



## Ritter Wealth Counsel

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March 26, 2012

This Brochure provides information about the qualifications and business practices of Bruce C. Ritter doing business as Ritter Wealth Counsel. If you have any questions about the contents of this Brochure, please contact him at 415-479-3525 or send an email to [bruce@rittercounsel.com](mailto:bruce@rittercounsel.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.

Bruce C. Ritter is a registered investment advisor. Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of an advisor provide you with information about which you determine to hire or retain an advisor.

Additional information about Bruce C. Ritter also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

This Item is to reference material changes have been made to the Brochure since its last update. I have made no material changes since the last annual update of this brochure dated March 25, 2011.

However, it should be noted that The Dodd Frank Wall Street Reform and Consumer Protection Act of 2010 requires Registered Investment Advisers defined as ‘mid-sized’ to transition from SEC registration to state registration by June 28, 2012. At this time I meet that definition and am required to begin transitioning to registration with the California Department of Corporations. This change should not necessitate any material changes but upon conclusion of that process this Brochure will be updated and offered.

I will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Additional copies of this brochure may be requested by contacting me at 415-479-3525 or sending an email to [bruce@rittercounsel.com](mailto:bruce@rittercounsel.com).

*This government-required disclosure document is intended to help you understand what I do, how I do it, what your costs are likely to be, and to help you identify the potential for conflicts of interest in the advice that I offer. Some of the technical requirements contribute to the length and dryness of the material, or may not seem relevant to the services I offer.*

*Ultimately, my goal is to provide each client with the best financial advice and investment supervision that I am capable of, at reasonable and competitive cost, while complying with all necessary laws, regulations and to the highest ethical standards.*

*The material in this document is offered with my full integrity and intent to provide transparency, full disclosure, and the information you need to make a good decision in choosing an advisor.*

*I welcome any questions.*



### Item 3 – Table of Contents

Item 2 – Material Changes .....	ii
Item 3 – Table of Contents .....	iii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	2
Item 6 – Performance-Based Fees and Side-By-Side Management .....	3
Item 7 – Types of Clients .....	3
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	3
Item 9 – Disciplinary Information .....	4
Item 10 – Other Financial Industry Activities and Affiliations .....	5
Item 11 – Code of Ethics .....	5
Item 12 – Brokerage Practices .....	5
Item 13 – Review of Accounts .....	7
Item 14 – Client Referrals and Other Compensation .....	7
Item 15 – Custody .....	7
Item 16 – Investment Discretion .....	8
Item 17 – Voting Client Securities .....	8
Item 18 – Financial Information .....	8
Item 19 – Requirements for State-Registered Advisers / Brochure Supplement .....	8

#### Item 4 – Advisory Business

For over 25 years, I have provided independent, fee-only, wealth management—investment advisory and associated financial advisory services—primarily to high net worth individuals and families located throughout the United States. I have been a registered investment adviser since 1990.

In consultation with each client, I structure a portfolio to meet the investment goals, risk tolerance and other guidelines specified by the client. Specific investments are generally recommended in passive or actively managed mutual funds, exchange-traded funds or other pooled investment vehicles. Under some circumstances, investments are recommended in individual equities, fixed income securities, other suitable market-traded securities.

Once an investment plan is agreed to with a client, I buy or sell the investments on their behalf. Thereafter, I monitor the portfolio and make ongoing recommendations for adjustments as necessary based on market changes or changes in their personal circumstances or objectives. I also produce a quarterly investment performance report for each client.

In addition, I provide some material elements of financial planning or other personal financial advice when requested by my clients. These services may include financial statement preparation and analysis, income tax planning, education planning, risk management, retirement planning, contract financial analysis, estate planning, business opportunity review and other related financial advisory services. I do not provide legal or tax advice. Unless specified by engagement letter or supplemental written agreement negotiated prior to undertaking, I do not charge additional fees for these services.

In providing services, the standard of care imposed upon me is to act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiarity with such matters would use in the conduct of an enterprise of a like character and with like aims. Furthermore, whether I acquire, or not acquire, securities or property for myself or for any other client will not be considered in determining the advisability of acquiring or not acquiring similar securities or property for the portfolio account of any client.

Clients generally work with me under a non-discretionary arrangement, which requires me to obtain client approval prior to executing investment transactions on a client's behalf. Clients always have the right to accept, reject or request revision to any recommendation I make.

In order to provide clients the highest level of objectivity, I do not sell securities or financial products and am not affiliated with entities that sell financial products or securities. Outside of fees I charge directly to the client, I do not receive additional compensation when a client purchases financial products or services that I may recommend.

