

## **Item 1. Cover Page**

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

#### **Pinnacle Wealth Planning Services, Inc.**

6 W. 3rd Street, Suite 100  
Mansfield, Ohio 44902

Telephone: 419-526-5226  
Email: [jennifersh@lpininnacle.com](mailto:jennifersh@lpininnacle.com)  
Web Address: [www.pinnacleadvisors.com](http://www.pinnacleadvisors.com)

07/05/2012



This brochure provides information about the qualifications and business practices of Pinnacle Wealth Planning Services, Inc. If you have any questions about the contents of this brochure, please contact Jennifer Henderson, Chief Compliance Officer at 419-526-5226 or [jennifersh@lpininnacle.com](mailto:jennifersh@lpininnacle.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 Pinnacle 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 106817.

## **Item 2 Material Changes**

Pinnacle Wealth Planning Services, Inc. has decided to add discretionary asset management to the services available to our clients. Please refer to the information provided in Item 16 of this brochure.

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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## Item 4 Advisory Business

Pinnacle Wealth Planning Services, Inc. ("Pinnacle") is a SEC-registered investment adviser who began conducting business in 1998. Our firm's is headquartered in Mansfield, Ohio with additional offices in Medina, Columbus and Cleveland. Pinnacle is a family owned corporation currently serving the wealth management needs of clients in 25 states.

Pinnacle offers several advisory services to our clients. Our firm requires that individual clients utilize our financial planning service in order to utilize our other advisory services so that we will have the information needed in order to make well informed decisions in the best interest of our clients. Pinnacle bundles financial planning with investment advisory and quarterback services to form our Wealth Management Services. However, each service is described and disclosed individually within this document.

- Financial Planning
- Investment Advisory Services
- Pension Consulting Services
- Selection and Monitoring of Third-Party Money Managers
- Quarterback Administration Service

### AMOUNT OF MANAGED ASSETS

As of 6/30/2012, we were actively managing \$459,699,609 of total client's assets. \$339,347,183 of client's assets are managed on a discretionary basis and \$120,352,426 of clients' assets are managed on a non-discretionary basis.

### FINANCIAL PLANNING

We provide financial planning services. Financial 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 financial 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. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives. In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.

- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, disability and long-term care.
- **RETIREMENT:** We analyze current strategies and investment plans 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, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney and asset protection plans.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns 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, insurance agent, and/or stockbroker. We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

Implementation of financial plan recommendations is entirely at the client's discretion. Typically the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

### **INVESTMENT ADVISORY SERVICES: INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We offer management of these advisory accounts on both a discretionary and a non-discretionary basis. 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. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. 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: Equity securities, corporate debt, commercial paper, certificates of deposit, municipal securities, United States government securities, interests in partnerships in real estate and oil and gas interests.

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.

### **INVESTMENT ADVISORY SERVICES: Retirement Plan Consulting Services**

Pinnacle offers retirement plan consulting services to retirement plan sponsors and to individual participants in retirement plans. For a corporate sponsor of a retirement plan, our retirement plan consulting services can include, but are not limited to, the following services:

#### Fiduciary Consulting Services

Pinnacle provides the following Fiduciary Retirement Plan Consulting Services:

- Assist the Client in the development of an investment policy statement (IPS). The IPS establishes the investment policies and objectives for the Plan. Client shall have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the investment policy statement.
- Provide non-discretionary investment advice to the Client about asset classes and investment alternatives available for the Plan in accordance with the Plan's investment policies and objectives. Client shall have the final decision-making authority regarding the initial selection, retention, removal and addition of investment options.
- Assist the Client with the selection of a broad range of investment options consistent with ERISA section 404(c) and the regulations thereunder.
- Assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformance to the guidelines set forth in the IPS and make recommendations to maintain or remove and replace investment options.
- Meet with Client on a periodic basis to discuss the reports and the investment recommendations.

- Provide non-discretionary investment advice to the Plan Sponsor with respect to the selection of a qualified default investment alternative (“QDIA”) for participants who are automatically enrolled in the Plan or who otherwise fail to make an investment election. The Client retains the sole responsibility to provide all notices to participants required under ERISA section 404(c)(5).

