



**FORM ADV PART 2A-APPENDIX 1**

**MANAGED PORTFOLIO STRATEGIES WRAP FEE BROCHURE**

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This **Wrap Fee Program Brochure** provides information about the qualifications and business practices of RJL Wealth Management, LLC and the Managed Portfolio Strategies program. If you have any questions about the contents of this brochure, please contact us at 800-644-1150 or [compliance@rjlwm.com](mailto:compliance@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 brochure was published in March 2012.

- We have included information regarding retirement planning services

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## **Item 4 – Services, Fees and Compensation**

RJL Wealth Management, LLC (referred to as “RJL Wealth Management” or the “Firm” 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. We offer personalized investment advisory services including financial planning and consulting, asset management and seminars through RJL Wealth Management.

### **General Description of Primary Advisory Services**

RJL Wealth Management provides investment advisory services other than the program described in this Wrap Fee Program Brochure. A description of the other fee based investment advisory services is available in the RJL Wealth Management Form ADV Part 2A Disclosure Brochure. RJL Wealth Management Investment Advisor Representatives may also provide investment advice through their separate capacities as registered representatives of Lucia Securities, LLC, an affiliated broker/dealer member FINRA/SIPC. In those capacities, RJL Wealth Management Investment Advisor Representatives may charge commissions on a per-transaction basis when implementing their advice on behalf of clients through Lucia Securities, LLC.

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

Through our interview and data collection process, we will determine among other things, your short and long-term financial objectives, risk tolerance, tax status, current investment holdings and asset allocation in order to prepare a hypothetical financial illustration utilizing Ray Lucia’s Bucket Strategy<sup>TM</sup> framework. This framework attempts to match short-term liabilities with short-term investment strategies and long-term liabilities with long-term investment strategies. 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 portfolio with the strategy.

We provide fee-based Asset Management Services through Managed Portfolio Strategies (MPS), a wrap-fee program sponsored by our Firm as described in this brochure. Portfolios are designed to be custom tailored to meet the needs of each individual client as it may relate to their overall Bucket Strategy<sup>TM</sup>. Once a client approves their Bucket Strategy<sup>TM</sup> and selects their asset allocation for their specific account to be invested in MPS, we select the specific securities to fulfill the desired mix of assets. The MPS program provides the flexibility to select separate account managers, 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 on-going supervision over client accounts. This means accounts in the program are continuously monitored and changes are made when necessary.

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 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 RJLWM investment advisor representative. We believe by 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.

When making the determination of whether one of the advisory programs available through RJL Wealth Management is appropriate for their needs, clients should bear in mind that fee based accounts through RJL Wealth Management, when compared with commission based accounts through Lucia Securities, LLC, may result in lower costs during periods when trading activity is heavier, such as the year an account is established. However, during periods when trading activity is lower, such arrangements may result in a higher annual cost for transactions. The total cost for transactions under a fee account versus a commission account can vary significantly and depends upon a number of factors. Some such factors include account size, amount of turnover (number of transactions), type and quantities of securities purchased or sold, commission rates and the client's tax situation. Clients should have a conversation with their Investment Advisor Representative and read this brochure carefully as it explains our program in detail.

### **The Wrap-Fee Programs sponsored by RJL Wealth Management**

We provide services designed to meet the varying investment advisory and related needs of individual clients through MPS. Under a wrap-fee program such as MPS, advisory services along with transaction, clearing and custodial services are provided for one fee. This is different from non wrap-fee management programs whereby 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. To help us administer accounts, manage transactions and formulate investment strategies, we have formed relationships with unaffiliated investment advisors.

