

## **Item 1 – Cover Page**

### **Hefty Wealth Partners, Inc.**

112 East 7<sup>th</sup> Street

Auburn, IN 46706

260-927-1830

<http://www.heftywealth.com>

Date of Brochure: March 22, 2013

---

This Wrap Fee Program Brochure provides information about the qualifications and business practices of Hefty Wealth Partners, Inc. If you have any questions about the contents of this brochure, please contact David Hefty at 260-927-1830. 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 Hefty Wealth Partners, Inc. is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view Hefty Wealth Partners, Inc.'s information on this website by searching for Hefty Wealth Partners, Inc. You may search for information by using Hefty Wealth Partners, Inc.'s name or by using Hefty Wealth Partners, Inc.'s CRD number. The CRD number for Hefty Wealth Partners, Inc. is 155270.

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

## Item 2 – Material Changes

There have been no material changes made to Hefty Wealth Partners' disclosure statement since last year's Annual Amendment filing on March 28, 2012.

## Item 3 – Table of Contents

Item 1 – Cover Page .....	1
Item 2 – Material Changes .....	2
Item 3 – Table of Contents .....	2
Item 4 – Services, Fees and Compensation .....	3
Program sponsored by Hefty Wealth Partners, Inc. ....	4
Suitability and Investment Strategy .....	5
Brokerage, Clearing and Custody .....	5
Program Fees .....	6
Additional Compensation, Economic and Non-Economic Benefits .....	7
Termination of Services .....	7
Aggregate Trades .....	8
Trade Error Policy .....	8
Custody .....	8
Item 5 – Account Requirements and Types of Clients .....	9
Opening an Account .....	9
Minimum Account Size .....	9
Types of Clients .....	9
Item 6 – Portfolio Manager Selection and Evaluation .....	9
General Description of Primary Advisory Services .....	10
Financial Planning Services .....	10
Specialization .....	10
Advice to Certain Types of Investments .....	10
Participation in Wrap Fee Programs .....	11
Tailor Advisor Services to Individual Needs of Clients .....	11
Performance-Based Fees and Side-By-Side Management .....	11
Methods of Analysis, Investment Strategies and Risk of Loss .....	11
Fundamental .....	11
Technical .....	12
C. Risk of Loss .....	12
Voting Client Securities .....	13
Item 7 – Client Information Provided to Portfolio Managers .....	14
Item 8 – Client Contact with Portfolio Managers .....	14
Item 9 – Additional Information .....	14
Disciplinary Information .....	14
Other Financial Industry Activities and Affiliations .....	14
Insurance Activities .....	<b>Error! Bookmark not defined.</b>
Arrangement with LPL Financial .....	<b>Error! Bookmark not defined.</b>
Code of Ethics Summary .....	15
Affiliate and Employee Personal Securities Transactions Disclosure .....	16
Account Reviews and Reviewers .....	16
Statements and Reports .....	16

Client Referrals and Other Compensation .....	16
Financial Information .....	17
CUSTOMER PRIVACY POLICY .....	17

#### Item 4 – Services, Fees and Compensation

Hefty Wealth Partners is an investment advisor registered with the United States Securities and Exchange Commission (“SEC”). Our company is a corporation formed under the laws of the State of Indiana.

- We have been registered as an investment advisor since July 26, 2010. Prior to forming our own investment advisory firm, the investment advisor representatives that were affiliated with our Firm at that time provided fee-based, investment advisory services through LPL Financial. During the summer of 2010 we decided to register Hefty Wealth Partners as an investment advisor and subsequently withdraw our investment advisor representative affiliations with LPL Financial after transferring our advisory clients to Hefty Wealth Partners.

More information about our investment advisor representatives’ business and education background can be found in the *Information Required by Part 2B of Form ADV: Brochure Supplement* section of this Wrap Fee Program Brochure.

- The investment advisor representatives of Hefty Wealth Partners are also registered representatives of LPL Financial, a registered broker/dealer, member SIPC/FINRA, and our offices are also LPL Financial branch office locations.
- The Firm is ultimately owned and controlled by David Hefty: Chief Executive Officer, Chief Compliance Officer and Investment Advisor Representative, and Stacy Hefty: President, Vice President, Secretary, Treasurer and Investment Advisor Representative.
- We provide investment advisory services on a fee basis through Hefty Wealth Partners. The nature and extent of the specific services provided to clients, including you, will always depend on each client’s financial status, objectives and needs, time horizons, concerns, expectations and risk tolerance.

