



**FORM ADV PART 2A**  
**DISCLOSURE BROCHURE**

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This brochure provides information about the qualifications and business practices of RJL Wealth Management. If you have any questions about the contents of this brochure, please contact us at 800-644-1150 or [compliancedept@rjlwm.com](mailto:compliancedept@rjlwm.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 RJL Wealth Management is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view RJL Wealth Management's information on this website by searching for RJL Wealth Management. You may search for information by using RJL Wealth Management's name or by using RJL Wealth Management's CRD number. The CRD number for RJL Wealth Management is 152396.

\*Registration as an investment advisor does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

This item provides information regarding specific material changes and a summary of such changes made to the Disclosure Brochure since the last annual update of the brochure which occurred in March 2011.

- Our advisory personnel are no longer affiliated with First Allied Securities, Inc.
- We no longer have solicitor arrangements with Raymond J Lucia Companies, Inc. or the Bucket Strategy Advisor Network.

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#### **Item 4 – Advisory Business**

RJL Wealth Management, LLC (referred to as “RJL Wealth Management”, the “Firm” or “RJLWM” throughout this document) is an investment advisor registered with the United States Securities and Exchange Commission. The Firm is a limited liability company formed under the laws of the state of California and has been registered as an investment advisor since February 8, 2010. RJL Wealth Management is 100% owned and controlled by RJL Holding Company, LLC which in turn is 100% controlled and managed by Raymond J. Lucia Jr. Our investment advisory services include financial planning and consulting, asset management, and seminars through RJL Wealth Management.

We offer wealth management services including fee-based financial planning, consultation services for a fee, and asset management services to individuals, trusts, estates, private foundations, and business owners with a primary focus on retirement and investment planning through our process called Strategy First<sup>SM</sup>. Our Strategy First<sup>SM</sup> process places our focus on developing strategic investment plans that are independent of specific investment solutions.

The process begins with a thorough interview and data collection which helps our team understand, among other things, your short and long-term financial objectives, risk tolerance, tax status, current investment holdings and asset allocation. Our investment advisory team interprets the information gathered and formulates a hypothetical financial illustration utilizing the Bucket Strategy™ framework. This framework attempts to help investors understand the benefits of having an overall long-term investment approach, while segmenting the portfolio into several strategies (“buckets”) to budget for any combination of short, mid, and long-term goals. Our investment advisors will analyze current investment holdings as to their potential place in the strategy and make several recommendations for improvements to align the current portfolio with the proposed strategy.

Investment advisor representatives may recommend our fee-based Asset Management Services through Managed Portfolio Strategies (MPS), a wrap fee program sponsored by our Firm. Portfolios are designed to be custom-tailored to meet the needs of each individual client as it may relate to their overall Bucket Strategy™. Once a client approves their Bucket Strategy™ and selects their asset allocation for their specific account to be invested in MPS, we select the specific investment options to fulfill the desired mix of assets. The MPS program provides the flexibility to select separate account managers and separate investments in equities, mutual funds, exchange traded funds, closed-end funds, bonds, cash equivalents, and other instruments. Asset management services through MPS involve providing clients with continuous and ongoing supervision over client accounts. This means accounts in the program are continuously monitored and changes are made when necessary. A detailed description of RJLWM’s services is provided in Item 5.

Our investment advisor representatives may recommend transaction-based commission accounts through Lucia Securities, LLC, and fixed annuity or other insurance related products offered through RJI Insurance Services. In addition to our continuous and ongoing supervision of accounts invested in our fee-based MPS program, as part of our overall relationship and commitment to our clients regardless of investment solution(s) selected, we offer an annual review of your investment portfolio and an updated Bucket Strategy™ illustration in order to help determine possible modifications to your overall strategic asset allocation.

Clients are under no obligation to invest and may choose to select all, some, or none of the investments recommended by their RJIWWM investment advisor representative. We believe that offering a hybrid platform of both fee-based and commission-based investment solutions provides the flexibility for our clients and investment advisor representatives to determine the most cost-efficient relationship for each investment recommendation.

Our hybrid investment platform creates an inherent conflict of interest since our clients may invest in our fee-based asset management services and/or transaction-based commission accounts. We aggressively discourage activities that put your interests anywhere but first. We strive to eliminate conflicts through our Strategy First™ financial planning philosophy and strict adherence to our Code of Ethics.

#### **Client Assets Managed by RJI Wealth Management**

The amount of client assets managed by RJI Wealth Management totaled \$278,936,522.28. These assets are managed on a discretionary basis.

### **Item 5 – Fees and Compensation**

In addition to the information provided in Item 4 – Advisory Business, this section provides details regarding RJI Wealth Management's services along with descriptions of each service's fees and compensation arrangements.

#### **Fees for Financial Planning Services**

RJI Wealth Management provides financial planning services by offering analyses and recommendations in areas including, but not limited to, business planning, education, retirement planning, life insurance, estate planning, tax planning and investments. Clients are asked to complete and furnish informational profiles and documentation to assist RJI Wealth Management's associated persons in providing these services. One or more meetings may be required in order to gather all needed information and determine the services best suited to help meet the client's needs. Clients are also urged to work closely with their attorney, accountant or other professionals regarding their financial and personal situation. Clients have sole discretion on whether or not to contract for RJI Wealth Management's services. Further, clients will have full discretion on whether or not to implement any financial planning recommendations made by RJI Wealth Management's associated persons.

If necessary, or if requested by the client, RJI Wealth Management's associated person will coordinate or consult with the client's outside counsel (e.g., attorney, CPA, accountant) when providing advice. Any consultation or coordination required will also be considered when determining the client fee. Any fees charged by outside counsel will be separate from the fees charged by RJI Wealth Management's associated person and will be billed directly to the client by outside counsel.

