

# Pathways Wealth Management, Inc.

SEC File Number: 801-71523

## Pathways Wealth Management, Inc.

### **Wrap Fee Program Brochure**

**Dated 3/22/2012**

Contact: Andrea Clark, Chief Compliance Officer  
8569 N. Dixie Drive, Dayton, OH 45414

**This brochure provides information about the qualifications and business practices of Pathways Wealth Management, Inc. (“Pathways Wealth Management”). If you have any questions about the contents of this brochure, please contact us at (937) 387-6736 or [aclark@pathwayswm.com](mailto:aclark@pathwayswm.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 Pathways Wealth Management, Inc. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)**

## **Item 2            Material Changes**

**Pathways Wealth Management, Inc. has had the following material changes since the last Annual ADV update in March, 2011.**

1. The offices address of Pathways Wealth Management, Inc. has been changed to 8569 N. Dixie Drive, Dayton, OH 45414.
2. The office phone number for Pathways Wealth Management, Inc. has changed to 937-387-6490 and fax number has changed to 937-387-6816.
3. A Broker/Dealer Affiliation of Pathways Wealth Management, Inc. has changed from Triad Securities to Purshe Kaplan Sterling Investments for commission based clients.
4. Pathways Wealth Management, LLC has changed to Pathways Wealth Management, Inc.

**Item 3**

**TABLE OF CONTENTS**

<b>Item 1</b>	<b>Cover Page.....</b>	<b>1</b>
<b>Item 2</b>	<b>Material Changes .....</b>	<b><u>2</u></b>
<b>Item 3</b>	<b>Table of Contents .....</b>	<b><u>3</u></b>
<b>Item 4</b>	<b>Services, Fees and Compensation .....</b>	<b><u>4</u></b>
<b>Item 5</b>	<b>Account Requirements and Types of Clients .....</b>	<b><u>6</u></b>
<b>Item 6</b>	<b>Portfolio Manager Selection and Evaluation .....</b>	<b><u>6</u></b>
<b>Item 7</b>	<b>Client Information Provided to Portfolio Managers .....</b>	<b><u>10</u></b>
<b>Item 8</b>	<b>Client Contact With Portfolio Managers.....</b>	<b><u>11</u></b>
<b>Item 9</b>	<b>Additional Information .....</b>	<b><u>11</u></b>

## Item 4 Services, Fees and Compensation

### A. INVESTMENT ADVISORY SERVICES

The client can determine to engage Pathways Wealth Management to provide discretionary and/or non-discretionary investment advisory services on a wrap *fee* basis. (*See* discussion below). If a client determines to engage Pathways Wealth Management on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client's particular need.

### PATHWAYS WEALTH MANAGEMENT WRAP PROGRAM

Pathways Wealth Management is the sponsor and investment manager of the Pathways Wealth Management Wrap Program (hereinafter the "Program"). Under the Program, Pathways Wealth Management is able to offer participants discretionary and/or non-discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual Program fee ranges from negotiable to 2.25%, based on certain criteria (i.e. anticipated future additional assets, dollar amount of assets to be managed, related accounts, negotiations with client, etc).

Pathways Wealth Management charges an annual wrap fee for participation in the Program. The wrap fee will be charged as a percentage of assets under management, as follows:

<u>Market Value of Portfolio</u>	<u>Annual % Fee</u>
\$0 - \$1,000,000	2.25%
\$1,000,000 - \$5,000,000	1.75%
\$5,000,000 - \$10,000,000	1.50%
Over \$10,000,000	1.00%

Under the Program, Pathways Wealth Management can be provided with written authority to determine which securities and the amounts of securities that are bought or sold. Any limitations on this discretionary authority shall be included in the written agreement between each client and Pathways Wealth Management. Clients may change/amend these limitations, in writing, at any time. The client shall have reasonable access to one of Pathways Wealth Management's investment professionals to discuss their account.

Fidelity Investments, LLC ("*Fidelity*") shall serve as the custodian for Program accounts.

**Fee Differentials:** In certain circumstances, Pathways Wealth Management, in its sole discretion, may charge a different wrap fee (higher or lower) based upon certain criteria (i.e., complexity of the engagement, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, services to be provided (i.e. financial planning services), negotiations with client etc.).

**Fee Calculation:** The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of

an advisory client, pursuant to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (hereinafter the “Act”).

**Fee Payment:** Clients will be charged in advance at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account at the end of the previous quarter. Fees are prorated for accounts opened during the quarter. An additional fee for the current quarter will be assessed if assets are deposited after the beginning of the quarter, prorated based on the number of calendar days remaining in the quarter during which the service will be in effect. **No** portion of the fee will be credited to the client for the current calendar quarter should any withdrawals from the portfolio occur in the same calendar quarter.

