



**FORM ADV PART 2A**  
**DISCLOSURE BROCHURE**

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This brochure provides information about the qualifications and business practices of RJL Wealth Management. If you have any questions about the contents of this brochure, please contact us at 800-644-1150 or [compliance@rjlwm.com](mailto:compliance@rjlwm.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about RJL Wealth Management is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view RJL Wealth Management's information on this website by searching for RJL Wealth Management. You may search for information by using RJL Wealth Management's name or by using RJL Wealth Management's CRD number. The CRD number for RJL Wealth Management is 152396.

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

## **Item 2 – Material Changes**

This item provides information regarding specific material changes and a summary of such changes made to the Disclosure Brochure since the last annual update of the brochure which occurred in March 2012.

- We have included information regarding retirement planning services.
- We have added the RBC Resource II program to our advisory services.
- We have added the RBC Advisor program to our advisory service.
- RJL Wealth Management, LLC no longer offers management services through the Envestnet Managed Account Resource Program.
- Our affiliated Investment Advisor, RJL Capital Management, LLC, is acting as the investment advisor to the Multi-Strategy Growth & Income Fund, a continuously offered, non-diversified, closed-end investment company.
- Our affiliated Investment Advisor, RJL Capital Management, LLC, is a portfolio manager to The Managed Portfolio Strategies Program sponsored by RJL Wealth Management, LLC.

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## **Item 4 – Advisory Business**

RJL Wealth Management, LLC (referred to as “RJL Wealth Management”, the “Firm” or “RJLWM” throughout this document) is an investment advisor registered with the United States Securities and Exchange Commission. The Firm is a limited liability company formed under the laws of the state of California and has been registered as an investment advisor since February 8, 2010. RJL Wealth Management is 100% owned and controlled by RJL Holding Company, LLC which in turn is 100% controlled and managed by Raymond J. Lucia Jr. Our investment advisory services include financial planning and consulting, asset management, and seminars through RJL Wealth Management.

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

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

The process begins with a thorough interview and data collection which helps our team understand, among other things, your short and long-term financial objectives, risk tolerance, tax status, current investment holdings and asset allocation. Our investment advisory team interprets the information gathered and formulates a hypothetical financial illustration utilizing The Bucket Strategy<sup>TM</sup> framework. This framework attempts to help investors understand the benefits of having an overall long-term investment approach, while segmenting the portfolio into several strategies (“buckets”) to budget for any combination of short-, mid-, and long-term goals. Our investment advisors will analyze current investment holdings as to their potential place in the strategy and make several recommendations for improvements to align the current portfolio with the proposed strategy.

Investment advisor representatives may recommend our fee-based Asset Management Services through Managed Portfolio Strategies (MPS), a wrap fee program sponsored by our Firm. Portfolios are designed to be custom-tailored to meet the needs of each individual client as it may relate to their overall Bucket Strategy. Once a client approves their Bucket Strategy and selects their asset allocation for their specific account to be invested in MPS, we select the specific investment options to fulfill the desired mix of assets. The MPS program provides the flexibility to select separate account managers and separate investments in equities, mutual funds, exchange traded funds, closed-end funds, bonds, cash equivalents, and other instruments. Asset management services through MPS involve providing clients with continuous and ongoing supervision over client accounts. This means accounts in the program are continuously monitored and changes are made when necessary. A detailed description of RJLWM’s services is provided in Item 5.

Our investment advisor representatives may recommend transaction-based commission accounts through Lucia Securities, LLC, and fixed annuity or other insurance related products offered through RJL Insurance Services. In addition to our continuous and ongoing supervision of accounts invested in our fee-based MPS program, as part of our overall relationship and commitment to our clients regardless of investment solution(s)

selected, we offer an annual review of your investment portfolio and an updated Bucket Strategy illustration in order to help determine possible modifications to your overall strategic asset allocation.

Clients are under no obligation to invest and may choose to select all, some, or none of the investments recommended by their RJLWM investment advisor representative. We believe that offering a hybrid platform of both fee-based and commission-based investment solutions provides the flexibility for our clients and investment advisor representatives to determine the most cost-efficient relationship for each investment recommendation.

Our hybrid investment platform creates an inherent conflict of interest since our clients may invest in our fee-based asset management services and/or transaction-based commission accounts. We aggressively discourage activities that put your interests anywhere but first. We strive to eliminate conflicts through our Strategy First™ financial planning philosophy and strict adherence to our Code of Ethics.

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

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

As of December 31, 2012, client assets managed by RJL Wealth Management, LLC totaled \$285,490,942 in discretionary accounts and \$46,915,706 in non-discretionary accounts. In addition, our investment advisor representatives, in their separate capacities as Lucia Securities, LLC registered representatives oversee \$1,459,759 of assets in non-discretionary, traditional commission-based accounts. All services provided through Lucia Securities, LLC are non-discretionary. Our investment advisor representatives, in their separate capacities as licensed insurance agents, oversee \$198,967,189 in fixed annuity products.

#### **Item 5 – Fees and Compensation**

In addition to the information provided in Item 4 – Advisory Business, this section provides details regarding RJL Wealth Management's services along with descriptions of each service's fees and compensation arrangements.

#### **Fees for Financial Planning Services**

RJL Wealth Management provides financial planning services by offering analyses and recommendations in areas including, but not limited to, business planning, education, retirement planning, life insurance, estate planning, tax planning and investments. Clients are asked to complete and furnish informational profiles and documentation to assist RJL Wealth Management's associated persons in providing these services. One or more meetings may be required in order to gather all needed information and determine the services best

suited to help meet the client's needs. Clients are also urged to work closely with their attorney, accountant or other professionals regarding their financial and personal situation. Clients have sole discretion on whether or not to contract for RJL Wealth Management's services. Further, clients will have full discretion on whether or not to implement any financial planning recommendations made by RJL Wealth Management's associated persons.

If necessary, or if requested by the client, RJL Wealth Management's associated person will coordinate or consult with the client's outside counsel (e.g., attorney, CPA, accountant) when providing advice. Any consultation or coordination required will also be considered when determining the client fee. Any fees charged by outside counsel will be separate from the fees charged by RJL Wealth Management's associated person and will be billed directly to the client by outside counsel.

RJLWM fees are negotiable based upon the complexity of the client's financial situation, the services contracted for, and the knowledge and skill level required of RJL Wealth Management's associated person providing the services. Typically, the maximum charge will not exceed \$5,000. Financial planning fees may be reduced by the amount of additional advisory fees retained by RJL Wealth Management or waived altogether. All fees will be disclosed and established in writing prior to any services being provided.

When a fee is charged for financial planning services, such fees are due upon completion and presentation of the plan. However, clients may elect to pay a retainer to RJL Wealth Management at the time the agreement for services is signed. In this case, the remaining balance will be due upon completion and presentation of the plan. Fees of more than \$1,200 will not be charged more than six months in advance. Either party may terminate the contract at any time by submitting written notice to all appropriate parties, and termination will be effective upon the receipt of such notice. Services will be terminated without penalty. If the client is not satisfied with the financial plan as presented, RJL Wealth Management's associated persons will attempt to revise the plan to the client's satisfaction. If the client is still not satisfied, the client can withhold payment or request a refund of any fees paid in advance.

### **Fees for Financial Consultation Services**

Clients may also contract with RJL Wealth Management for specialized ongoing consultation services regarding investment matters and portfolio holdings. Fees for this service will generally not exceed \$10,000 per year and are negotiable based upon the complexity of the client's financial situation, the actual services provided and extraordinary expenses that may be incurred in providing the services. The negotiated fee will be disclosed to the client prior to any services being provided. Fees will be billed quarterly, in arrears, and RJL Wealth Management will provide to the client a statement that will be due within two weeks after issuance.

Ongoing consultation services are contracted for on a yearly basis and can be renewed for a like period by executing a new client agreement. RJL Wealth Management and client can terminate these ongoing consultation services by providing written notice to the other party, and termination will be effective immediately upon receipt. If terminated within five business days of signing the client agreement, services are terminated with no penalty. After the five business days, the client is responsible for payment of fees for time and effort expended to the date of termination. RJL Wealth Management will provide to the client a statement

showing the time expended to the date of termination, and the statement will be due and payable within two weeks of issuance.

Clients may incur additional charges including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, as well as IRA and qualified retirement plan fees. RJLWM will not receive any portion of such commissions or fees. RJLWM is only compensated by the consulting fee described above and receives no other compensation in connection with a client's account. When RJLWM negotiates lower fees and expenses charged by third parties, all negotiated improvements are for the clients' benefit.

### ***Additional Compensation for Financial Planning and Consultation Services***

As registered representatives of Lucia Securities, LLC, RJL Wealth Management's investment advisor representatives may be named as representative of record on brokerage accounts that are included with planning and consultation services. When acting in these separate capacities, Lucia Securities (as a broker/dealer) may earn commissions or 12b-1 fees when making transactions in securities, load mutual funds, variable life, variable annuity and insurance products. Any transactions made in the client's accounts will be made only at the client's instruction and any commissions earned by Lucia Securities on securities or load mutual fund transactions may be offset against the planning or consultation fees charged. Clients will be responsible for transaction ticket charges billed by Lucia Securities.