RJIWWM fees are negotiable based upon the complexity of the client's financial situation, the services contracted for, and the knowledge and skill level required of RJI Wealth Management's associated person providing the services. Typically, the maximum charge will not exceed \$5,000. Financial planning fees may be reduced by the amount of additional advisory fees retained by RJI Wealth Management or waived altogether. All fees will be disclosed and established in writing prior to any services being provided.

When a fee is charged for financial planning services, such fees are due upon completion and presentation of the plan. However, clients may elect to pay a retainer to RJI Wealth Management at the time the agreement for services is signed. In this case, the remaining balance will be due upon completion and presentation of the plan. Fees of more than \$1,200

will not be charged more than six months in advance. Either party may terminate the contract at any time by submitting written notice to all appropriate parties, and termination will be effective upon the receipt of such notice. Services will be terminated without penalty. If the client is not satisfied with the financial plan as presented, RJJ Wealth Management's associated persons will attempt to revise the plan to the client's satisfaction. If the client is still not satisfied, the client can withhold payment or request a refund of any fees paid in advance.

### **Fees for Financial Consultation Services**

Clients may also contract with RJJ Wealth Management for specialized ongoing consultation services regarding investment matters and portfolio holdings. Fees for this service will generally not exceed \$10,000 per year and are negotiable based upon the complexity of the client's financial situation, the actual services provided, and extraordinary expenses that may be incurred in providing the services. The negotiated fee will be disclosed to the client prior to any services being provided. Fees will be billed quarterly, in arrears, and RJJ Wealth Management will provide to the client a statement that will be due within two weeks after issuance.

Ongoing consultation services are contracted for on a yearly basis and can be renewed for a like period by executing a new client agreement. RJJ Wealth Management and client can terminate these ongoing consultation services by providing written notice to the other party, and termination will be effective immediately upon receipt. If terminated within five business days of signing the client agreement, services are terminated with no penalty. After the five business days, the client is responsible for payment of fees for time and effort expended to the date of termination. RJJ Wealth Management will provide to the client a statement showing the time expended to the date of termination, and the statement will be due and payable within two weeks of issuance.

Clients may incur additional charges including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, as well as IRA and qualified retirement plan fees. RJJWM will not receive any portion of such commissions or fees. RJJWM is only compensated by the consulting fee described above and receives no other compensation in connection with a client's account. When RJJWM negotiates lower fees and expenses charged by third parties, all negotiated improvements are for the clients' benefit.

### **Additional Compensation for Financial Planning and Consultation Services**

As registered representatives of Lucia Securities, LLC, RJJ Wealth Management's investment advisor representatives may be named as representative of record on brokerage accounts that are included with planning and consultation services. When acting in these separate capacities, Lucia Securities (as a broker/dealer) may earn commissions or 12b-1 fees when making transactions in securities, load mutual funds, variable life, variable annuity and insurance products. Any transactions made in the client's accounts will be made only at the client's instruction and any commissions earned by Lucia Securities on securities or load mutual fund transactions may be offset against the planning or consultation fees charged. Clients will be responsible for transaction ticket charges billed by Lucia Securities.

### **Asset Management Services – Managed Portfolio Strategies (MPS)**

Please note this section is intended to be a summary of Managed Portfolio Strategies. For a complete description of the program, clients must refer to the Managed Portfolio Strategies Wrap Fee Program Disclosure Brochure. All clients participating in Managed Portfolio Strategies will receive a copy of the Wrap Fee Program disclosure brochure prior to, or upon, entering into an agreement for Managed Portfolio Strategies services. Clients will also be offered a copy of the Wrap Fee Program disclosure brochure at least annually, along with a description of any material changes made to the program during the prior year.

RJJ Wealth Management provides asset management services through its Managed Portfolio Strategies wrap fee program. Under a wrap fee program, advisory services and transaction services are provided for one fee. This is different from management programs whereby investment advisory services are provided for a fee, but transaction services are billed separately on a per-transaction basis. We retain a significant portion of the wrap fee charged through Managed Portfolio Strategies with the remainder paid to other firms we engage to help us manage assets and administer the

program. From an account management perspective, there is not a fundamental difference in the way RJL Wealth Management manages wrap fee accounts versus the way we manage accounts under a non-wrap fee program. The only significant difference is the way in which transaction services are paid.

RJL Wealth Management has entered into an Overlay Management and Services Agreement with Placemark Investments, Inc. ("Placemark"), an SEC registered investment advisor through which RJL Wealth Management will provide certain investment advisory services to clients through its Unified Managed Account program ("UMA"). The UMA program provides an Overlay Portfolio Management process to coordinate trades among multiple investment managers within a client's account and screens for wash sale violations and loss harvesting opportunities across managers. As a result, Placemark is responsible for implementing day-to-day strategies, rebalancing, and trading activities.

RJL Wealth Management is responsible for assisting clients with the establishment of one or more individual accounts at RBC Capital Markets, LLC through Lucia Securities, LLC as the introducing broker/dealer. RBC Capital Markets, LLC will serve as the qualified custodian for accounts through Managed Portfolio Strategies (please refer to Item 12 – Brokerage Practices for more details). Clients must appoint Placemark and RJL Wealth Management as their investment advisor on all managed accounts.

Through Managed Portfolio Strategies, Placemark assists RJL Wealth Management to provide each client with continuous investment advice based on their needs and circumstances. Utilizing tools provided by Placemark, RJL Wealth Management will determine the suitability of the asset allocation and investment options for each client. RJL Wealth Management will then assist clients in allocating their assets among different investment options and recommend investment vehicles and/or Sub-Managers within that program for their accounts.

