

## Item 1 – Cover Page

### **Alpern Wealth Management, LLC**

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(412) 281-2501

[www.alpern.com/financial-investment-services.php](http://www.alpern.com/financial-investment-services.php)

Date of Disclosure Brochure: September 2012

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This disclosure brochure provides information about the qualifications and business practices of Alpern Wealth Management, LLC. If you have any questions about the contents of this disclosure brochure, please contact Vito Cedro at (412) 281-2501 or [vcedro@alpern.com](mailto:vcedro@alpern.com). The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Alpern Wealth Management, LLC is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view the firm's information on this website by searching for Alpern Rosenthal Wealth Management, LLC or the firm's CRD number: 165268.

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

## **Item 2 – Material Changes**

Alpern Wealth Management, LLC is a newly registered investment adviser, and this disclosure brochure, dated September 2012, is the first disclosure brochure prepared by the firm. In the future, this item will discuss only specific material changes that are made to the disclosure brochure and provide readers with a summary of such changes. The firm will also reference the date of the last annual update of this disclosure brochure.

Alpern Wealth Management, LLC will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after the firm's fiscal year ends. The firm's fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time we will also offer or provide a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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## **Item 4 – Advisory Business**

Alpern Wealth Management, LLC (“Advisor” or “we”) is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) since August 2012. We are a limited liability company formed under the laws of the State of Pennsylvania and are wholly owned by Alpern Rosenthal Financial Services, LLC.

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

We offer personalized investment advisory services including financial planning, retirement plan consulting, asset management and referrals to third party money managers. The following are brief descriptions of our primary services. A detailed description is provided in **Item 5 - Fees and Compensation**, so that clients and prospective clients (“clients” or “you”) can review the services and description of fees more thoroughly.

A written agreement detailing the exact terms of the service must be signed by you and Advisor before we can provide the services described below. Advisor’s services are provided to you through an appropriately licensed and qualified individual who is an investment adviser representative of Advisor (“investment adviser representative” or “representative”).

### **Asset Management Services**

We offer asset management services providing you with continuous and on-going supervision over your accounts. This means that we continuously monitor your account and make trades in that account when necessary.

### **Financial Planning Services**

Our financial planning and consulting services do not involve implementing any transaction on your behalf or the active and ongoing monitoring or management of your investments or accounts. You are solely responsible for determining whether to implement our recommendations. To the extent that you want to implement any of our investment recommendations through us or retain us to actively monitor your investments, you must execute a separate written agreement with us for those separate services.

When providing financial planning and consulting services, the role of your investment adviser representative is to find ways to help you understand your overall financial situation and help you set financial objectives.

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

Advisor also offers advisory services by referring clients to unaffiliated third-party money managers offering asset management and other investment advisory services. The third-party managers are responsible for continuously monitoring client accounts and making trades in client accounts when necessary.

### **Retirement Plan Services**

These services include fiduciary reviews for retirement plan sponsors, consulting and monitoring services and employee communication services. Services may include managing plan assets.

### **Limits Advice to Certain Types of Investments**

Advisor provides investment advice on the following types of investments:

- Mutual Funds
- Exchange-listed Securities
- Securities Traded Over-the-Counter
- Foreign Issues
- Warrants
- Corporate Debt Securities
- Commercial Paper
- Certificates of Deposit
- Municipal Securities
- Variable Annuities
- Variable Life Insurance
- US Government Securities
- Options Contracts on Securities
- Options Contracts on Commodities
- Futures Contracts on Tangibles
- Futures Contracts on Intangibles
- Interests in Partnerships Investing in Real Estate
- Interests in Partnerships Investing in Oil and Gas Interests
- Interests in Partnerships in Equipment Leasing and Business Development Companies

Although we generally provide advice only on the listed products, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

It is not our typical investment strategy to attempt to time the market, but we may increase cash holdings modestly as deemed appropriate based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

Please refer to **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss** for more information.

### **Participation in Wrap Fee Programs**

We offer services through both traditional and wrap-fee management programs. In traditional management programs, advisory services are provided for a fee but transaction services are billed separately on a per-transaction basis. In wrap-fee programs, advisory services (including portfolio management or advice regarding selecting other investment advisors) and transaction services are provided for one fee. The Alpern Advisory Program (described in **Item 5 - Fees and Compensation**) is a wrap-fee program. Whenever a fee is charged to a client for services described in this Disclosure Brochure (whether wrap fee or non-wrap fee), we receive all or a portion of the fee charged.

From a management perspective, there is not a fundamental difference in the way we manage traditional management accounts versus wrap-fee management accounts. The only significant difference is the way in which transaction expenses are paid.

### **Tailor Advisory Services to Individual Needs of Clients**

Advisor's services are always provided based on your individual needs. This means, for example, that when we provide asset management services, you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information.

We will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

### **Client Assets Managed by Advisor**

Advisor currently has no assets under management.

## **Item 5 – Fees and Compensation**

In addition to the information provided in **Item 4 – Advisory Business**, this section provides additional details regarding our firm's services along with descriptions of each service's fees and compensation arrangements. It should be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms will be outlined in the agreement between you and Advisor.

### **Asset Management Services**

#### **Alpern Advisory Program**

We are the sponsor of the Alpern Advisory Program ("Alpern Program"), a wrap fee program developed through an arrangement using LPL Financial Corporation's ("LPL") Strategic Wealth Management platform. Through the Alpern Program, we provide investment management services, including providing continuous investment advice to and making investments for you based on your individual needs. Through this service, we offer a customized and individualized investment program. A specific asset allocation strategy and suitability profile is crafted to focus on your specific goals and objectives. The IPS defines your risk tolerance and investment objective. Your information should be updated regularly, but at a minimum every 2 years.

We need to obtain certain information from you to determine your financial situation and investment objectives. You are responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however we contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. We are always reasonably available to consult with you relative to the status of your account. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities.