### **Asset Management Services**

#### **Managed Portfolio Strategies (MPS)**

We provide fee-based Asset Management Services through the Managed Portfolio Strategies (MPS), a wrap-fee program sponsored by our Firm. Through MPS, portfolios are designed to be custom tailored to meet the needs of each individual client as it may relate to their overall Bucket Strategy. Once a client approves their Bucket Strategy and selects their asset allocation for their specific account to be invested in MPS, we select the specific securities to fulfill the desired mix of assets. The MPS program provides the flexibility to select separate account managers and invest separately in equities, mutual funds, exchange-traded funds, closed-end funds, bonds, cash equivalents, and other instruments. Asset management services through MPS involve providing clients with continuous and ongoing supervision over client accounts. This means accounts in the program are continuously monitored and changes are made when necessary.

We provide services designed to meet the varying Investment Advisory and related needs of individual clients through MPS. Under a wrap-fee program such as MPS, advisory services along with transaction, clearing, and custodial services are provided for one fee. This is different from non-wrap-fee management programs whereby services are provided for a fee, but transaction services are billed separately on a per-transaction basis. We retain a significant portion of the wrap fee charged through Managed Portfolio Strategies with the remainder paid to other firms we engage to help us manage assets and administer the program. We have formed relationships with unaffiliated Investment Advisors to help us administer/manage accounts and formulate investment strategies.

- We have entered into an Overlay Management and Services Agreement with Placemark Investments, Inc., an unaffiliated SEC-registered Investment Advisor, to participate in their UMA Marketplace Program.

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

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

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

- Assistance with the ongoing management and supervision of program accounts
- Implementation and coordination of model portfolios and related recommendations received from Model Portfolio Advisors while seeking to minimize the likely deviation of the performance of accounts
- Maintenance and the periodical rebalancing of program accounts to the allocation among investment options selected for each account as instructed or selected by the RJL Wealth Management Investment Advisor Representative and client
- Management of cash in each account with respect to cash contributions, withdrawals and security-specific cash flows
- Client-directed loss harvesting for taxable accounts without tax management upon request
- Initial investment of accounts and assistance with transition of assets deposited into the account
- Incorporation of client-requested restrictions for specific securities and industry categories

Utilizing tools provided by Placemark Investments, Inc., RJL Wealth Management will determine the suitability of the asset allocation and investment options for each client. RJL Wealth Management will then assist clients in selecting an appropriate investment strategy and/or model portfolio provided by one or more of the Model Portfolio Advisors available through the program. RJL Wealth Management Advisor Representatives review the client's information to determine each individual client's financial situation and investment objectives. Accounts are therefore managed on the basis of each client's financial situation and investment objectives. Clients are instructed to notify RJL Wealth Management when the client's financial situation or investment objectives have changed or if the client wants to impose and/or modify any reasonable restrictions on accounts managed under the program. At least annually, RJL Wealth Management shall contact each client to determine whether there have been any changes to the client's financial situation or investment objectives, risk tolerance, tax situation if applicable, or investment time horizon, or if the client wishes to impose any reasonable restrictions, or reasonably modify existing restrictions, on the management of such client's account. At least quarterly, RJL Wealth Management shall notify each client in writing to contact RJL Wealth Management if there have been any changes in the client's financial circumstances or investment objectives or if the client wishes to impose any reasonable restrictions on the management of the account or reasonably modify any existing restrictions and shall provide the client with a means through which such contact can be made.

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

### **Portfolio Manager Selection and Evaluation**

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

RJL Wealth Management is responsible for performing research on Model Portfolio Advisors in MPS. It should be noted that our pool of Model Portfolio Advisors is restricted by only using those Model Portfolio Advisors made available by Placemark. Our own internal research includes screening and evaluation of the Model

Portfolio Advisors and making such evaluations available to our Investment Advisor Representatives. We use a multi-step process in researching Model Portfolio Advisors. Each Model Portfolio Advisor is evaluated on the basis of information provided by the Model Portfolio Advisor including descriptions of its investment process, asset allocation strategies employed, sample portfolios for the review of securities selections, and the Model Portfolio Advisor's Form ADV Disclosure Brochure. We attempt to verify information provided by comparing it to other data from publicly available data-collection sources.

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

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

- Manager or management team tenure and experience
- Performance within their peer group
- Portfolio turnover
- Expenses and costs of the Model Portfolio Advisor
- Individual, face-to-face meetings with managers
- Participation in educational forums and conference calls offered by Model Portfolio Advisor

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

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

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

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

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

By choosing to invest in one of our programs, you and your Investment Advisor Representative are deciding which manager will make investment decisions for your account. Some of our strategies have only one choice

for portfolio manager; others give you the ability to choose from multiple managers. When deciding among managers for these accounts, your Investment Advisor Representative will work with you to evaluate which manager(s) will best suit your financial needs and investment objectives.

## **Schedule of Fees**

The client is charged a management fee which consists of two components: the platform fee and the RJLWM Investment Advisory fee. Platform fees in wrap-fee programs include overlay manager (Placemark Investments, Inc.) and model portfolio advisor fees, program sponsor fees, and certain custody, brokerage and trade execution fees. For example, the management fee does not include Manager Change fees (charged when adding or replacing a Manager) and does not include trade execution charges for trades placed in order to process a full termination of Client's account. Client will be notified in writing if Client will incur any Manager Change Fee or if Client will incur transaction fees related to trades placed in order to process a full termination of Client's account.

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

In addition to the platform fee, a portion of the overall fee charged to clients is paid to the RJL Wealth Management Investment Advisor Representative which may be discounted upon agreement with the RJL Wealth Management Investment Advisor Representative and the client. Fees are negotiable based on a number of factors, which may result in a client paying a fee which is less than the highest annual fee, or more or less than the fees paid by other RJL Wealth Management clients. Negotiating factors include the amount of assets under management, the portfolio strategy selected, the number of accounts opened by the client, and the RJL Wealth Management Investment Advisor Representative working with the client.

The maximum fee (consisting of the platform and RJL Wealth Management Investment Advisor Representative fees) charged to the client may not exceed 2.0%

Fees are payable quarterly in advance, based on the asset value of your account(s) on the last calendar day of each calendar quarter. In the event that a deposit in excess of \$25,000 occurs mid-quarter, the fee for that quarter will be recalculated at the quarter's end and the account will be billed a second fee pro rata, in arrears, on the additional deposits. In the event that a withdrawal in excess of \$25,000 occurs mid-quarter, the fee for

that quarter will be recalculated at the quarter's end and the account will be refunded the pro rata fee that was attributable to the amount of the withdrawal. The Advisory Fee shall be automatically deducted from the Account on the first business day following the last business day of the quarter.

To the extent allowed by applicable law, Lucia Securities may also receive customary sales loads, dealer reallowances, service fees and Rule 12b-1 fees with respect to mutual funds purchased by clients of RJLWM through Lucia Securities. Registered representatives of Lucia Securities, some of whom are RJLWM investment advisor representatives, are typically entitled to receive a portion of the sales load and Rule 12b-1 fees received by Lucia Securities from other mutual funds purchased by clients. The receipt of such fees creates an incentive and conflict of interest for RJLWM to recommend such mutual funds over other mutual funds. Notwithstanding this conflict, the Firm recommends mutual funds to clients based upon, among other things, the client's investment goals and policies, the comparative quality of the fund's management, fund expense ratios and fund performance.

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

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

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

### **Termination of MPS Services**

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

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

## **RBC Correspondent Services Resource II Program**

RJL Wealth Management, LLC ("RJL Wealth Management") has entered into an agreement with RBC Correspondent Services, a division of RBC Capital Markets, LLC Member NYSE/FINRA/SIPC ("RBC CM"), whereby RBC CM will provide certain investment advisory and/or other services to clients and RJL Wealth Management. Clients will provide information to the RJL Wealth Management Investment Advisor Representative to develop investment guidelines that will be used in the selection of Investment Managers available through the Resource II Program ("Program").

In general, a minimum initial account value of \$100,000 in investable assets is required under this Program. The Program is offered to individuals, foundations, endowments, employee benefit plans, trusts and estates, educational institutions, corporations, business and government entities, and other entities. The Program is available for both non-retirement and retirement accounts, including individual retirement accounts (IRAs).

Upon execution of the Resource II Program Agreement, the RJL Wealth Management Investment Advisor Representative will assist the client with establishing a brokerage account through Lucia Securities, LLC. RBC CM will act as the qualified custodian for accounts in the Program.

One or more of the Investment Managers participating in the Program will provide discretionary management services to the client subject to the client's Investment Guidelines. Alternatively, one or more Investment Managers may provide an investment model ("Model Portfolio") to RBC CM as Overlay Manager to manage the account on a discretionary basis. If a Model Portfolio is selected, account assets will be invested in accordance with the Model Portfolio provided by the Investment Manager and subject to the client's Investment Guidelines. Only one Investment Manager or Model Portfolio may be selected per account.