#### **Asset Management Services through the SEI Asset Management Program**

RJL Wealth Management may use SEI Asset Management's institutional asset allocation program in managing the client's account assets. RJL Wealth Management's associated persons assist the client in establishing an SEI Program Account (Account) at SEI Trust Company (SEI). All transactions in the Account will be processed and cleared through SEI. The SEI Program uses asset allocation portfolios developed by SEI Investments. The portfolios consist of the SEI Family of Institutional Mutual Funds (Mutual Funds) and other securities approved by SEI to be held in an account. RJL Wealth Management's associated persons provide SEI with the asset allocation policy (Asset Allocation Policy) that the client selects for the Account.

The percentage allocation of Account assets among the applicable securities may vary significantly from the percentage allocation contemplated by the client's Asset Allocation Policy due to such factors as increases or decreases in the value of shares of the securities, dividends, capital gains, or other distributions made in respect of shares of the securities, and deduction of RJL Wealth Management's unpaid fees from the account. Custody of all SEI Program Client Account assets is held at SEI.

SEI Program management fees (Management Fees) are payable quarterly, in arrears, based on assets under management at the end of the quarter. The maximum RJLWM investment advisory fee paid to RJLWM for providing advisory services shall not exceed 1%. Below is a table showing the maximum RJLWM investment advisory fee based on account size.

<b>Account Size</b>	<b>RJLWM Advisory Fee</b>
Up to \$999,999	1.00%
\$1,000,000 to \$4,999,999	0.75%
\$5,000,000 to \$9,999,999	0.50%
\$10,000,000 and above	Negotiable

Management Fees are automatically deducted from the client's Account. Each quarter, SEI will send the client an account statement that will include a Management Fee Notification which will show the computed fee, any adjustments to fee, an explanation of any adjustment and the net Management Fee to be deducted later in the period from the Account. Clients may terminate the SEI Program account at any time by notifying RJJL Wealth Management. Termination will be effective upon receipt of such notice. If services are terminated within five business days of executing the client agreement, services will be terminated without penalty. After the initial five business days, the client may be responsible for payment of fees for the number of days services were provided by RJJL Wealth Management prior to receipt of the notice of termination.

Custodian fees and internal mutual fund expenses are separate from the RJJLWM Advisor Fee and RJJLWM receives no portion of such fees and expenses. Complete details on the SEI fees and expenses are disclosed in SEI's Disclosure Brochure that will be given to all clients. The exact fee and/or fee schedule for each client will be disclosed in SEI's client agreement.

SEI Trust Company may charge a separate custodial fee for the custody services it provides the client's account. Mutual Funds held in the Account pay their own advisory fees and other expenses, which are explained in each Mutual Fund's prospectus. These fees and expenses are separate charges from the Account management fees.

### **Referral to Third-Party Money Managers**

We also refer clients to unaffiliated third-party investment advisors offering asset management and other investment advisory services. As a result, we receive a portion of the fee charged and collected by the third-party investment advisor in the form of solicitor fees or consulting fees. Each solicitation arrangement is performed pursuant to a written solicitation agreement and is in compliance with SEC Rule 206(4)-3 and applicable state securities rules and regulations.

Through this service, RJJLWM investment advisor representatives assist clients with identifying their risk tolerance and investment objectives. Advisor will recommend third-party investment advisors in relation to client's stated investment objectives and risk tolerance. A client may select a recommended third-party investment advisor based upon the client's needs. Clients will enter into an agreement directly with the unaffiliated third-party investment advisor who shall provide asset management services.

RJJLWM investment advisor representatives shall be available to answer questions the client may have regarding their account and act as the communication conduit between the client and the third-party investment advisors. Third-party investment advisors generally take discretionary authority to determine the securities to be purchased and sold for the client. Neither RJJLWM nor its associated persons will have any trading authority with respect to client's managed account with the third-party investment advisor(s).

Third-party managed programs generally have account minimum requirements that will vary from investment advisor to investment advisor. Account minimums are generally higher on fixed income accounts than equity based accounts. A complete description of the third-party investment advisor's services, fee schedules and account minimums will be disclosed in the third-party investment advisor's Disclosure Brochure which will be provided to clients at the time an agreement for services is executed and account is established. Client reports will depend upon the third-party investment advisor.

While the actual fee charged to a client will vary depending on the third-party investment advisor utilized, the portion retained by Advisor in the form of solicitor fees or consulting fees shall not exceed 1.50%. All fees are calculated and collected by the selected third-party investment advisor firm who shall be responsible for delivering Advisor's portion of the client fee to Advisor. Fees are negotiable with clients depending on factors such as, but not limited to, the amount of assets under management and the number of client accounts.



While RJLWM reviews the performance of numerous third-party investment advisor firms, we have entered into a relationship with, and will generally only recommend, Symmetry Partners, LLC, an SEC registered investment advisor, under this service. Third-party investment advisors recommended by RJLWM must be registered or exempt from registration in the state where the client resides.

RJLWM advisor representatives may have a conflict of interest by only offering those third-party investment advisors that have agreed to pay a portion of their advisory fee to RJLWM. There may be other third-party managed programs that may be suitable to the client that may be more or less costly. No guarantees can be made that client's financial goals or objectives will be achieved. Further, no guarantees of performance can be offered. Investments involve risk, including the possible loss of principal.

### **Seminars**

RJL Wealth Management's associated persons may present seminars on general financial and investment topics or specifically on the Bucket Strategy™. Generally, these seminars will be presented at no charge. However, in some instances a fee may be charged to cover the cost of providing the seminar and any materials presented at the seminar. Participants will be informed of any seminar charges in advance and charges will be due at the time the seminar is held.