- We have entered into an Overlay Management and Services Agreement with Placemark Investments, Inc., an unaffiliated SEC registered investment advisor, to participate in their UMA Marketplace Program.
- We also select on a discretionary basis certain Model Portfolio Advisors to help create specific investment strategies and model portfolios. A Model Portfolio Advisor must pass our internal due diligence process prior to being approved for MPS. It should be noted that we may only select Model Portfolio Advisors available through the Placemark Investments, Inc. platform. Therefore, there may be other Model Portfolio Advisors that are more appropriate or suitable for our clients investment needs not selected by our Firm and/or not available on the Placemark Investments, Inc. platform. Through the Personalized Fund Management allocation, our own investment advisor representatives may also create specific portfolios allocated solely to mutual funds and/or exchanged traded funds and be responsible for investment selection. All Model Portfolio Advisors used by our firm are unaffiliated and will not have trading authorization or access to our program accounts. Clients must grant us with discretionary authority to hire-and-fire selected Model Portfolio Advisors. The purpose of a Model Portfolio Advisor is to develop specific investment recommendations and provide trade signals to RJJ Wealth Management and Placemark Investments, Inc. Placemark Investments, Inc. is responsible for accepting or rejecting the recommendations due to the fact that Placemark Investments, Inc. is provided discretionary trading authorization over all accounts to implement and execute the portfolios developed by Model Portfolio Advisors. Clients must grant Placemark Investments, Inc. with discretionary trading authority on all accounts.

Clients will be provided copies of the Placemark Investments, Inc. Form ADV Part 2 Disclosure Brochure and will be required to complete appropriate new account forms and client agreements provided by Placemark Investments, Inc. In addition, copies of the selected Model Portfolio Advisor(s) Form ADV Part 2 Disclosure Brochure(s) will be provided to clients.

The Placemark Investments, Inc. UMA program provides an Overlay Portfolio Management process to coordinate trades among multiple investment managers within a client's account and screen for wash sale violations and loss harvesting opportunities across managers. As a result, Placemark Investments, Inc. is responsible for implementing day-to-day strategies, rebalancing and trading activities. Placemark Investments, Inc. is responsible for the following services.

- Assistance with ongoing management and supervision of program accounts;
- Implementation and coordination of model portfolios and related recommendations received from Model Portfolio Advisors while seeking to minimize the likely deviation of the performance of accounts;
- Maintaining and periodically rebalancing program accounts to the allocation among investment options selected for each account as instructed or selected by the RJJ Wealth Management Investment Advisor Representative and client;
- Management of cash in each account including with respect to cash contributions and withdrawals and security-specific cash flows;
- Client-directed loss harvesting for taxable accounts without tax management upon request;

- Initial investment of accounts and assistance with transition of assets deposited into the account; and
- Incorporating client-requested restrictions for specific securities and industry categories.

Utilizing tools provided by Placemark Investments, Inc., 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 selecting an appropriate investment strategy and/or model portfolio provided by one or more of the Model Portfolio Advisors available through the program. RJL Wealth Management advisor representatives review the client's information to determine each individual client's financial situation and investment objectives. Accounts are therefore managed on the basis of each client's financial situation and investment objectives. Clients are instructed to notify RJL Wealth Management when the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on accounts managed under through the program. At least annually, RJL Wealth Management shall contact each client to determine whether there have been any changes to the client's financial situation or investment objectives, risk tolerance, tax situation if applicable, and investment time horizon, or if the client wishes to impose any reasonable restrictions, or reasonably modify existing restrictions, on the management of such client's account. 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.

RJL Wealth Management Investment Advisor Representatives shall be reasonably available to consult with individual clients regarding the status of their accounts. Clients shall have the ability to impose reasonable restrictions on the management of their accounts, including the ability to instruct Placemark Investments, Inc. and RJL Wealth Management not to purchase certain securities. These restrictions are subject to the acceptance of Placemark Investments, Inc. and RJL Wealth Management. A client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account. A separate account is maintained for each client through RBC Capital Markets, LLC as the qualified custodian and each client retains right of ownership of the account (e. g. right to withdraw securities or cash and receive transaction confirmations). RJL Wealth Management is responsible for forwarding all necessary client information and client instructions to Placemark Investments, Inc.