RJL Wealth Management's advisory services in connection with the Program include consulting with the client, based on the Investment Guidelines, as to which Investment Manager(s) to choose. RJL Wealth management does not provide any discretionary management services under the Program. RBC CM advisory services in connection with the Program are limited to selecting and monitoring Investment Managers for the Program, however if Model Portfolios are selected by the client, RBC CM will act as an Overlay Manager. In this case, RBC CM will have discretionary authority to buy or sell stocks, bonds, and other securities for the client. When Investment Managers are selected, the client will grant the Investment Manager with discretionary authority to buy or sell stocks, bonds, or other securities in their account.

Clients participating in the Program are charged an annual fee as set forth in the Resource II Program Agreement. Fees will be calculated and payable quarterly in advance based on the value of the assets in the account as of the last business day of the preceding calendar quarter. The Program fee may be negotiated between RJL Wealth Management and the client and is set forth in the Program Agreement signed by the client at the time the account is established. RBC CM negotiates fee schedules with each Investment Manager and Model Provider. The portion of the Program fee paid by RBC CM to Investment Managers or earned by RBC CM as the Overlay Manager and paid to the Model Provider typically ranges from 0.04% to 0.75% of account assets under management. The portion of the program fee retained by RBC CM for advisory services, including overlay management services, typically ranges from the annual rate of 0.04% to 0.60% of account assets under management. Program fees that are not paid to Investment Managers and/or Model Portfolio Providers or retained by RBC CM will be paid to RJL Wealth Management.

The Program fee will be automatically deducted directly from the account unless the client elects, in accordance with the instructions in the Resource II Program Agreement, to be invoiced directly for the Program

fees or to have the fees deducted from another brokerage account established through RBC Correspondent Services. The Program fee covers all investment advisory services rendered by RJL Wealth Management and/or RBC CM in its capacity (as an Overlay Manager, Investment Manager, and/or Model Provider). The Program fee also covers commissions, mark-ups, and other transactional charges applicable to securities transactions effected for an account by the Investment Manager or RBC CM with or through RBC CM, RJL Wealth Management, or RJL Wealth Management's affiliated broker/dealer, Lucia Securities, LLC. The Program fee does not cover certain brokerage expenses such as IRA fees; qualified retirement plan fees and other account maintenance fees; RBC CM's usual and customary transaction charges on the liquidation of assets not eligible for the Program; management and other fees on certain securities which may include open-end and closed-end mutual funds, UITs, and exchange-traded products such as exchange-traded funds (ETFs) and exchange-traded notes (ETNs); or Investment Access® account fees, where applicable. A more detailed summary of brokerage expenses not covered by the Program fee can be found in the Resource II Program Agreement.

For a complete description of the Program, clients should refer to the RBC Correspondent Services Resource II Disclosure Document, Form ADV Part 2A Appendix 1, Wrap Fee Program Brochure ("Brochure"). All clients participating in the Program will receive a copy of the Brochure prior to, or upon, entering into an agreement for Program services. Program clients will also be offered a copy of the Brochure at least annually.

### **RBC Correspondent Services Advisor Program**

The Advisor Program is sponsored by RBC Capital Markets, LLC, Member NYSE/FINRA/SIPC ("RBC CM") and is offered by RBC Correspondent Services ("RBC CS"), a division of RBC CM. In the Advisor Program, you engage RJLWM to provide investment advisory and other services. RJLWM has entered into an agreement with RBC CS whereby RBC CM and RBC CS will provide certain services to you and RJL Wealth Management, LLC. The Advisor Program is a customized investment consulting program through which clients of RJL Wealth Management, LLC ("RJLWM") may receive non-discretionary advice for investing in eligible securities as recommended by their RJLWM Financial Advisor.

In general, a minimum initial account value of \$25,000 in investable assets is required under this Program. The Program is offered to individuals, foundations, endowments, employee benefit plans, trusts and estates, educational institutions, corporations, business and government entities, and other entities. The Program is available for both non-retirement and retirement accounts, including individual retirement accounts (IRAs). Program services are provided pursuant to an Advisor Client Agreement ("Client Agreement") and Advisor Program Terms and Conditions (collectively, the "Program Agreement"). The Program provides for non-discretionary management of your account, meaning you have sole discretion whether to accept or reject an investment strategy or any specific recommendation to purchase, sell, or redeem securities. For brokerage execution and other services rendered under the Program, you pay RJLWM and RBC CS a single quarterly Program fee based on the value of your account (regardless of the number of trades completed by you).

RBC CM and RJLWM require you to provide information sufficient to determine a risk profile ("Risk Profile"), which is intended to measure your investment time horizons and risk parameters. You may also establish written investment guidelines in addition to the Risk Profile, subject to acceptance by RJLWM. Eligible securities include mutual funds offered at their net asset value without any front-end or deferred sales charge and no-load funds. If the investment strategy will be implemented with mutual funds only, you select from the various eligible mutual funds and specify, in writing, the mutual funds in which the account assets are

to be invested and the allocation among those funds. This written fund allocation may subsequently be modified by notifying your RJLWM Financial Advisor.

In general, you may utilize the account or hold or execute transactions in any or all of the following types of investments: American depositary receipts (ADRs), closed-end funds, designated option strategies, publicly traded master limited partnerships (MLPs), rights and warrants, listed and unlisted stocks, certificates of deposit (CDs), corporate bonds, convertible bonds (domestic), government and agency bonds, municipal bonds, preferred stocks, treasury notes, treasury bills, treasury bonds, designated open-end mutual funds (both load-waived and no-load), designated unit investment trusts (UITs), and exchange-traded products (ETPs). Certain types of securities are ineligible and may not be purchased within a Program Account. Ineligible securities include, without limitation, annuities; commodities; currency options; foreign currency; foreign debt; foreign stocks and bonds that are not designated as eligible; futures; insurance products; limited partnership or other partnership interests that are not publicly traded; options that are not designated as eligible; open-ended and other mutual funds that are not designated as eligible including, without limitation, all class B and C shares; precious metals; private placements; UITs that are not designated as eligible; and alternative investments. This list is not exhaustive and is subject to change without notice.

Certain securities, such as annuities that are not designated as eligible and not held by RBC CM, may appear on your periodic activity statements for informational purposes only. These assets are not considered to be advisory assets covered under the Program Agreement and are not subject to the advisory fee.

Based on the RJLWM Financial Advisor's understanding of your investment needs and objectives gained from the consultation process and the Risk Profile (and any additional investment guidelines), the Financial Advisor develops an appropriate investment strategy for the management of your account. You are responsible for promptly bringing to the RJLWM's attention any material changes in the information provided in the Risk Profile or your financial condition, as well as any additional written investment guidelines.

Neither RBC CM nor RJLWM have discretionary authority with respect to the Program account. You have sole discretion to accept or reject an investment strategy or any specific recommendation to purchase, sell, or redeem securities.

An Advisor account is not for day trading or excessive trading, including trading in securities based on market timing, and accounts may be restricted or terminated at the discretion of RBC CM upon written notice to you. You may terminate your Program Agreement with RBC CM and RJLWM at any time by written notice to RJLWM, which will in turn notify RBC CM. The Program Agreement will terminate upon RBC CM's receipt of your written notice of termination. RJLWM or RBC CM may terminate its Program Agreement with you upon written notice to the other parties, or upon the occurrence of certain events as described in the Program Agreement. As further described below under *General Information on Fees*, upon termination RBC CM may owe you a prorated portion of your fee.

RJLWM may provide you with a performance evaluation of your account on a periodic basis ("Portfolio Review"). The Portfolio Review, generated by RBC CM, may include the performance of the account in terms of rate of return and compare the account's performance to that of selected benchmarks. RBC CM also provides you and RJLWM with the following reports of relevant activity in the account: trade confirmations reflecting all transactions effected with or through RJLWM and RBC CM (other than cash sweep transactions); monthly statements itemizing all transactions in cash and securities, showing all deposits and withdrawals of principal and income during the preceding calendar month, and listing securities held in the account (monthly

statements may not be generated if there is no activity in the account during the month); and quarterly statements listing securities held in the account.

The Program fee may be negotiated between you and your Financial Advisor and is set forth in your Client Agreement. Generally, minimum initial account values will be required in accordance with Program guidelines. You may pay higher or lower fees depending on considerations such as the size of your account, the amount of time you have had an account with RJLWM, the total amount of business you conduct through RJLWM, the types of securities and services provided, and other relevant criteria.

The Program fee includes compensation for an initial analysis of your investment objectives and needs, with periodic re-evaluations, provided by RJLWM; consulting services provided by RJLWM as to an appropriate investment strategy and as to specific securities to implement the strategy; investment advisory services rendered by RJLWM; custodial and execution services (including brokerage commissions) provided by RBC CM; and other account-related services provided by RBC CM.

Your Program fees are calculated as a percentage of the account value. Fees are generally payable in advance on a quarterly basis and calculated based on our appraisal of the market value of the billable assets in the account as of the last business day of the preceding calendar quarter or alternative quarter as elected. Under limited circumstances, clients may elect to be billed on an alternative quarterly cycle. Fees are assessed on all billable assets under management, including securities, cash, money market funds, RBC Bank Deposit Program balances, or Credit Interest Program balances.

