

**ITEM 1. COVER PAGE FOR  
PART 2A APPENDIX 1 OF FORM ADV:  
WRAP FEE PROGRAM BROCHURE  
DATED JANUARY 2012**

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**This wrap fee program brochure provides information about the qualifications and business practices of Erlandson Wealth Management. If you have any questions about the contents of this brochure, please contact by telephone at 503-746-9275 or email at [dave@erlandsonwealth.com](mailto:dave@erlandsonwealth.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 Erlandson Wealth Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Please note that the use of the term “registered investment adviser” and description of Erlandson Wealth Management and/or our associates as “registered” does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.**

**Item 2 - Material Changes To Part 2A Appendix 1 (Wrap Fee Program Brochure) Of Our Form ADV:**

**Erlandson Wealth Management** is required to advise you of any material changes to our Wrap Fee Program Brochure (“Wrap Brochure”) from our last annual update, identify those changes on the cover page of our Wrap Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Wrap Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Wrap Brochure, and we must provide the date of the last annual update of our Wrap Brochure.

Since the initial filing of this brochure we have amended Item 9 to include disclosure regarding additional compensation we receive from TD Ameritrade.

Upon request, we shall furnish the entire Form ADV Part 2A - Appendix 1 - Wrap Fee Program Brochure to you free of charge.

### **Item 3 - Table Of Contents**

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

- A. Description of our services, including the types of portfolio management services, provided under each program. We must indicate the wrap fee charged for each program, or, if fees vary according to a schedule, provide such schedule. Further, we are required to indicate whether fees are negotiable and identify the portion of the total fee, or range of fees, paid to portfolio managers.

We offer wrap fee programs as described in this Wrap Fee Program Brochure. Our wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc.

(i) Our Asset Management Wrap Fee Program:

We emphasize continuous and regular account supervision. As part of our asset management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds ("ETFs"), options, mutual funds and other public and private securities or investments. The client's individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, we review the portfolio at least quarterly and if necessary, rebalance the portfolio based upon the client's individual needs, stated goals, and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

Our Asset Management Wrap Fee Program Fee Schedule:

| <u>Assets under management</u> | <u>Annual Percentage of assets charge*:</u> |
|--------------------------------|---|
| \$0 to \$149,999.99            | 1.50%                                       |
| \$150,000 to \$499,999.99      | 1.25%                                       |
| \$500,000 to \$999,999.99      | 1.00%                                       |
| Over \$1,000,000               | 0.75%                                       |

\*Our firm's fees are billed on a pro-rata annualized basis quarterly in arrears based on the value of your account on the last day of the quarter.

- B. Explanation that a wrap fee program may cost you more or less than purchasing such services separately and description of the factors that bear upon the relative cost of the program, such as the cost of the services if provided separately and the trading activity in your account(s).

A wrap fee program allows our clients to pay a specified fee for investment advisory services and the execution of transactions. The advisory services may include portfolio management, and the fee is not based directly upon transactions in your account. Your fee is bundled with our costs for executing transactions in your account(s). This results in a higher advisory fee to you. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we are charged for executed trades. By participating in a wrap fee program, you may end up paying more or less than you would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to you by the executing broker.

- C. Description of any fees that you may pay in addition to a wrap fee, and description of the circumstances under which you may pay these fees, including, if applicable, mutual fund expenses and mark-ups, mark-downs, or spreads paid to market makers.

You may pay custodial fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. These fees are not included within the wrap-fee you are charged by our firm.

- D. If someone recommending a wrap fee program to you, receives compensation as a result of your participation in the program, we must disclose this fact. Further, we are required to explain, if applicable, that the amount of the compensation may be more than what the person would receive if you participated in our other wrap fee program or paid separately for investment advice, brokerage and other services. Finally, we must explain that someone recommending a wrap fee program may have a financial incentive to recommend the wrap fee program over other programs or services.

Our investment advisory representatives receive a portion of the advisory fee that you pay us, either directly as a percentage of your overall fee or as their salary from our firm. In cases where our investment advisory representatives are paid a percentage of your overall advisory fee, this may create an incentive to recommend that you participate in a wrap fee program rather than a non-wrap fee program (where you would pay for trade execution costs) or brokerage account where commissions are charged. This is because, in some cases, we may stand to earn more compensation from advisory fees paid to us through a wrap fee program arrangement if your account is not actively traded.

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

We impose the following requirement(s) to open or maintain an account:

- We do not require a minimum account size to open and maintain an account with our firm.