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

Item 6 of the Form ADV Part 2 instructions is not applicable to RJL Wealth Management's brochure because RJL Wealth Management does not charge or accept performance-based fees which can be defined as fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

## **Item 7 – Types of Clients**

We provide financial planning and asset management services primarily to individuals nearing retirement or already retired with an investment portfolio typically ranging from \$500,000 to over \$5,000,000. In addition we also provide asset management services to pension plans, trusts, and charitable institutions such as foundations that are often connected to our individual clients.

### **Minimum Investment Amounts Required**

Minimum investment amounts required are subject to the number of sub-managers selected in the MPS account and any subsequent minimum restrictions in the underlying securities to be purchased. Account minimums can range from \$15,000 for portfolios managed by their investment advisor representative consisting entirely of mutual funds and exchange traded funds (ETF's) to \$250,000 for accounts containing a variety of mutual funds, ETFs and sub-manager investment strategies. Exceptions may be granted to the minimum at the discretion of RJL Wealth Management.

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

### **RJL Wealth Management uses the following methods of analysis in formulating investment advice.**

The following section only applies to the selection of mutual funds and exchange traded funds by an investment advisor representative in the MPS program.

Methods of analysis may include fundamental and technical analysis. The main sources of information include financial publications, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that RJL Wealth Management may use include Morningstar mutual fund and ETF research, RBC Capital Markets research, outside consultants and the World Wide Web.

**RJL Wealth Management uses the following investment strategies when managing client assets and/or providing investment advice:**

**The Bucket Strategy™**

RJLWM utilizes an asset allocation and planning methodology called the Bucket Strategy™. The strategy segments a client's portfolio into several categories called "buckets," attempting to match various time horizons and the risk tolerance of each bucket category to achieve the overall long-term portfolio objective. At the strategy's core is the concept of matching assets to liabilities similar to traditional pension plan investment philosophy. Short-term liabilities or income needs are matched against short-term fixed income assets. Longer-term liabilities or income needs later in retirement are matched against long-term, growth-focused investments. The framework provides for an interactive process between the client and our team in designing a unique portfolio for each client. Time horizon, risk tolerance, total return assumptions, and number of "buckets" vary client by client based on the clients' unique situation. A typical illustration will determine the clients' proposed asset allocation across 5 categories: Lifetime Income, Fixed Income, Relative Safety, Growth & Income, and Long-Term Growth.

Lifetime Income – An optional investment strategy typically aimed for conservative investors who are primarily concerned about hedging longevity risk. It is designed to generate consistent, guaranteed income for life and provides for income/withdrawals today, or in the future depending on the client situation. Investors may elect a single premium immediate annuity or a living benefit variable annuity. Rates of return assumptions may be illustrated on total return basis ranging from -3% to +5% depending on clients' assumption for interest rates, asset allocation and fees of the product type selected. RJLWM typically does not offer asset management service for investments in the Lifetime Income bucket category.

Fixed Income – An investment strategy designed to deplete over time. This bucket category illustrates the withdrawal of both principal and interest over a number of years, thus providing time for the relative safety bucket category investments to grow at potentially higher rates of return. Time horizon typically ranges from 3 years to 10 years for this bucket category. Clients typically assume a total return ranging from 0-3% depending on interest rate environment.

Relative Safety – An investment strategy designed with a mid-term growth phase and a future depletion phase. This bucket acts as a bridge of income after the Fixed Income bucket is depleted and before the future need to spend principal from the long-term bucket categories (Growth & Income and Long-Term Growth). Time horizons for the growth phase of this bucket typically range from 5 to 10 years. The income/withdrawal phase typically ranges from 5 to 10 years. Clients typically assume a total return of 4-6% for this bucket category.

Growth & Income – An investment strategy designed for long-term investments that pay a current dividend or distribution. Dividends or distributions are typically used to support the client's current income need. Although investments typically pay a current dividend, the time horizon for invested principal typically ranges from 10 to 15 years, providing for a wide range of investment selection. Dividend assumptions range from 2%-7%, depending on the market environment. Clients typically assume a total return of 6-8% for this bucket category.

Long-Term Growth – An investment strategy designed for long-term growth. By matching short-term income needs with other "buckets," the Long-Term Growth Bucket is usually allocated to riskier investments. Interest and dividends are typically reinvested. Time horizon for this bucket category typically ranges from 10 to 20 years. Clients typically assume a total return of 6-8% for this bucket category.

Generally, each bucket category provides a framework for the client and advisor to define the related goals for each bucket. For instance, the Fixed Income bucket is designed to deplete over several years and generally is conservatively illustrated and invested. However, the rate of return assumptions, risk tolerance of the underlying investments selected, time horizon, and liquidity of each bucket are ultimately defined by the client and advisor working relationship. Additionally, clients may elect to add additional bucket strategies (sub-buckets) in each category or remove a category entirely based

on their needs. Bucket strategies may be used to illustrate different account registrations for tax planning of withdrawals and investment selection, or to identify a specific asset class within a Bucket category such as dividend-paying stocks.

Bucket categories are not intended to illustrate the performance of any specific investment or to represent a specific model portfolio; rather, they provide the client a set of several goal-based investment strategies to assist in developing an overall target asset allocation. From this process, several investment solutions may be presented for each bucket category in whole or in part.

