

# Form ADV Part 2A Brochure

Bukaty Companies O'Renck Wealth Management  
(Wealth Management Division)

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September 7, 2012

This Brochure provides information about the qualifications and business practices of Bukaty Companies O'Renck Wealth Management (BCOWM). If you have any questions about the contents of this Brochure, please contact us at 913-338-5300. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

BCOWM is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information from which you can determine whether to hire or retain an adviser.

Additional information about BCOWM is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This Brochure, dated September 7, 2012, represents an update to Bukaty Companies O’Renick Wealth Management’s previously published annual update Brochure for the Wealth Management Division.

Since the filing of the firm’s last annual update Brochure for the Wealth Management Division on March 31, 2012, we have made various minor updates and other changes to the Brochure.

Throughout the Brochure, we have updated our phone number to (913) 338-5300.

In Item 5 (Services and Fees), detail was added related to the use of the FTJ FundChoice platform, a mutual fund asset allocation platform used primarily for smaller accounts. In addition, detail was added related to referrals to certain third party managers and solicitation fees associated with such referrals.

No other material changes were made to the Brochure.

Pursuant to SEC Rules, we will deliver to you a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. All such information will be provided to you free of charge.

Currently, our Brochure may be requested by contacting us at (913) 338-5300.

Additional information about BCOWM is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with BCOWM who are registered as investment adviser representatives of the firm.

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#### **Item 4 – Advisory Business**

Bukaty Companies O'Renck Wealth Management (CRD # 106766) (BCOWM) is registered as an investment adviser with the United States Securities and Exchange Commission. BCOWM is based in and organized as a corporation under the laws of the State of Missouri and the United States of America. The firm has been in business since 1968 and currently has approximately 20 affiliated employees.

BCOWM's principal office and place of business is located at 11221 Roe Avenue, Suite 200, Leawood, Kansas 66211. Regular business hours are from 8:00am to 5:00pm Central Time Monday through Friday. The firm can be contacted by phone at (913) 338-5300 and by fax at (913) 345-2608. (Our Retirement Plan Services division also has a satellite office in Spokane, WA, and in Greenwood Village, CO, a suburb of Denver, CO.)

Kenneth M. O'Renck is a co-owner of the firm and currently serves as President. Michael J. Bukaty is a co-owner of the firm but is not an active participant in the daily management of the firm. Vincent L. Morris is a Vice President and the firm's Chief Compliance Officer.

BCOWM is as an independent, fee-only service provider which focuses on financial security and the accumulation of wealth for individual and institutional clients. The firm provides investment management services, investment advisory services, financial planning services, retirement plan consulting, and other investment consulting services.

BCOWM provides investment management services on either a discretionary or non-discretionary basis depending on the clients' preference. We manage portfolio assets of our clients by providing continuous investment advice, monitoring investments, and rendering reports on the portfolio. When providing discretionary management services, we have the authority to execute transactions without the clients consent. However, transactions executed are consistent with the clients' investment profile and objectives. In non-discretionary relationships, we recommend investments to clients, and the client chooses whether to approve the transactions recommended.

As of December 31, 2011, BCOWM managed approximately \$1,197,200,000 in assets, of which \$201,400,000 was managed on a discretionary basis and \$995,800,000 was managed on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

### **Investment Management Services**

BCOWM generally charges asset based fees for investment management services. New clients are typically charged according to the following standard fee schedule. However, existing clients may be charged according to previously published fee schedules. Fees may also be negotiable under certain circumstances.

<u>Assets Managed</u>	<u>Annual Fee %</u>
First \$1,000,000	2.00%
Second \$1,000,000	1.00%
Assets Over \$2,000,000	0.75%

Clients are generally charged quarterly in advance based on the prior quarter's ending balance on a graduated basis and have the option of paying by check or by having the fee deducted from the account.

In addition to the portfolio management fee, we may charge an account activation fee when a client enters into a portfolio management agreement with us, but we will give notice before applying such a fee. For a client originating a new investment account, we may charge an origination fee of 0.75% of the amount of the portfolio. For a client transferring an investment account, we may charge a transfer fee of 1.50% of the amount of the portfolio. Our combined fees however including our management fee are subject to a maximum of 3%.

Clients may terminate an investment management agreement upon 30 days' prior written notice. Any unearned management fees paid in advance will be prorated and refunded. Account activation fees are non-refundable once the account agreement is effective.

All fees paid to BCOWM for investment management services are separate from other fees clients may incur, such as transaction fees, custodial fees, third party administrative fees, and fees and expenses charged by mutual funds to their shareholders. Transaction fees and custodial fees are addressed in Item 12 below. Mutual fund fees, which could include management fees, other fund expenses, and possible distribution fees, are described in each fund's prospectus.

