealth planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Payne Wealth Partners provides wealth planning services to a majority of its investment advisory clients, however, these wealth planning services are not provided on a "stand alone" basis. The fee schedule listed under Item 5 is for combined investment advisory and wealth planning services.

Clients purchasing this service receive a written report which provides the client with a detailed wealth plan designed to help the client achieve his or her financial goals and objectives. Wealth plan (together with written action items) updates are offered to clients annually, or more often should material events occur in the client's situation.

In general, the wealth plan can address any or all of the following areas:

- **PERSONAL:** We review family assets and liabilities, budgeting, estate plan information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for current and future years; then illustrate the impact of various possible steps on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's ability to meet their goals.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, disability and long-term care given client circumstances and goals.
- **RETIREMENT:** We analyze current saving and spending strategies to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents and disability income.
- **ESTATE:** We assist the client in assessing the need for long-term strategies, including as appropriate, living trusts, wills, powers of attorney, asset protection plans, and wealth transfer strategies; however, we do not prepare written legal documents of any type or hold ourselves out as legal professionals. As needed we prepare estate tax calculations to aid in illustration of strategy impact on clients goals.

We gather required information through in-depth personal interviews and/or phone calls and other methods dependent upon client communication preference. Information gathered includes the client's current financial status, tax status, future goals, return objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, and/or insurance agent. Implementation of wealth plan recommendations is entirely at the client's discretion; however, on many of the action items recommended Payne Wealth Partners provides implementation assistance.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business succession planning.

## **PAYNE WEALTH PARTNERS, INC.**

Typically the financial plan is presented to the client within 4 weeks of the contract date, provided that all information needed to prepare the financial plan has been promptly provided by client.

Wealth planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company.

### **INVESTMENT ADVISORY**

Our firm provides continuous asset management of client funds based on the individual needs of the client. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we may also review and discuss a client's prior investment history, as well as family composition and background.

Through personal discussions in which goals and objectives based on the client's particular circumstances are established, we develop the client's personal Investment Policy Statement (IPS). We create and manage a portfolio based on that IPS.

We manage these advisory accounts generally on a discretionary basis. Generally, we recommend a starting net worth of \$1,000,000 and discourage smaller accounts. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Once the client's portfolio has been established consistent with the IPS, we review the portfolio periodically and if necessary, rebalance the portfolio on a quarterly basis, based on the client's individual needs.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Mutual fund shares or
- Exchange traded funds

Because some types of investments involve certain additional degrees of risk, they will only be implemented when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

### **BUSINESS EXIT PLANNING**

We provide specific advice to business owners regarding business planning, succession planning, business continuity, and asset protection. Payne Wealth Partners has developed expertise and processes to help business owners evaluate future scenarios and track progress toward business goals. We have a network of business experts that we can utilize to help our clients attain their business and personal goals.

### **SELECTION AND MONITORING OF THIRD-PARTY MONEY MANAGERS**

In conjunction with the individual portfolio management, we offer advisory management services to our clients through our selection and monitoring of Third-Party Money Managers programs (hereinafter, "Programs"). This service is included in the portfolio management and is in addition to the use of mutual funds and exchange traded funds.

Based on the client's individual circumstances and needs (as exhibited in the client's IPS) we will then perform management searches of various unaffiliated registered investment advisers to identify which registered investment adviser's portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance, the opinion of each client and the investment philosophy of the selected registered investment adviser. Clients should refer to the selected registered investment adviser's Firm Brochure or other disclosure document for a full description of the services offered. We are available to meet with clients on a regular basis, or as determined by the client, to review the account.

Once we determine the most suitable investment adviser(s) for the client, we incorporate the selected adviser(s) into the client's overall portfolio consistent with the client's IPS. We monitor the performance of the selected registered investment adviser(s). If we determine that a particular selected registered

## PAYNE WEALTH PARTNERS, INC.

investment adviser(s) is not providing sufficient management services to the client, or is not managing the client's portfolio in a manner consistent with the client's IPS, we may suggest that the client contract with a different registered investment adviser and/or program sponsor. Under this scenario, our firm assists the client in selecting a new registered investment adviser and/or program. However, any move to a new registered investment adviser and/or program is solely at the discretion of the client.

### **PENSION CONSULTING SERVICES**

We also provide services to qualified retirement plans and other fiduciaries. The primary clients for these services will be pension, profit sharing and 401(k) plans. Pension Consulting Services are comprised of four distinct services. Clients generally choose to use all of these services, but could select only a portion.

#### ***Investment Policy Statement Preparation (hereinafter referred to as "IPS"):***

We will meet with the client (in person or over the telephone) to determine an appropriate investment strategy that reflects the plan sponsor's stated investment objectives for management of the overall plan. Our firm then prepares a written IPS detailing those needs and goals, including an encompassing policy under which these goals are to be achieved. The IPS also lists the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring of investment performance.