Fees are prorated for any billing period that is less than a complete quarter, and your fee may be adjusted proportionately based on the value of cash or securities added to or withdrawn from the account between billing periods. A portion of the fee, up to 0.50%, is retained by RBC CM for execution and other account-related services based on the size of the account and overall fee. The remainder of the fee is retained by RJLWM for advisory services based on the size of the account and overall fee.

You can elect to be invoiced for the amount of the fees, authorize us to deduct the amount of the fees from your account, or direct us to deduct the fees from another of your RBC CM accounts (provided the account is not a retirement account). Automatic fee deductions will be funded from available cash or the proceeds of the sale of securities in the account. If the Program Agreement is terminated prior to the last day of the quarter, a prorated portion of the Program fee paid by you, based upon the days remaining in the quarter, will be refunded to you as required by law.

Your total cost of each of the services provided through the Program, if purchased separately, could be more or less than the costs of the Program. Cost factors can include your ability and associated costs to obtain the desired investment advisory services, your costs of obtaining custodial services, your ability to invest in and rebalance the desired investments without payment of a sales charge, trading and execution costs (including principal markups and markdowns) to you, and your ability to obtain reports comparable to those provided through the Program.

When making cost comparisons, you should be aware that the combination of investment advisory, custodial, consulting, and brokerage services available through the Program may not be available separately or may require multiple accounts, documentation, and fees. You should also consider the amount of trading activity you anticipate when assessing the overall cost of the Program. If an account is actively traded, the Program

fees may be less expensive than separately paying consulting fees and commissions. If an account is not actively traded, then the Program fees may be more expensive than separately paying consulting fees and commissions.

When utilizing no-load mutual funds within the account, you will be paying a fee on assets that could otherwise be purchased outside of an advisory account at no additional cost. Additionally, by investing in mutual funds within the Program account, management fees and other fees charged by a mutual fund company are not included as a part of the Program fees, and could result in higher costs to you.

Program fees cover only the services provided under the Program Agreement and do not cover certain additional fees for which you may be responsible. Such fees may include the following: commissions; mark-ups; spreads and other transactional charges on securities transactions effected through or with brokers and dealers other than RBC CM and its affiliates; interest on debit account balances, where applicable; the entire public offering price (including underwriting commissions or discounts) on securities purchased from an underwriter or dealer (including us and our affiliates) involved in a distribution of securities; bid-ask spreads; odd lot differentials; exchange fees; transfer taxes and other fees required by law; Investment Access Account fees, where applicable; Individual Retirement Account (IRA) fees; qualified retirement plan account fees and other account maintenance fees, where applicable; usual and customary transaction charges on the liquidation of assets not eligible for the Program; any contingent deferred sales charge assessed on the sale or liquidation of mutual fund shares, where applicable; check reordering costs and fees, where applicable; redemption fees imposed by certain mutual funds (see the fund prospectus for details); short-term trading charges for purchases and corresponding redemptions of certain mutual fund shares (see fund prospectus for details) made within short periods of time; management and other fees on certain securities, which may include open-end and closed-end mutual funds, UITs, and ETPs; RBC Express Credit (margin) interest; non-sponsored alternative investment processing and maintenance fees; safekeeping fees for physical securities; and RBC Bank Deposit Program fees.

Other account maintenance fees may apply and certain investment products, such as closed-end funds, UITs, or ETPs, may incur management and operating expenses that are not covered by the Program fees. Refer to each investment product's disclosure document for a more detailed description of the fees and expenses you may pay as an investor.

Each mutual fund pays separate management fees and other fees and expenses as detailed in the fund's prospectus. Some of the fees and expenses are paid to and, where permitted under applicable regulatory requirements, may be retained by RBC CM or RJLWM for advisory, distribution, and/or other services. As a result, you may indirectly pay duplicate advisory and other fees in connection with such investments. Certain mutual funds may charge you redemption fees that are not imposed by RBC CM or RJLWM.

RJLWM may pay a portion of the Program fee to your Financial Advisor. This compensation may be more than your Financial Advisor would receive if you participated in another RJLWM or RBC CM program or paid separately for investment advice, brokerage, and other services. Therefore, Financial Advisors may have a financial incentive to recommend the Program over other available services and programs.

## **Asset Management Services through the SEI Asset Management Program (Closed to New Accounts)**

RJL Wealth Management may use SEI Asset Management's institutional asset allocation program in managing the client's account assets. RJL Wealth Management's associated persons assist the client in establishing an SEI Program Account (Account) at SEI Trust Company (SEI). All transactions in the Account will be processed and cleared through SEI. The SEI Program uses asset allocation portfolios developed by SEI Investments. The portfolios consist of the SEI Family of Institutional Mutual Funds (Mutual Funds) and other securities approved by SEI to be held in an account. RJL Wealth Management's associated persons provide SEI with the asset allocation policy (Asset Allocation Policy) that the client selects for the Account.

The percentage allocation of Account assets among the applicable securities may vary significantly from the percentage allocation contemplated by the client's Asset Allocation Policy due to such factors as increases or decreases in the value of shares of the securities, dividends, capital gains, or other distributions made in respect of shares of the securities, and deduction of RJL Wealth Management's unpaid fees from the account. Custody of all SEI Program Client Account assets is held at SEI.

SEI Program management fees (Management Fees) are payable quarterly, in arrears, based on assets under management at the end of the quarter. The maximum RJLWM investment advisory fee paid to RJLWM for providing advisory services shall not exceed 1%. Management Fees are automatically deducted from the client's Account. Each quarter, SEI will send the client an account statement that will include a Management Fee Notification which will show the computed fee, any adjustments to fee, an explanation of any adjustment and the net Management Fee to be deducted later in the period from the Account. Clients may terminate the SEI Program account at any time by notifying RJL Wealth Management. Termination will be effective upon receipt of such notice. If services are terminated within five business days of executing the client agreement, services will be terminated without penalty. After the initial five business days, the client may be responsible for payment of fees for the number of days services were provided by RJL Wealth Management prior to receipt of the notice of termination.

Custodian fees and internal mutual fund expenses are separate from the RJLWM Advisor Fee and RJLWM receives no portion of such fees and expenses. Complete details on the SEI fees and expenses are disclosed in SEI's Disclosure Brochure that will be given to all clients. The exact fee and/or fee schedule for each client will be disclosed in SEI's client agreement.

SEI Trust Company may charge a separate custodial fee for the custody services it provides the client's account. Mutual Funds held in the Account pay their own advisory fees and other expenses, which are explained in each Mutual Fund's prospectus. These fees and expenses are separate charges from the Account management fees.

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

We also refer clients to unaffiliated third-party investment advisors offering asset management and other investment advisory services. As a result, we receive a portion of the fee charged and collected by the third-party investment advisor in the form of solicitor fees or consulting 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.

Through this service, RJLWM investment advisor representatives assist clients with identifying their risk tolerance and investment objectives. Advisor will recommend third-party investment advisors in relation to client's stated investment objectives and risk tolerance. A client may select a recommended third-party investment advisor based upon the client's needs. Clients will enter into an agreement directly with the unaffiliated third-party investment advisor who shall provide asset management services.

RJLWM investment advisor representatives shall be available to answer questions the client may have regarding their account and act as the communication conduit between the client and the third-party investment advisors. Third-party investment advisors generally take discretionary authority to determine the securities to be purchased and sold for the client. Neither RJLWM nor its associated persons will have any trading authority with respect to client's managed account with the third-party investment advisor(s).

Third-party managed programs generally have account minimum requirements that will vary from investment advisor to investment advisor. Account minimums are generally higher on fixed income accounts than equity based accounts. A complete description of the third-party investment advisor's services, fee schedules and account minimums will be disclosed in the third-party investment advisor's Disclosure Brochure which will be provided to clients at the time an agreement for services is executed and account is established. Client reports will depend upon the third-party investment advisor.

While the actual fee charged to a client will vary depending on the third-party investment advisor utilized, the portion retained by Advisor in the form of solicitor fees or consulting fees shall not exceed 1.50%. All fees are calculated and collected by the selected third-party investment advisor firm who shall be responsible for delivering Advisor's portion of the client fee to Advisor. Fees are negotiable with clients depending on factors such as, but not limited to, the amount of assets under management and the number of client accounts.

While RJLWM reviews the performance of numerous third-party investment advisor firms, we have entered into a relationship with, and will generally only recommend, Symmetry Partners, LLC, an SEC registered investment advisor, under this service. Third-party investment advisors recommended by RJLWM must be registered or exempt from registration in the state where the client resides.

RJLWM advisor representatives may have a conflict of interest by only offering those third-party investment advisors that have agreed to pay a portion of their advisory fee to RJLWM. There may be other third-party managed programs that may be suitable to the client that may be more or less costly. No guarantees can be made that client's financial goals or objectives will be achieved. Further, no guarantees of performance can be offered. Investments involve risk, including the possible loss of principal.

### **Retirement Plan Services**

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

### **Fiduciary Consulting Services**

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

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

For Fiduciary Consulting Services, all recommendations of investment options and portfolios will be submitted to you for your ultimate approval or rejection. The retirement plan sponsor client or the plan participant who elects to implement any recommendations made by us is solely responsible for implementing all transactions.