Pinnacle acknowledges that in performing the Fiduciary Consulting Services listed above that it is acting as a “fiduciary” as such term is defined under Section 3(21)(A)(ii) of Employee Retirement Income Security Act of 1974 (“ERISA”) for purposes of providing non-discretionary investment advice only. Pinnacle will act in a manner consistent with the requirements of a fiduciary under ERISA if, based upon the facts and circumstances, such services cause Pinnacle to be a fiduciary as a matter of law. However, in providing the Fiduciary Consulting Services, Pinnacle (a) has no responsibility and will not (i) exercise any discretionary authority or discretionary control respecting management of Client’s retirement plan, (ii) exercise any authority or control respecting management or disposition of assets of Client’s retirement plan, or (iii) have any discretionary authority or discretionary responsibility in the administration of Client’s retirement plan or the interpretation of Client’s retirement plan documents, (b) is not an “investment manager” as defined in Section 3(38) of ERISA and does not have the power to manage, acquire or dispose of any plan assets, and (c) is not the “Administrator” of Client’s retirement plan as defined in ERISA.

#### Non-Fiduciary Services

Pinnacle provides clients with the following Non-Fiduciary Retirement Plan Consulting Services:

- Assist in the education of the participants in the Plan about general investment principles and the investment alternatives available under the Plan. Client understands that Adviser’s assistance in participant investment education shall be consistent with and within the scope of (d) (i.e., the definition of investment education) of Department of Labor Interpretive Bulletin 96-1. As such, the Adviser is not providing fiduciary advice (as defined in ERISA) to the participants. Adviser will not provide investment advice concerning the prudence of any investment option or combination of investment options for a particular participant or beneficiary under the Plan.
- Assist in the group enrollment meetings designed to increase retirement plan participation among employees and investment and financial understanding by the employees.

Although an investment adviser is considered a fiduciary under the Investment Advisers Act of 1940 and required to meet the fiduciary duties as defined by the Advisers Act, the services listed here as non-fiduciary should not be considered fiduciary services for the purposes of ERISA since Advisor is not acting as a fiduciary to the Plan as the term “fiduciary” is defined in Section 3(21)(A)(ii) of ERISA.

The exact suite of services provided to a client will be listed and detailed in the Qualified Retirement Plan Consulting Agreement.

All recommendations of investment options and portfolios will be submitted to the client for the client's ultimate approval or rejection. Therefore, it is always the client's responsibility to accept investment recommendations of Pinnacle and then physically make changes to the plan itself.

In the event a client contracts with Pinnacle for one-on-one consulting services with plan participants, such services are consultative in nature and do not involve Pinnacle implementing recommendations in individual participant accounts. It will be the responsibility of each participant to implement changes in the participant's individual accounts.

Retirement plan consulting services are not management services, and Pinnacle does not serve as administrator or trustee of the plan. Pinnacle does not act as custodian for any client account or have access to client funds or securities (with the exception of, some accounts, having written authorization from the client to deduct our fees). In addition, we do not implement any transactions in a retirement plan or participant's account. For retirement plan consulting services, the retirement plan or the plan participant who elects to implement any recommendations made by us is solely responsible for implementing all transactions.

Pinnacle will disclose, to the extent required by ERISA Regulation Section 2550.408b-2(c), to you any change to the information that we are required to disclose under ERISA Regulation Section 2550.408b-2(c)(1)(iv) as soon as practicable, but no later than sixty (60) days from the date on which we are informed of the change (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable).

In accordance with ERISA Regulation Section 2550.408b-2(c)(vi)(A), we will disclose within thirty (30) days following receipt of a written request from the responsible plan fiduciary or Plan Administrator (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable) all information related to the Qualified Retirement Plan Consulting Agreement and any compensation or fees received in connection with the Agreement that is required for the Plan to comply with the reporting and disclosure requirements of Title 1 of ERISA and the regulations, forms and schedules issued thereunder.

If we make an unintentional error or omission in disclosing the information required under ERISA Regulation Section 2550.408b-2(c)(1)(iv) or (vi), we will disclose to you the correct information as soon as practicable, but no later than thirty (30) days from the date on which we learns of such error or omission.



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

We also offer advisory management services to our clients through our Selection and Monitoring of Third-Party Money Managers.