Except as explained in Item 15, I do not act as a custodian of client assets and clients always maintain asset control.

Should the client have need for services from other professionals or services (e.g., lawyers, accountants, agents, etc.), such services are engaged directly by the client when and how needed.

To reflect the distinctive needs of each client, specific services and compensation arrangements, as well as appropriate disclosures, are documented in a Letter of Engagement ("Engagement Letter") signed by the client prior to service being rendered.

As of March 26, 2012 I managed \$72,116,000 on a non-discretionary basis on behalf of 24 clients.

## Item 5 – Fees and Compensation

My investment advisory fee is based on the market value of supervised investment assets and according to the following schedule:

<u>Value of Supervised Investments</u>	<u>Annual Fee %</u>
First \$1,000,000.....	1.0%
Next \$5,000,000.....	0.6%
Next \$15,000,000.....	0.4%
Over \$21,000,000.....	0.3%

My minimum quarterly fee is \$2,500, which I may choose to wave or reduced where unique circumstances apply or based on negotiation.

Clients may direct me to maintain "unsupervised assets" within an account for the convenience of the client. I generally do not charge a management fee on unsupervised assets and do not take responsibility for the supervision or suitability of such assets. However, I may charge a fee on certain unsupervised assets such as the case when asked to provide ongoing reporting or research of unsupervised assets.

I may negotiate a different investment advisory fee arrangement with the client, including a flat fee arrangement based on the nature of the client's account. Each client's Engagement Letter will reflect the fee schedule in effect at the time it was executed and may differ from the current fee schedules detailed above; it may also differ from the fee arrangements in force for other clients. Actual fees billed to clients are based on the then-effective Engagement Letter signed by the respective client.

Fees are billed and payable either monthly or quarterly as agreed, in advance, based on the market value of the supervised portfolio as reported by the account custodian, approximately five business days prior to the beginning of the billing period. Each client's billing period is based on the first of the month following the date assets are placed under my supervision by the custodian, or as negotiated with the client.

Most clients authorize me to deduct fees automatically from their brokerage accounts, but clients may request that I send quarterly invoices to be paid by check.

If a client terminates my investment advisory services in the middle of a billing period, I will refund any unearned investment fees, within business 15 days, on a pro-rata basis based upon the days remaining in the billing period as of the date I receive written notice of termination.

I believe my fees are competitive with those fees charged by other investment advisors for comparable services. However, comparable services may be available from other sources for lower fees than those charged by me.

**Hourly Engagements:** On rare occasion I may provide hourly services for certain clients who need advice on a limited scope of work. Hourly rates can range from \$125 to \$500 per hour depending on the nature and complexity of the circumstances and the services authorized and performed.

**Pro-Bono Engagements:** I may from time-to-time, enter into agreements to provide services with no or nominal compensation. This is done at my sole discretion.

**Additional Compensation:** Other than the fees billed directly to my clients, I do not accept commissions, rebates, referral fees or any other compensation as a result of my recommendations or the actions of my clients.

**Brokerage & Custodian Fees:** My fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that may be incurred by the client. Custodians, brokers, or other parties generally charge fees for effecting transactions and providing various other services. Mutual funds, exchange-traded funds, and other types of investment vehicles may also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to my fee, and I do not receive any portion of these commissions, fees, and costs.

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

I do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## Item 7 – Types of Clients

I provide advisory services primarily to individuals and high net worth individuals, as well as to families, trusts, estates, pension and profit sharing plans, charitable organizations, and other business entities.

**Account Minimums:** While I do not have a specific minimum account size, my minimum annual fee for investment advisory accounts is \$10,000 which equates to a portfolio value of \$1,000,000 based on the current fee schedule published herein. However, I may accept smaller account sizes, and depending on the circumstances, fees may be adjusted.

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

### Methods of Analysis

I utilize a wide variety of sources for information to analyze economic conditions and asset valuation levels, which in turn guide my asset allocation decisions and the selection of investments suitable for particular investment portfolios. Sources may include publicly available research reports regarding specific funds and securities. I also use brokerage firm research reports and white papers, newspapers, financial websites, various financial periodicals, various subscription services, financial trade journals, and periodic discussions with fund managers and professional colleagues.

### Investment Strategies

My investment philosophy is founded on the premise that investors can build a strong, secure future by following a long-term disciplined investment program, and by diversifying investments across multiple asset classes and investment styles.