#### ***Selection of Investment Vehicles:***

We review various mutual funds (both index and managed) to determine which investments are appropriate to implement the client's IPS. The number of investments to be recommended will be determined by the client, based on the IPS. Further, we assist plan sponsors in constructing appropriate asset allocation models for those plans that wish to offer model portfolios in addition to individual fund choices.

#### ***Monitoring of Investment Performance:***

We monitor client investments continually, based on the procedures and timing intervals delineated in the Investment Policy Statement. Although our firm is not involved in any way in the purchase or sale of these investments, we supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

#### ***Employee Communications:***

For pension, profit sharing and 401(k) plan clients with individual plan participants exercising control over assets in their own account ("self-directed plans"), we may also provide periodic educational support and investment workshops designed for the plan participants. The nature of the topics to be covered will be determined by us and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

### **AMOUNT OF MANAGED ASSETS**

As of 12/31/2011, we were actively managing \$244,577,836 of clients' assets on a discretionary basis plus \$27,113,522 of clients' assets on a non-discretionary basis and overseeing an additional \$15,986,075 of clients' assets being managed by third-party money managers.

## **Item 5. Fees and Compensation**

### **WEALTH PLANNING AND INVESTMENT ADVISORY SERVICES FEES**

As discussed in item 4, we serve a majority of clients by providing combined wealth planning services with investment advisory services. Some clients are served by providing investment advisory services only. The fees for these services range as follows:

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<b>STANDARD COMBINED INVESTMENT ADVISORY AND WEALTH PLANNING FEES</b> (Clients pay the total fee of Part I and Part II combined)	
<b>Part I (based on total client Net Worth as per Personal Wealth Plan)</b>	
<b>Amount of Net Worth</b>	<b>Annual Fee in Dollars</b>
First \$1 Million	\$5,000
Next \$2 Million	\$3,000
Next \$2 Million	\$3,000
Next \$5 Million	\$6,000
Next \$10 Million	\$6,000
Each Additional \$10 Million	\$4,000
<b>Part II (based on Portfolio Assets under Supervision of Advisor)</b>	
<b>Portfolio Assets Amount</b>	<b>Annual Percentage</b>
First \$1 Million	.50%
Next \$2 Million	.40%
Next \$2 Million	.30%
Over \$5 Million	.20%

  

<b>INVESTMENT ADVISORY FEES</b> (If standalone service)	
<b>Portfolio Assets Amount</b>	<b>Annual Percentage</b>
First \$1 Million	.75%
Next \$4 Million	.50%
Next \$5 Million	.50%
Over \$10 Million	.25%

We bill clients a pro-rata amount for the first partial quarter of service, with such billing to be deducted from client assets as hereinafter described. Commencing with the month after the first calendar quarter-end that Payne provides Wealth Planning and Investment Advisory services to you, our Client, fees shall be payable quarterly, in advance. Clients shall receive a billing statement showing the specific manner in which the fee was calculated.

It is the Client's responsibility to verify the accuracy of the fee calculation, because the custodian firm will not determine whether the fee is properly calculated. Our firm sends the amount of the bill to the custodian firm, and the custodian will pay the fee by deduction from the Client account. The custodian will send to the client a statement, at least quarterly, indicating all amounts disbursed from the client account including the amount of advisory fees paid directly to Payne Wealth Partners. Payne Wealth Partners does not and will not have custody of client's funds or securities.

There is a minimum quarterly fee for services, negotiated on a case-by-case basis. Overall factors to be considered will include the type and amount of assets to be managed and the complexity of the client's circumstances. Payne Wealth Partners, Inc.'s minimum fees generally range from \$8,000.00 to \$40,000.00 on an annualized basis.

Our fees are billed quarterly, in advance, at the beginning of each calendar quarter based upon the value (market value), of the client's account at the end of the previous quarter and based on the client's net worth at last plan update. Fees will be debited from the account in accordance with the client authorization in the Wealth Planning and Investment Advisory Agreement.



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## BUSINESS EXIT PLANNING FEES

Our fees for Business Exit Planning will be based upon the complexity of the service provided and agreed upon, in writing, prior to undertaking the business planning service.

Business Exit Planning fees are generally billed at 50% of the overall engagement retainer upon execution of the engagement. Any advance payment collected will never be more than six months in advance. Balance will be due as work is performed. Where outside consultants are engaged, Payne Wealth Partners will provide information in advance on the anticipated fees for their services, to the best of our ability.