Our firm provides the client with an asset allocation strategy developed through personal discussions in which goals and objectives based on the client's particular circumstances are established. This asset allocation strategy is drafted into the client's Personal Investment Policy Statement ("PIPS").

Based on the client's individual circumstances and needs (as exhibited in the client's PIPS) 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.

Our firm monitors the performance of the selected registered investment adviser(s). If we determine that a particular selected registered 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 PIPS, 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.

## **QUARTERBACK ADMINISTRATION SERVICE**

We provide Quarterback Administration Service as part of our Wealth Management Services. This service provides the administration and coordination of the investment and planning services in coordination with the client's other professional advisors.

## **Item 5 Fees and Compensation**

### **FINANCIAL PLANNING FEES**

For Wealth Management Program clients, Pinnacle's Financial Planning fee is determined based on the level of Wealth Management Service chosen due to the complexity of each client's circumstances. The annual planning fee ranges from \$2,000 to \$4,000. The client is billed quarterly in arrears based on a fixed quarterly fee.

For non-Wealth Management Program clients, Pinnacle's one-time Financial Planning fees range from \$2,000 to \$6,000, depending on the specific arrangement reached with the client. The client is billed ½ of the agreed upon fee upon contract signing and the remaining ½ of the fee upon completion of the financial plan.

### **INVESTMENT ADVISORY SERVICES: Individual Portfolio Management & Third Party Money Manager Fees**

The annualized fee for Investment Advisory and Third-party Money Manager Services are charged as a percentage of assets under management, according to the following tiered schedule:

- 100 Basis Points on first \$1,000,000
- 90 Basis Points on monies exceeding \$ 1,000,000 up to \$2,000,000
- 80 Basis Points on monies exceeding \$ 2,000,000 up to \$3,000,000
- 70 Basis Points on monies exceeding \$ 3,000,000 up to \$4,000,000
- 60 Basis Points on monies exceeding \$ 4,000,000 up to \$5,000,000
- 40 Basis Points on monies exceeding \$ 5,000,000 up to \$10,000,000
- 30 Basis Points on monies exceeding \$10,000,000 and above

Individual clients are required to be a part of our firm's Wealth Management program in order for our firm to provide this service. Our client's are required to pay a minimum annual fee according to the Wealth Management Program agreed upon in their contract. This minimum annual fee can be met by adding all of fees paid for investment advisory services plus financial planning plus quarterback service:

- Lifetime Wealth Management Service = \$5,000 minimum annual fee
- Enhanced Wealth Management Service = \$10,000 minimum annual fee
- Comprehensive Wealth Management Service = \$20,000 minimum annual fee

This minimum annual fee may be negotiable or waived under certain circumstances. Pinnacle Wealth Planning Services, Inc. may group certain related client accounts for the purposes of achieving the minimum annualized fee.

## **INVESTMENT ADVISORY SERVICES: Retirement Plan Consulting Services**

For retirement plan sponsors, the Plan will be charged the following annual fee based upon the amount of Plan assets:

<u>Included Plan Assets</u>	<u>Annual Non-Discretionary Fee</u>
\$0 - \$1,000,000	100 basis points (or 1%)
\$1,000,000 - \$3,000,000	75 basis points (or 0.75%)
\$3,000,000 - \$5,000,000	65 basis points (or 0.65%)
\$5,000,000 and above	55 basis points (or 0.55%)

This fee is negotiable based upon the complexity of the plan, the size of the plan assets, the actual services requested and the potential for additional deposits.

For retirement plan sponsors fees are billed in arrears (at the end of the billing period) on a quarterly calendar basis and calculated based on the fair market value of your account as of the last business day of the previous billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period.

Clients can elect to have the fee deducted from their account or billed directly and due upon receipt of the billing notice. If clients elect to have the fee automatically deducted from an existing account, they are required to provide the custodian with written authorization to deduct the fees from the account and pay the fees to Pinnacle. We will provide the custodian with a fee notification statement.

Either party may terminate the services upon providing the other party providing with written notice of termination effective upon 30 after the other party receives such notice. If services are terminated within five business days of signing the client agreement, services are terminated without penalty. Any prepaid but unearned fees are promptly refunded to the client at the effective date of termination.