### **Schedule of Fees**

The client is charged one management fee which consists of the RJL Wealth Management Investment Advisor Representative fee, as well as overlay manager (Placemark Investments, Inc.) fees, model portfolio advisor fees, program sponsor fees, and certain custody, brokerage and trade execution fees. For example, the management fee does not include Manager Change fees (charged when adding or replacing a Manager) and does not include trade execution charges for trades placed in order to process a full termination of the client's account. The client will be notified in writing if the client will incur any Manager Change Fee or transaction fees related to trades placed in order to process a full termination of Client's account.

As a sponsor of the program, RJLWM receives a portion of the platform fee. Lucia Securities, LLC receives a portion of the program fee for its brokerage services. From this portion, Lucia Securities, LLC will pay RBC Capital Markets, LLC on a transaction-by-transaction basis. The platform fee may not exceed 0.95%. Clients selecting optional tax management services will pay an additional fee to Placemark Investments, Inc. for this service. This is separate from the platform fee Lucia Securities, LLC charges a minimum initial setup fee of \$300 per account for all accounts allocated to any Model Portfolio Advisor/Investment Strategy. If a client's account is allocated solely to mutual funds or exchange traded funds via the Personalized Fund Management allocation option, then the account will not be subject to an account set up fee. This fee is billed directly to the client's account at the time the account is funded to cover initial transactions from implementing the initial investment strategy developed for the client. If more than one manager is used in the arrangement, Lucia Securities, LLC will charge an additional set up fee of \$100-\$250 per manager which will be billed directly to the client's account at the time of the first fee billing. If an account is allocated solely to mutual funds and exchange traded funds via the Personalized Fund Management allocation option, the account set up fee will be reimbursed to the client's account in the first billing cycle.

The annual management fee charged to clients cannot exceed 2.00%. Fees are negotiable based on a number of factors, which may result in a client paying a fee which is less than the highest annual fee, or more or less than the fees paid by other RJL Wealth Management clients. Negotiating factors include the amount of assets under management, the portfolio strategy selected, the number of accounts opened by the client and the RJL Wealth Management investment advisor representative working with the client.

Fees are payable quarterly in advance, based on the asset value of your account(s) on the last calendar day of each calendar quarter. In the event that a deposit in excess of \$25,000 occurs mid-quarter, the fee for that quarter will be recalculated at quarter-end and the account will be billed a second fee pro-rata, in arrears, on the additional deposits. In the event that a withdrawal in excess of \$25,000 occurs mid-quarter, the fee for that quarter will be recalculated at quarter-end and the account will be refunded the pro-rata fee that was attributable to the amount of the withdrawal. The Advisory Fee shall be automatically deducted from the Account on the first business day following the last business day of the quarter.

### **Retirement Plan Services**

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

#### **Fiduciary Consulting Services**

RJL Wealth Management provides the following Fiduciary Retirement Plan Consulting Services:

- **Non-Discretionary Investment Advice.** RJL Wealth Management will provide you with general, non-discretionary investment advice regarding assets classes and investment options, consistent with your Plan's investment policy statement.
- **Investment Selection Services.** RJL Wealth Management will provide you with recommendations of investment options consistent with ERISA section 404(c)
- **Individualized Participant Advice.** Upon request, RJL Wealth Management will provide one-on-one advice to Plan participants regarding their individual situations.



For Fiduciary Consulting Services, all recommendations of investment options and portfolios will be submitted to you for your ultimate approval or rejection. The retirement plan sponsor client or the plan participant who elects to implement any recommendations made by us is solely responsible for implementing all transactions. Fiduciary Consulting Services are not management services, and RJL Wealth Management does not serve as administrator or trustee of the plan. RJL Wealth Management does not act as custodian for any client account or have access to client funds or securities (with the exception of, some accounts, having written authorization from the client to deduct our fees).