- Potential investments for the Lifetime Income category include single premium immediate annuities or variable annuities with guaranteed minimum withdrawal/income benefit riders.
- Potential investments for the Fixed Income category include fee-based managed accounts, Certificates of Deposit (CD's), money market funds, corporate debt securities, municipal securities, government debt securities, single premium immediate annuities, fixed deferred annuities, equity indexed annuities, and, to an extent, mutual funds, exchange traded funds, unit investment trusts and closed-end funds.
- Potential investments for the Relative Safety category include fee-based managed accounts, corporate debt securities, municipal securities, government debt securities, mutual funds, exchange traded funds, unit investment trusts, closed end funds, structured products, variable annuities with principal protection riders, fixed deferred annuities, and equity indexed annuities.
- Potential investments for the Growth & Income Category include fee-based managed accounts, mutual funds, exchange traded funds, unit investment trusts, closed-end funds, structured products and non-traded real estate investment trusts.
- Potential investments for the Long-term Growth category include fee-based managed accounts, mutual funds, exchange traded funds, unit investment trusts, closed-end funds, equity annuities, variable annuities with principal protection riders, variable annuities with death benefit riders, structured products, non-traded real estate investment trusts, alternative investments, and commodities.

The ongoing client/advisor relationship is important to the ongoing management of a Bucket Strategy™ and the various investment solutions selected by the client. We offer to update the calculations and assumptions of each client's bucket strategy on an annual basis through our client review process. During the client review meeting, our investment advisor representatives typically discuss the tracking and progress towards the overall long-term goals and objectives, as well as reviewing each investment as it relates to the various bucket categories. The review meeting often facilitates modifications to the long-term strategy based on client's changing circumstances, rebalancing decisions, value averaging opportunities between bucket categories, and selection of new investment solutions.

### **Core/Satellite Asset Management**

RJL Wealth Management uses a core/satellite strategy for designing our equity portfolios. A core/satellite strategy allocates between a strategic, broadly diverse asset allocation and an actively managed, sometimes more concentrated investment strategy. A typical portfolio may consist of mutual funds, exchange traded funds, and one or more actively managed sub-managed strategies.

### **Risk of Loss**

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, variable annuities, variable universal life insurance, REITs, private placements and bonds) involves risk of loss. Further, depending on the different types of investments,

there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our Firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (Stock) Market Risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in, and perceptions of, their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk – When investing in stock positions, there is always a certain level of company or industry-specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk – When investing in bonds, there is the risk that issuer will default on the bond and will be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk – Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater-than-ordinary investment risks.
- ETF and Mutual Fund Risk – When RJL Wealth Management invests in a an ETF or mutual fund, the client will bear additional expenses based on its pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds.
- Management Risk – Your investment with our Firm varies with the success and failure of our investment strategies, research, analysis, and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- Liquidity Risk – Certain investments (such as certain REITs and private placements) are often illiquid, which means that the investments can be difficult to trade and consequently can limit a client's ability to sell the investments in a timely manner and at an advantageous price.

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

This item is not applicable to RJJ Wealth Management's brochure because there are no legal or disciplinary events listed at Item 9 of the Form ADV Part 2 instructions that are material to a client's, or prospective client's, evaluation of RJJ Wealth Management's business or the integrity of RJJ Wealth Management's management.

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

RJJ Wealth Management **is not** and **does not** have a related company that is a (1) municipal securities dealer, government securities dealer or broker, (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," or offshore fund), (3) futures commission merchant, commodity pool operator, or commodity trading advisor, (4) banking or thrift institution, (5) accountant or accounting firm, (6) lawyer or law firm, (7) pension consultant, (8) real estate broker or dealer, or (9) sponsor or syndicator of limited partnerships.

#### **Affiliation with Lucia Securities, LLC**

RJJ Wealth Management is under common ownership with a full-service, introducing broker/dealer, Lucia Securities, LLC, member FINRA/SIPC. RJJ Wealth Management and Lucia Securities, LLC are owned by RJJ Holding Company, LLC.

Advisor representatives of RJJ Wealth Management may also be registered securities agents with Lucia Securities, LLC. When placing securities transactions through Lucia Securities, LLC in their capacity as registered securities agents of Lucia Securities, LLC, advisory representatives are allowed to earn sales commissions. RJJ Wealth Management's advisor representatives will only recommend securities products to a client if such products are suitable for the client and appropriate for fulfilling the client's asset allocation strategy and objectives. In doing so, RJJ Wealth Management, Lucia Securities, LLC, and its associated persons and employees are prohibited from trading on material non-public information.

Please refer to Item 12 – Brokerage Practices for information regarding Lucia Securities, LLC including conflicts of interest.

#### **Affiliation with RJJ Capital Management, LLC**

RJJ Wealth Management is under common ownership with RJJ Capital Management, LLC. RJJ Capital Management, LLC is also owned by Lucia Holding Company, LLC and is registered with the SEC relying on RJJ Wealth Management's registration. This is known as the "piggy-back" exemption which permits an investment advisor that would otherwise not be eligible for SEC registration to maintain registration with the SEC because it is under common control with an SEC-registered investment advisor and its principal office and place of business are the same as the SEC-registered investment advisor.

RJJ Capital Management was formed in anticipation of serving as investment advisor to one or more investment companies registered under the Investment Company Act of 1940. Currently, clients of RJJ Wealth Management do not utilize the services of RJJ Capital Management, LLC and are not solicited to do so. Therefore, our affiliation with RJJ Capital Management, LLC is not considered a material arrangement for our clients.

#### **Relationship with Affiliated Insurance Agency**

Raymond J. Lucia Jr. is a member and partner of LLK Insurance Brokerage Services, LLC, doing business as RJJ Insurance Services, an insurance agency. When RJJ Wealth Management's associated persons determine that clients are in need of insurance products, clients may be referred to LLK Insurance Brokerage Services, LLC. In addition, if a LLK Insurance Brokerage Services, LLC client is in need of financial planning or other advisory services, the client may be referred to the RJJ Wealth Management. Principal owners and other agents or employees of LLK Insurance Brokerage Services, LLC will not be compensated in any way for the referral of a client to RJJ Wealth Management by RJJ Wealth Management.