**Termination of Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason upon receipt of prior written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five (5) business days after entering into the agreement.

## MISCELLANEOUS

**Client Responsibilities:** In performing any of its services, Pathways Wealth Management shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Furthermore, unless the client indicates to the contrary in the client's Investment Objective Confirmation letter, Pathways Wealth Management shall assume that there are no restrictions on its services, other than to manage the account in accordance with the client's designated investment objective. **Moreover, it remains each client's responsibility to promptly notify Pathways Wealth Management if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Pathways Wealth Management's previous recommendations and/or services.**

**Please Note: Investment Performance:** As a condition to participating in the Program, the participant **must** accept that past performance may not be indicative of future results, and understand that the future performance of any specific investment or investment strategy (**including** the investments and/or investment strategies purchased and/or undertaken by the Registrant) **may not:** (1) achieve their intended objective; (2) be profitable; or, (3) equal historical performance level(s) or any other performance level(s).

**Please Note: Inverse/Enhanced Market Strategies.** Pathways Wealth Management may also utilize leveraged long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be **no assurance** that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct Pathways Wealth Management, in writing, not to employ any or all such strategies for his/her/their/its accounts.

- B. Participation in the Program may cost more or less than purchasing such services separately. Also the Program fee charged Pathways Wealth Management for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

Depending upon the percentage wrap-fee charged Pathways Wealth Management, the amount of portfolio activity in the client's account, and the value of custodial and other services provided, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately and/or if Pathways Wealth Management were to negotiate transaction fees and seek best price and execution of transactions for the client's account.

- C. The Program's wrap fee does not include certain charges and administrative fees, including, but not limited to, transaction charges (excluding mark-ups and mark-downs) resulting from trades effected through or with a broker-dealer other than *Fidelity*, transfer taxes, odd lot differentials, exchange fees, interest charges, American Depository Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts. Such fees and expenses are in addition to the Program's wrap fee.
- D. Not Applicable.

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

Pathways Wealth Management clients shall generally include individuals, business entities, trusts, estates and charitable organizations. Pathways Wealth Management does not generally require an annual minimum fee or asset level for clients to open or maintain a Program account.

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

- A. Pathways Wealth Management may allocate a portion of a client's Program assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the *Independent Manager[s]* shall have day-to-day responsibility for the active discretionary management of the allocated Program assets. Pathways Wealth Management shall continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which Pathways Wealth Management shall consider in recommending *Independent Manager[s]* include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.
- B. Pathways Wealth Management acts as the portfolio manager for the Program. Inasmuch as the execution costs for transactions effected in the client account will be paid to Pathways Wealth Management, a potential conflict of interest arises in that Pathways Wealth Management may have a disincentive to trade securities in the client account. In addition, the amount of compensation received by Pathways Wealth Management as a result of the client's participation in the Program may be more than what Pathways Wealth Management would receive if the client paid separately for investment advice, brokerage and other services. However, as stated in Item 4, *Pathways Wealth Management Wrap Fee Program* above, fees are negotiable based on the criteria in Item 4.

Pathways Wealth Management is not subject to the same selection and review that an *Independent Manager* would be subject to. As the Program sponsor Pathways Wealth Management shall be responsible for the primary management of the Program, including the selection and termination of all *Independent Manager[s]*.

- C. As discussed below, Pathways Wealth Management offers to its clients discretionary and non-discretionary investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

## **ADVISORY BUSINESS SERVICES**

### **B. Investment Advisory Services**

The client can determine to engage Pathways Wealth Management to provide discretionary and/or non-discretionary investment advisory services on a wrap or non-wrap *fee* basis. (*See* discussion below). If a client determines to engage Pathways Wealth Management on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client's particular need. If the client determines to engage Pathways Wealth Management on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody).

#### **Non-Wrap Fee Basis**

The client can determine to engage Pathways Wealth Management to provide discretionary/non-discretionary investment advisory services on a *fee* basis. Pathways Wealth Management's annual investment advisory fee shall be based upon a percentage (%) of the market value of the assets placed under Pathways Wealth Management's management (between negotiable and 2.25%), as follows:

Assets Under Management	Annual % Fee
0 - \$1,000,000.00	2.25%
\$1,000,000.01 - \$5,000,000.00	1.75%
\$5,000,000.01 - \$10,000,000.00	1.5%
Over \$10,000,000.01	1.0%

#### **Pathways Wealth Management Wrap Program**

Pathways Wealth Management provides investment management services on a wrap fee basis in accordance with Pathways Wealth Management's investment management wrap fee program (the "Program"). The services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure a copy of which is presented to all prospective Program participants. Under the Program, Pathways Wealth Management is able to offer participants discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual Program fee ranges from negotiable to 2.25%, depending upon the amount and type of the Program assets. The terms and conditions for client participation in the Program are set forth in detail in the Wrap Fee Program Brochure, which is presented to all prospective Program participants in accordance with the disclosure requirements of Part 2A Appendix 1 of Form ADV. The Wrap Fee Program Brochure is incorporated into this Brochure by reference.