RJL Wealth Management acknowledges that in performing the Fiduciary Consulting Services listed above that it is acting as a "fiduciary" as such term is defined under Section 3(21)(A)(ii) of Employee Retirement Income Security Act of 1974 ("ERISA") for purposes of providing non-discretionary investment advice only. RJL Wealth Management will act in a manner consistent with the requirements of a fiduciary under ERISA if, based upon the facts and circumstances, such services cause RJL Wealth Management to be a fiduciary as a matter of law. However, in providing the Fiduciary Consulting Services, RJL Wealth Management (a) has no responsibility and will not (i) exercise any discretionary authority or discretionary control respecting management of Client's retirement plan, (ii) exercise any authority or control respecting management or disposition of assets of Client's retirement plan, or (iii) have any discretionary authority or discretionary responsibility in the administration of Client's retirement plan or the interpretation of Client's retirement plan documents, (b) is not an "investment manager" as defined in Section 3(38) of ERISA and does not have the power to manage, acquire or dispose of any plan assets, and (c) is not the "Administrator" of Client's retirement plan as defined in ERISA. Fees for this service will generally not exceed \$10,000 per year and will be determined based on the total market value of plan assets, the complexity of the plan, the number of participants, the relationship RJL Wealth Management may have with the plan provider or trustees, the level of service to be provided to the plan, and the geographical location(s) and number of office locations of the plan sponsor and plan participants. When determining the fee, we will also take into consideration special situations or conflicts of interest where charging a fee is prohibited under ERISA laws and any existing relationships with the client. The negotiated fee will be disclosed to the client prior to any services being provided. Fees will be billed quarterly, in arrears, and RJL Wealth Management will provide to the client a statement that will be due within two weeks of issuance.

#### Fiduciary Management Services

RJL Wealth Management provides clients with the following Fiduciary Retirement Plan Management Services:

- Investment Management via Model Portfolios. RJL Wealth Management will provide discretionary management via model portfolios. RJL Wealth Management manages Model Portfolios which are investment options available to Plan participants. If a Plan has elected to include RJL Wealth Management's Model Portfolios as available options for the qualified retirement plan, then each Plan participant will have the option to elect or not elect the Model Portfolios managed by RJL Wealth Management and will be allowed to impose reasonable restrictions upon the management of each account by written instructions to RJL Wealth Management.

If you elect to utilize any of RJL Wealth Management's Fiduciary Management Services, then RJL Wealth Management will be acting as an Investment Manager to the Plan, as defined by ERISA section 3(38), with respect to our Fiduciary Management Services, and RJL Wealth Management hereby acknowledges that it is a fiduciary with respect to its Fiduciary Management Services.

Fees for asset management services will be consistent with the program selected. Fees for these programs are outlined in greater detail in the program descriptions above.

### Non-Fiduciary Services

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

RJL Wealth Management provides clients with the following Non-Fiduciary Retirement Plan Consulting Services:

- Participant Education. RJL Wealth Management will provide education services to Plan participants about general investment principles and the investment alternatives available under the Plan. RJL Wealth Management’s assistance in participant investment education will be consistent with and within the scope of DOL Interpretive Bulletin 96-1. Educational presentations will not take into account the individual circumstances of each participant and individual recommendations will not be provided unless otherwise agreed upon. Plan participants are responsible for implementing transactions in their own accounts.

Securities and other types of investments all bear different types and levels of risk. Those risks are typically discussed with clients in defining the investment policies and objectives that will guide investment decisions for their qualified plan accounts. Upon request, as part of our retirement plan services, we can discuss those investments and investment strategies that we believe may tend to reduce these risks for a particular client’s circumstances and plan participants.

Clients and plan participants must realize that obtaining higher rates of return on investments entails accepting higher levels of risk. Based upon discussions with the client, we will attempt to identify the balance of risks and rewards that is appropriate and comfortable for the client and other employees. It is still the clients’ responsibility to ask questions if the client does not fully understand the risks associated with any investment. All plan participants are strongly encouraged to read prospectuses, when applicable, and ask questions prior to investing.

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

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

Plan to comply with the reporting and disclosure requirements of Title 1 of ERISA and the regulations, forms, and schedules issued thereunder.