It is important that you understand that we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

Alpern Program accounts are custodied at LPL in its capacity as a registered broker/dealer, member FINRA/SIPC. You are required to enter into a custodial/clearing agreement with LPL as well as an agreement for advisory services with Advisor. LPL is also an investment advisor registered with the SEC, but does not serve as an investment advisor for you through the Alpern Program. LPL provides clearing, custody and other brokerage services for accounts established through the Alpern Program. Therefore, you are required to establish a brokerage account(s) through LPL's Strategic Wealth Management platform. Separate accounts are maintained for you, and you retain all rights of ownership of your accounts (e. g., the right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

Alpern Program accounts allow you to authorize us to purchase and sell portfolios consisting of securities and investments on a discretionary basis. We may limit our discretion with respect to your account and the securities eligible to be purchased for your account. See, **Limits Advice to Certain Types of Investments** under **Item 4 - Advisory Business**, relative to possible securities and investments utilized. See **Item 16 - Investment Discretion**, for information concerning discretionary authority.

During any month that there is activity in the Alpern Program account, you receive a monthly account statement from LPL showing account activity as well as positions held in the account at month end. Additionally, you receive a confirmation of each transaction that occurs within the Alpern Program account unless the transaction is the result of a systematic purchase, redemption or exchange. You also receive a detailed quarterly report showing performance, positions and activity. All account data and statements are also available on-line through the account view portal through LPL. You should review your account statements received from the qualified custodian and verify that appropriate investment advisory fees are being deducted. The qualified custodian does not verify the accuracy of the investment advisory fees deducted.

Our annual investment advisory fee charged varies between 0.50% - 1.75% of the assets held in the account and is negotiable based on the investment advisor representative providing the services, the type of client, the complexity of the client's situation, the composition of the client's account, the relationship of the client with Advisor or the investment advisor relationship and other advisory services provided to the client.

The annual fee is paid quarterly in advance and calculated based on the fair market value of the account on the last day of the previous quarter. Accounts created mid-quarter are prorated based on the number of days services are provided and billed in arrears at the same time as the next full quarter is billed.

Advisory fees can be deducted from your account or billed directly to you. If you choose to have fees deducted from your account, you must authorize the qualified custodian to deduct fees from your account and pay the fees directly to Advisor. If you choose to have fees billed directly to you, they are due upon receiving our billing notice. The billing notice details the formula used to calculate the fee, the assets under management and the time period covered. Fees for the services of our firm are due immediately after your receipt of the billing notice.

You can open an Alpern Program I or an Alpern Program II account. An Alpern Program I account is a non-wrap or traditional account. This means in addition to our investment advisory fee, you also pay certain transaction charges to defray the costs associated with trade execution. These costs are set out in the LPL Strategic Wealth Management platform brokerage account and application agreement. The Alpern Program II account is a wrap fee account, meaning you do not pay transaction charges associated with trade execution. There is a minimum account size of \$100,000 to establish an equity account and \$250,000 to establish a fixed income account. However, exceptions may be granted to these minimums if the initial deposit is close to the required minimum or if additional deposits are anticipated. In addition, clients can aggregate household accounts to reach the required minimum.

You may incur certain charges imposed by third parties other than us in connection with investments made through the account including, but not limited to, 12b-1 fees and surrender charges, and IRA and



qualified retirement plan fees. The management fees charged by us (which include transaction and execution fees charged by LPL for Alpern Program I accounts) are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus. Our representatives, in their separate capacity as registered representatives of LPL, may retain a portion of the commissions charged to you. These commissions may include 12b-1 fees, surrender charges and IRA and qualified retirement plan fees.

The Alpern Program I and Alpern Program II may cost you more or less than if the assets were held in a traditional brokerage account. In a brokerage account, you are charged commissions for each transaction, and the representative has no duty to provide ongoing advice with respect to the account. If you plan to follow a buy and hold investment strategy for the account or do not wish to purchase ongoing investment advice or management services, you should consider opening a brokerage account rather than an Alpern Program I or Alpern Program II account.

We do not always charge a lower advisory fee for Alpern Program I accounts versus Alpern Program II accounts. The cost for an Alpern II Program account can be higher than an Alpern I Program. This is because transaction costs are passed along to you in Alpern Program I accounts while the transaction costs are covered under the overall fee charged for Alpern Program II accounts.

The Alpern Program services continue in effect until terminated by either party by providing written notice to the other party. Fees are prorated based on the number of days services are actually provided during the final quarter and any prepaid, unearned fees are promptly refunded to you.

This section is intended to be a summary of the Alpern Program. If you contract for Alpern Program services you are provided with a copy of the Alpern Program Form ADV Part 2A Appendix disclosure brochure.

### **Financial Planning & Consulting Services**

When providing financial planning and consulting services, the role of your investment adviser representative is to find ways to help you understand your overall financial situation and help you set financial objectives.

Our financial planning and consulting services do not involve implementing any transaction on your behalf or the active and ongoing monitoring or management of your investments or accounts. You have sole responsibility for determining whether to implement our recommendations. If you would like to implement any of our investment recommendations through us or retain us to actively monitor and manage your investments, you must execute a separate written agreement with us for asset management services.

### **Financial Plans**

Advisor offers financial planning services, which involve preparing a written financial plan covering specific or multiple topics. We provide full written financial plans, which typically address the following topics: investment planning, retirement planning, insurance planning, tax planning, education planning, portfolios review, asset allocation and real estate planning. We also provide modular written financial plans which only cover those specific areas of concern mutually agreed upon by you and us. A modular written financial plan is limited and does not involve the creation of a full written financial plan. You should be aware that there are important issues that may not be taken into consideration when your investment adviser representative develops his or her analysis and recommendations under a modular written financial plan. Written financial plans prepared by us do not include specific recommendations of individual securities.

## **Consultations**

We also offer consultations in order to discuss financial planning issues when you do not need a written financial plan. We offer a one-time consultation, which covers mutually agreed upon areas of concern related to investments or financial planning. We also offer "as-needed" consultations, which are limited to consultations in response to a particular investment or financial planning issue raised or request made by you. Under an "as-needed" consultation, you identify those particular issues for which you are seeking our advice.

## **Advisement Consultations**

In addition, we offer ongoing advisement consultations to participants in retirement plans (401(k) plans, profit sharing plans, etc.). When providing these services, we review your financial situation, goals and objectives as well as the investment options available in the retirement plan. We review your retirement plan account at intervals of your choosing (i.e., one time, quarterly, year long) and make recommendations from the list of available investment options in your retirement plan account as are deemed appropriate and consistent with your stated investment objectives and risk tolerance. These services do not constitute asset management services for your retirement plan account. We do not have investment discretion or trading authority over your retirement plan account. You determine whether or not to implement our advice. It is your responsibility to implement any trades in your retirement plan account.