The amount of the advisory fee is not increased due to this arrangement and clients are not obligated to use the services of LLK Insurance Brokerage Services, LLC or RJJ Wealth Management. While RJJ Wealth Management does not provide

compensation for referrals from LLK Insurance Brokerage Services, LLC, RJL Wealth Management and LLK Insurance Brokerage Services, LLC are under common ownership and there is a benefit for the two firms to share clients.

### **Third-Party Money Managers**

As described in Item 4 – Advisory Business and Item 5 – Fees and Compensation, we have formed relationships with independent, third-party money managers.

We may recommend clients work directly with third-party money managers. When we refer clients to a third-party money manager, you need to know that the Firm will receive a portion of the fee charged by the third-party money manager. Therefore, we have a conflict of interest in that we will only recommend third-party money managers that will agree to compensate the Firm by paying us a portion of the fees billed to your account managed by the third-party money manager.

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

### **Code of Ethics Summary**

According to the *Investment Advisers Act of 1940*, an investment advisor is considered a fiduciary. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts. In addition, an investment advisor has a duty of utmost good faith to act solely in the best interest of each of its clients. RJL Wealth Management and its associated persons have a fiduciary duty to all clients. RJL Wealth Management has established a Code of Ethics which all associated persons must read. They must then execute an acknowledgment agreeing that they understand and agree to comply with RJL Wealth Management's Code of Ethics. The fiduciary duty of RJL Wealth Management and its associated persons to clients is considered the core underlying principle for RJL Wealth Management's Code of Ethics and represents the expected basis for all associated persons' dealings with clients. RJL Wealth Management has the responsibility to make sure that the interests of clients are placed ahead of it or its associated persons' own investment interests. All associated persons will conduct business in an honest, ethical and fair manner. All associated persons will comply with all federal and state securities laws at all times. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to services being conducted.

All associated persons have a responsibility to avoid circumstances that might negatively affect or appear to affect the associated persons' duty of complete loyalty to their clients. This section is only intended to provide current clients and potential clients with a description of RJL Wealth Management's Code of Ethics. If current clients or potential clients wish to review RJL Wealth Management's Code of Ethics in its entirety, a copy may be requested from any of RJL Wealth Management's associated persons and a copy will be provided promptly.

### **Personal Trading Policy**

RJL Wealth Management or its associated persons may buy or sell securities or have an interest or position in a security for their personal account which they also recommend to clients. This presents a conflict of interest between our clients' investment interests and the interests of our personnel. Therefore, we have formed the following procedures to help monitor and control for conflicts of interest arising from our personal trading policies.

- RJL Wealth Management is, and shall continue to be, in compliance with The Insider Trading and Securities Fraud Enforcement Act of 1988.
- No associated person shall prefer his or her own interest to that of an advisory client.
- No person employed by RJL Wealth Management may purchase or sell the same security prior to a transaction or transactions being implemented for an advisory account.
- Associated persons shall not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of his/her employment unless the information is also available to the investing public upon reasonable inquiry.

- As part of the Code of Ethics (summarized above) RJJ Wealth Management maintains a list of all securities holdings for itself and all associated persons which are reviewed on a regular basis by a principal of the firm.

RJJ Wealth Management Investment Advisor Representatives may provide advice to a client regarding real estate investment trusts, real estate partnerships and other private placement investments. Such investments are often illiquid, which means that the investments can be difficult to trade and consequently limits a client's ability to dispose of such investments in a timely manner and at an advantageous price. Additionally, such investments may not have registered pursuant to the Securities Act of 1933, and therefore the client will need to complete a subscription agreement showing the client is an "accredited" investor (as defined by applicable law and rules and regulations) and acknowledge that he or she has read and understands the private placement memorandum and is aware of the various risk factors associated with such an investment.

Investment Advisor Representatives may in the future or currently have personally invested in private investments they also recommend to clients. This creates a natural conflict of interest in that the Investment Advisor Representatives' personal investment may motivate them to recommend the private investment over other private investments they have not personally invested in but may be better suited for a client or have better historical performance. To control for this conflict of interest, the Investment Advisor Representatives will disclose any personal investment interest they have in a private investment recommended to client. Further, in accordance with the RJJ Wealth Management Code of Ethics and Personal Trading Policy, Investment Advisor Representatives are required to attain written approval from RJJ Wealth Management prior to personally investing in a private investment.

## **Item 12 – Brokerage Practices**

### **Arrangement with Lucia Securities, LLC and RBC Correspondent Services**

Clients wishing to implement RJJ Wealth Management's financial planning and/or consulting advice are free to select any broker/dealer or investment advisor they wish and are so informed. If clients wish to have RJJ Wealth Management's advisor representatives implement the advice in their capacity as registered securities agents or through Managed Portfolio Strategies, then RJJ Wealth Management's affiliated broker/dealer, Lucia Securities, LLC, must be used. Advisor representatives of RJJ Wealth Management may be registered securities agents of Lucia Securities, LLC and are required to use the services of Lucia Securities, LLC and its approved clearing broker/dealer when acting in their capacity as registered securities agents. Lucia Securities, LLC serves as the introducing broker/dealer. All accounts established through Lucia Securities, LLC will be cleared and held at RBC Capital Markets, LLC member NYSE/FINRA/SIPC which acts as the qualified custodian. The decision to use RBC Capital Markets, LLC is based on Lucia Securities, LLC's arrangement with RBC Correspondent Services, a division of RBC Capital Markets, LLC that works exclusively with FINRA-member, introducing broker/dealers such as Lucia Securities, LLC. RBC Capital Markets, LLC is a wholly-owned subsidiary of Royal Bank of Canada (RBC).