The investment strategy for each specific client is customized to reflect the objectives stated by the client, by the client's tolerance for risk, by the client's capacity to take on risk, and by the investment needs of the client required to meet the client's stated goals. Each client executes an Investment Policy Statement that documents their objectives and their desired investment strategy and any parameters they wish to place upon my recommendations for their portfolio. The client may change their objectives at any time.

In making specific securities recommendations, I start from the belief that it makes sense to use passive index funds or exchange-traded funds rather than actively managed funds because my portfolio strategy is based on capturing the return from an asset class during the ownership period. Using an actively managed fund carries the risk that performance could deviate from the respective index. However, for asset classes or investment strategies where there is not an index fund or exchange-traded fund that I find suitable, I will recommend actively managed no-load funds. In addition, I recommend actively managed no-load funds when I believe the potential long-term value that can be added by a certain active fund manager, either through potential increased return and/or decreased risk, exceeds the potential of long-term underperformance relative to the respective index.

My investment strategies generally do not involve frequent trading, although deposits and withdrawals, or changes in economic conditions or client circumstances, can necessitate more frequent trades.

### Risk of Loss

I primarily recommend investments in mutual funds and exchange-traded funds and, on a more limited basis, individual fixed income securities, individual stocks or other market-traded securities. Markets for these securities are subject to fluctuations, potentially extreme, and the market value of any particular investment may vary substantially. Investment portfolios may not generate any income or appreciate in value, and may lose value.

It is impossible to learn all relevant information concerning the economic environment, a mutual fund, a company, or a security. Further, I may misinterpret or wrongly analyze the information available. Or, I may fail to consider all potential events that could affect the value of an investment. These and other factors may cause me to recommend clients; (a) invest in funds or securities at times that will lead to losses or (b) refrain from investing in particular funds or securities at times that would have resulted in gains if I had recommended they invest.

Investing in securities involves risk of loss that clients should be prepared to bear.

## **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 your evaluation of me or the integrity of my



advice. I have not been subject to any such legal or disciplinary event, and thus have no information to disclose with respect to this Item.

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

In order to provide clients with the highest possible level of objectivity, I am not affiliated with any broker-dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships.

#### Item 11 – Code of Ethics

In short, I have no higher obligation than the duty to act solely in the best interests of my client.

The Investment Advisers Act of 1940 imposes a fiduciary duty on investment advisers and requires all investment advisers maintain and enforce a written code of ethics. While I presently have no employees or other supervised persons, in compliance with this obligation I have adopted a Code of Ethics describing my high standards of business conduct and fiduciary duty to clients. This Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumormongering, restrictions on the acceptance of significant gifts, and personal securities trading procedures, among other things. Clients or prospective clients may request a copy of my Code of Ethics by contacting me at 415-479-3525.

From time to time I may invest in securities for my own account based on personal considerations without regard to whether the purchase or sale of such security is appropriate for clients. However, I generally personally invest in the same securities I recommended to clients. The overwhelming majority of such transactions involve mutual funds where there is no trading or investment conflict between my interests and a client interests. A conflict of interest may occur if a security is purchased or sold for client and on the same day I purchase or sell the same security for my own account. If that should occur, in accordance with my fiduciary duty, either; (a) the client or I will pay or receive the same price or (b) client will receive a more favorable price.

#### Item 12 – Brokerage Practices

I provide investment advisory services exclusively on a fee basis and do not accept commissions, rebates or referral fees as compensation. I am independently owned and not affiliated with any broker-dealer.

For operational reasons, I generally require that investment advisory clients establish brokerage accounts with the Institutional division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts.



I assist clients in establishing and maintaining accounts with Schwab through the preparation of account applications and other account-related documentation and by acting as a liaison between the client and the Schwab as needed (generally for client signatures or for other information required by the Schwab). While I may recommend the use of Schwab, I do not have the authority to establish client accounts without an account applications signed by the client, or act on a client's behalf without their authorization.

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

I have utilized Schwab's services for my clients for many years. I believe that they provide my clients with a blend of execution services, commission costs and professionalism that assist me in obtaining consistently good execution for transactions. While I have a reasonable belief that Schwab is able to obtain best execution and competitive prices, I will not be independently seeking best execution price capability through other broker-dealers.

Though other firms offer services similar in cost or quality to Schwab, I may decline acceptance of any client account that directs the use of a broker-dealer other than Schwab, if I believe that this would adversely affect my duty to obtain best execution as well as adversely impact my ability to quickly and effectively serve the broader investment needs of my clients.