Fiduciary Consulting Services are not management services, and RJL Wealth Management does not serve as administrator or trustee of the plan. RJL Wealth Management does not act as custodian for any client account or have access to client funds or securities (with the exception of, some accounts, having written authorization from the client to deduct our fees).

RJL Wealth Management acknowledges that in performing the Fiduciary Consulting Services listed above that it is acting as a "fiduciary" as such term is defined under Section 3(21)(A)(ii) of Employee Retirement Income Security Act of 1974 ("ERISA") for purposes of providing non-discretionary investment advice only. RJL Wealth Management will act in a manner consistent with the requirements of a fiduciary under ERISA if, based upon the facts and circumstances, such services cause RJL Wealth Management to be a fiduciary as a matter of law. However, in providing the Fiduciary Consulting Services, RJL Wealth Management (a) has no responsibility and will not (i) exercise any discretionary authority or discretionary control respecting management of Client's retirement plan, (ii) exercise any authority or control respecting management or disposition of assets of Client's retirement plan, or (iii) have any discretionary authority or discretionary responsibility in the administration of Client's retirement plan or the interpretation of Client's retirement plan documents, (b) is not an "investment manager" as defined in Section 3(38) of ERISA and does not have the power to manage, acquire or dispose of any plan assets, and (c) is not the "Administrator" of Client's retirement plan as defined in ERISA.

Fees for this service will generally not exceed \$10,000 per year and will be determined based on the total market value of plan assets, the complexity of the plan, the number of participants, the relationship RJL Wealth Management may have with the plan provider or trustees, the level of service to be provided to the plan, and the geographical location(s) and number of office locations of the plan sponsor and plan participants. When determining the fee, we will also take into consideration special situations or conflicts of interest where charging a fee is prohibited under ERISA laws and any existing relationships with the client. The negotiated fee will be disclosed to the client prior to any services being provided. Fees will be billed quarterly, in arrears, and RJL Wealth Management will provide to the client a statement that will be due within two weeks of issuance.

#### Fiduciary Management Services

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

- Investment Management via Model Portfolios. RJL Wealth Management will provide discretionary management via model portfolios. RJL Wealth Management manages Model Portfolios which are

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

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

Fees for asset management services will be consistent with the program selected (Managed Portfolio Strategies Program, SEI Asset Management, or the RJL Wealth Management Program through Envestnet). Fees for these programs are outlined in greater detail in the program descriptions above.

#### Non-Fiduciary Services

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

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

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

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

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

Either party may terminate services by providing written termination to the other party. If services are terminated within five (5) business days of executing an agreement for services with us, services will be terminated without penalty. After the initial five (5) business days, you will be responsible for the payment of fees for services completed prior to termination of services. If services are terminated mid-period, a prorated fee is charged based on the number of days that services were provided during that period.

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

In accordance with ERISA Regulation Section 2550.408b-2(c)(vi)(A), we will disclose within thirty (30) days following receipt of a written request from the responsible plan fiduciary or Plan Administrator (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as is practical) all information related to the Qualified Retirement Plan Consulting Agreement and any compensation or fees received in connection with the Agreement that is required for the Plan to comply with the reporting and disclosure requirements of Title 1 of ERISA and the regulations, forms, and schedules issued thereunder.

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

### **Seminars**

RJL Wealth Management's associated persons may present seminars on general financial and investment topics or specifically on The Bucket Strategy™. Generally, these seminars will be presented at no charge. However, in some instances a fee may be charged to cover the cost of providing the seminar and any materials presented at the seminar. Participants will be informed of any seminar charges in advance and charges will be due at the time the seminar is held.

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

Item 6 of the Form ADV Part 2 instructions is not applicable to RJL Wealth Management's brochure because RJL Wealth Management does not charge or accept performance-based fees which can be defined as fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

## **Item 7 – Types of Clients**

We provide financial planning and asset management services primarily to individuals nearing retirement or already retired with an investment portfolio typically ranging from \$500,000 to over \$5,000,000. In addition we also provide asset management services to pension plans, trusts, and charitable institutions such as foundations that are often connected to our individual clients.

### **Minimum Investment Amounts Required**

Minimum investment amounts required are dependent on the program selected and range from \$25,000 to \$100,000. Exceptions to minimums may be granted for investments in the Managed Portfolio Strategies Program at the discretion of RJL Wealth Management.

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

### **RJL Wealth Management uses the following methods of analysis in formulating investment advice.**

The following section only applies to the selection of mutual funds and exchange traded funds by an investment advisor representative in the MPS program.

Methods of analysis may include fundamental and technical analysis. The main sources of information include financial publications, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

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

### **RJL Wealth Management uses the following investment strategies when managing client assets and/or providing investment advice:**

#### **The Bucket Strategy™**

RJLWM utilizes an asset allocation and planning methodology called The Bucket Strategy™. The strategy segments a client's portfolio into several categories called "buckets," attempting to match various time horizons and the risk tolerance of each bucket category to achieve the overall long-term portfolio objective. At the strategy's core is the concept of matching assets to liabilities similar to traditional pension plan investment philosophy. Short-term liabilities or income needs are matched against short-term fixed income assets. Longer-term liabilities or income needs later in retirement are matched against long-term, growth-focused investments. The framework provides for an interactive process between the client and our team in designing a unique portfolio for each client. Time horizon, risk tolerance, total return assumptions, and number of "buckets" vary client by client based on the clients' unique situation. A typical illustration will determine the clients' proposed asset allocation across 5 categories: Lifetime Income, Fixed Income, Relative Safety, Growth & Income, and Long-Term Growth.

Lifetime Income – An optional investment strategy typically aimed for conservative investors who are primarily concerned about hedging longevity risk. It is designed to generate consistent, guaranteed income for life and provides for income/withdrawals today, or in the future depending on the client situation. Investors may elect a single premium immediate annuity or a living benefit variable annuity. Rates of return assumptions may be illustrated on total return basis ranging from -3% to +5% depending on clients' assumption for interest rates, asset allocation and fees of the product type selected. RJLWM typically does not offer asset management service for investments in the Lifetime Income bucket category.

Fixed Income – An investment strategy designed to deplete over time. This bucket category illustrates the withdrawal of both principal and interest over a number of years, thus providing time for the relative safety bucket category investments to grow at potentially higher rates of return. Time horizon typically ranges from 3 years to 10 years for this bucket category. Clients typically assume a total return ranging from 0-3% depending on interest rate environment.

Relative Safety – An investment strategy designed with a mid-term growth phase and a future depletion phase. This bucket acts as a bridge of income after the Fixed Income bucket is depleted and before the future need to spend principal from the long-term bucket categories (Growth & Income and Long-Term Growth). Time horizons for the growth phase of this bucket typically range from 5 to 10 years. The income/withdrawal phase typically ranges from 5 to 10 years. Clients typically assume a total return of 4-6% for this bucket category.

Growth & Income – An investment strategy designed for long-term investments that pay a current dividend or distribution. Dividends or distributions are typically used to support the client's current income need. Although investments typically pay a current dividend, the time horizon for invested principal typically ranges from 10 to 15 years, providing for a wide range of investment selection. Dividend assumptions range from 2%-7%, depending on the market environment. Clients typically assume a total return of 6-8% for this bucket category.

Long-Term Growth – An investment strategy designed for long-term growth. By matching short-term income needs with other "buckets," the Long-Term Growth Bucket is usually allocated to riskier investments. Interest and dividends are typically reinvested. Time horizon for this bucket category typically ranges from 10 to 20 years. Clients typically assume a total return of 6-8% for this bucket category.

Generally, each bucket category provides a framework for the client and advisor to define the related goals for each bucket. For instance, the Fixed Income bucket is designed to deplete over several years and generally is conservatively illustrated and invested. However, the rate of return assumptions, risk tolerance of the underlying investments selected, time horizon, and liquidity of each bucket are ultimately defined by the client and advisor working relationship. Additionally, clients may elect to add additional bucket strategies (sub-buckets) in each category or remove a category entirely based on their needs. Bucket strategies may be used to illustrate different account registrations for tax planning of withdrawals and investment selection, or to identify a specific asset class within a Bucket category such as dividend-paying stocks.

Bucket categories are not intended to illustrate the performance of any specific investment or to represent a specific model portfolio; rather, they provide the client a set of several goal-based investment strategies to assist in developing an overall target asset allocation. From this process, several investment solutions may be presented for each bucket category in whole or in part.

- Potential investments for the Lifetime Income category include single premium immediate annuities or variable annuities with guaranteed minimum withdrawal/income benefit riders.
- Potential investments for the Fixed Income category include fee-based managed accounts, Certificates of Deposit (CD's), money market funds, corporate debt securities, municipal securities, government debt securities, single premium immediate annuities, fixed deferred annuities, equity indexed annuities, and, to an extent, mutual funds, exchange traded funds, unit investment trusts and closed-end funds.
- Potential investments for the Relative Safety category include fee-based managed accounts, corporate debt securities, municipal securities, government debt securities, mutual funds, exchange traded funds,

unit investment trusts, closed end funds, structured products, variable annuities with principal protection riders, fixed deferred annuities, and equity indexed annuities.