Pinnacle does not reasonably expect to receive any other compensation, direct or indirect, for its Services. If we receive any other compensation for such services, we will (i) offset that compensation against our stated fees, and (ii) will disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

## QUARTERBACK ADMINISTRATION FEES

Pinnacle Wealth Planning Services, Inc.'s quarterback administration fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our Quarterback fees are calculated and charged on a fixed fee basis, typically ranging from \$0 to \$2,000, depending on the specific arrangement reached with the client. However, depending on the client's complexity, this fee may be significantly higher.

The client is billed quarterly in arrears based on their fixed quarterly fee.

## 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 30 days written notice. Upon termination of any account, unpaid Investment Advisory Services fees will be prorated according to the number of days already passed in the billing period. Termination fees may be charged by the custodian and is unrelated to Pinnacle's final fees. Annual financial planning fees for the full calendar year are due upon termination.

***Mutual Fund Fees:*** All fees paid to Pinnacle for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs 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.

***Separately Managed Account Fees:*** Clients participating in separately managed account programs may be charged various program or administration fees in addition to the advisory fee charged by our firm. We will review with clients any separate program fees that may be charged to clients. Additional fees, if any, paid to our firm for this service will be disclosed and approved by the client in writing prior to implementation.

***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 Pinnacle'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:*** Pinnacle is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. 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, Pinnacle may only charge fees for investment advice about products for which our firm and/or our related persons do 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 \$1200 more than six months in advance of services rendered.

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

Pinnacle does not charge performance-based fees.

**Item 7 Types of Clients**

Pinnacle provides advisory services to the following types of clients:

- ☐ Individuals & High net worth individuals
- ☐ Pension and profit sharing plans (other than plan participants)
- ☐ Trusts & Charitable Foundations
- ☐ Corporations or other businesses not listed above

As previously disclosed in Item 5, our firm has established certain initial minimum account requirements, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

## 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:

***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 with all clients.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage 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.

***Risk of Loss.*** Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

## 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

Two members of our firm's management are separately registered as investment adviser representatives of Lifetime Planning Pinnacle Advisors, Inc. In that capacity, these individuals provide co-advisory services with Pinnacle Wealth Planning Services. The advisory services delivered by Lifetime Planning Pinnacle Advisors, Inc. are in conjunction with those of Pinnacle Wealth Planning Services. Lifetime Planning Pinnacle Advisors is compensated by Pinnacle Wealth Planning Services as a referral relationship through a payment of a percentage of fees received by Pinnacle from the client. Lifetime Planning Pinnacle Advisors' advisory services are identical to those of Pinnacle Wealth Planning Services since they share the same Investment Committee and implement the decisions made by that Committee simultaneously.

David Heichel, a Board Member and minority owner of our firm, is the owner of Professional Investment & Insurance Planning, Inc., an insurance agency and an Investment Advisory Representative of CFD Investments, a Registered Investment Advisor and independent broker-dealer. There are no financial referral arrangements between our firm and Professional Investment & Insurance Planning. No Pinnacle client is obligated to use any services of Professional Investment & Insurance Planning, as no Professional Investment & Insurance Planning advisory client is obligated to use our services.

As this affiliation with Professional Investment & Insurance Planning may present potential conflicts of interest, we have established written policies and procedures for insider trading that prohibit David Heichel, and any other member, officer or employee of our firm, from buying, selling or recommending the securities of companies bought, sold or recommended by David Heichel where the decision is substantially derived, in whole or in part, by reason of access to the recommendations of David Heichel to his clients.

As required, any affiliated investment advisers are specifically disclosed in Section 7.A. on Schedule D of Form ADV, Part 1. (Part 1 of our Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure.)

Clients should be aware that the receipt of additional compensation by Pinnacle Wealth Planning Services, Inc. and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Pinnacle endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;

- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our professionals seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

Owners of Pinnacle Wealth Planning Services, Inc., also hold a minority ownership interest (less than 10%) in a National Advisors Holdings, Inc. ("NAH") a Delaware corporation. The business purpose of NAH is as sole owner and operator of National Advisors Trust Company, FSB ("National Advisors Trust"), a Federal Savings Bank that offers personal trust, employee benefit services, IRA, and custodial services to clients on a national basis. National Advisors Trust is currently supervised by the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation.