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

### ***Authorization to Deduct Advisory Fees***

Clients must authorize RBC Capital Markets, LLC with the ability to debit advisory fees on behalf of RJL Wealth Management directly from the account(s). The advisory fee will be paid first from free credit balances in the account, second, from the liquidation or withdrawal by RJL Wealth Management or Placemark Investments, Inc. of the client's shares of any money market fund or balances in any money market account, and finally from the liquidation at RJL Wealth Management or Placemark Investments, Inc.'s discretion of other securities in the account.

Upon request from the client and approval from RJL Wealth Management, clients may pay the advisory fee directly rather than through a debit to the account. Any alternative method of billing may result in the imposition of additional charges to cover the administrative costs thereof.

### **Brokerage, Clearing and Custody**

MPS accounts must be established through RJL Wealth Management's affiliated broker/dealer, Lucia Securities, LLC. Investment Advisor Representatives of RJL Wealth Management may be registered representatives 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 representatives. 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 representatives 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 require 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 RJL Wealth Management's decision that RJL 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 RJL Wealth Management and its clients because requiring RJL 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 platform 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 the policy changes in the future and RJL Wealth Management decides to permit other brokerage arrangements, 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 unable 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 on-line, 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, ability to "block" client trades, Managed Portfolio Strategies investment models, automated rebalancing, 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***

Transactions implemented by an RJL Wealth Management Investment Advisor Representative for client accounts are generally effected independently, unless it is decided 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 when it is believed such action may prove advantageous to clients. When client orders are aggregated, 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 clients in proportion to the purchase and sale orders placed for each client account on any given day. When it is determined to aggregate client orders for the purchase or sale of securities, including securities in which we may invest, trades will be made in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* It should be noted, we do not receive any additional compensation or remuneration as a result of aggregation.

For accounts traded by Placemark Investments, Inc., Placemark will generally aggregate client orders rather than placing trades on an individual, account-by-account basis. Placemark will aggregate orders on a sponsor-by-sponsor basis. This means Placemark will place all trades for MPS accounts together and not combine trades for MPS accounts with trades for accounts managed in other programs through Placemark.

Placemark will allocate filled orders among accounts of the sponsor. Partially filled orders are generally allocated ratably among accounts. If an order is partially filled through a sponsor, only accounts of that sponsor will receive allocations from that partial fill. When client orders are aggregated, the allocation of securities among client accounts will be done on a fair and equitable basis for all MPS accounts. Like our policy, 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 by Placemark as to price and will be allocated among MPS clients in proportion to the purchase and sale orders placed for each client account on any given day.

### ***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).

### ***No Agency Cross or Principal Transactions***

Principal transactions are not affected by RJL Wealth Management or any other person (buying securities for itself or selling securities it owns to any client) in MPS accounts. No transactions are effected in which MPS client securities are sold to or bought from a commission-only brokerage account.

### **Other Fees**

The RJL Wealth Management Investment Advisor Representative is compensated with a portion of the advisory fee. The amount of this compensation may or may not be more than that which would be received by the Investment Advisor Representative if the client paid separately for investment advice, brokerage and other services, or participated in other programs offered by RJL Wealth Management. The Investment Advisor Representative may therefore have a financial incentive to recommend the program over other programs and services.

Model Portfolio Advisors are compensated with a portion of the platform fee for strategies they develop. The amount of this compensation may be more or less than a Model Portfolio Advisor would receive if the client paid separately for a Model Portfolio Advisor's investment advice or participated in other programs.

As the program sponsor, RJL Wealth Management is compensated with a portion of the platform fee. The amount of this compensation may or may not be more than that which would be received by RJL Wealth Management if the client paid separately for Lucia Securities, LLC or other broker/dealer's services or participated in other programs. RJL Wealth Management may have a financial incentive to recommend the program over other programs or services.

Lucia Securities, LLC and RBC Capital management are compensated for the brokerage, clearing and custody services provided through MPS. The amount of this compensation may or may not be more than that which would be received by those firms if the client paid separately for their services or the services of other broker/dealers.