## **Fees**

Fees for financial planning and consulting services can be charged at an hourly or fixed rate or as a percentage of the client's net worth or yearly income. The investment advisor representative determines the method by which fees are charged. Hourly fees generally range from \$250 to \$500 per hour; fixed fees generally do not exceed \$25,000 with a minimum \$1,000 charge. Both hourly and fixed fees are negotiable based upon the type of client, the services requested, the investment adviser representative providing advice, the complexity of the client's situation, the composition of the client's account and other advisory services provided. Percentage fees are charged as a non-negotiable .001% (1 basis point) of the client's net worth or a non-negotiable 10% of the client's yearly income.

If fees are charged on an hourly basis, your representative provides an estimate of the hours needed to complete the requested plan. If more time is needed to complete the plan than the original estimate, the representative requests the client's permission prior to proceeding with any additional work. Clients are charged for the actual time expended on the plan. The fee is disclosed to clients by the representative prior to any services being provided and is also specified in the financial planning agreement. At the representative's sole discretion, a retainer of one-half of the quoted fee may be due at the time the agreement is signed, with the remainder due upon presentation of the financial plan or completion of the consultations.

Financial planning and consulting services are provided free of charge to clients who maintain an asset management account with Advisor having a value of at least \$2,500,000.

Fees for consultations provided on an on-going basis (i.e., one year) are billed quarterly in advance. Fees for on-going advisement consultations are billed quarterly in advance and based upon the value of the client's retirement account on the last day of the quarter.

Clients can elect to have fees deducted from an existing account or billed directly. If clients elect to have fees deducted from an account, they must provide written authorization to the account custodian for the fees to be deducted and paid to Advisor. If clients elect to have fees billed directly, payment is due upon receipt of Advisor's detailed billing invoice. Clients should notify Advisor within ten days of receiving an invoice if they have questions about or dispute any billing entry.

### ***Termination***

Financial planning services and consulting services terminate upon presentation of the plan or completion of the consultation unless clients contract for ongoing services. Either party can terminate services by providing written notice to the other party, and termination is effective immediately. Fees for services are prorated to the date of termination. Hourly fees are charged at the quoted hourly rate multiplied by the number of hours spent on the services to the date of termination. Fixed and percentage fees are calculated based upon the percentage of the services completed at the date of termination multiplied by the quoted fee. Any unearned but prepaid fees will be refunded to clients and any remaining fees payable are due upon receiving Advisor's detailed billing statement. .

### ***Additional Information***

If Advisor engages an outside professional (i.e. attorney, independent investment adviser or accountant) while providing financial planning and consulting services to you, Advisor is responsible for paying the fees for the outside professional's services. Clients are not required to reimburse Advisor for those payments. If clients personally engage an outside professional, clients are responsible for paying the outside professional's fees and Advisor is not be required to reimburse Client for such payments. Fees for the outside professional's services are in addition to and separate from the fees charged by Advisor. In no event are services of an outside professional be engaged without the client's express approval.

All fees paid to Advisor for services are separate and distinct from the commissions, fees and expenses charged by insurance companies associated with any disability insurance, life insurance and annuities subsequently acquired by you. If clients sell or liquidate certain existing securities positions to acquire any insurance or annuity, they may also pay a commission and/or deferred sales charges in addition to the financial planning and consulting fees paid to Advisor and any commissions, fees and expenses charged by the insurance company for subsequently acquired insurance and/or annuities.

All fees paid to Advisor for services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each mutual fund's prospectus. These fees generally include a management fee, other fund expenses and a possible distribution fee. If the fund also imposes sales charges, clients may pay an initial or deferred sales charge.

If clients Advisor to implement the recommendations provided under this service, Advisor may recommend load or no-load mutual funds that charge 12(b)-1 fees. Any 12(b)-1 fees will be offset.

All fees paid to Advisor for financial planning and consulting services are separate and distinct from the commissions charged by a broker-dealer or asset management fees charged by an investment adviser to implement such recommendations.

Lower fees for comparable services may be available from other sources.

### **Newsletters**

Advisor occasionally provides general, educational and informational newsletters to clients and prospective clients. Newsletters are always offered on an impersonal basis and do not focus on the needs of a specific individual. There is no charge for these newsletters.

### **Seminars and Workshops**

Advisor may occasionally provide seminars in areas such as financial planning, retirement planning, estate planning, college planning and charitable planning. Seminars are always offered on an impersonal

basis and do not focus on the individual needs of participants. No fees are charged for seminars. However, if Advisor is hired by larger groups, such as corporations, we reserve the right to charge fees to cover the expenses incurred by us for presenting the seminars. In this case, all fees and payment provisions are fully disclosed prior to the seminar being presented.

Advisor also offers free educational, informative and motivational workshops to the public as well as to associations, family foundations and employers. Workshops are always offered on an impersonal basis and do not focus on the individual needs of the participants.

### **Data Aggregation Services**

Advisor utilizes web-based financial and wealth planning systems such as eMoney Advisors and Morningstar for certain of its clients. Clients can select from a variety of available programs, including:

- Planning Center (allowing unlimited scenario planning);
- Retirement Income Tool;
- Vault (storage for client documents such as wills, insurance policies, etc.);
- Financial Connections (allowing aggregation of multiple accounts with daily updating of linked accounts); and
- Alerts to upcoming deadlines and important events.

To use the systems you are required to provide us the information and documentation to be downloaded and/or input into the system. You are provided with a unique username and password and are able to monitor portfolio performance, view balances, run "what if" scenarios, and store/view important papers and documents.

Clients paying a fee for financial planning services or who maintain at least \$5,000,000 in an account managed by Advisor receive one year of access to eMoney Advisors at no charge. Clients with accounts valued between \$2,000,000 and \$5,000,000 managed by Advisor receive one year of access to Morningstar at no charge.