Hefty Wealth Partners, Inc. sponsors **Hefty Wealth Portfolios** (referred to as “Program”). Program is a wrap-fee program. Only investment advisor representatives (referred to as “IARs”) of Hefty Wealth Partners may serve as portfolio managers in Program. Therefore, participants in Program must be advisory clients of Hefty Wealth Partners. All clients must execute an *Investment Management Agreement* prior to establishing an account(s) through Program.

Hefty Wealth Partners provides investment advisory services other than Program described in this Wrap Fee Program Brochure. A description of all fee-based investment advisory services provided by Hefty Wealth Partners is available in Hefty Wealth Partners’ Disclosure Brochure. Hefty Wealth Partners’ IARs also provide securities advice through their capacity as registered representatives of LPL Financial (referred to as “LPL Financial” or “LPL”), a broker/dealer, member of the Financial Industry Regulatory Authority (“FINRA”) and Securities Investors Protection Corporation (“SIPC”).

When providing advice in their separate capacities as registered representatives of LPL Financial, commissions are charged on a per-transaction basis. Hefty Wealth Partners and LPL Financial are unaffiliated companies. When making the determination of whether one of the advisory programs available through Hefty Wealth Partners is appropriate for their needs, clients should keep in mind that fee based accounts, when compared with commission based accounts, often 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. Thus, depending on a number of factors, the total cost for transactions under a fee account versus a commission account can vary significantly. Some such factors are account size, amount of turnover, type and quantities of securities purchased or sold, commission rates and the client's tax situation.

Clients should have a conversation with their advisor representative and read this Wrap Fee Program Brochure carefully as it explains, in detail, Program.

**Program sponsored by Hefty Wealth Partners, Inc.**

Program has been developed through an arrangement using LPL Financial's Strategic Wealth Management platform. Through the Program, Hefty Wealth Partners provides investment management services which are defined as providing continuous investment advice to a client and making investments for the client based on the individual needs of the client. Hefty Wealth Partners offers a customized and individualized investment program for clients. A specific asset allocation strategy and investment policy statement (IPS) is crafted to focus on the specific client's goals and objectives. The IPS will define the risk tolerance and investment objective of the client. The IPS should be updated regularly, but at a minimum every 2 years.

Hefty Wealth Partners will work with each Program client to obtain information needed to determine the client's financial situation and investment objectives. Accounts are managed on the basis of each client's financial situation and investment objectives. At least annually, Hefty Wealth Partners contacts each individual client to determine whether their financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of accounts managed. Hefty Wealth Partners shall be reasonably available to consult with individual clients relative to 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 Hefty Wealth Partners not to purchase certain securities. 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. This means the client will be the sole owner of all securities held in their accounts. A separate account is maintained for each client with the custodian and clients retain right of ownership of the account (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

Program accounts are established at LPL Financial in its capacity as a registered broker/dealer. LPL Financial is also an investment advisor registered with the SEC, but does not serve as an investment advisor for Hefty Wealth Partners' clients through Program. Clearing, custody and other brokerage services are provided by LPL Financial for accounts established through Program. Therefore, clients will be required to establish a brokerage account(s) through LPL Financial's Strategic Wealth Management platform.

Program accounts allow clients to authorize Hefty Wealth Partners to purchase and sell securities on a discretionary basis. Hefty Wealth Partners may limit its discretion with respect to the client account and

the securities eligible to be purchased for the client account. Upon establishment of a Program account, an IAR of Hefty Wealth Partners will be granted trading authorization on the client's account. However, upon a client's request, Hefty Wealth Partners will manage Program accounts on a non-discretionary basis. Clients must authorize in writing Hefty Wealth Partners' to manage accounts on a discretionary basis. Such authorization will be memorialized in the *Investment Management Agreement*. Discretionary authority allows Hefty Wealth Partners to determine the type of securities and the amount of securities that can be bought or sold for the client portfolio without obtaining the client's consent prior to each transaction.