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

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.

Pinnacle 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 as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code also provides for oversight, enforcement and recordkeeping provisions.

Pinnacle'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 [jennifersh@lpinnacle.com](mailto:jennifersh@lpinnacle.com), or by calling our Chief Compliance Officer at 419-526-5226.

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.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts may be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No employee of our firm may put his or her own interest above the interest of an advisory client.
2. No employee of our firm may buy or sell securities for their personal portfolio where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. 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.

This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.

4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
6. We have established procedures for the maintenance of all required books and records.
7. Clients can decline to implement any advice rendered.
8. All of our employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
9. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
10. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
11. Any individual who violates any of the above restrictions may be subject to termination.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are separately registered as securities representatives of a broker-dealer, investment adviser representatives of another registered investment adviser, and/or licensed as an insurance agent/broker of various insurance companies. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

## **Item 12 Brokerage Practices**

Pinnacle will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Pinnacle will typically aggregate trades among clients whose accounts can be traded at a given broker which places trades for clients as follows:

1. The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
2. The portfolio manager must reasonably believe that the order aggregation will benefit,

and will enable Pinnacle to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.

3. Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
4. If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
5. Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
6. If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
7. Pinnacle's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
8. Funds and securities for aggregated orders are clearly identified on Pinnacle's records and to the broker-dealers or other intermediaries handling
9. No client or account will be favored over another.

#### **Pinnacle's custodial relationship with SEI**

Pinnacle may recommend that clients establish accounts with SEI Private Trust Company ("SEI") to maintain custody of clients' assets and to select managers to make trades in their accounts. Although we recommend that clients establish accounts at SEI, it is the client's decision to custody assets with SEI. Pinnacle is independently owned and operated and not affiliated with SEI.

SEI provides Pinnacle with access to its institutional trading and custody services, which are

not available to 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 \$50 million of the adviser's clients' assets are maintained in accounts at SEI. SEI'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.

For our client accounts maintained in its custody, SEI generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees.

#### **Pinnacle's custodial relationship with Schwab Institutional**

Pinnacle may recommend that clients establish 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. Pinnacle is independently owned and operated and not affiliated with Schwab.

Schwab provides Pinnacle 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.

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.

#### **Pinnacle's custodial relationship with TD Ameritrade Institutional**

Pinnacle participates in the institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions. Pinnacle receives some benefits from TD Ameritrade through our participation in the program.

Pinnacle participates in TD Ameritrade's Institutional customer program and we may recommend clients maintain accounts with TD Ameritrade for custody and brokerage services. There is no direct link between our firm's participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors.

### **Pinnacle's custodial relationship with National Advisor Trust**

Pinnacle intends to recommend the services offered by National Advisors Trust on a case-by-case basis to investment advisory clients of the Firm. We intend to recommend National Advisors Trust for client accounts in cases where fiduciary costs, access to investment products, technology support, or other service features offered by National Advisors Trust are deemed by Pinnacle to be advantageous to the client account or the client when compared with other trustee or custodial services. Pinnacle does not directly share in any service fees charged to client accounts by National Advisors Trust.

### **Disclosure of Custodial Relationship Benefits**

Pinnacle's various custodial relationships disclosed herein may also make available to our firm other products and services that benefit Pinnacle 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. Our custodian's benefits may include the following products and services (provided without cost or at a discount):

- access to client account data (i.e. trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- access to mutual funds with no transaction fees and to certain Institutional money managers
- facilitate payment of our fees from clients' accounts; and
- research related products and tools, pricing and other market data
- consulting services
- assist with back-office functions, recordkeeping and client reporting
- may pay or reimburse expenses (including travel, lodging, meals and entertainment expenses) for Pinnacle's personnel to attend conferences or meetings relating to the custodian's programs.

Our custodians may also offer other services intended to help us manage and further develop our business enterprise. These services may include:

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

providers.

Our custodians also may make available, arrange and/or pay third-party vendors for the types of services rendered to Pinnacle. Our custodians 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. Our custodians 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 with custodian, 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 our custodians, which may create a potential conflict of interest.