### **Third Party Money Managers**

Advisor offers advisory services by referring clients to a third party money manager offering asset management and other investment advisory services. The third party managers are responsible for continuously monitoring client accounts and making trades in client accounts when necessary. As a result of the referral, we are paid a portion of the fee charged and collected by the third party money managers in the form of solicitor fees. Each solicitation arrangement is performed pursuant to a written solicitation agreement and is in compliance with SEC Rule 206(4)-3 and applicable state securities rules and regulations.

We assist you with identifying your risk tolerance and investment objectives and recommend third party money managers in relation to your stated investment objectives and risk tolerance. You may select a recommended third party money manager or model portfolio based upon your needs. You must enter into an agreement directly with the third party money manager who provides your designated account with asset management services.

We are available to answer questions that you may have regarding your account and act as the communication conduit between you and the third-party money manager. The third party money manager may take discretionary authority to determine the securities to be purchased and sold for your account. We do not have any trading authority with respect to your designated account managed by the third party money manager.

Although we review the performance of numerous third party investment adviser firms, we enter into only a select number of relationships with third party investment adviser firms that have agreed to pay us a portion of the overall fee charged to our clients. Therefore, Advisor has a conflict of interest in that it only recommends third-party investment advisors that agree to compensate us for referrals of our clients. Currently, Advisor recommends the Optimum Market Portfolios Program, Model Wealth Portfolios Program, Manager Select Program and Personal Wealth Portfolios Program. These programs are all sponsored by LPL.

Generally, third party managers have account minimum requirements that vary among the managers. Account minimums are generally higher on fixed income accounts than for equity based accounts. A complete description of the third party money manager's services, fee schedules and account minimums are disclosed in the third party money manager's disclosure brochure which is provided to you prior to or at the time an agreement for services is executed and the account is established.

The actual fee charged to you varies depending on the third party money manager. All fees are calculated and collected by the third party money manager who is responsible for delivering our portion of the fee paid by you to us.

When using a third party money manager, you may incur additional charges including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, and IRA and qualified retirement plan fees.

We have a conflict of interest by only offering those third party money managers that have agreed to pay a portion of their advisory fee to us and have met the conditions of our due diligence review. There may be other third party managed programs not recommended by our firm that are suitable for you and that may be more or less costly than arrangements recommended by our firm. No guarantees can be made that your financial goals or objectives will be achieved by a third party investment adviser recommended by our firm. Further, no guarantees of performance can ever be offered by our firm. Please refer to **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss** for more details.

### **Retirement Plan Services**

Advisor 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**

- **Investment Policy Statement Preparation.** Advisor helps you develop an investment policy statement. The investment policy statement establishes the investment policies and objectives for the plan. You have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the investment policy statement.
- **Non-Discretionary Investment Advice.** Advisor provides you with general, non-discretionary investment advice regarding assets classes and investment options consistent with your plan's investment policy statement.
- **Investment Selection Services.** Advisor provides you with recommendations of investment options consistent with ERISA Section 404(c).
- **Investment Due Diligence Review.** Advisor provides you with periodic due diligence reviews of the plan's reports, investment options and recommendations.
- **Investment Monitoring.** Advisor assists in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and

conformation to the guidelines set forth in the investment policy statement. Advisor makes recommendations to maintain or remove and replace investment options.

- Default Investment Alternative Advice. Advisor provides you with non-discretionary investment advice to assist you with developing qualified default investment alternative(s) ("QDIA"), as defined in DOL Reg. Section 2550.404c-5(e)(4)(i), for participants who are automatically enrolled in the plan or who otherwise fail to make an investment election. You retain the sole responsibility to provide all notices to participants required under ERISA Section 404(c)(5).
- Individualized Participant Advice. Upon request, Advisor provides one-on-one advice to plan participants regarding their individual situations.

For fiduciary consulting services, all recommendations of investment options and portfolios are submitted to you for your ultimate approval or rejection. For retirement plan fiduciary consulting services, 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 Advisor does not serve as administrator or trustee of the plan. Advisor 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).

Advisor 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 the *Employee Retirement Income Security Act of 1974* ("ERISA") for purposes of providing non-discretionary investment advice only. Advisor will act in a manner consistent with the requirements of a fiduciary under ERISA if, based upon the facts and circumstances, such services cause Advisor to be a fiduciary as a matter of law. However, in providing the fiduciary consulting services, Advisor (a) has no responsibility and does 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.

### **Fiduciary Management Services**

- Discretionary Management Services. Advisor provides you with continuous and ongoing supervision over the designated retirement plan assets. Advisor actively monitors the designated retirement plan assets and provides advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the plan. We have discretionary authority to make all decisions to buy, sell or hold securities, cash or other investments for the designated retirement plan assets in the our sole discretion without first consulting with you. We also have the power and authority to carry out these decisions by giving instructions, on your behalf, to brokers and dealers and the qualified custodian(s) of the plan for our management of the designated retirement plan assets.
- Discretionary Investment Selection Services. Advisor monitors the investment options of the plan and adds or removes investment options for the plan. Advisor has discretionary authority to make all decisions regarding the investment options that are made available to plan participants.
- Default Investment Alternative Management. Advisor develops and actively manages qualified default investment alternative(s) ("QDIA"), as defined in DOL Reg. Section 2550.404c-5(e)(4)(i), for participants who are automatically enrolled in the plan or who otherwise fail to make an investment election.

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

If you elect to utilize any of Advisor's fiduciary management services, then Advisor will be acting as an investment manager to the plan, as defined by ERISA Section 3(38), and Advisor hereby acknowledges that it is a fiduciary with respect to its fiduciary management services.

### **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 services provided to a client will be listed and detailed in the client agreement for services.

- Participant Education. Advisor provides education services to plan participants about general investment principles and the investment alternatives available under the plan. Advisor's assistance in participant investment education is consistent with and within the scope of DOL Interpretive Bulletin 96-1. Education presentations do 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.
- Participant Enrollment. Advisor assists you with group enrollment meetings designed to increase retirement plan participation among employees and investment and financial understanding by the employees.
- Qualified Plan Development. Advisor assists you with establishing a qualified plan by working with you and a selected third party administrator. If you have not already selected a third party administrator, we assist you with the review and selection of a third party administrator for the plan.
- Due Diligence Review. Advisor provides you with periodic due diligence reviews of your plan's fees and expenses and your plan's service providers.
- Fiduciary File Set-up. Advisor helps you establish a "fiduciary file" for the plan which contains trust documents, custodial/brokerage statements, investment performance reports, services agreements with investment management vendors, the investment policy statement, investment committee minutes, asset allocation/asset liability studies, due diligence fields on funds/money managers and monitoring procedures for funds and/or money managers.
- Benchmarking. Advisor provides you benchmarking services and provides analysis concerning the operations of the plan.