In instances where we are managing investments for which BCOWM, or an affiliated individual, has previously earned a commission, BCOWM will generally delay charging an investment management fee depending on the circumstances.

In certain situations, we may refer clients to other discretionary third party managers or other separately managed accounts (SMA's) as a supplement to a given investment strategy. This may occur in instances where utilizing individual stocks or other specialized asset classes is desired. Clients enter into contracts with third party managers that are separate and distinct from the clients' contracts with us. In certain accounts the client pays us one management fee based on our fee schedule, and from that amount we remit a certain portion of the fee to the applicable third party manager according to the particular facts and circumstances of each agreement and client. In other accounts, BCOWM and the applicable third party manager charge separate management fees.

In other situations, we may recommend the use of the FTJ FundChoice platform, a mutual fund asset allocation platform used primarily for smaller accounts. Clients with FTJ FundChoice accounts enter into services agreements with FTJ FundChoice in addition to their advisory agreement with BCOWM, and pay an administrative fee to FTJ along with a reduced BCOWM management fee.

Although BCOWM does not earn or accept compensation for the sales of securities or other investment products (such as asset based sales charges or service fees from the sale of mutual funds), the firm or its representatives may in limited instances receive solicitation fees related to use of certain investment managers. The receipt of these solicitation fees of course may create an incentive for a representative to recommend that you retain certain managers based on our interests rather than yours, which is a potential conflict of interest. However, if such a manager is retained, no advisory fee will be charged by BCOWM, and a disclosure related to the solicitation arrangement will be provided. Moreover, our clients are under no obligation to accept and act upon recommendations made by our associated persons. We believe, however, that our recommendations are in the best interests of our clients, and are consistent with our clients' needs.

### **Financial Planning**

BCOWM may provide its clients with separate financial planning services. The fee we charge may be a fixed fee, an hourly rate, or some combination of the two. The hourly rate is generally \$200 per hour but may be negotiable depending on the situation. Prior to engaging us to provide financial planning services, the client will be required to enter into a

Financial Planning Agreement setting forth the terms and conditions of the engagement. Payment is generally due in arrears within 30 days of completion of services provided.

### **Investment Advisory Services/Consulting**

BCOWM may provide investment advice and other general consulting to individuals desiring one time or ongoing advice rather than continuous investment management services. The fee we charge depends on the situation and is negotiable. The fee may be a fixed fee, an hourly rate, or some combination of the two, but is based on an hourly rate of \$200 per hour. Prior to engaging us to provide consultation services, the client will be required to enter into a Consulting Agreement setting forth the terms and conditions of the engagement. Payment is generally due in arrears within 30 days of completion of services provided.

### **Item 6 – Performance-Based Fees and Side-By-Side Management**

BCOWM does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client), and consequently does not simultaneously manage performance based and non performance based accounts.

### **Item 7 – Types of Clients**

BCOWM provides portfolio management and advisory services to individuals, trusts, estates, endowments, foundations, charitable organizations, retirement plans and business entities.

The minimum account size is generally \$100,000 and is subject to waiver in certain limited circumstances.

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

BCOWM's general investment strategy, consistent with the tenets of modern portfolio theory, is to attempt to reduce risk and volatility by building globally diversified portfolios.

To implement this strategy, we typically recommend the use of no-load mutual funds, exchange traded funds (ETF's), individual bonds and government securities, but may also make recommendations related to individual stocks or other types of securities. In certain circumstances, we may also recommend using separate managed accounts (SMA's) or the FTJ FundChoice mutual fund platform.

Using our custodian's platform and other research sources, we conduct our own research and perform our own due diligence in order to identify and evaluate managers who we feel would be appropriate to represent various asset classes and investment styles in our portfolio models. We then assist the client in developing an investment mix that matches their needs. For some accounts however, we may also utilize model portfolios which have been constructed by outside managers.

Of course, investing in securities involves risk of loss that clients should be prepared to bear. These risks include market risk, interest rate risk, currency risk, and political risk, among others. No investment strategy, nor the use of a third party manager, can assure a profit or avoid a loss.

#### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of the firm or the integrity of its management. BCOWM is currently not subject to, nor has ever been subject to, any legal or disciplinary events of a material nature.

#### **Item 10 – Other Financial Industry Activities and Affiliations**

BCOWM also provides retirement plan services under the business name "Bukaty Companies Retirement Plan Services," as mentioned above in Item 4.

Some employees of BCOWM are also Registered Representatives of LPL Financial, Inc. (LPL), a FINRA registered securities broker-dealer. When acting in this capacity, these individuals may make securities transactions for individuals and entities who may also be clients of BCOWM.