## PENSION CONSULTING FEES

Our fees for Pension Consulting Services are based on a percentage of assets under advisement, according to the following schedule:

PENSION CONSULTING FEES	
Assets Under Management	Annual Fee
First \$1 Million	.50%
Next \$4 Million	.35%
Next \$5 Million	.25%
Next \$10 Million	.20%
Over \$20 Million	.15%

We charge a minimum fee for Pension Consulting Services which generally ranges from \$8,000.00 to \$20,000.00 on an annualized basis depending on the services requested and the size of the plan.

Plan sponsors are invoiced in arrears at the end of each calendar quarter.

## SELECTION and MONITORING of THIRD-PARTY MONEY MANAGERS FEES

Payne Wealth Partners, Inc.'s fee for this service does not include the independent investment adviser's fee for that entity's advisory/management services. The independent investment adviser's management fee is disclosed in the independent investment adviser's Firm Brochure or other disclosure document.

Our annual fee for the Manager Selection Program is included as part of the WEALTH PLANNING AND INVESTMENT ADVISORY SERVICES FEE shown above.

## FEE RETAINER

Upon executing an Investment Advisory and Wealth Planning Services Agreement with the client, we may request a retainer of \$5,000.00 (five thousand dollars). This retainer shall be offset against fees as outlined under WEALTH PLANNING AND INVESTMENT ADVISORY SERVICE FEE, shown above. Any advance payment collected will never be more than 6 months in advance.

If the Client executes transfer documents to transfer \$1,000,000 (one million dollars) or more of Portfolio Assets to accounts managed by Advisor or if Advisor is presently managing \$1,000,000 (one million dollars) or more of Portfolio Assets for the Client, then such retainer shall not be required.

## NEGOTIABILITY

**Limited Negotiability of Fees:** Although Payne Wealth Partners, Inc. has established the aforementioned fee schedule(s); we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule will be identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.



## PAYNE WEALTH PARTNERS, INC.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

### GENERAL INFORMATION

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice to our principal office. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period. Clients who terminate the agreement within 5 days of signing, do so at no cost.

***Mutual Fund and Exchange Traded Fund (ETF) Fees:*** All fees paid to Payne Wealth Partners, Inc. for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or exchange traded funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Wrap Fee Programs and Separately Managed Account Fees:*** Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

***Grandfathering of Minimum Account Requirements:*** Pre-existing advisory clients are subject to Payne Wealth Partners, Inc.'s minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

***ERISA Accounts:*** Payne Wealth Partners, Inc. is deemed to be a fiduciary to advisory clients that are employee benefit plans pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Payne Wealth Partners, Inc. charges only fees for investment advisory services and does not receive any commissions or 12b-1 fees.

***Advisory Fees in General:*** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

***Limited Prepayment of Fees:*** Under no circumstances do we require or solicit payment of fees in excess of six months in advance of services rendered.

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

Payne Wealth Partners, Inc. does not charge performance-based fees.

# PAYNE WEALTH PARTNERS, INC.

## Item 7. Types of Clients

Payne Wealth Partners, Inc. provides advisory services to the following types of clients:

- High net worth individuals and families
- Individuals (other than high net worth individuals)
- Pension and profit sharing plans (other than plan participants)
- Charitable organizations
- Corporations or other businesses not listed above

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

### METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Asset Allocation.** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of equities, fixed income, alternative investments and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of equities, fixed income, alternative investments and cash will change over time due to market movements and, if not corrected, will no longer be appropriate for the client's goals (note that we do periodically rebalance client portfolios to the Investment Policy Statement allocations).

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

**Mutual Fund and/or Exchange Traded Fund (ETF) Analysis.** We look at the investment philosophy, experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy. Additionally, as part of our due diligence process we review and monitor internal fund expenses to ensure that they are not excessive.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Third-Party Money Manager Analysis.** We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our

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clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

**Fundamental Analysis.** We attempt to measure the intrinsic value of a client's portfolio by looking at economic and financial factors (including the overall economy, as well as industry conditions) to determine if portfolio holdings are in-line with the client's objectives and risk tolerance. Our firm's main source of information includes research material prepared by others.

A risk in utilizing this type of analysis is that our subjective judgment cannot guarantee market performance.

**Technical Analysis.** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases.** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

### Item 9. Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

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

## PAYNE WEALTH PARTNERS, INC.

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Payne Wealth Partners, Inc. and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports for Payne Wealth Partners employees as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition by a Payne Wealth Partners employee of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Payne Wealth Partners, Inc.'s Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to our Chief Compliance Officer, Kelly L. Mitchell at [klmitchell@paynewealthpartners.com](mailto:klmitchell@paynewealthpartners.com), or by calling us at 812-477-6221.