We can also meet with individual participants to discuss their specific investment risk tolerance, investment time frame and investment selections.

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 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.

We strive to render our best judgment for clients. However, Advisor cannot assure that investments will be profitable or assure that no losses will occur in their portfolios. Past performance is an important consideration with respect to any investment or investment advisor but is not necessarily an accurate predictor of future performance.

Advisor will disclose to you, to the extent required by ERISA Regulation Section 2550.408b-2(c), any change to the information that we are required to disclose under ERISA Regulation Section 2550.408b-2(c)(1)(iv) as soon as practicable, 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 practicable).

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 practicable) all information related to the client agreement for services 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 practicable, but no later than thirty (30) days from the date on which we learn of such error or omission.

## **Fees**

For retirement plan sponsor clients, Advisor charges either a fixed annual fee calculated as a percentage of the value of plan assets or an hourly fee. Fees are negotiable based upon the complexity of the plan, the size of the plan assets, the actual services requested, the representative providing the services and the potential for additional deposits.

Fixed fee annual charges are typically 0.50% to 1.75% of the plan assets; the exact amount is specified in your agreement with Advisor. Upon completion of the services, the fixed fee is considered earned by Advisor and any unpaid amount is immediately due. The annual fee is paid quarterly in advance and calculated based on the fair market value of the account on the last day of the previous quarter. Accounts created mid-quarter are prorated based on the number of days services are provided and billed in arrears at the same time as the next full quarter is billed.

Hourly fees are typically charged at \$250 to \$500 per hour and are negotiable based upon the complexity of the plan, the size of the plan assets, the actual services requested and the representative providing the services. Hourly fees are estimated before services are initiated; if additional time is required, Advisor notifies you in advance in writing, with an appropriate explanation that additional time is needed to complete the desired service.



For both fixed and hourly fees, and at our sole discretion, you may be required to pay a portion of the fee up front in the form of a retainer. At no time will we require payment of more than \$1,200 in fees more than six months in advance.

We do not charge individual participants a fee for our services.

You can elect to have the fee deducted from your account or billed directly and due upon receipt of our billing notice. If you elect to have the fee automatically deducted from an existing account, you are required to provide the custodian with written authorization to deduct the fees from the account and pay the fees to us. We provide the custodian with a fee notification statement.

Either party may terminate services by providing written notice of termination to the other party. If services are terminated within five business days of signing the client agreement, services are terminated without penalty. Any prepaid but unearned fees are promptly refunded to you at the effective date of termination.

Advisor does not reasonably expect to receive any other compensation, direct or indirect, for its services. If we receive any other compensation for such services, we will offset that compensation against our stated fees and disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

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

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. Advisor does not charge or accept performance-based fees.

#### **Item 7 – Types of Clients**

Advisor generally provides investment advice to the following types of clients:

- Individuals (including high net worth individuals)
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

You are required to execute a written agreement with Advisor specifying the particular advisory services in order to establish a client arrangement with Advisor.

#### **Minimum Investment Amounts Required**

There is a minimum account value of \$100,000 for equity based managed accounts and a minimum of \$250,000 for fixed income managed accounts. However, exceptions may be granted to these minimums if the initial deposit is close to the required minimum or if additional deposits are anticipated. In addition, clients can aggregate household accounts to reach the required minimum.

There is a minimum \$1,000 charge for financial planning services charged on a fixed fee basis.

Third party money managers may have minimum account and minimum fee requirements in order to participate in their programs. Each third party money manager discloses its minimum account size and fees in its Form ADV Part 2A Disclosure Brochure.

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

### **Methods of Analysis**

Advisor uses the following methods of analysis in formulating investment advice:

**Cyclical** – This method analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and in higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

While most economists and investors agree that there are cycles in the economy that need to be respected, the duration of such cycles is generally unknown. An investment decision to buy at the bottom of a business cycle may actually turn out to be a trade that occurs before or after the bottom of the cycle. If done before the bottom, then downside price action can result prior to any gains. If done after the bottom, then some upside price action may be missed. Similarly, a sell decision meant to occur at the top of a cycle may result in missed opportunity or unrealized losses.

**Fundamental** – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

**Technical** – This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment

gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

There are risks involved in using any analysis method.

To conduct analysis, Advisor gathers information from financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses and filings with the SEC, and company press releases.

### **Investment Strategies**

Advisor uses the following investment strategies when managing client assets and/or providing investment advice:

- Long term purchases (investments held at least a year)
- Short term purchases (investments sold within a year)
- Frequent trading (the practice of selling investments within 30 days of purchase)
- Margin transactions. When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest of the purchase price from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from Advisor.
- Option writing including cover options, uncovered options or spreading strategies. Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.
- Tactical asset allocation. Allows for a range of percentages in each asset class (such as stocks = 40-50%). The ranges establish minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. Thus, a minor form of market timing is possible, since the investor can move to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak.
- Strategic asset allocation. Calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a "buy and hold" strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client's goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.

Advisor's primarily method of analysis or strategy: strategic asset allocation for diversification purposes.

### **Primarily Recommend One Type of Security**

We do not primarily recommend one type of security to clients. Instead, we recommend any product that may be suitable for each client relative to that client's specific circumstances and needs.

### **Risk of Loss**

Past performance is not indicative of future results. Therefore, 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, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You 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 with investing in securities through our investment management program, as described below:

- 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 the 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 investing in a an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- 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.
- Margin Risk - When you purchase securities, you may pay for the securities in full or borrow part of the purchase price from your account custodian or clearing firm. If you intended to borrow funds in connection with your Account, you will be required to open a margin account, which will be carried by the clearing firm. The securities purchased in such an account are the clearing firm's collateral for its loan to you.

If those securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and as a result, the brokerage firm is required to take

action in order to maintain the necessary level of equity in your account. The brokerage firm may issue a margin call and/or sell other assets in your account.