## **Proxy Voting**

Placemark Investments, Inc. provides proxy voting services to assets in account(s) managed through the program. RJI Wealth Management does not provide proxy voting services, but clients may consult their RJI Wealth Management Investment Advisor Representative if they have questions or concerns regarding a proxy vote. Clients may retain the ability to vote proxies for their own accounts. Clients that initially assign proxy voting responsibilities to Placemark Investments, Inc. may revoke that authorization at any time in writing addressed to RJI Wealth Management and Placemark Investments, Inc., indicating another person who will vote proxies in the account(s). In such cases, Placemark Investments, Inc. will not have the authority to vote such clients' securities and clients will receive their proxies of other solicitations directly from RBC Capital Management or the transfer agent of the security. For more information about Placemark Investments, Inc.'s proxy voting policies and procedures, please refer to the Placemark Investments, Inc. Form ADV Part 2A Disclosure Brochure.

## **Item 5 – Account Requirements and Types of Clients**

### **Opening an Account**

To become a program participant, the *Managed Portfolio Strategies Agreement* must be executed. In addition, the client will be required to establish a brokerage account through Lucia Securities, LLC. Clients must also execute an agreement with Placemark Investments, Inc. and complete the appropriate Placemark Investments, Inc. new account forms.

### **Termination of Services**

The *Managed Portfolio Strategies Agreement* may be terminated by any party at any time upon written notice to the other, effective no sooner than upon receipt of such written notice by the non-terminating party. Termination will not affect the liabilities or obligations of the parties under the agreement which arise from activities initiated or occurring prior to termination. If an account is liquidated as the result of a termination notice, account assets will be payable to the client subject to normal brokerage settlement terms and fees. Upon termination of the agreement, RJI Wealth Management, Investment Advisor Representative and Placemark Investments, Inc., as the case may be, shall not be under any obligation whatsoever to recommend any action with regard to the investments in the account. Upon termination, it shall be the client's exclusive responsibility to issue instructions in writing regarding any assets held in the Account. Notwithstanding anything to the contrary herein, clients have the right to terminate services without fee or penalty within five (5) business days of the execution of the agreement. After the initial five day period, clients will be entitled to a pro-rated refund of the pre-paid advisory fee for the applicable quarter based on the number of days remaining in the quarter after the effectiveness of termination.

### **Minimum Account Size**

Minimum investment amount required are subject to the number of Model Portfolio Advisors selected in the MPS account and any subsequent minimum restrictions in the underlying securities to be purchased. Account minimums can range from \$25,000 for portfolios managed by the RJI Wealth Management 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 Model Portfolio Advisor investment strategies. Exceptions may be granted to the minimum at the discretion of RJL Wealth Management and in agreement with the Model Portfolio Advisor(s).

### **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.

### **Item 6 - Portfolio Manager Selection and Evaluation**

Our program does not allow Advisory Representatives or clients to utilize Model Portfolio Advisors (i.e. portfolio managers) that are not approved by RJL Wealth Management. In other words, the only Model Portfolio Advisors selected for managing client assets in the program are Advisory Representatives of RJL Wealth Management and investment personnel of approved sub-advisors serving as unaffiliated Model Portfolio Advisors. We review each of the managers that provide the management services that we offer before selecting a manager to be included in our program. We also conduct an annual review to ensure that the manager is still suitable for our programs. We call these processes "due diligence."

RJL Wealth Management is responsible for performing research on Model Portfolio Advisors in MPS. It should be noted that our pool of Model Portfolio Advisors is restricted by only using those Model Portfolio Advisors made available by Placemark. Our own, internal research includes screening and evaluation of the Model Portfolio Advisors and making such evaluations available to our Investment Advisor Representatives. We use a multi-step process in researching Model Portfolio Advisors. Each Model Portfolio Advisor is evaluated on the basis of information provided by the Model Portfolio Advisor including descriptions of its investment process, asset allocation strategies employed, sample portfolios to review securities selections and the Model Portfolio Advisor's Form ADV Disclosure Brochure. We attempt to verify information provided by comparing it to other data from publicly available data collection sources.