- Potential investments for the Growth & Income Category include fee-based managed accounts, mutual funds, exchange traded funds, unit investment trusts, closed-end funds, structured products, and non-traded real estate investment trusts.
- Potential investments for the Long-term Growth category include fee-based managed accounts, mutual funds, exchange traded funds, unit investment trusts, closed-end funds, equity annuities, variable annuities with principal protection riders, variable annuities with death benefit riders, structured products, non-traded real estate investment trusts, alternative investments, and commodities.

The ongoing client/advisor relationship is important to the ongoing management of a Bucket Strategy™ and the various investment solutions selected by the client. We offer to update the calculations and assumptions of each client's Bucket Strategy on an annual basis through our client review process. During the client review meeting, our investment advisor representatives typically discuss the tracking and progress towards the overall long-term goals and objectives, as well as reviewing each investment as it relates to the various bucket categories. The review meeting often facilitates modifications to the long-term strategy based on client's changing circumstances, rebalancing decisions, value averaging opportunities between bucket categories, and selection of new investment solutions.

#### Core/Satellite Asset Management

RJL Wealth Management uses a core/satellite strategy for designing our equity portfolios. A core/satellite strategy allocates between a strategic, broadly diverse asset allocation and an actively managed, sometimes more concentrated investment strategy. A typical portfolio may consist of mutual funds, exchange traded funds, and one or more actively managed sub-managed strategies.

#### Risk of Loss

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, variable annuities, variable universal life insurance, REITs, private placements and bonds) involves risk of loss. Further, depending on the different types of investments, there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our Firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.

- Equity (Stock) Market Risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in, and perceptions of, their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk – When investing in stock positions, there is always a certain level of company or industry-specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk – When investing in bonds, there is the risk that issuer will default on the bond and will be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk – Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater-than-ordinary investment risks.
- ETF and Mutual Fund Risk – When RJL Wealth Management invests in a an ETF or mutual fund, the client will bear additional expenses based on its pro rata share of the 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.
- Management Risk – Your investment with our Firm varies with the success and failure of our investment strategies, research, analysis, and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- Liquidity Risk – Certain investments (such as certain REITs and private placements) are often illiquid, which means that the investments can be difficult to trade and consequently can limit a client's ability to sell the investments in a timely manner and at an advantageous price.

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

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

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

RJL Wealth Management **is not** and **does not** have a related company that is a (1) municipal securities dealer, government securities dealer or broker, (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” or offshore fund), (3) futures commission merchant, commodity pool operator, or commodity trading advisor, (4) banking or thrift institution, (5) accountant or accounting firm, (6) lawyer or law firm, (7) pension consultant, (8) real estate broker or dealer, or (9) sponsor or syndicator of limited partnerships.

### **Affiliation with Lucia Securities, LLC**

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

Advisor representatives of RJL Wealth Management may also be registered securities agents with Lucia Securities, LLC. When placing securities transactions through Lucia Securities, LLC in their capacity as registered securities agents of Lucia Securities, LLC, advisory representatives are allowed to earn sales commissions. RJL Wealth Management’s advisor representatives will only recommend securities products to a client if such products are suitable for the client and appropriate for fulfilling the client’s asset allocation strategy and objectives. In doing so, RJL Wealth Management, Lucia Securities, LLC, and its associated persons and employees are prohibited from trading on material non-public information.

Please refer to Item 12 – Brokerage Practices for information regarding Lucia Securities, LLC including conflicts of interest.

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

RJL Wealth Management is under common ownership with RJL Capital Management, LLC. RJL Capital Management, LLC (“RJL Capital Management” or “RJLCM”) is also owned by RJL Holding Company, LLC and is registered with the SEC relying on RJL Wealth Management’s registration. This is known as the “piggy-back” exemption which permits an investment advisor that would otherwise not be eligible for SEC registration to maintain registration with the SEC because it is under common control with an SEC-registered investment advisor and its principal office and place of business are the same as the SEC-registered investment advisor.

RJL Capital Management serves as the investment advisor to the Multi-Strategy Growth & Income Fund (the “Fund”), a continuously offered, non-diversified, closed-end investment company registered under the Investment Company Act of 1940. The Fund is an available investment option for clients of RJL Wealth Management and our affiliated broker/dealer, Lucia Securities, LLC. Therefore, investors in the Fund may also be clients of RJL Wealth Management or Lucia Securities; however, the Fund will be open to any investor meeting the Fund’s minimum investment levels.

In addition to serving as investment advisor to the Fund, RJLCM’s Chief Executive Officer, Raymond J. Lucia Jr., is also an officer of the Fund and serves on the Fund’s Board of Trustees. RJLCM’s President, Joseph P. Lucia, is also an officer of the Fund. RJL Wealth Management and our affiliate, RJL Capital Management, have an incentive and inherent conflict of interest to recommend and favor the Fund for the following reasons:

- Our officers and owners are personally responsible for the formation (including covering a significant portion of the start-up costs) of the Fund.
- RJJ Capital Management is the investment advisor to the Fund and receives a management fee for its services. Increases in Fund assets will result in increases in the management fee paid to RJJ Capital Management.

RJJ Capital Management is also engaged in the business of providing portfolio management services to the Managed Portfolio Strategies Program sponsored by RJJWM. When providing portfolio management services through this program, RJJ Capital Management is acting as a model portfolio adviser and does not provide individualized investment advice to clients of RJJWM. RJJ Wealth Management has an incentive and inherent conflict of interest to recommend and favor RJJ Capital Management as a model portfolio advisor in this program as RJJCM and RJJWM are under common ownership and control.

In an effort to control for this conflict of interest, RJJWM attempts to limit the assets invested in model portfolios advised by RJJ Capital Management to no more than 25% of the total assets invested in the Managed Portfolio Strategies Program. Additionally, RJJWM IAR's have the authority to independently choose from multiple managers and platforms when selecting advisory services for their clients. RJJWM IAR's are not incentivized to select RJJCM models over other advisors.

#### **Relationship with Affiliated Insurance Agency**

Raymond J. Lucia Jr. is a member and partner of LLK Insurance Brokerage Services, LLC, doing business as RJJ Insurance Services, an insurance agency. When RJJ Wealth Management's associated persons determine that clients are in need of insurance products, clients may be referred to LLK Insurance Brokerage Services, LLC. In addition, if a LLK Insurance Brokerage Services, LLC client is in need of financial planning or other advisory services, the client may be referred to the RJJ Wealth Management. Principal owners and other agents or employees of LLK Insurance Brokerage Services, LLC will not be compensated in any way for the referral of a client to RJJ Wealth Management by RJJ Wealth Management.

The amount of the advisory fee is not increased due to this arrangement and clients are not obligated to use the services of LLK Insurance Brokerage Services, LLC or RJJ Wealth Management. While RJJ Wealth Management does not provide compensation for referrals from LLK Insurance Brokerage Services, LLC, RJJ Wealth Management and LLK Insurance Brokerage Services, LLC are under common ownership and there is a benefit for the two firms to share clients.

#### **Relationship with First Allied Advisory Services, Inc., First Allied Securities, Inc. and Orange Capital Management, Inc.**

RJJ Wealth Management and Lucia Securities have entered into an agreement with First Allied Advisory Services, Inc. (FAAS), First Allied Securities, Inc. ("FASI" or "First Allied"), and Orange Capital Management, LLC ("OCM") to operate the Bucket Strategy Advisor Network™ program. The Bucket Strategy Advisor Network™ program ("BSAN" program) consists of wealth management strategies and marketing systems for wealth management of investment advisory client accounts. The BSAN program is available to certain registered representatives of First Allied who are investment advisor representatives of FASI, FAAS, OCM, or their own

independent registered entities (BSAN IARs). OCM provides BSAN IARs with ongoing support including training advisors in wealth planning strategies including The Bucket Strategy® as well as coaching advisors in presentation techniques, software training, and practice management. In return for these services, RJLWM/LSL and OCM will be entitled to a portion of the compensation earned by BSAN IARs in accordance with a separate agreement between the BSAN IAR and OCM.

BSAN IARs may sell securities to clients for commissions in addition to providing advisory services. As registered representatives of First Allied, the BSAN IARs are required to use the services of FASI and FASI's approved clearing broker-dealers when acting in their capacity as registered representatives. FASI has a wide range of approved securities products for which FASI performs due diligence on when selecting. Registered representatives of FASI are required to adhere to these products when implementing securities transactions through FASI. 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. BSAN IARs are also required to use managed account programs approved by FASI and/or FAAS. When utilizing such managed account programs, the BSAN IARs will earn a fee. This fee is negotiable between the BSAN IAR and his/her clients. Fees charged for these programs may be higher or lower than fees that clients may pay if they were to utilize another investment advisor firm. The fees or commissions charged to clients are not increased as a result of the BSAN IAR's participation in this program.

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

As described in Item 4 – Advisory Business and Item 5 – Fees and Compensation, we have formed relationships with independent, third-party money managers.

