

# **Samalin Investment Counsel, LLC**

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## **Form ADV Part 2A Appendix 1 Wrap Fee Program Brochure**

This wrap fee program brochure provides information about the qualifications and business practices of Samalin Investment Counsel, LLC. If you have any questions about the contents of this brochure, please contact us at 914-666-6600. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Samalin Investment Counsel, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Samalin Investment Counsel, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Material Changes

Since our last annual updating amendment, dated March 5, 2012 we have made the following material changes to our Form ADV:

1. Added language at *Item 4 Services, Fees and Compensation* regarding certain persons associated with our firm also acting as licensed insurance agents and receiving separate commission based compensation in that capacity.

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## Item 4 Services, Fees and Compensation

Samalin Investment Counsel, LLC is a registered investment adviser primarily based in Chappaqua, New York. We are organized as a limited liability company under the laws of the State of Delaware. We have been providing investment advisory services since 2007. Andrew Samalin is our principal owner.

As used in this brochure, the words "we", "our" and "us" refer to Samalin Investment Counsel, LLC and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this brochure. As used in this brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

We offer portfolio management services through a wrap-fee program ("Program") as described in this wrap fee program brochure to prospective and existing clients. We are the sponsor and investment adviser for the Program. A wrap-fee program is a type of investment program that provides clients with asset management and brokerage services for one all-inclusive fee. If you participate in our wrap fee program, you will pay our firm a single fee, which includes money management fees, certain transaction costs, and custodial and administrative costs. You are not charged separate fees for the respective components of the total services. We receive a portion of the wrap fee for our services. The overall cost you will incur if you participate in our wrap fee program may be higher or lower than you might incur by separately purchasing the types of securities available in the program.

Prior to becoming a client under the Program, you will be required to enter into a separate written agreement with us that sets forth the terms and conditions of the engagement and describes the scope of the services to be provided, and the fees to be paid.

### Client Investment Process

We provide discretionary and non-discretionary portfolio management services in accordance with your individual investment objectives. If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Subject to a grant of discretionary authorization, we have the authority and responsibility to formulate investment strategies on your behalf. This authorization includes deciding which securities to buy and sell, when to buy and sell, and in what amounts, in accordance with your investment program, without obtaining your prior consent or approval for each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, and/or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing.

If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account. You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

Transactions for your account must be executed by Fidelity Institutional Wealth Services and its affiliates (collectively referred to as "Fidelity"), a securities broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. To compare the cost of the wrap fee program with non-wrap fee portfolio management services, you should consider the frequency of trading activity associated with our investment strategies and the brokerage commissions charged by Fidelity and the advisory fees charged by investment advisers.

## **Changes in Your Financial Circumstances**

In providing the contracted services, we are not required to verify any information we receive from you or from your other professionals (e.g. attorney, accountant, etc.) and we are expressly authorized to rely on the information you provide. Furthermore, unless you indicate to the contrary, we shall assume that there are no restrictions on our services, other than to manage your account in accordance with your designated investment objectives. Moreover, it remains your absolute responsibility to promptly notify us if there are ever any changes in your financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

## **The Program Fee**

We charge an annual "wrap-fee" for participation in the Program between 0.50% and 2.50% depending upon the market value of your assets under our management, the type and complexity of the portfolio management services provided, as well as the level of administration requested. You are not charged separate fees for the different components of the services provided by the Program. Our firm pays all trade expenses of trades placed on your behalf. Our Program fee includes the fee we pay to any portfolio manager for their management of your account and Fidelity's transaction or execution costs. Assets in each of your account(s) are included in the fee assessment unless specifically identified in writing for exclusion. In special circumstance, and in our sole discretion, we may negotiate a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention, pro bono activities, etc.).

Our portfolio management fee is billed and payable quarterly in advance based on the value of your account on the last day of the previous quarter. For the initial quarter of portfolio management services, the first quarter's fees will be calculated on a pro rata basis, which means the advisory fee is payable in proportion to the number of days in the quarter for which you are a client.

You may make additions to and withdrawals from your account at any time, subject to our right to terminate an account. If you deposit or withdraw assets from your account after the first day of any calendar quarter, we will not adjust or prorate our management fee based on the number of days remaining in the quarter. You may withdraw account assets on notice to our firm, and subject to the usual and customary securities settlement procedures. However, we design our portfolios as long-term investments and asset withdrawals may impair the achievement of your specific investment objectives.

We will send you an invoice for the payment of our advisory fee, or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also receive a duplicate copy of your account statements.

We encourage you to reconcile our invoices with the statement(s) you receive from the qualified custodian. If you find any inconsistent information between our invoice and the statement(s) you receive from the qualified custodian, please call our main office number located on the cover page of this brochure.

### **Termination of Advisory Relationship**

You may terminate the wrap fee program agreement upon written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

Upon termination of accounts held at Fidelity, they will deliver securities and funds held in the account per your instructions unless you request that the account be liquidated. After the wrap fee program agreement has been terminated, transactions are processed at the prevailing brokerage rates/fees. You become responsible for monitoring your own assets and our firm has no further obligation to act upon or to provide advice with respect to those assets.