If securities transactions are made, these individuals may receive the customary commissions paid in connection with the securities transactions made. Such commissions will be paid directly to the individual by LPL.

The receipt of commissions from these transactions of course may create an incentive to recommend that you purchase certain securities based on our interests rather than yours, which is a potential conflict of interest. However, if such a transaction is done, a disclosure related to the activity will be provided. Moreover, our clients are under no obligation to purchase products recommended by our associated persons or to purchase products through our associated persons. We believe, however, that our recommendations are in the best interests of our clients, and are consistent with our clients' needs.

Some employees also provide insurance product through either the O'Renck Companies, Inc. (OCI) or through Bukaty Companies, both of which share some common ownership with BCOWM. In this capacity, these employees may recommend insurance products, and receive transaction compensation if products are purchased. Thus, a conflict of interest may exist between the interests of the employee and those of the clients. However, clients are under no obligation to act upon any insurance recommendations or to make any insurance transactions.

## **Item 11 – Code of Ethics**

### **Code of Ethics**

BCOWM has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. BCOWM's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients, and details practices for reviewing the personal securities transactions of supervised persons with access to client information. The Code also requires compliance with applicable securities laws, addresses insider trading, and details possible disciplinary measures for violations. BCOWM will provide a complete copy of its Code of Ethics to any client upon request to the Chief Compliance Officer.

### **Trading Conflicts of Interest**

Individuals associated with BCOWM are permitted to buy or sell securities for their personal accounts identical to or different than those recommended to clients. However, no person employed by BCOWM is allowed to favor his or her own interest over that of a client or make personal investment decisions based on the investment decisions of advisory

clients.

In order to address potential conflicts of interest, BCOWM requires that associated persons with access to advisory recommendations provide annual securities holdings reports and quarterly transaction reports to the firm's Chief Compliance Officer. BCOWM also requires prior approval from the Chief Compliance Officer for investing in any IPOs or private placements (limited offerings).

## **Item 12 – Brokerage Practices**

### ***The Custodians and Brokers We Use***

BCOWM does not maintain custody of client assets. Instead, we require all client assets be maintained in an account at a non affiliated “qualified custodian,” generally a broker-dealer or bank. The qualified custodian we generally use is Charles Schwab & Co., Inc., a registered broker-dealer and member of the Financial Services Regulatory Authority (FINRA), and an SEC registered investment adviser. However, for assets of accounts invested under our FTJ FundChoice platform, Huntington National Bank serves as custodian.

In instances where we are not serving in an advisory capacity, we may also use LPL Financial, Inc. (LPL), a registered broker-dealer and member of FINRA, as a broker and or custodian. As mentioned above, some of our investment advisor representatives are affiliated with LPL and may recommend securities or insurance products offered by LPL, and in return receive normal commissions if products are purchased through them. Thus, in these instances, a conflict of interest may exist between the interests of the associated persons and those of our advisory clients. However, clients are under no obligation to purchase products recommended by these associated persons or to purchase products either through these associated persons or LPL.

While we may recommend that you use a particular custodian or broker, you will ultimately decide whether to do so and will open your account by entering into an account agreement directly with them. We do not actually open accounts for you, although we can assist you in doing so.

## ***How We Select Custodians and Brokers***

In determining whether to associate with a custodian or broker for our advisory client accounts, we consider many different factors including quality of service, types of services offered, overall capability, execution quality, competitiveness of transaction costs, availability of investment research, reputation and stability of the firm, and their financial resources, and stability, among other things. In determining the reasonableness of a broker's compensation, we consider the overall cost to you relative to the benefits you receive, both directly and indirectly, from the broker.

Additionally, under the rules and regulations of FINRA, LPL has obligations to maintain records and perform other functions regarding certain aspects of our investment advisory activities, which require LPL to be able to coordinate with, and have the cooperation of the account custodian. This need for coordination is also a factor that is given consideration.

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

Our clients receive various services directly from our custodians and our brokers. For our clients' accounts that they maintain, our primary custodian and our brokers generally do not charge separately for custody services, although accounts invested under the FTJ FundChoice platform may be charged an administrative fee. These FTJ FundChoice platform accounts do not however incur trading costs.

Our primary custodian is compensated by charging commissions or other fees on trades that they execute or trades that are executed by other brokers to and from our client accounts. Fees applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a certain level of assets at our custodian. We feel this commitment benefits you because the overall rates you pay may be lower than they might be otherwise.

Since our primary custodian charges you a fee for each trade that we have executed by a different broker-dealer, we have them execute most trades for your account in order to minimize your trading costs.