Lucia Securities, LLC has a wide range of approved securities products for which Lucia Securities, LLC performs due diligence prior to selection. Lucia Securities, LLC's registered securities agents are required to adhere to these products when implementing securities transactions through Lucia Securities, LLC.

Clients should understand that not all investment advisors require the use of a particular broker/dealer or the use of a broker/dealer that is affiliated with the investment advisor. Our decision to require the use of Lucia Securities, LLC is based on RJJ Wealth Management's decision that RJJ Wealth Management can provide efficient and cost-effective services through its affiliated broker/dealer. However, the use of an affiliated broker/dealer is an inherent conflict of interest between RJJ Wealth Management and its clients because requiring RJJ Wealth Management clients to use Lucia Securities, LLC as the broker/dealer allows Lucia Securities, LLC to retain brokerage revenue that would otherwise be retained by an unaffiliated broker/dealer. For example, Lucia Securities, LLC will retain a percentage of the overall management fee charged to client through Managed Portfolio Strategies for brokerage services performed.

The requirement to use RBC Capital Markets, LLC (which is not affiliated with Lucia Securities, LLC/RJL Wealth Management) is based on the fact that Lucia Securities, LLC has established a clearing agreement with RBC Correspondent Services, a division of RBC Capital Markets, LLC as its preferred clearing broker/dealer and qualified custodian. Because RJL Wealth Management and Lucia Securities, LLC are under common ownership and have some of the same executive officers and supervisors, the decision to use RBC Correspondent Services was mutually determined by Lucia Securities, LLC and RJL Wealth Management. The decision to use RBC Capital Markets, LLC is based on a comparison of RBC Capital Markets, LLC against other broker/dealers (including past experiences we have had with other broker/dealers), minimizing brokerage expenses and other costs as well as offerings or services RBC Correspondent Services provides that Lucia Securities, LLC, RJL Wealth Management or clients may require or find valuable. There are some investment advisors that permit the use of multiple broker/dealers and permit clients to select the broker/dealer. RJL Wealth Management has considered the positive factors to this approach which include the ability to better negotiate brokerage costs such as transaction fees, the ability to better analyze speed of execution, and the ability to compare and negotiate services. However, RJL Wealth Management has determined that the use of one brokerage platform (Lucia Securities, LLC/RBC Capital Markets, LLC) allows RJL Wealth Management to provide more streamlined operational and trading services. RJL Wealth Management considers the fact that allowing multiple brokerage arrangements would increase the need for additional internal staff and technology which may increase the overall fees charged to RJL Wealth Management clients. By selecting one brokerage platform, RJL Wealth Management is able to avoid additional compliance, recordkeeping, staffing, and technological costs that may be associated with implementing procedures designed to work with multiple brokerage platforms. Considering all factors in relation to RJL Wealth Management's structure and capacities, RJL Wealth Management has concluded that requiring one brokerage platform (Lucia Securities, LLC/RBC Capital Markets, LLC) is a better policy than permitting multiple brokerage arrangements including client-directed brokerage arrangements. If RJL Wealth Management decides to permit other brokerage arrangements in the future, all clients will be made aware of the change in policy.

Commission and fee structures of various broker/dealers, along with services, research, and tools are periodically reviewed by RJL Wealth Management in order to evaluate the overall execution services provided by Lucia Securities, LLC and RBC Capital Markets, LLC. Accordingly, while RJL Wealth Management will consider competitive rates, it may not necessarily obtain the lowest possible commission and brokerage rates for client account transactions. Therefore, the overall services provided by both Lucia Securities, LLC and RBC Capital Markets, LLC are evaluated to determine the level of best execution provided to clients. However, considering RJL Wealth Management requires its clients to use the brokerage services of Lucia Securities, LLC and RBC Capital Markets, LLC, RJL Wealth Management may not be able to achieve the *most* favorable execution of client transactions and therefore RJL Wealth Management's practice of requiring the use of Lucia Securities, LLC and RBC Capital Markets, LLC may cost clients more money compared to advisory programs offered by other investment advisors.

While clients may be able to attain brokerage services with lower costs and expenses, clients should be aware of some of the qualitative factors RJL Wealth Management considers for selecting Lucia Securities, LLC and RBC Capital Markets, LLC as its required Managed Portfolio Strategies brokerage platform. These factors include, but are not necessarily limited to, the following:

- Being able to rely on the internal staff of Lucia Securities, LLC to provide operations, trading, and other services.
- RBC Correspondent Services is able to provide numerous specialized service groups including designated support staff dedicated to servicing Lucia Securities, LLC and Managed Portfolio Strategies accounts and a training/educational department that provides online, telephone and on-site training of RBC Correspondent Services products, tools and offerings.
- The RBC Correspondent Services back-office system generates exception reports designed to monitor all aspects of brokerage accounts, including trading, money movement, transfers, and client account data. Client paperwork is processed through a secure electronic workflow and storage system. RBC Capital Markets, LLC's electronic trading platform provides a real-time order matching system, the ability to "block" client trades, Managed Portfolio Strategies investment models, automated rebalancing, and account balance and position



information. Clients may access their account information over the internet, including balances, transactions, positions, statements, confirmations, and tax documents. Advisory fees can be calculated on aggregated account balances and are debited directly from client accounts.

#### **Aggregation of Client Orders-Block Trading Policy**

Transactions we implement for client accounts are generally effected independently, unless the Firm decides to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading, or block trading and is used by the Firm when we believe such action may prove advantageous to clients. When we aggregate client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates, or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among the Firm's clients in proportion to the purchase and sale orders placed for each client account on any given day. When we determine to aggregate client orders for the purchase or sale of securities, including securities in which we may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* It should be noted that we do not receive any additional compensation or remuneration as a result of aggregation.