### **Wrap Fee Program Disclosures**

- The benefits under a wrap fee program depend, in part, upon the size of the Account, the management fee charged and the number of transactions likely to be generated in the Account. For example, a wrap fee program may not be suitable for Accounts with little trading activity. In order to evaluate whether a wrap fee program is suitable for you, you should compare the Program Fee and any other costs of the Program with the amounts that would be charged by other advisers, broker-dealers, and custodians, for advisory fees, brokerage and other execution costs, and custodial services comparable to those provided under the Program.
- In considering the investment programs described in this brochure, you should be aware that participating in a wrap fee program may cost more or less than the cost of purchasing advisory, brokerage, and custodial services separately from other advisers or broker-dealers.
- Our firm and Representatives receive compensation as a result of your participation in the Program. This compensation may be more than the amount our firm or the Representative would receive if you paid separately for investment advice, brokerage, and other services. Accordingly, a conflict of interest exists because our firm and our Representatives have a financial incentive to recommend the Program.
- Similar advisory services may be available from other registered investment advisers for lower fees.

### **Additional Fees and Expenses**

The Program Fee includes the costs of brokerage commissions for transactions executed through Fidelity as the account custodian (or another broker-dealer designated as the custodian), and charges relating to the settlement, clearance, or custody of securities in the account. The Program Fee does not include mark-ups and mark-downs, dealer spreads or other costs associated with the purchase or sale of securities, interest, taxes, or other costs, such as national securities exchange fees, charges for transactions not executed through the qualified custodian, costs associated with exchanging currencies, wire transfer fees, or other fees required by law or imposed by third parties. The account will be responsible for these additional fees and expenses.

The wrap program fees that you pay to our firm for portfolio management services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others.

### **Compensation for the Sale of Other Investment Products**

Certain persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest; however, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

### **Brokerage Practices**

If you participate in the Program, you will be required to establish an account with Fidelity Institutional Wealth Services and its affiliates (collectively referred to as "Fidelity"), a securities broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. If you do not direct our firm to execute transactions through Fidelity, we reserve the right to not accept your account. Not all advisers require their clients to direct brokerage. Since you are required to use Fidelity, we may be unable to achieve the most favorable execution of your transactions. We believe that Fidelity provides quality execution services based on several factors, including but not limited to the ability to provide professional services, reputation, experience and financial stability.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist our firm in the investment decision-making process. Such research generally will be used to service all of our clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest. We may receive from Fidelity, without cost to our firm, computer software and related systems support, which allow us to better monitor your accounts maintained at Fidelity. We may receive the software and related support without cost because we render investment management services to clients that maintain assets at Fidelity. The software and related systems support may benefit our firm, but not you directly. In fulfilling our duties to you, we endeavor at all times to put your interests first. You should be aware; however, that our receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence our choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services. Additionally, we may receive the following benefits from Fidelity through the Fidelity Institutional Wealth Services Group: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Institutional Wealth Services Group participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

## Item 5 Account Requirements and Types of Investments

We offer portfolio management services through our wrap fee program to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities. In general, we do not require a minimum amount of assets to open and maintain an advisory account; however, we prefer to manage portfolio's which have a minimum of \$500,000 in assets, and we reserve the right to terminate your account if it falls below a minimum size which, in our sole opinion, is too small to effectively manage. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

## Item 6 Portfolio Manager Selection and Evaluation

### Performance-Based Fees and Side-by-Side Management

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

### Methods of Analysis and Investment Strategies

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- Fundamental Analysis - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.
- Cyclical Analysis - a type of technical analysis that involves evaluating recurring price patterns and trends.
- Long Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- Short Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short term price fluctuations.
- Options Trading/Writing: a securities transaction that involves buying or selling (writing) an option. If you write an option, and the buyer exercises the option, you are obligated to purchase or deliver a specified number of shares at a specified price at the expiration of the option regardless of the market value of the security at expiration of the option. Buying an option gives you the right to purchase or sell a specified number of shares at a specified price until the date of expiration of the option regardless of the market value of the security at expiration of the option.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.



## **Investment Strategy and Tax Disclosures**

Strategies and investments may have unique and significant tax implications. Unless we specifically agree otherwise, and in writing, tax efficiency is not the primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional prior to and throughout the investing of your assets.

As a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Custodians will default to the FIFO (First In First Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

## **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. Although we have been successful in the past in reducing risk in our clients' accounts prior to down markets, investing in securities markets entails the risk of loss. Accordingly, you should invest with a long-term time frame and understand that we cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

## **Proxy Voting**

We will not vote proxies on behalf of your advisory accounts. However, at your request, we may offer you advice regarding the exercise of your proxy voting rights.

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

As required, in order to provide the Program services, we will provide your private information to Fidelity, as your account custodian. We may also provide your private information to mutual fund companies and/or private managers. We will only share the information necessary in order to carry out our obligations to you in servicing your account. We share your personal account data in accordance with our privacy policy as described below.

## **Privacy Policy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to

ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact us at 914-666-6600 if you have any questions regarding our privacy policy.