All prospective Program participants should read both Pathways Wealth Management and the Wrap Fee Program Brochure, and ask any corresponding questions that they may have, prior to participation in the Program. *Fidelity* shall serve as the custodian for Program accounts.

### **Financial Planning and Consulting Services**

To the extent requested by a client, Pathways Wealth Management *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Pathways Wealth Management's planning and consulting fees are negotiable, but generally range from \$500.00 to \$10,000.00 on a fixed fee basis, and from \$100.00 to \$250.00 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging Pathways Wealth Management to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Pathways Wealth Management setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Pathways Wealth Management commencing services. If requested by the client, Pathways Wealth Management may recommend the services of other professionals for implementation purposes, including Pathways Wealth Management's representatives in their individual capacities as licensed insurance agents. (*See* disclosure below). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Pathways Wealth Management. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. Each client is advised that it remains his/her/its responsibility to promptly notify Pathways Wealth Management if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Pathways Wealth Management's previous recommendations and/or services.

### **Miscellaneous Advisory Services Disclosure**

**Non-Investment Consulting/Implementation Services.** If requested by the client, Pathways Wealth Management may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither Pathways Wealth Management, nor any of its representatives, serves as an attorney or accountant, and no portion of Pathways Wealth Management services should be construed as same. To the extent requested by a client, Pathways Wealth Management may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including representatives of Pathways Wealth Management in their separate licensed capacities as discussed below. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Pathways Wealth Management.

**Please Note: Non-Discretionary Service Limitations.** Clients that determine to engage Pathways Wealth Management on a non-discretionary investment advisory basis **must be willing**



**to accept** that Pathways Wealth Management cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event of a market correction, and the client is unavailable, Pathways Wealth Management will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client's verbal consent.

**Trade Error Policy.** Pathways Wealth Management shall reimburse accounts for losses resulting from the Pathways Wealth Management's trade errors, but shall not credit accounts for such errors resulting in market gains. The gains and losses are reconciled within Pathways Wealth Management's custodian firm account and Pathways Wealth Management retains the net gains and losses.

**Client Obligations.** In performing its services, Pathways Wealth Management shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify Pathways Wealth Management if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Pathways Wealth Management's previous recommendations and/or services.

**Disclosure Statement.** A copy of Pathways Wealth Management's written disclosure statement as set forth on Part 2A Brochure or Appendix 1 of Part 2A Brochure on Form ADV shall be provided to each client prior to or contemporaneously with the execution of the *Investment Advisory Agreement* or *Financial Planning Agreement*.

- C. Pathways Wealth Management shall provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment adviser representative will discuss with each client, their particular investment objective(s). Pathways Wealth Management shall allocate each client's investment assets consistent with their designated investment objective(s). Clients may, at anytime, impose restrictions, in writing, on Pathways Wealth Management's services.
- D. There is no significant difference between how Pathways Wealth Management manages wrap fee accounts and non-wrap fee accounts. However, as stated above, if a client determines to engage Pathways Wealth Management on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody) (*See* Item 4.A). The services included in a wrap fee agreement will depend upon each client's particular need. If the client determines to engage Pathways Wealth Management on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody). **Please note:** When managing a client's account on a wrap fee basis, Pathways Wealth Management shall receive as payment for its investment advisory services, the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted.

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

Neither Pathways Wealth Management nor any supervised person of Pathways Wealth Management accepts performance-based fees.

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

Pathways Wealth Management shall utilize the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

Pathways Wealth Management shall utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Pathways Wealth Management) will be profitable or equal any specific performance level(s).

### **Voting Client Securities**

- A. Pathways Wealth Management does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Pathways Wealth Management to discuss any questions they may have with a particular solicitation.

## **Item 7 Client Information Provided to Portfolio Managers**

Pathways Wealth Management shall be the Program's portfolio manager. Pathways Wealth Management shall provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment adviser representative will discuss with each client, their particular investment objective(s). Pathways Wealth Management shall allocate each client's investment assets consistent with their designated investment objective(s). Clients may, at anytime, impose restrictions, in writing, on Pathways Wealth Management's services.

As indicated above, each client is advised that it remains his/her/its responsibility to promptly notify Pathways Wealth Management if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Pathways Wealth Management's previous recommendations and/or services.

To the extent the Program utilizes *Independent Manager[s]*, Pathways Wealth Management shall provide the *Independent Manager[s]* with each client's particular investment objective(s). Any changes in the client's financial situation or investment objectives reported by the client to Pathways Wealth Management shall be communicated to the *Independent Manager[s]* within a reasonable period of time.