### **Suitability and Investment Strategy**

Hefty Wealth Partners will assist clients in determining their objective(s), investment strategy, and investment suitability, prior and subsequent to opening a Program account. Clients must contact and inform Hefty Wealth Partners of any changes in their investment objective(s) and/or financial situation. Investment strategies used to implement investment advice include, but are not necessarily limited to, long term purchases (securities held at least a year); short term purchases (securities sold within a year); and option writing, including covered options, uncovered options or spread strategies.

### **Brokerage, Clearing and Custody**

The LPL Strategic Wealth Management platform is used for all Program accounts and therefore LPL will be used as the introducing and clearing broker/dealer. IARs of Hefty Wealth Partners are registered representatives of LPL and are required to use the services of LPL when acting in their capacity as registered representatives. LPL has a wide range of approved securities products for which LPL performs due diligence prior to selection. LPL's registered representatives are required to adhere to these products when implementing securities transactions through LPL. Commissions charged for these products may be higher or lower than commissions clients may be able to obtain if transactions were implemented through another broker/dealer. Because the IARs of Hefty Wealth Partners may also be registered representatives of LPL, Hefty Wealth Partners may receive support services and/or products from LPL Financial, which assist Hefty Wealth Partners to better monitor and service Program accounts maintained at LPL Financial. These support services and/or products may be received without cost and/or at a discount, and may include investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, consulting services, attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Hefty Wealth Partners in furtherance of its investment advisory business operations.

LPL will be the primary broker/dealer and custodian recommended due to Hefty Wealth Partners' IARs' relationship with LPL. Hefty Wealth Partners recommends broker/dealers and custodians that Hefty Wealth Partners feels will provide services in a manner and at a cost that will allow Hefty Wealth Partners to meet its duty of best execution. However, Hefty Wealth Partners may be limited in the broker/dealer or custodians that it is allowed to use due to Hefty Wealth Partners' IARs relationship with LPL. LPL may limit or restrict the broker/dealer or custodial platforms for its registered representatives that are also independently licensed due to its duty to supervise the transactions implemented by these individuals.

Clients should understand that not all investment advisors require the use of a particular broker/dealer or custodian. Some investment advisors allow their clients to select whichever broker/dealer the client decides. By directing clients to use a particular broker/dealer, LPL, Hefty Wealth Partners may achieve the most favorable execution of client transactions and the practice requiring the use of LPL may cost clients more money than if the client used a different broker/dealer or custodian.

### **Program Fees**

The annual investment advisory fee charged for all portfolios shall vary between 0.50% - 2.00% of the assets held in the account) and is determined based upon the market value of the account. Fees are non-negotiable; however, at Hefty Wealth Partners' discretion, we may reduce its standard fee. For example, as a company benefit, we charge our employee's 20 basis points (0.20%) if they would like to participate in our program.

Accounts may be aggregated for fee break purposes. The following is the standard fee schedule to determine the client's annual fee and is provided for illustrative purposes. Each client's specific fee arrangement will be determined based on factors such as, but not limited to, the total assets under management, the number of accounts managed, the client's financial situation, and the client's relationship with Hefty Wealth Partners.

- Clients with assets under management between \$100,000 and \$500,000 will be charged an annual fee of 2.0%;
- Clients with assets under management between \$500,001 and \$999,999 will be charged an annual fee of 1.65%;
- Clients with assets under management between \$1,000,000 and \$4,999,999 will be charged an annual fee of 1.25%;
- Clients with assets under management between \$5,000,000 and \$9,999,999 will be charged an annual fee of 0.85%; and
- Clients with assets under management above \$10,000,000 will be charged an annual fee of 0.5%.

As a wrap-fee program, accounts managed through the Program are not charged separately for execution costs. In other words, costs associated for execution such as LPL ticket charges are covered by Hefty Wealth Partners and included in the overall advisory fee described above.

The annual fee shall be divided and payable quarterly in advance through a direct debit in the client account. LPL Financial is responsible for calculating and debiting all fees from client accounts. Clients must provide LPL Financial written authorization to debit advisory fees from their accounts and pay such fees to Hefty Wealth Partners. Fees are based on the account's asset value as of the last business day of the prior calendar quarter. Fees for accounts opened at any time other than the beginning of a quarter will be prorated based on the number of days remaining in the initial quarter.