Depending on the services selected by the client's Investment Advisor Representative, RJL Wealth Management may provide a client with performance reports for accounts held within the MPS. We often request, but do not require that Model Portfolio Advisors adhere to GIPS / CFA Institute standards; and every attempt is made to obtain performance information that is calculated on a uniform and consistent basis. Individual firms may provide information, which does not entirely conform to these requirements. In most cases, performance data approved for client viewing will have been calculated based on a uniform and consistent standard. In the rare instance where this is not possible, the affected performance data should clearly indicate by specific disclosure that it was not calculated based on the uniform standard.

Model Portfolio Advisors are screened and selected using a number of criteria:

- Manager or management team tenure and experience
- Performance within their peer group

- Portfolio turnover
- Expenses and costs of the Model Portfolio Advisor
- Individual face to face meetings with managers
- Participation in educational forums and conference calls offered by Model Portfolio Advisor

Factors that determine the change of a portfolio manager may include:

- Performance
- Change of ownership of the portfolio managers firm
- Strategic or tactical change away from a particular sector or asset class
- Costs

We rely on information obtained from the following sources when researching each Manager:

- Manager's Form ADV and accompanying documents
- Manager's website and other publicly available information
- SEC website

We reserve the right to terminate a Manager at any time for any reason

By choosing to invest in one of our programs, you and your Investment Advisor Representative are deciding which manager will make investment decisions for your account. Some of our strategies have only one choice for portfolio manager. Others give you the ability to choose from multiple managers. When deciding among managers for these accounts, your Investment Advisor Representative will work with you to evaluate which manager(s) will best suit your financial needs and investment objectives.

### **Description of Other Advisory Services**

In addition to providing services through MPS, we provide advisory services in the form of financial planning services. Financial planning services do not involve the active management of client accounts, but instead focus on a client's overall financial situation. Financial planning can be described as helping individuals determine and set their long-term financial goals through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. The role of a financial planner is to find ways to help the client understand his/her overall financial situation and help the client set financial objectives.

We also have some clients that have accounts managed directly by unaffiliated, third-party investment advisor firms. This service is generally not available to new clients and most of these arrangements are being moved to the MPS program.

***Advice on Certain Types of Investments.*** Various investment strategies are provided through the program; however, a specific investment strategy is selected for each client to focus on the specific client's goals and objectives. Depending on the client's individual needs and the strategy selected, investment recommendations will be made in, but not necessarily limited to, no-load mutual funds, funds at NAV, equity positions, Exchange Traded Funds (ETFs), fixed income positions, municipal securities firm and U.S. government securities.

## **Performance-Based Fees and Side-By-Side Management**

RJL Wealth Management does not charge or accept performance-based fees. Regulators have defined performance based fees as charging fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

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

The amount of client assets managed by RJL Wealth Management totaled \$358,255,072.08 as of June 30, 2012. These assets are managed on a discretionary basis. In addition, our investment advisor representatives, in their separate capacities as Lucia Securities, LLC registered representatives; oversee \$1,481,668,524.49 (also as of June 30, 2012) of client assets held in traditional, commission-based accounts. All services provided through Lucia Securities, LLC are non-discretionary. Our investment advisor representatives, in their separate capacities as licensed insurance agents oversee \$186,840,992.33 of client assets held in fixed annuity products.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

### ***A. Methods of Analysis***

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

### ***B. Investment Strategies***

#### **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.

### **C. 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, 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 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 ETFs 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 7 – Client Information Provided to Portfolio Managers**

We will provide Placemark Investments, Inc. with all identifying information about your account and selected investment strategies including non-public information. Non-public information is information about you that is not available to the public. Your social security number, your net worth, and your annual income are examples of non-public information. Public information is information about you that is readily accessible to the public. Public information may include your name, phone number, and address.