## **Item 13 Review of Accounts**

**REVIEWERS:** Accounts are reviewed by one or more of our professional advisors:

- William D. Heichel, JD, CFP®, Senior Planner
- Keith A. Heichel, CFP®, ChFC, President
- Jennifer S. Heichel-Henderson, CFP®, MBA, Chief Executive Officer
- Dayne Wendling, CFP®, VP of Investment Advisory Services
- Michael Frank, CPA, CFP®, VP of Financial Planning Services
- Christine Larson, CFP®, MBA, VP of Wealth Management Programs
- Pat Jergens, CFP®, Associate VP of Retirement Plan Services
- Andrew Silver, Wealth Planner
- Chris Meek, Wealth Planner

## **INVESTMENT ADVISORY SERVICES**

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least annually. 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.

**REPORTS:** In addition to the monthly or quarterly statements and confirmations of transactions that clients receive from their custodian, we provide quarterly reports summarizing account performance and balances.

## 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. Pinnacle will provide reviews at least annually.

**REPORTS:** These clients 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 reports provided by that independent registered investment adviser. Pinnacle will provide these client accounts with quarterly reports.

## FINANCIAL PLANNING SERVICES

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

**REPORTS:** Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

## Item 14 Client Referrals and Other Compensation

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require 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.

Below is a list of our current Pinnacle Advisor® relationships. Pinnacle Advisors® are solicitors who remain active participants (co-advisors) in the client's Wealth Management Program.

- Belser Pinnacle Financial Advisors LLC of Bellefontaine, OH
- Deimling Forbes Financial Advisors Inc. of Willoughby, OH

- HD Pinnacle Advisors, Ltd. of Mansfield, OH
- H&M Financial Advisors LLC of Marion, OH and Marysville, OH
- Falls Financial Group LLC of Chagrin Falls, OH
- Grant Street Wealth Management Ltd. of Columbus, OH
- James Ruthsatz Pinnacle Advisors, LLC of Sandusky, OH
- JoVan, LTD of Ashland, OH
- KM&M Pinnacle, Ltd of Mansfield, OH
- Kee Huchok Wealth Management, LLC of Uniontown, OH
- R&M Consulting, Ltd. of Mansfield, OH
- Shealy Pinnacle Advisors, Ltd. of Mansfield, OH
- Sullivan Pinnacle Advisors of Akron, OH
- WS Wealth Management LLC of Middleburg Heights, OH

Below is a list of our current Pinnacle Solicitor relationships. Pinnacle Solicitors typically do not participate in the client's Wealth Management Program and are simply paid a referral fee.

- Mizick Miller CPAs of Bucyrus, OH
- Daniel Skidmore of Lady Lake, FL
- Andrew Robinson of Columbus, OH
- Charon Bogner of Weirsdale, FL
- S. Lewis Patrick, Westlake, OH
- Brunswick Companies, Fairlawn, OH
- William Stewart of Garfield Heights, OH

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. It is Pinnacle's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

## **Item 15 Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts. As part of this billing process, the client's custodian either calculates or is advised of the amount of the fee to be deducted from that client's account based on the fee schedule agreed upon in the advisory contract. 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 may or may 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. In addition to the periodic statements that clients receive directly from their custodians, we also send quarterly reports directly to our clients. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

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

## **Item 16 Investment Discretion**

Through its asset management services and upon receiving written authorization from a client, Pinnacle will maintain trading authorization over client accounts. Upon receiving written authorization from the client, Pinnacle may implement trades on a **discretionary** basis. When discretionary authority is granted, Pinnacle will have the authority to determine the type of securities, the amount of securities that can be bought or sold, the broker or dealer to be used, and the commission rates paid for the client's portfolio without obtaining the client's consent for each transaction. However, it is the policy of Pinnacle to consult with the client prior to making significant changes in the account even when discretionary trading authority is granted by the client.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, Pinnacle will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

All clients have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. Clients may also place reasonable limitations on the discretionary power granted to our firm so long as the limitations are specifically set forth or included as an attachment to the client agreement.

## **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

## **Item 18 Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement. As an advisory firm that deemed to have custody, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. Pinnacle has no additional financial circumstances to report. Pinnacle has not been the subject of a bankruptcy petition at any time during the past ten years.