It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you may maintain, including any margin account that may be established as part of the Asset Management Agreement established between you and Advisor and held by the account custodian or clearing firm.

These risks include the following:

- You can lose more funds than you deposit in your margin account.
- The account custodian or clearing firm can force the sale of securities or other assets in your account.
- The account custodian or clearing firm can sell your securities or other assets without contacting you.
- You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call.
- The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities.
- The account custodian or clearing firm can increase its "house" maintenance margin requirements at any time and they are not required to provide you advance written notice.
- You are not entitled to an extension of time on a margin call.

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

We have no legal or disciplinary events that are material to your evaluation of our business or the integrity of our management. Therefore, this item is not applicable to our brochure.

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

Advisor is not and does not have a related person that is:

- A broker/dealer, municipal securities dealer, government securities dealer or broker
- An 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)
- Another investment adviser or financial planner
- A futures commission merchant, commodity pool operator, or commodity trading advisor
- A banking or thrift institution
- A lawyer or law firm
- An insurance company or agency
- A pension consultant
- A real estate broker or dealer
- A sponsor or syndicator of limited partnerships.

We are an independent registered investment registered adviser and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this disclosure brochure. However, while we do not sell products or services other than investment advice, our representatives may sell other products or provide services outside of their role as investment adviser representatives with us.

### **Registered Representative of a Broker/Dealer**

Our representatives are also registered representatives of LPL Financial Services ("LPL"), a securities broker/dealer. You may work with your investment adviser representative in his or her separate capacity as a registered representative of LPL. When acting in this separate capacity, your investment adviser representative may sell to you, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds and variable annuity and variable life products. As such, your representative may suggest that you implement investment advice by purchasing securities products through a commission-based brokerage account in addition to or in lieu of a fee-based investment advisory account. Receiving commissions creates an incentive to recommend those products for which your investment adviser representative can earn a commission in the separate capacity of a registered representative. Consequently, the objectivity of the advice rendered to you could be biased.

You are under no obligation to use the services of our representatives in this separate capacity or to use LPL and can select any broker/dealer you wish to implement securities transactions. If you select our representatives to implement securities transactions in their separate capacity as registered representatives, they must use LPL. Prior to effecting any such transactions, you are required to enter into a new account agreement with LPL. The commissions charged by LPL may be higher or lower than those charged by other broker/dealers. In addition, the registered representatives may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that you maintain the mutual fund investment.

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

As described in **Item 5 – Fees and Compensation**, Advisor may use the services of independent, third party money managers. We do not recommend third party money managers unless they are registered or are exempt from registration as investment advisors in your state of residence. Once you select the third party money manager to manage all or a portion of your assets, that manager will pay us a portion of the fees you are charged. Therefore, we have a conflict of interest because we only recommend third party money managers that agree to compensate us by paying us a portion of the fees billed to your account managed by the third party money manager.

### **Insurance Agent**

You may also work with your investment adviser representative in his or her separate capacity as an insurance agent. When acting in this separate capacity, the representative may sell to you, for commissions, general disability insurance, life insurance, annuities, and other insurance products. As such, your representative may suggest that you implement Advisor's recommendations by purchasing disability insurance, life insurance, annuities or other insurance products. Receiving commissions creates an incentive for the representative to recommend those products for which your investment adviser representative can receive a commission in the his separate capacity as an insurance agent. Consequently, the advice rendered to you could be biased. You are under no obligation to implement any insurance or annuity transaction through your investment adviser representative.

### **Accounting Services**

Advisor is wholly owned by Alpern Rosenthal Financial Services, LLC ("LLC"). The owners of LLC are also accountants with Alpern Rosenthal ("CPA"), a certified public accounting firm. In addition, some of the LLC owners and CPA accountants are also investment adviser representatives of Advisor. Thus, Advisor and CPA are related entities.

CPA may refer clients to Advisor for advisory services. There is no direct fee paid to any of the CPA accountants for referrals made to Advisor. However, as owners of the LLC (and therefore indirect owners of Advisor), they receive a portion of any profits Advisor may earn.

We may refer clients to CPA for accounting services although clients are under no obligation to use CPA. If the client elects to use CPA for accounting services, the fees charged for account work will be separate from the fees charged for advisory services provided by Advisor.

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

### **Code of Ethics Summary**

According to the *Investment Advisers Act of 1940*, an investment adviser is considered a fiduciary and has a fiduciary duty to all clients. Advisor has established a Code of Ethics to comply with the requirements of Section 204(A)-1 of the *Investment Advisers Act of 1940* that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. The Code of Ethics covers all individuals that are classified as “supervised persons”. All employees, officers, directors and investment adviser representatives are classified as supervised persons. Advisor requires its supervised persons to consistently act in your best interest in all advisory activities. Advisor imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm’s fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of the Code of Ethics of Advisor. If current or prospective clients wish to review our Code of Ethics in its entirety, a copy may be requested from any representative and will be provided promptly.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

Advisor or its associated persons may buy or sell, for their personal accounts, investment products identical to those recommended to clients. This creates a potential conflict of interest. It is the express policy of Advisor that all persons associated in any manner with our firm must place clients’ interests ahead of their own when implementing personal investments. Advisor and its associated persons will 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 employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry.

We are now and will continue to be in compliance with applicable state and federal rules and regulations. To prevent conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members (collectively, associated persons):

- Associated persons cannot prefer their own interests to that of the client.
- Associated persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts.
- Associated persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry.
- Associated persons are prohibited from purchasing or selling securities of companies in which any client is deemed an “insider”.
- Associated persons are discouraged from conducting frequent personal trading.
- Associated persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted to the Chief Compliance Officer of Advisor.

Any associated person not observing our policies is subject to sanctions up to and including termination.

## **Item 12 – Brokerage Practices**

### **Broker/Dealer Affiliation**

If you wish to implement our advice you are free to select any broker you wish. If you wish to have our representatives implement the advice in their separate capacity as registered representatives, LPL Financial Corporation (“LPL”) is used. Our representatives are registered representatives of LPL and are required to use the services of LPL when acting in the capacity as a registered representative. LPL has a wide range of approved securities products for which it performs due diligence prior to selection. LPL’s registered representatives are required to adhere to these products when implementing securities transactions through LPL. Commissions charged for these products may be higher or lower than commissions clients may be able to obtain if transactions were implemented through another broker/dealer.