### **Item 13 – Review of Accounts**

#### **Reviews for clients of our Asset Management Services**

Account reviews for clients selecting our MPS program and third-party money managers are performed at least annually, or more frequently as requested by the client or as a result of changing market conditions. The calendar is the main triggering factor for scheduling a review meeting.

At least quarterly, RJL Wealth Management shall notify each client in writing to contact RJL Wealth Management if there have been any changes in the client's financial circumstances or investment objectives, or if the client wishes to impose any reasonable restrictions on the management of the account or reasonably modify any existing restrictions, and shall provide the client with a means through which such contact can be made.

#### **Reviews for Bucket Strategy™ Clients Through Affiliated Entities**

We offer to update the calculations and assumptions of each client bucket strategy on an annual basis for Bucket Strategy™ clients who do not select asset management services through RJLWM, but implement investments through our affiliated entities.

#### **Reviews for Financial Planning Only Clients**

Reviews for financial planning only clients will be performed on an as-needed basis for an additional negotiated fee.

#### **Account Summary or Performance Reports**

Our Investment Advisor Representatives may provide clients periodically with an account summary or performance report. Although the information provided on the summary or report we deliver to you has been retrieved from sources believed to be reliable, we urge you to compare the holdings listed on the custodian's statement to those listed on reports we deliver to you. Clients will receive statements at least quarterly from the qualified custodian at which their account is maintained. If any discrepancies are found, please contact RJLWM at 800-644-1150.

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

#### **Other Compensation**

As disclosed in Item 10 – Other Financial Industry Activities and Affiliations, RJL Wealth Management's associated persons sell securities in their separate capacity as registered representatives of Lucia Securities, LLC. Some of the associated persons are also independently licensed insurance agents and sell insurance products. Commissions are earned when selling these products.

From time to time, RJL Wealth Management and/or Lucia Securities, LLC may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. This creates a conflict of interest in that there is an incentive to recommend certain products and investments based on the receipt of this compensation instead of what is in the best interest of our clients. We attempt to control for this conflict by always basing investment decisions on the individual needs of our clients.

### **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by the SEC as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor, or any of its affiliated companies, has the ability to access or control client funds or securities, the investment advisor is deemed to have custody for purposes of the Investment Advisers Act of 1940 and must ensure proper procedures are implemented.

Based on the SEC's definition, RJL Wealth Management and/or Lucia Securities, LLC are deemed to have custody over accounts managed by RJL Wealth Management through Managed Portfolio Strategies. For these accounts, RJL Wealth Management and Lucia Securities, LLC have established the following procedures to comply with the SEC's Custody Rule.

- All client funds and securities are held at RBC Capital Markets, LLC, which serves as the qualified custodian, in a separate account for each client under that client's name.
- Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained.
- Account statements are delivered directly from RBC Capital Markets, LLC to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from RJL Wealth Management. When clients have questions about their account statements, they should contact RJL Wealth Management or the qualified custodian preparing the statement.
- In accordance with SEC regulations RJL Wealth Management is subject to an annual surprise verification examination and Lucia Securities, LC is subject to an annual internal control review.
  - RJL Wealth Management must engage an independent, third-party accounting firm to perform an annual, surprise examination verifying the location of client funds and securities. When completed, the accounting firm's report will be available through the SEC's Investment Adviser Public Disclosure page at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our information on this website by searching for "RJL Wealth Management, LLC". You can also search using the firm's CRD numbers. The CRD number for the firm is 152396.

An internal control report must include an opinion of an independent public account as to whether controls have been placed in operation as of a specific date, and are suitably designed and are operating effectively to meet control objectives relating to custodial services held by Lucia Securities, LLC on behalf of RJL Wealth Management clients. The accounting firm must also verify that funds and securities of which Lucia Securities, LLC is deemed to have custody are reconciled to a custodian (i.e. RBC Capital Markets, LLC). The internal control report is prepared by a third-party accounting firm, not

affiliated in any way with RJL Wealth Management that is registered with and subject to regular inspection by the Public Company Accounting Oversight Board (PCAOB).

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

Upon receiving written authorization from the client, RJL Wealth Management may provide discretionary investment advisory services for client accounts. Written authorization from the client must be granted in the contract for services.

Generally speaking, when discretionary authority is granted, RJL Wealth Management is given the authority to determine the type and amount of securities that can be bought or sold for the client portfolio without obtaining the client's consent for each transaction. Written authorization, including limitations thereof, will be provided by the client in the investment advisory agreement. Depending on the program, RJL Wealth Management may or may not have discretion over a client's assets. In some programs, RJL Wealth Management will not have discretion, but a third-party investment advisor, such as Placemark, will be provided with discretion.

When discretion is granted, clients maintain the ability to impose reasonable restrictions on the management of their accounts.

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

We will not vote proxies on behalf of your account. While there are some investment advisors that will vote proxies and other corporate decisions on behalf of their clients, we have determined that taking on the responsibility for voting client securities does not add enough value to the services provided to clients to justify the additional compliance and regulatory costs associated with voting client securities.

Placemark is responsible for voting all client proxies received from accounts through the Managed Portfolio Strategies program. Clients need to refer to Placemark's disclosure brochure to read about their proxy voting process and procedures. Further, clients have the ability to opt-out of receiving proxies or request proxy materials be sent electronically.

#### **Item 18 – Financial Information**

This item is not applicable to RJL Wealth Management's brochure. RJL Wealth Management does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance. Therefore, RJL Wealth Management is not required to include a balance sheet for its most recent fiscal year. RJL Wealth Management is not subject to a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Finally, RJL Wealth Management has not been the subject of a bankruptcy petition at any time.