Payne Wealth Partners, Inc. and individuals associated with our firm are prohibited from engaging in principal transactions, meaning we will not sell securities we own to you and we will not buy securities from you to hold in our own account

Payne Wealth Partners, Inc. and individuals associated with our firm are prohibited from engaging in agency cross transactions, meaning we will not serve as middleman to buy a security from you and immediately resell that security to another of our clients (or the reverse)

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

### Item 12. Brokerage Practices

Our firm recommends that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Payne Wealth Partners, Inc. is independently owned and operated and not affiliated with Schwab.

Schwab provides Payne Wealth Partners, Inc. with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions).

Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

## PAYNE WEALTH PARTNERS, INC.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to our firm other products and services that benefit Payne Wealth Partners, Inc. but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that:

- i. provide access to client account data (such as trade confirmations and account statements);
- ii. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- iii. provide research, pricing and other market data;
- iv. facilitate payment of our fees from clients' accounts; and
- v. assist with back-office functions, recordkeeping and client reporting.

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services may include:

- i. compliance, legal and business consulting;
- ii. publications and conferences on practice management and business succession; and
- iii. access to employee benefits providers, human capital consultants and insurance providers.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Payne Wealth Partners, Inc. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm.

Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

As a matter of policy and practice, our firm does not generally utilize block client trades (meaning combine many different trades into one for the same security) and, therefore, we implement client transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, our clients may not receive volume discounts available to advisers who block client trades.

### Item 13. Review of Accounts

#### INVESTMENT ADVISORY SERVICES

**Reviews:** While the underlying securities within Investment Advisory Services accounts are continually monitored, these accounts are also reviewed for a variety of reasons including (1) significant moves in the equity or credit markets, (2) addition or withdrawal of funds by a client, (3) change in client investment objective or circumstances, or (4) monthly meeting of Investment Committee. At the monthly meeting of the Investment Committee, which is chaired by Chad A. Sander the firm's Director of Investments, there is a review of broad market and economic conditions, the allocations of each of the firm's model portfolios and the key funds that are used as primary tools of portfolio construction. Payne Wealth Partners uses software to identify any client portfolios that have significant variance from their assigned model portfolio, and such variance is then addressed.



## PAYNE WEALTH PARTNERS, INC.

Client accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

Client accounts are reviewed by: Chad A. Sander, Director of Investments and by T. Taylor Payne, Investment Manager.

**Reports:** In addition to the monthly statements and confirmations of transactions that Investment Advisory Services clients receive from their broker-dealer, client investment reporting is available via a secure Payne Wealth Partners website, with daily updates.

Additionally, shortly after each quarter-end a formal performance report is posted to the website with comparisons of actual to model portfolio allocations and comparisons of actual performance to benchmark indexes for performance of each portfolio "segment" and for the overall portfolio.

### PENSION CONSULTING SERVICES

**Reviews:** Payne Wealth Partners, Inc. will review the client's Investment Policy Statement (IPS) whenever the client advises us of a change in circumstances regarding the needs of the plan. Payne Wealth Partners, Inc. will also review the investment options of the plan according to the agreed upon time intervals established in the IPS. Such reviews will generally occur quarterly.

These accounts are reviewed by: Chad A. Sander, Director of Investments and by T. Taylor Payne, Investment Manager.

**Reports:** We will provide reports to Pension Consulting Services clients based on the terms set forth in the client's Investment Policy Statement (IPS).

### SELECTION and MONITORING of THIRD-PARTY MONEY MANAGERS

**Reviews:** These client accounts should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reviews provided by that independent registered investment adviser.

Payne Wealth Partners, Inc. will provide reviews of Third-Party Money Managers in the same fashion as described under Investment Advisory Services reviews described above.

These accounts are reviewed by: Chad A. Sander, Director of Investments and by T. Taylor Payne, Investment Manager.

**Reports:** These clients should refer to the third party money manager's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reports provided by that third party money manager.

Payne Wealth Partners, Inc. will provide these clients' with reports as part of the reporting described under Investment Advisory Services above, but does not provide specific reports regarding policies of the third party money managers.

## Item 14. Client Referrals and Other Compensation

### CLIENT REFERRALS

In prior years, our firm paid referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we paid a referral fee, we required the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

## **PAYNE WEALTH PARTNERS, INC.**

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

Payne Wealth Partners has not used the services of such above described "Solicitors" since September 2006, however we do still make payments to Solicitors for certain business introduced to our firm in 2006 and prior.

### **Item 15. Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

Our firm does not have actual or constructive custody of client accounts.

### **Item 16. Investment Discretion**

Clients may hire us to provide discretionary Investment Advisory Services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

Even though we have discretionary authority, we are still required to invest client assets in a manner consistent with the written Investment Policy Statement.

### **Item 17. Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

### **Item 18. Financial Information**

Payne Wealth Partners, Inc. has no financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Payne Wealth Partners, Inc. has never been the subject of a bankruptcy petition.