Because our representatives are also registered representatives of LPL, LPL provides compliance support to them. LPL also provides our representatives, and therefore us, with back-office operational, technology and other administrative support.

If you wish to implement our advice through any of the programs described in this disclosure brochure, LPL will be used as the broker/dealer and/or custodian. LPL will be the primary broker/dealer and custodian recommended due to the relationship our representatives have with LPL. We recommend broker/dealers and custodians that we have determined will provide services in a manner and at a cost that will allow us to meet our duty of best execution. However, we may be limited in the broker/dealer or custodians that we are allowed to use due to our representatives’ relationship with LPL. LPL may limit or restrict the broker/dealer or custodial platforms for its registered representatives that are also independently licensed due to its duty to supervise the transactions implemented by these individuals.

While there is no direct linkage between the investment advice given to you and our recommendation of LPL, economic benefits may be provided to us by LPL that are not be provided if you select another broker/dealer or account custodian. These benefits may include:

- Negotiated costs for transaction implementation
- A dedicated trade desk that services LPL participants exclusively
- A dedicated service group and an account services manager dedicated to our accounts
- Access to a real-time order matching system
- Electronic download of trades, balances and position information
- Access, for a fee, to an electronic interface with the account custodian’s software
- Duplicate and batched client statements, confirmations and year-end reports

Please also see **Item 5 - Fees and Compensation**, for additional information about advisory services and implementing recommendations.

### **Directed Brokerage**

Although Advisor currently uses LPL as its account custodian and broker/dealer, clients are allowed to select the broker/dealer that will be used for their accounts. However, if clients direct the use of a particular broker/dealer or other custodian they must understand that we may be unable to accommodate their instructions due to our representatives’ relationship with LPL. In addition, under a directed brokerage arrangement, clients may receive less favorable prices than would otherwise be the case if the client had not designated a particular broker/dealer or custodian. If allowed, directed brokerage account trades are generally placed by Advisor after effecting trades for other clients of Advisor. In the event that



a client directs Advisor to use a particular broker or dealer, Advisor may not be authorized to negotiate commissions and may be unable to obtain volume discounts or best execution. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to clients who direct Advisor to use a particular broker or dealer versus clients who do not direct the use of a particular broker or dealer.

### **Best Execution**

Clients are under no obligation to act on the financial planning recommendations of Advisor. If the firm assists in implementing any recommendations, we are responsible to ensure that the client receives the best execution possible. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions considered, the transaction execution is in your best interest. When considering best execution, we look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with our existing systems, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back office services, technology and pricing of services offered.

### **Soft Dollar Benefits**

An investment adviser receives soft dollar benefits from a broker-dealer when the investment adviser receives research or other products and services in exchange for client securities transactions or maintaining an account balance with the broker-dealer. Advisor does not have a soft dollar agreement with a broker-dealer or a third party.

### **Handling Trade Errors**

Advisor has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is Advisor's responsibility to correct trade errors in a manner that is in the best interest of the client. If the trade error is caused by Advisor, the client is made whole and any loss resulting from the trade error is absorbed by the advisor. If the error is caused by the broker/dealer, the broker/dealer is responsible for handling the trade error. In no case will Advisor benefit or profit from trade errors.

### **Block Trading Policy**

We may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by our firm when we believe such action may prove advantageous to clients. If and when we aggregate client orders, allocating securities among client accounts is 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.

Advisor uses the average price allocation method for transaction allocation. Under this procedure Advisor calculates the average price and transaction charges for each transaction included in a block order and assigns the average price and transaction charge to each allocated transaction executed for the client's account.

If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which Advisor or our associated persons may invest, we do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* Neither we nor our associated persons receive any additional compensation as a result of block trades.

### **Agency Cross Transactions**

Our associated persons are prohibited from engaging in agency cross transactions, meaning we cannot act as brokers for both the sale and purchase of a single security between two different clients and cannot receive compensation in the form of an agency cross commission or principal mark-up for the trades.

## **Item 13 – Review of Accounts**

### **Account Reviews**

Managed accounts are reviewed at least quarterly. Financial planning services terminate upon the presentation of the written plan or completion of the consultation unless ongoing services are contracted for. However, we recommend that clients have their financial situation reviewed at least annually. If clients elect this review, a new client agreement is required and additional fees may be charged. Accounts at third party money managers are reviewed at least quarterly, usually when copies of statements are received from the account manager.

While the calendar is the main triggering factor, reviews can also be conducted at client request, a change in client circumstances and unusual market activity or economic conditions. Accounts are reviewed for accuracy of holdings and to ensure that portfolios continue to work towards client goals and objectives. Account reviews are conducted by Adam G. Yofan, Arthur P. Colamarino and Vito Cedro.

### **Statements and Reports**

Managed accounts receive transaction confirmation notices and regular quarterly account statements directly from the qualified custodian. Financial planning clients do not receive any report other than the written plan originally contracted for and provided by Advisor. Whether reports by an outside money manager are provided to you depend upon the outside money manager.

Additionally, Advisor may provide position or performance reports upon client request.

You are encouraged to always compare any reports or statements provided by us, a sub-adviser or third party money manager against the account statements delivered from the qualified custodian. When you have questions about your account statement, you should contact our firm and the qualified custodian preparing the statement.

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

Please see **Item 10 - Other Financial Industry Activities and Affiliations**, for additional discussion about our affiliation with the accounting firm of Alpern Rosenthal. Some of our representatives are also

accountants and partners of Alpern Rosenthal and engaged in the practice of accounting as certified public accountants. In addition, some of our representatives are also indirect owners of Advisor by virtue of their holdings in Alpern Rosenthal Financial Services, LLC, the sole owner of Advisor. Thus, Advisor and Alpern Rosenthal are related entities.

Clients of Alpern Rosenthal may be referred to us for advisory services and we may refer advisory clients to Alpern Rosenthal for accounting services. You are under no obligation to use our services or the services of Alpern Rosenthal. While the accountant partners of Alpern Rosenthal are not paid a direct fee based on the actual referrals made to us, they benefit by the referral arrangement because of their holdings in Advisor's sole owner. Because of this indirect ownership, both Advisor and the accountant partners of Alpern Rosenthal have an incentive to recommend each other to clients before recommending other accounting and financial firms. This creates a conflict of interest.