Types of clients we typically manage wrap fee accounts on behalf of, include:

- Individuals and High Net-Worth Individuals;
- Trusts, Estates or Charitable Organizations.

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

- A. Description of how our firm selects and reviews portfolio managers, our basis for recommending or selecting portfolio managers for particular clients, and our criteria for replacing or recommending the replacement of portfolio managers for the program and for particular clients.

Our firm does not utilize outside portfolio managers. All accounts are managed by our in-house professionals.

- B. Disclosure of whether our firm or any related persons act as a portfolio manager for a wrap fee program described in the wrap fee program brochure. We must explain the conflicts of interest that we face because of this arrangement and describe how we address these conflicts of interest. Further, we must disclose whether related person portfolio managers are subject to the same selection and review as the other portfolio managers that participate in the wrap fee program. If they are not, we must describe how we select and review related person portfolio managers.

Our firm and its related persons act as portfolio manager(s) for the wrap fee program(s) previously described in this Wrap Fee Program Brochure. This may create a conflict of interest in that other investment advisory firms may charge the same or lower fees than our firm for similar services. Our related person portfolio managers are not subject to the same selection and review as outside portfolio managers that participate in the wrap fee program. This is because we have chosen not to utilize outside portfolio managers.

- C. If our firm, or any of our supervised persons covered under or investment adviser registration, act as a portfolio manager for a wrap fee program described in the wrap fee program brochure, we must respond to Items 4.B, 4.C, 4.D (Advisory Business), 6 (Performance-Based Fees and Side- By-Side Management), 8.A (Methods of Analysis, Investment Strategies and Risk of Loss) and 17 (Voting Client Securities) of Part 2A of Form ADV (Firm Brochure).

Our firm and supervised persons do act as portfolio manager(s) for a wrap fee program described in this Wrap Fee Program Brochure.

(i) Advisory Business:

See Item 4 of this Wrap Fee Program Brochure for information about our wrap fee advisory programs.

(ii) Individual Tailoring of Advice to Clients:

We offer individualized investment advice to clients utilizing the following services offered by our firm: Asset Management.

(iii) Ability of Clients to Impose Restrictions on Investing in Certain Securities or Types of Securities:

We usually do not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account. In the rare instance that we would allow restrictions, it would be limited to the following services: Asset Management.

(iv) Participation in wrap fee programs.

We only offer wrap fee accounts to our clients, which are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. We do not manage non-wrap fee accounts.

(v) Performance-based fees and side-by-side management.

We do not charge performance fees to our clients.

**Methods of analysis, investment strategies and risk of loss.**

Description of the methods of analysis and investment strategies we use in formulating investment advice or managing assets.

Methods of Analysis:

- Fundamental;
- Cyclical.

Investment Strategies we use:

- Long term purchases (securities held at least a year);
- Short term purchases (securities sold within a year).

**Please note:**

Investing in securities involves risk of loss that *clients* should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

**Voting client securities.**

- A. If we have, or will accept, proxy authority to vote client securities, we must briefly describe our voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6.

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

**Item 7 - Client Information Provided to Portfolio Manager(s)**

We are required to describe the information about you that we communicate to your portfolio manager(s), and how often or under what circumstances we provide updated information. Our firm communicates with your portfolio manager(s) on a regular basis as needed (daily, weekly, monthly, etc) to ensure your most current investment goals and objectives are understood by your portfolio manager(s). In most cases, we will communicate such information as part of our regular investment management duties. Nevertheless, we will also communicate information to your portfolio manager(s) when you ask us to, when market or economic conditions make it prudent to do so, etc.

**Item 8 - Client Contact with Portfolio Manager(s)**

Our clients may not directly contact their portfolio manager(s) with questions or concerns. All communications must be channeled through our firm.

**Item 9 - Additional Information**

- A. We are required to respond to: 1. Item 9 (Disciplinary Information); and 2. Item 10 (Other Financial Industry Activities and Affiliations) of Part 2A of Form ADV.
1. We have determined that our firm and management have no disciplinary information to disclose under the standard mentioned in Part 2A of Form ADV.



2. Mr. Erlandson is a licensed insurance agent through numerous insurance companies. In such a capacity, he may offer insurance products and receive normal and customary commissions as a result of such a purchase. This presents a conflict of interest to the extent that he recommends the purchase of an insurance product which results in a commission being paid to him as an insurance agent. He spends 5% of his time on these activities.
- B. We are required to respond to: 1. Items 11 (Code of Ethics or Interest in Client Transactions and Personal Trading); 2. Item 13 (review of Accounts); 3. Item 14 (Client Referrals and Other Compensation); and 4. Item 18 (Financial Information) of Part 2A of Form ADV, as applicable to our wrap fee clients.