We may recommend clients work directly with third-party money managers. When we refer clients to a third-party money manager, you need to know that the Firm will receive a portion of the fee charged by the third-party money manager. Therefore, we have a conflict of interest in that we will only recommend third-party money managers that will agree to compensate the Firm by paying us a portion of the fees billed to your account managed by the third-party money manager.

## **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 advisor is considered a fiduciary. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts. In addition, an investment advisor has a duty of utmost good faith to act solely in the best interest of each of its clients. RJL Wealth Management and its associated persons have a fiduciary duty to all clients. RJL Wealth Management has established a Code of Ethics which all associated persons must read. They must then execute an acknowledgment agreeing that they understand and agree to comply with RJL Wealth Management's Code of Ethics. The fiduciary duty of RJL Wealth Management and its associated persons to clients is considered the core underlying principle for RJL Wealth Management's Code of Ethics and represents the expected basis for all associated persons' dealings with clients. RJL Wealth Management has the responsibility to make sure that the interests of clients are placed ahead of it or its associated persons' own investment interests. All associated

persons will conduct business in an honest, ethical and fair manner. All associated persons will comply with all federal and state securities laws at all times. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to services being conducted.

All associated persons have a responsibility to avoid circumstances that might negatively affect or appear to affect the associated persons' duty of complete loyalty to their clients. This section is only intended to provide current clients and potential clients with a description of RJL Wealth Management's Code of Ethics. If current clients or potential clients wish to review RJL Wealth Management's Code of Ethics in its entirety, a copy may be requested from any of RJL Wealth Management's associated persons and a copy will be provided promptly.

### **The Multi-Strategy Growth & Income Fund**

RJL Wealth Management Investment Advisor Representatives, in their capacities as registered representatives of Lucia Securities, LLC, may recommend the purchase of the Multi-Strategy Growth & Income Fund (the "Fund"). RJL Capital Management, an affiliate of RJLWM and Lucia Securities, serves as the investment advisor to the Multi-Strategy Growth & Income Fund, a continuously offered, non-diversified, closed-end investment company registered under the Investment Company Act of 1940. The Fund is an available investment option for clients of our affiliated broker/dealer, Lucia Securities, LLC. Therefore, investors in the Fund may also be clients of RJL Wealth Management or Lucia Securities; however, the Fund will be open to any investor meeting the Fund's minimum investment levels.

In addition to serving as investment advisor to the Fund, RJLCM's Chief Executive Officer, Raymond J. Lucia Jr., is also an officer of the Fund and serves on the Fund's Board of Trustees. RJLCM's President, Joseph P. Lucia, is also an officer of the Fund. RJL Wealth Management and our affiliate, RJL Capital Management, have an incentive and inherent conflict of interest to recommend and favor the Fund for the following reasons:

- Our officers and owners are personally responsible for the formation (including covering a significant portion of the start-up costs) of the Fund.
- RJL Capital Management is the investment advisor to the Fund and receives a management fee for its services. Increases in Fund assets will result in increases in the management fee paid to RJL Capital Management.

### **Personal Trading Policy**

RJL Wealth Management or its associated persons may buy or sell securities or have an interest or position in a security for their personal account which they also recommend to clients. This presents a conflict of interest between our clients' investment interests and the interests of our personnel. Therefore, we have formed the following procedures to help monitor and control for conflicts of interest arising from our personal trading policies.

- RJL Wealth Management is, and shall continue to be, in compliance with The Insider Trading and Securities Fraud Enforcement Act of 1988.
- No associated person shall prefer his or her own interest to that of an advisory client.

- No person employed by RJL Wealth Management may purchase or sell the same security prior to a transaction or transactions being implemented for an advisory account.
- Associated persons shall not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of his/her employment unless the information is also available to the investing public upon reasonable inquiry.
- As part of the Code of Ethics (summarized above) RJL Wealth Management maintains a list of all securities holdings for itself and all associated persons which are reviewed on a regular basis by a principal of the firm.

RJL Wealth Management Investment Advisor Representatives may provide advice to a client regarding real estate investment trusts, real estate partnerships and other private placement investments. Such investments are often illiquid, which means that the investments can be difficult to trade and consequently limits a client's ability to dispose of such investments in a timely manner and at an advantageous price. Additionally, such investments may not have registered pursuant to the Securities Act of 1933, and therefore the client will need to complete a subscription agreement showing the client is an "accredited" investor (as defined by applicable law and rules and regulations) and acknowledge that he or she has read and understands the private placement memorandum and is aware of the various risk factors associated with such an investment.

Investment Advisor Representatives may in the future or currently have personally invested in private investments they also recommend to clients. This creates a natural conflict of interest in that the Investment Advisor Representatives' personal investment may motivate them to recommend the private investment over other private investments they have not personally invested in but may be better suited for a client or have better historical performance. To control for this conflict of interest, the Investment Advisor Representatives will disclose any personal investment interest they have in a private investment recommended to client. Further, in accordance with the RJL Wealth Management Code of Ethics and Personal Trading Policy, Investment Advisor Representatives are required to attain written approval from RJL Wealth Management prior to personally investing in a private investment.

## **Item 12 – Brokerage Practices**

### **Arrangement with Lucia Securities, LLC and RBC Correspondent Services**

Clients wishing to implement RJL Wealth Management's financial planning and/or consulting advice are free to select any broker/dealer or investment advisor they wish and are so informed. If clients wish to have RJL Wealth Management's advisor representatives implement the advice in their capacity as registered securities agents or through Managed Portfolio Strategies, then RJL Wealth Management's affiliated broker/dealer, Lucia Securities, LLC, must be used. Advisor representatives of RJL Wealth Management may be registered securities agents of Lucia Securities, LLC and are required to use the services of Lucia Securities, LLC and its approved clearing broker/dealer when acting in their capacity as registered securities agents. Lucia Securities, LLC serves as the introducing broker/dealer. All accounts established through Lucia Securities, LLC will be cleared and held at RBC Capital Markets, LLC member NYSE/FINRA/SIPC which acts as the qualified custodian. The decision to use RBC Capital Markets, LLC is based on Lucia Securities, LLC's arrangement with RBC Correspondent Services, a division of RBC Capital Markets, LLC that works exclusively with FINRA-member, introducing broker/dealers

such as Lucia Securities, LLC. RBC Capital Markets, LLC is a wholly-owned subsidiary of Royal Bank of Canada (RBC).

Lucia Securities, LLC has a wide range of approved securities products on which Lucia Securities, LLC performs due diligence prior to selection. Lucia Securities, LLC's registered securities agents are required to adhere to these products when implementing securities transactions through Lucia Securities, LLC.

Clients should understand that not all investment advisors require the use of a particular broker/dealer or the use of a broker/dealer that is affiliated with the investment advisor. Our decision to require the use of Lucia Securities, LLC is based on RJL Wealth Management's decision that RJL Wealth Management can provide efficient and cost-effective services through its affiliated broker/dealer. However, the use of an affiliated broker/dealer is an inherent conflict of interest between RJL Wealth Management and its clients because requiring RJL Wealth Management clients to use Lucia Securities, LLC as the broker/dealer allows Lucia Securities, LLC to retain brokerage revenue that would otherwise be retained by an unaffiliated broker/dealer. For example, Lucia Securities, LLC will retain a percentage of the overall management fee charged to clients through Managed Portfolio Strategies for brokerage services performed.

The requirement to use RBC Capital Markets, LLC (which is not affiliated with Lucia Securities, LLC and/or RJL Wealth Management) is based on the fact that Lucia Securities, LLC has established a clearing agreement with RBC Correspondent Services, a division of RBC Capital Markets, LLC as its preferred clearing broker/dealer and qualified custodian. Because RJL Wealth Management and Lucia Securities, LLC are under common ownership and have some of the same executive officers and supervisors, the decision to use RBC Correspondent Services was mutually determined by Lucia Securities, LLC and RJL Wealth Management. The decision to use RBC Capital Markets, LLC is based on a comparison of RBC Capital Markets, LLC against other broker/dealers (including past experiences we have had with other broker/dealers), minimizing brokerage expenses and other costs while taking into account the offerings or services RBC Correspondent Services provides that Lucia Securities, LLC, RJL Wealth Management or clients may require or find valuable. There are some investment advisors that permit the use of multiple broker/dealers and permit clients to select the broker/dealer. RJL Wealth Management has considered the positive factors to this approach which include the ability to better negotiate brokerage costs such as transaction fees, the ability to better analyze speed of execution, and the ability to compare and negotiate services. However, RJL Wealth Management has determined that the use of one brokerage platform (Lucia Securities, LLC/RBC Capital Markets, LLC) allows RJL Wealth Management to provide more streamlined operational and trading services. RJL Wealth Management considers the fact that allowing multiple brokerage arrangements would increase the need for additional internal staff and technology which may increase the overall fees charged to RJL Wealth Management clients. By selecting one brokerage platform, RJL Wealth Management is able to avoid additional compliance, recordkeeping, staffing, and technological costs that may be associated with implementing procedures designed to work with multiple brokerage platforms. Considering all factors in relation to RJL Wealth Management's structure and capacities, RJL Wealth Management has concluded that requiring one brokerage platform (Lucia Securities, LLC/RBC Capital Markets, LLC) is a better policy than permitting multiple brokerage arrangements including client-directed brokerage arrangements. If RJL Wealth Management decides to permit other brokerage arrangements in the future, all clients will be made aware of the change in policy.