Schwab provides my clients and me with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available at no charge, on an unsolicited basis, to independent investment advisors with over \$10 million of advisory client assets in accounts at Schwab Institutional, and are not otherwise contingent upon an advisor committing to Schwab any specific amount of business (assets in custody or trading). Schwab's services include brokerage, 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.

Schwab also makes available to me other products and services that benefit me but may not directly benefit my individual clients' accounts. Some of these other products and services assist me in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution; provide research, pricing information and other market data; facilitate payment of my fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services indirectly benefit all of my client accounts. Schwab Institutional also makes available to advisors other services intended to help manage and further develop their business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services rendered to me by independent third parties. 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 me.

My clients do not pay higher commission rates or fees as a result of incidental benefits provided to me and may at times receive more favorable commission or fee schedules as a

result of my relationship to Schwab. However, lower commission rates may be available at other brokers.

As a fiduciary, I readily acknowledge my duty to act in every client's best interests. Other brokerage firms may provide services similar, or superior, in cost or quality to Schwab without providing the same product or service benefits to me. My general requirement that clients maintain their assets in accounts at Schwab is not solely based on the nature, cost or quality of custody and brokerage services provided by Schwab, but also operational efficiencies to benefit all my clients.

### **Item 13 – Review of Accounts**

I formally review client accounts at least quarterly as part of the regular monitoring and reporting process. On a weekly, or perhaps even daily basis, things that trigger a more frequent review may include cash flows in or out of an account, notification of changes to client circumstances, significant changes in financial market conditions, asset class changes, or changes with a specific investment held.

The custodian of the accounts (Schwab) provides monthly account statements to clients. These statements are automatically generated. Additionally, I provide clients written quarterly performance reports that summarize their portfolio positions, rates of return, account activity and overall asset allocation. For tax planning and filing ease, clients receive supplemental tax reports showing realized gains and losses and investment advisory fees paid. Additional reports may be provided by client request or circumstance.

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

I have been fortunate to receive many client referrals over the years from existing clients, friends, other professionals and similar sources. I do not compensate any person or entity for client referrals.

I do not accept any referral fees or other remuneration from non-clients in connection with referring clients to other advisors or service providers.

Outside of the fees I charge directly to a client, I do not receive additional compensation when a client purchases financial services or products I recommend.

### **Item 15 – Custody**

All client accounts are held and maintained by an independent custodian (Schwab). I do not have custody of client funds other than when a client authorizes me to deduct my advisory fees from client accounts. In this situation the Investment Advisors Act of 1940 deems me to have constructive custody of client assets.

The account custodian (Schwab) is required to send statements directly to clients on at least a quarterly basis. Clients are urged to carefully review these statements and compare such official custodial records to the account reports that I provide. My statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

#### Item 16 – Investment Discretion

To allow me to service a client's account, clients execute a limited power of attorney for supervised brokerage accounts. The limited power of attorney authorizes me to receive information on the account, provide instructions to the account custodian, and execute securities transactions on the client's behalf subject to the terms of the client's Investment Advisory Agreement with me.

As a general rule, individual client Engagement Letters require me to obtain client approval as to the security and general amount to be bought or sold prior to executing any transaction of behalf of the client.

#### Item 17 – Voting Client Securities

As a matter of policy and practice, I do not accept any authority to, and do not, vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in their portfolios. I may provide advice to clients, when asked, regarding the clients' voting of proxies.

#### Item 18 – Financial Information

Registered investment advisers are required in this item to provide you with certain financial information or disclosures about their financial condition. I have no financial commitment that impairs my ability to meet contractual and fiduciary commitments to clients, and I have not been the subject of a bankruptcy proceeding.

#### Item 19 – Requirements for State-Registered Advisers / Brochure Supplement

I was born in 1959 and for over 25 years I have been providing independent, fee-only, wealth management—investment advisory and associated financial advisory services—primarily to high net worth individuals and families. I have been a registered investment adviser since 1990 and operate as a sole proprietor.

I received a Bachelor of Science in Business Management from Montana State University in 1981 and in 1986 a Masters of Business Administration, Personal Financial Planning emphasis, from Golden Gate University. In 1987, I earned the Certified Financial Planner (CFP®) designation. Since 2002, I have been a National Football League Player's Association Registered Player Financial Adviser.

I have no legal or disciplinary events; no arbitration claims, no self-regulatory organization or administrative proceedings or no bankruptcy petitions.