**1. Code of ethics, participation or interest in  
client transactions and personal trading.**

Brief description of our Code of Ethics adopted pursuant to SEC rule 204A-1 and offer to provide a copy of our Code of Ethics to any client or prospective client upon request.

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of

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<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

- a) If our firm or a related person recommends to clients, or buys or sells for client accounts, securities in which our firm or a related person has a material financial interest (excluding an interest as a shareholder of an SEC-registered, open-end investment company), we must describe our practice and discuss the conflicts of interest it presents.

We have nothing to disclose in this regard.

- b) If our firm or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that our firm or a related person recommends to clients, we are required to describe our practice and discuss the conflicts of interest this presents and generally how we address the conflicts that arise in connection with personal trading.

See Item 11A of this Brochure. Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

- c) If our firm or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for our firm's (or the related person's own) account, we are required to describe our practice and discuss the conflicts of interest it presents. We are also required to describe generally how we address conflicts that arise.

See Item 11A of this brochure. Related persons of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities within 48 hours of buying or selling for our clients. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

## **2. Review of accounts.**

- a) Review of client accounts, along with a description of the frequency and nature of our review, and the titles of our employees who conduct the review.

We review accounts on at least a quarterly basis for our clients subscribing to the following services: Asset Management. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only our Financial Advisors or Portfolio Managers will conduct reviews.

- b) Review of client accounts on other than a periodic basis, along with a description of the factors that trigger a review.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

- c) Description of the content and indication of the frequency of written or verbal regular reports we provide to clients regarding their accounts.

We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we meet with clients which subscribe to the following service(s): Asset Management.

### **3. Client referrals and other compensation.**

- a) If someone who is not a client provides an economic benefit to our firm for providing investment advice or other advisory services to our clients, we must generally describe the arrangement. For purposes of this Item, economic benefits include any sales awards or other prizes.

Our firm participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD Ameritrade through our participation in the program.

As disclosed above, our firm participates in TD Ameritrade's institutional customer program and our firm may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between our firm's participation in the program and the investment advice it gives to its Clients, although we receive economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our firm's participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to our firm by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our firm's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit us by may

not benefit its Client accounts. These products or services may assist our firm in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop its business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, the firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our firm's choice of TD Ameritrade for custody and brokerage services.

Our firm also received from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisors participating in the program. Specifically, the Additional Services include the following: TD Ameritrade will pay the entire fee, \$5,500 per a year, for Morningstar Office, which will be utilized by our firm. This arrangement shall continue in effect for an initial one year term, and will thereafter automatically continue in effect for successive one-year terms, unless terminated by TD Ameritrade. TD Ameritrade provides the Additional Services to our firm in its sole discretion and at its own expense, and our firm does not pay any fees to TD Ameritrade for the Additional Services. Our firm and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Our firm's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Advisor, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, our firm's Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Advisory in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, our firm may have an incentive to recommend to its Clients that the assets under management by our firm be held in custody with TD Ameritrade and to place transactions for Clients accounts with TD Ameritrade. Our firm's receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including to seek best execution of trades for Client accounts.

- b) If our firm or a related person directly or indirectly compensates any person who is not our employee for client referrals, we are required to describe the arrangement and the compensation.

We do not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940.

#### **4. Financial information.**

- a) If we require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, we must include a balance sheet for our most recent fiscal year.

We do not require nor do we solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, therefore we have not included a balance sheet for our most recent fiscal year.

- b) If we are an SEC-registered adviser and have discretionary authority or custody of client funds or securities, or we require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, we must disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

We have nothing to disclose in this regard.

- c) If we have been the subject of a bankruptcy petition at any time during the past ten years, we must disclose this fact, the date the petition was first brought, and the current status.

We have nothing to disclose in this regard.

*If we are registering or are registered with one or more state securities authorities, we must respond to the following additional Item.*

#### **Item 10 - Requirements for State-Registered Advisers**

In addition to any relationship or arrangement described in response to Item 9.A.2 of Part 2A Appendix 1 of Form ADV, we must describe any relationship or arrangement that our firm or any of our management persons have with any issuer of securities that is not listed in Item 9.A.2 of Part 2A Appendix 1 of Form ADV.

We are SEC Registered, so this Item does not apply.