## **Item 8 Client Contact With Portfolio Managers**

The client shall have, without restriction, reasonable access to the Program's portfolio manager.

## **Item 9 Additional Information**

- A. Pathways Wealth Management has not been the subject of any disciplinary actions requiring disclosure.

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

8. **Licensed Insurance Agents.** Dustin Beam, in his individual capacity, is a licensed insurance agent, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4 above, clients can engage certain of Pathways Wealth Management's representatives to effect insurance transactions on a commission basis.
- **Conflict of Interest:** The recommendation by Dustin Beam that a client purchase an insurance commission product presents a *material conflict of interest*, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Mr. Beam. Clients are reminded that they may purchase investment products recommended by Pathways Wealth Management through other, non-affiliated insurance agents. **Pathways Wealth Management's Chief Compliance Officer, Andrea Clark, remains available to address any questions that a client or prospective may have regarding the above conflict of interest.**
  - Pathways Wealth Management is not, but IA Reps of the firm are licensed as securities salespersons ("Registered Representatives") and insurance agents, and are in the business of selling securities and insurance products. The sale of these products account for approximately 10% of time allocated.
  - IA Reps of Pathways Wealth Management are associated with Purshe Kaplan Sterling

Investments, as Registered Representatives. Purshe Kaplan Sterling Investments is a general securities broker/dealer having membership in the Financial Industry Regulatory Authority. We may recommend securities, asset management, or insurance products offered by Purshe Kaplan Sterling Investments or its affiliates. If clients purchase these products through us, we will receive the normal commissions or fees. Thus, a conflict exists between our interests and those of advisory clients. The client is under no obligation to purchase products recommended, or to purchase products either through us or through Purshe Kaplan Sterling Investments.

**B. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

- A. Pathways Wealth Management maintains an investment policy relative to personal securities transactions. This investment policy is part of Pathways Wealth Management's overall Code of Ethics, which serves to establish a standard of business conduct for all of Pathways Wealth Management's Associated Persons that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, Pathways Wealth Management also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Pathways Wealth Management or any person associated with Pathways Wealth Management.

- B. Not Applicable.

- C. Pathways Wealth Management and/or representatives of Pathways Wealth Management *may* buy or sell securities that are also recommended to clients from time to time. This practice may create a situation where Pathways Wealth Management and/or representatives of the firm are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Pathways Wealth Management did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of Pathways Wealth Management's clients) and other potentially abusive practices.

Pathways Wealth Management has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Pathways Wealth Management's "Access Persons". Pathways Wealth Management's securities truncation policy requires that Access Person of Pathways Wealth Management must provide the Chief Compliance Officer or his/her designee with a written report of the their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date Pathways Wealth Management selects; provided, however that at any time that the *Firm* has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. Pathways Wealth Management and/or representatives of Pathways Wealth Management *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Pathways Wealth Management and/or representatives of the firm are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11 C, Pathways Wealth Management has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Pathways Wealth Management's Access Persons.

## **Review of Accounts**

- A. For those clients to whom Pathways Wealth Management provides investment supervisory services, account reviews are conducted on an ongoing basis by the Pathways Wealth Management's Principals and Chief Compliance Officer. All investment supervisory clients are advised that it remains their responsibility to advise Pathways Wealth Management of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with Pathways Wealth Management on an annual basis.
- B. Pathways Wealth Management *may* conduct account reviews more frequent than a periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Pathways Wealth Management may also provide a written periodic report summarizing account activity and performance.

## **Client Referrals and Other Compensation**

- A. As referenced in Item 12.1 above, Pathways Wealth Management may receive an indirect economic benefit from *Fidelity*. Pathways Wealth Management, without cost (and/or at a discount), may receive support services and/or products from *Fidelity*.

Pathways Wealth Management's clients do not pay more for investment transactions effected and/or assets maintained at *Fidelity* as result of this arrangement. There is no corresponding commitment made by Pathways Wealth Management to *Fidelity* or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

**Pathways Wealth Management's Chief Compliance Officer, Andrea Clark, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

- B. If a client is introduced to Pathways Wealth Management by either an unaffiliated or an affiliated solicitor, Pathways Wealth Management *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Pathways Wealth Management's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to Pathways Wealth Management by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of Pathways Wealth Management's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between Pathways Wealth Management and the solicitor, including the compensation to be received by the solicitor from Pathways Wealth Management.

#### **Financial Information**

- A. The Registrant does not solicit fees of more than \$500, per client, six months or more in advance.
- B. Pathways Wealth Management is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to the discretionary and/or non-discretionary authority over certain client accounts.
- C. Pathways Wealth Management has not been the subject of a bankruptcy petition.