Please also see **Item 5 - Fees and Compensation** and **Item 12 - Brokerage Practices** for additional discussion about other compensation and non-economic benefits.

In addition, from time to time Advisor 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 client appreciation events, 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 which sales have been made or for which it is anticipated sales will be made. This creates a conflict of interest in that there is an incentive to recommend certain products and investments based on the receipt of this compensation instead of what is in the best interest of our clients. We attempt to control for this conflict by always basing investment decisions on the individual needs of our clients.

## **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by regulators 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 adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

Advisor is deemed to have custody of client funds and securities whenever Advisor is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody Advisor will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which Advisor is deemed to have custody, we have established procedures to ensure all client funds and securities are held at a 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. Finally, account statements are delivered directly from the qualified custodian 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 Advisor. When clients have questions about their account statements, they should contact Advisor or the qualified custodian preparing the statement.

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

In addition to having trading authority on your accounts, we provide management services on a discretionary basis. This means we have the authority to determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction. However, it is our policy to consult with you prior to making significant changes in the account even when discretionary trading authority is granted. You must provide us with written authorization to exercise this discretionary authority.

When discretionary authority is granted, it is limited. We do not have access to your funds and/or securities with the exception of having advisory fees deducted from your account and paid to us by the account custodian. Any fee deduction is done pursuant to your prior written authorization provided to the account custodian. You have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. You may also place reasonable limitations on the discretionary power granted to us so long as the limitations are specifically set forth or included as an attachment to the client agreement.

In some third party money manager accounts, you grant us the discretionary authority to select the portfolios suitable for you and also grant LPL and/or the account manager the discretionary authority to select investments held in the portfolios and to rebalance positions within the portfolios.

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

Advisor does not vote proxies on behalf of clients. You receive proxies directly from the qualified custodian or transfer agent; we do not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided. Although we do not vote client proxies, if you have a question about a particular proxy feel free to contact us. However, you have the ultimate responsibility for making all proxy-voting decisions.

With respect to assets managed by a third party money manager, we do not vote the proxies associated with these assets. You need to refer to each third party money manager's disclosure brochure to determine whether the third party money manager will vote proxies on your behalf. You may request a complete copy of the third party money manager's proxy voting policies and procedures as well as information on how your proxies were voted by contacting the third party money manager or by contacting Advisor at the address or phone number indicated on the cover page of this disclosure document.

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

This is not applicable to this brochure. We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.

## **Class Action Lawsuits**

You retain the right under applicable securities laws to initiate individually a lawsuit or join a class-action lawsuit against the issuer of a security that was held, purchased or sold by or for you. Advisor does not initiate such a legal proceeding on behalf of clients and does not provide legal advice to clients regarding potential causes of action against such a security issuer and whether the client should join a class-action lawsuit. We recommend that you seek legal counsel prior to making a decision regarding whether to participate in such a class-action lawsuit. Upon your specific instruction, we may provide assistance to you regarding an investment history related to the security underlying the individual, or class-action, lawsuit and may provide assistance with the completion of this portion of certain class-action paperwork. At no time should such assistance be deemed as a substitute for consulting with legal counsel.

## **Business Continuity Plan**

Advisor has a business continuity and contingency plan in place designed to respond to significant business disruptions. These disruptions can be both internal and external. Internal disruptions will impact our ability to communicate and do business, such as a fire in the office building. External disruptions will prevent the operation of the securities markets or the operations of a number of firms, such as earthquakes, wildfires, hurricanes, terrorist attack or other wide-scale, regional disruptions.

Our continuity and contingency plan has been developed to safeguard employees' lives and firm property, to allow a method of making financial and operational assessments, to quickly recover and resume business operations, to protect books and records, and to allow clients to continue transacting business.

The plan includes the following:

- Alternate locations to conduct business;
- Hard and electronic back-ups of records;
- Alternative means of communicating with employees, clients, critical business constituents and regulators; and
- Details on the firms' employee succession plan

Our business continuity and contingency plan is reviewed and updated on a regular basis to ensure that the policies in place are sufficient and operational.

## **Customer Privacy Policy Notice**

**Commitment to Your Private Information:** Alpern Wealth Management, LLC has a policy of protecting the confidentiality and security of information we collect about our clients. We do not, and will not, share non-public personal information ("Information") about you with outside third parties without your consent, except for the specific purposes described below. This notice has been provided to you to describe the Information we may gather and the situations under which we may need to share it.

**Why We Collect and How We Use Information.** We limit the collection and use of Information within our firm to only those individuals associated or employed with us that must have Information to provide financial services to you. Such services include maintaining your accounts, processing transaction requests, and providing the advisory services described in our Form ADV.

**How We Gather Information.** We get most Information directly from you when you provide us with information from any of the following sources:

- Applications or forms (for example: name, address, social security number, birth date, assets, income, financial history)
- Transactional activity in your account (for example: trading history and account balances)
- Information services and consumer reporting sources (for example: to verify your identity or to assess your credit history)
- Other sources with your consent (for example: your insurance professional, attorney or accountant)

**How We Protect Information.** Our employees and affiliated persons are required to protect the confidentiality of Information and to comply with our stated policies. They may access Information only when there is an acceptable reason to do so, such as to service your account or provide you with financial services. Employees who violate our Privacy Policy are subject to disciplinary action, up to and including termination from employment with us. We also maintain physical, electronic and procedural safeguards to protect Information, which comply with applicable SEC, state, and federal laws.

**Sharing Information with Other Companies Permitted Under Law.** We do not disclose Information obtained in the course of our practice except as required or permitted under law. Permitted disclosures include, for instance, providing Information to unrelated third parties who need to know such Information in order to assist us with the provision of services to you. Unrelated third parties may include broker/dealers, mutual fund companies, insurance companies, and the custodian with which your assets are held. In such situations, we stress the confidential nature of Information being shared.

**Former Customers.** Even if we cease to provide you with financial products or services, our Privacy Policy will continue to apply to you and we will continue to treat your non-public information with strict confidentiality.