We do not provide information to unaffiliated Model Portfolio Advisors because the advisors do not need such information to develop general investment strategies and model portfolios for our program.

For all accounts, your Investment Advisor Representative will have access to all of the non-public information provided by you when opening your account.

### **Item 8 – Client Contact with Portfolio Managers**

It is the policy of RJL Wealth Management to provide an "open channel" of communication between Advisory Representatives and their clients. Clients are encouraged to contact their Advisory Representative whenever they have questions about the management of their account. Unaffiliated Model Portfolio Advisors and Placemark Investments, Inc. are generally not available for you to speak with; however, your advisory representative may be able to facilitate contact with Placemark Investments, Inc. or a Model Portfolio Advisor on your behalf.

## Item 9 – Additional Information

### **Account Reviews and Reviewers**

The RJL Wealth Management investment advisor representative will contact his/her clients at least annually for the purpose of reviewing their account and to determine if there have been changes in their financial situation or investment objectives. Any changes are then reported internally, as well as to the portfolio manager as necessary. 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.

The calendar is the main triggering factor, although more frequent reviews may also be triggered by changes in the client's circumstances, client request, or changes within the market.

Portfolio strategies and individual client accounts are reviewed by the client's RJL Wealth Management investment advisor representative when quarterly statements are received. However, these accounts may also be reviewed monthly if there is account activity. Accounts managed by RJL Wealth Management are reviewed by the client's RJL Wealth Management investment advisor representative on a regular basis, but at least quarterly.

### **Statements and Reports**

Clients will receive brokerage account statements from RBC Capital Markets, LLC on a monthly basis unless there is no trading activity in a 30 day period, in which case the client will receive statements quarterly.

### **Disciplinary Information**

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

### **Other Financial Industry Activities and Affiliations**

RJL 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," and 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**

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



Advisor representatives of RJL 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. RJL 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, RJL Wealth Management, Lucia Securities, LLC, its associated persons and employees are prohibited from trading on material non-public information.

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

RJL Wealth Management is under common ownership with RJL Capital Management, LLC. RJL Capital Management, LLC is also owned by RJL Holding Company, LLC and is registered with the SEC relying on RJL 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.

RJL 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 RJL Wealth Management do not utilize the services of RJL Capital Management, LLC and are not solicited to do so. Therefore, our affiliation with RJL 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 RJL Insurance Services, an insurance agency. When RJL 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 RJL 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 RJL Wealth Management by RJL 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 RJL Wealth Management. While RJL 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.

#### **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 general 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) RJL 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.

- RJL 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 RJL Wealth Management Code of Ethics and Personal Trading Policy, Investment Advisor Representatives are required to attain written approval from RJL Wealth Management prior to personally investing in a private investment.

## **Client Referrals and Other Compensation**

### ***Other Compensation***

RJL Wealth Management's Investment Advisor Representatives may sell securities in their separate capacity as registered representatives of Lucia Securities, LLC. Some of the Investment Advisor Representative are also independently licensed insurance agents and sell insurance products. They can earn commissions when selling these products.

Some of the advice offered by the Investment Advisor Representative when providing advice through commission-based Lucia Securities, LLC brokerage accounts involves investments in mutual fund products. Load and no-load mutual funds may pay annual distribution charges, sometimes referred to as 12b-1 fees. The Investment Advisor Representative may receive a portion of these 12b-1 fees from some investment companies in their separate capacities as registered representatives. Clients should be aware that these 12b-1 fees come from fund assets and, thus, indirectly from client's assets. The receipt of these fees could represent an incentive for registered representatives to recommend funds with 12b-1 fees or higher 12b-1 fees over funds with no fees or lower fees, therefore creating a potential conflict of interest.

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.

### **Financial Information**

This item is not applicable to this brochure. RJL Wealth Management does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. RJL Wealth Management is not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, RJL Wealth Management has not been the subject of a bankruptcy petition at any time.