We feel that having our custodians or broker execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means seeking the most favorable terms for a transaction based on all relevant factors, including those listed above.

### Products and Services Available to Us From Brokers/Custodians

Our custodians and our brokers provide us and our clients with access to institutional brokerage services like trading, custody, reporting, and related services, many of which may not be typically available to retail customers. Our custodians and brokers may also make available various support services, some of which may help us manage or administer our clients' accounts, while others may help us manage and grow our business.

Our custodians' and brokers' institutional brokerage services which benefit you directly may include access to a broad range of investment products, execution of securities transactions, and asset custody. The investment products available through them include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients.

Our primary custodian also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both our custodian's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at our primary custodian. In addition to investment research, our custodian also makes available software and other technology that provide access to client account data, facilitates trade execution for multiple client accounts, provides pricing and other market data, facilitates payment of our fees from our clients' accounts, and assists with back-office functions, recordkeeping, and client reporting.

Our primary custodian and brokers also offer other services intended to help us manage and further develop our business. These services include educational conferences and events, consulting on technology, compliance, legal, and business needs, publications and conferences on practice management and business succession, and access to employee benefits providers, human capital consultants, and insurance providers.

The availability of these services from our custodians and brokers benefits us because we do not have to produce or purchase them. Of course, this may give us an incentive to recommend that you maintain your account with one of them based on our interests rather than yours, which is a potential conflict of interest. We believe, however, that our selection of our custodians and our brokers is in the best interests of our clients, and is primarily supported by the scope, quality, and price of their services that benefit you and not the services that benefit only us.

## **Item 13 – Review of Accounts**

### Review of Accounts

Managed accounts are supervised on an ongoing basis by the BCOWM Investment Committee. In addition, BCOWM conducts a formal quarterly review for each account, which includes investments, performance returns, portfolio objectives and transactions. Additional client reviews may be triggered by a specific client request, or by a change in market or economic conditions.

Reviews for other advisory or consulting relationships vary depending on the scope of the relationship, and are determined contractually.

All clients are advised that it remains their responsibility to advise of any changes in their investment objectives and or financial situation.

### Reports Provided to Clients

BCOWM will provide quarterly written reports to clients and other special reports as requested. The written quarterly reports generally include a Performance Review, Portfolio Allocation Chart, Portfolio Statement, Position Performance Summary, Transaction Ledger, Portfolio Management Invoice, and a newsletter. Other reports may be provided upon request. Additional investment information may also be included in the reports.

## **Item 14 – Client Referrals and Other Compensation**

BCOWM receives economic benefits from our custodians in the form of the support products and services that are made available to us and to other independent investment advisors. These products and services, how they benefit us, and the related conflicts of interest are described in Item 12 above. The availability to us of our custodian's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

BCOWM may also pay individuals or other professional entities to refer clients to us via a Solicitor's Agreement. Such agreements are structured to be in compliance with applicable securities laws. Each client is provided a disclosure statement prior to or at the time of

entering into any advisory contract which describe the specific compensation arrangement. The advisory fee charged to clients will not increase as a result of the referral arrangement.

### **Item 15 – Custody**

As mentioned above, we do not hold client assets but instead require that they be held by a third party “qualified custodian.” We may, however have limited control in some instances to trade on your behalf, to deduct our advisory fees from your account with your authorization, or to request disbursement to you.

You will receive account statements directly from your custodian at least quarterly, which will be sent to the email or postal mailing address you provided. We urge you to carefully review these custodial statements when you receive them and to compare them to reports you receive from us.

### **Item 16 – Investment Discretion**

BCOWM will accept discretionary authority to manage securities accounts on behalf of clients, although BCOWM will also accept non discretionary accounts.

When granted authority to manage accounts, BCOWM customarily has the authority to determine which securities and the amounts that are bought or sold, when they are to be bought or sold, etc., without prior consultation with the client. Any discretionary authority accepted by BCOWM however is subject to the client’s risk profile and investment objectives, and may be limited by any other limitations provided by the client in writing.

BCOWM will not exercise any discretionary authority until it has been given authority to do so in writing. Such authority is granted in the written agreement between BCOWM and the client, and in the written agreement with the third party custodian.

### **Item 17 – Voting Client Securities**

BCOWM does not vote proxies on behalf of clients. We may provide advice and answer questions related to the proxies, but the ultimate decisions on how to vote proxies are left to the client.

## **Item 18 – Financial Information**

Registered investment advisers are required in some cases to provide certain financial information and or disclosures about financial condition. For example, if the firm requires prepayment of fees for six months in advance, has custody of client funds, or has a condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients, it must make provide financial information and make disclosures.

BCOWM has no financial or operating conditions which trigger such additional reporting requirements.