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

Without restriction, you are encouraged to contact our firm and/or your Advisory Representative with respect to the management of your Program account.

## **Item 9 Additional Information**

### **Disciplinary Information**

Neither our firm nor our principal owners or management persons have any reportable disciplinary information.

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

Andrew Samalin, Managing Member of Samalin Investment Counsel, LLC, is also Managing Member of Samalin Development LLC, a real estate management and development company, and is the Managing Member of numerous other private limited partnerships.

Mr. Samalin is Managing Member of Center for Divorce and Finance, LLC ("CDF"). CDF specializes in providing planning and professional guidance in structuring divorce settlements that are designed to address the immediate and long-term financial effects of divorce in an effort to protect client assets. To assist clients of CDF in securities related services, we have entered into a non-exclusive reciprocal referral arrangement with CDF through which we may refer our advisory clients to CDF for divorce planning services. In return, CDF will refer divorce planning clients to us for investment advisory and securities related services. While as part of our fiduciary duty, we endeavor at all time to put your interest first, you should be aware that this referral arrangement creates a conflict of interest since Mr. Samalin, as a co-owner of CDF, has a financial incentive to recommend CDF and its services. You retain absolute discretion over the decision to enter into an agreement with CDF for divorce planning services. You are under no obligation to act on our referral, and you are free to accept or reject, at any time, the services provided by CDF. Should you choose to enter into an agreement for divorce planning services, you are in no way obligated to do so through CDF.

### **Code of Ethics**

We have adopted a Code of Ethics that sets the standard of conduct expected to comply with applicable securities laws. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. We adhere strictly to these guidelines. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm. Clients or perspective clients may contact us at 914-666-6600 to request a copy of our Code of Ethics.

### **Participation or Interest in Client Transactions**

Certain employees, independent contractors, or clients of our firm, including Andrew Samalin our Managing Member may serve as the managing member, limited partners, finders, and/or investors in certain limited liability companies specializing in real estate financing transactions, including but not limited to (mortgages) in which you may be solicited to invest. These investments are completely

separate from your investment account(s) that are serviced by our firm through the advisory services disclosed above, and from your account(s) held at Fidelity Investments, your account custodian. Should you decide to participate in these private investments, you can either fund the investment separately, or we will transfer funds from your account(s) held at Fidelity Investments to the private investment vehicle at your written request. Only persons meeting certain legal requirements may invest in these private investment companies. If you meet the legal requirements, and you elect to invest in one or more of these companies, you will receive additional disclosures specific to the given investment(s). You are expressly informed that the fees paid to our firm for advisory services, as disclosed above, are separate and in addition to any fees paid to Mr. Samalin, and/or others, for the management of these companies. Fees paid to Mr. Samalin, and/or others, for the management of these companies are generally deducted from an investor's capital account in accordance with the offering documents or other appropriate paperwork and/or disclosures of the given company or investment. While as part of our fiduciary duty, we endeavor at all times to put your interests first, you should be aware that these situations may create a conflict of interest since our firm and/or our Associated Persons, including Mr. Samalin, may have a financial incentive to recommend investment in these entities given our management and/or ownership interest in the companies. You are strongly encouraged to seek independent legal counsel prior to investing in these private investment vehicles. These investments are not protected by SIPC.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, where we trade on the same trading day, it is our policy that we will only execute transactions for personal accounts in the same direction as, and after the trade is complete in, your customer account. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

### **Reviews of Accounts**

For those clients to whom we provide investment management services, we monitor those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. Andrew Samalin, Managing Member of Samalin Investment Counsel, LLC, or another investment adviser representative of our firm will conduct account reviews. You are encouraged to discuss your needs, goals, and objectives with our firm, and to keep us informed of any changes in this information. We will contact ongoing investment advisory clients at least annually to review the previous services provided and/or recommendations and to discuss the impact resulting from any changes in your financial situation and/or investment objectives.

You will receive transaction confirmation notices and regular summary account statements, at least quarterly, directly from the broker-dealer or custodian for your account(s). We will also provide you with a report, at least semi-annually, that generally includes relevant account and/or market-related information such as an inventory and appraisal of account holdings, and investment performance.

Finally, we provide periodic performance reports using data compiled by an outside vendor (Black Diamond Performance Reporting). Upon our request, they aggregate client data from both our Qualified Custodian, and any other custodian as authorized by the client in order to create a performance report. This report will have the results from the client's psychometric analysis (target

portfolio) and their actual portfolio. The actual and target portfolios may be different from time to time, or for an extended period of time, depending on market conditions. This is a normal part of the asset management/rebalancing/risk profiling process.

We encourage you to reconcile our reports with those received from the qualified custodian. If you find your holdings differ between these two statements, please call our main office number located on the cover page of this brochure.

#### **Client Referrals and Other Compensation**

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

Please refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with Fidelity.

#### **Financial Information**

We are not required to provide a balance sheet or other financial information to our clients, because we do not require the prepayment of fees in excess of \$1,200 and six months or more in advance; we do not take custody of client funds or securities; and, we do not have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

#### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.