Commission and fee structures of various broker/dealers, along with services, research, and tools are periodically reviewed by RJL Wealth Management in order to evaluate the overall execution services provided by Lucia Securities, LLC and RBC Capital Markets, LLC. Accordingly, while RJL Wealth Management will consider competitive rates, it may not necessarily obtain the lowest possible commission and brokerage rates for client account transactions. Therefore, the overall services provided by Lucia Securities, LLC and RBC Capital Markets, LLC are evaluated to determine the level of best execution provided to clients. However, considering RJL Wealth Management requires its clients to use the brokerage services of Lucia Securities, LLC and RBC Capital Markets, LLC, RJL Wealth Management may not be able to achieve the *most* favorable execution of client transactions and therefore RJL Wealth Management's practice of requiring the use of Lucia Securities, LLC and RBC Capital Markets, LLC may cost clients more money compared to advisory programs offered by other investment advisors.

While clients may be able to attain brokerage services with lower costs and expenses, clients should be aware of some of the qualitative factors RJL Wealth Management considers in selecting Lucia Securities, LLC and RBC Capital Markets, LLC as part of its required Managed Portfolio Strategies brokerage platform. These factors include, but are not necessarily limited to, the following:

- Being able to rely on the internal staff of Lucia Securities, LLC to provide operations, trading, and other services.
- RBC Correspondent Services is able to provide numerous specialized service groups including designated support staff dedicated to servicing Lucia Securities, LLC and Managed Portfolio Strategies accounts and a training/educational department that provides online, telephone and on-site training of RBC Correspondent Services products, tools and offerings.
- The RBC Correspondent Services back-office system generates exception reports designed to monitor all aspects of brokerage accounts, including trading, money movement, transfers, and client account data. Client paperwork is processed through a secure electronic workflow and storage system. RBC Capital Markets, LLC's electronic trading platform provides a real-time order matching system, the ability to "block" client trades, Managed Portfolio Strategies investment models, automated rebalancing, and account balance and position information. Clients may access their account information over the internet, including balances, transactions, positions, statements, confirmations, and tax documents. Advisory fees can be calculated on aggregated account balances and are debited directly from client accounts.

#### **Aggregation of Client Orders – Block Trading Policy**

Transactions we implement for client accounts are generally effected independently, unless the Firm decides 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 the Firm when we believe such action may prove advantageous to clients. When we aggregate client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates, or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other

transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among the Firm's clients in proportion to the purchase and sale orders placed for each client account on any given day. When we determine to aggregate client orders for the purchase or sale of securities, including securities in which we may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* It should be noted that we do not receive any additional compensation or remuneration as a result of aggregation.

For Managed Portfolio Strategies (MPS) accounts traded by Placemark Investments, Inc., Placemark will generally aggregate client orders rather than placing trades on an individual, account-by-account basis. Placemark will aggregate orders on a sponsor-by-sponsor basis. This means Placemark will place all trades for MPS accounts together and will not combine trades for MPS accounts with trades for accounts managed in other programs through Placemark. Placemark will allocate filled orders among accounts of the sponsor. Partially filled orders are generally allocated ratably among accounts. If an order is partially filled through a sponsor, only accounts of that sponsor will receive allocations from that partial fill. When client orders are aggregated, the allocation of securities among client accounts will be done on a fair and equitable basis for all MPS accounts. Like our policy, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates, or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged by Placemark as to price and will be allocated among MPS clients in proportion to the purchase and sale orders placed for each client account on any given day.

### **Item 13 – Review of Accounts**

#### **Reviews for clients of our Asset Management Services**

The RJL Wealth Management Investment Advisor representative will contact his/her clients at least annually for the purpose of reviewing their accounts and determining if there have been changes in their financial situations or investment objectives. Any changes are then reported internally, as well as to the portfolio manager as necessary. At least quarterly, RJL Wealth Management shall notify each client in writing to contact RJL Wealth Management if there have been any changes in the client's financial circumstances or investment objectives or if the client wishes to impose any reasonable restrictions on the management of the account or to reasonably modify any existing restrictions, and shall provide the client with a means through which such contact can be made.

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

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

### **Reviews for Bucket Strategy Clients through Affiliated Entities**

We offer to update the calculations and assumptions of each client Bucket Strategy on an annual basis for Bucket Strategy clients who do not select asset management services through RJLWM, but implement investments through our affiliated entities.

### **Reviews for Financial Planning Only Clients**

Reviews for financial planning only clients will be performed on an as-needed basis for an additional negotiated fee.

### **Account Summary or Performance Reports**

Our Investment Advisor Representatives may provide clients periodically with an account summary or performance report. Although the information provided on the summary or report we deliver to you has been retrieved from sources believed to be reliable, we urge you to compare the holdings listed on the custodian's statement to those listed on reports we deliver to you. Clients will receive statements at least quarterly from the qualified custodian at which their account is maintained. If any discrepancies are found, please contact RJLWM at 800-644-1150.

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

### **Client Referrals**

RJL Wealth Management does not receive compensation for client referrals or compensate third parties for client referrals.

### **Other Compensation**

As disclosed in Item 10 – Other Financial Industry Activities and Affiliations, RJL Wealth Management's associated persons sell securities in their separate capacity as registered representatives of Lucia Securities, LLC. Some of the associated persons are also independently licensed insurance agents and sell insurance products. Commissions are earned when selling these products.

From time to time, RJL Wealth Management and/or Lucia Securities, LLC may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. This creates a conflict of interest in that there is an incentive to recommend certain products and investments based on the receipt of this compensation instead of what is in the best interest of our clients. We attempt to control for this conflict by always basing investment decisions on the individual needs of our clients.

## Item 15 – Custody

Custody, as it applies to investment advisors, has been defined by the SEC as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor, or any of its affiliated companies, has the ability to access or control client funds or securities, the investment advisor is deemed to have custody for purposes of the Investment Advisers Act of 1940 and must ensure proper procedures are implemented.

Based on the SEC's definition, RJL Wealth Management and/or Lucia Securities, LLC are deemed to have custody over accounts managed by RJL Wealth Management through Managed Portfolio Strategies. For these accounts, RJL Wealth Management and Lucia Securities, LLC have established the following procedures to comply with the SEC's Custody Rule.

- All client funds and securities are held at RBC Capital Markets, LLC, which serves as the qualified custodian, in a separate account for each client under that client's name.
- Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained.
- Account statements are delivered directly from RBC Capital Markets, LLC to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from RJL Wealth Management. When clients have questions about their account statements, they should contact RJL Wealth Management or the qualified custodian preparing the statement.
- In accordance with SEC regulations RJL Wealth Management is subject to an annual surprise verification examination and Lucia Securities, LC is subject to an annual internal control review.
- RJL Wealth Management must engage an independent, third-party accounting firm to perform an annual, surprise examination verifying the location of client funds and securities. When completed, the accounting firm's report will be available through the SEC's Investment Adviser Public Disclosure page at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our information on this website by searching for "RJL Wealth Management, LLC". You can also search using the firm's CRD numbers. The CRD number for the firm is 152396.

An internal control report must include an opinion of an independent public account as to whether controls have been placed in operation as of a specific date, and are suitably designed and are operating effectively to meet control objectives relating to custodial services held by Lucia Securities, LLC on behalf of RJL Wealth Management clients. The accounting firm must also verify that funds and securities of which Lucia Securities, LLC is deemed to have custody are reconciled to a custodian (i.e. RBC Capital Markets, LLC). The internal control report is prepared by a third-party accounting firm, not affiliated in any way with RJL Wealth Management that is registered with and subject to regular inspection by the Public Company Accounting Oversight Board (PCAOB).

## **Item 16 – Investment Discretion**

Upon receiving written authorization from the client, RJL Wealth Management may provide discretionary investment advisory services for client accounts. Written authorization from the client must be granted in the contract for services.

Generally speaking, when discretionary authority is granted, RJL Wealth Management is given the authority to determine the type and amount of securities that can be bought or sold for the client portfolio without obtaining the client's consent for each transaction. Written authorization, including limitations thereof, will be provided by the client in the investment advisory agreement. Depending on the program, RJL Wealth Management may or may not have discretion over a client's assets. In some programs, RJL Wealth Management will not have discretion, but a third-party investment advisor, such as Placemark, will be provided with discretion.

When discretion is granted, clients maintain the ability to impose reasonable restrictions on the management of their accounts.

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

We will not vote proxies on behalf of your account. While there are some investment advisors that will vote proxies and other corporate decisions on behalf of their clients, we have determined that taking on the responsibility for voting client securities does not add enough value to the services provided to clients to justify the additional compliance and regulatory costs associated with voting client securities.

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

## **Item 18 – Financial Information**

This item is not applicable to RJL Wealth Management's brochure. RJL Wealth Management does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance. Therefore, RJL Wealth Management is not required to include a balance sheet for its most recent fiscal year. RJL Wealth Management is not subject to a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Finally, RJL Wealth Management has not been the subject of a bankruptcy petition at any time.