Clients may incur certain charges imposed by third parties other than Hefty Wealth Partners in connection with investments made through the account, including but not limited to, 12b-1 fees and surrender charges, and IRA and qualified retirement plan fees. Management fees charged by Hefty Wealth Partners (which include transaction and execution fees charged by LPL Financial) are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus. Representatives of Hefty Wealth Partners will not retain a portion of the commissions charged to the client. However, the commissions will be kept by LPL Financial. These commissions may include 12b-1 fees, surrender charges, and IRA and qualified retirement plan fees. Because no one affiliated with our Firm receives any portion of such charges, we do not offset our advisory fees by the amount of additional charges.

The fact that certain charges and expenses associated with managing accounts through our program will be retained by LPL Financial creates a potential conflict of interest because it could create an incentive for us to recommend investment products based on the compensation received rather than on a client's needs. However, we control for this conflict by the fact that neither Hefty Wealth Partners nor our advisor representatives (even in their separate capacities as registered representatives of LPL Financial) receive any portion of such commissions, charges, expenses, etc.

The Firm does not permit its advisor representatives to offer loaded mutual funds in fee-based accounts. When loaded mutual funds are purchased, they are always purchased in commission-based (i.e. non fee-based) LPL Financial brokerage accounts through our advisor representatives in their separate capacities as LPL Financial registered representatives. However, this is limited and typically only for 529 college savings accounts. When recommending commission-based products through traditional LPL Financial commission-based accounts, our associates only use Class C share mutual funds for such accounts so that the advisor representatives, in the capacity as LPL Financial registered representatives, does not receive up-front commissions from the client.

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

#### **Additional Compensation, Economic and Non-Economic Benefits**

While there is no direct linkage between the investment advice given to clients and Hefty Wealth Partners' recommendation of LPL, economic benefits may be provided by LPL to Hefty Wealth Partners that will not be provided if the client selects another broker/dealer or account custodian. These benefits may include: negotiated costs for transaction implementation, a dedicated trade desk that services LPL participants exclusively, a dedicated service group and an account services manager dedicated to Hefty Wealth Partners' accounts, access to a real-time order matching system, electronic download of trades, balances and position information, access, for a fee, to an electronic interface with the account custodian's software, duplicate and batched client statements, confirmations and year-end reports.

Hefty Wealth Partners does not have any verbal or written agreements whereby it receives soft dollars from a broker/dealer firm. Hefty Wealth Partners does not pay for any research received from LPL or any other broker/dealer. The IARs of Hefty Wealth Partners who are registered representatives or insurance representatives may be eligible to receive various incentives that may be based upon production levels. These incentives may include marketing reimbursements, educational conference trips or discounts on various software or investment-related research materials. Hefty Wealth Partners may also be provided with various newsletters or publications from financial services firms as a customary consideration.

#### **Termination of Services**

Either party may terminate the agreement for services at any time. If services are terminated, Hefty Wealth Partners shall provide the client with a pro-rated refund of fees paid in advance. The refund will be based on the number of days service was actually provided during the final billing period. Termination shall be effective from the time the other party receives written notification or such other time as may be mutually agreed upon, subject to the settlement of transactions in progress and the final refund of

advisory fees. There will be no penalty charge by our Firm upon termination; however, LPL may assess a transfer or termination fee on the account.

### **Aggregate Trades**

We will execute block trades when we determine it is most beneficial for our clients. For example, we initiate a block trade when selling out of one position to cash. Typically, when multiple changes are made on the same trading day we use our trading software which places all of the orders at once but they will fill independently of each other. This process is used more often than block trading.

The process of aggregating client orders (whether filled together or independently) is done in order to achieve better execution, to attain 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. We have implemented procedures to ensure all trading opportunities are allocated and implement on a fair and equitable basis (for example first-in/first-out). We are not currently aware of any material savings that would be obtained by block trading for our clients on the LPL platform.

### **Trade Error Policy**

Hefty Wealth Partners has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of Hefty Wealth Partners to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by Hefty Wealth Partners if the error was caused by our Firm. If the error is caused by the broker-dealer, the broker-dealer will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will remain in the client's account unless the same error involved other client account(s) that should also receive the gains and it is not permissible for all clients to retain the gain. Hefty Wealth Partners may also confer with clients to determine if the client should forego the gain (e.g., due to tax reasons).

Hefty Wealth Partners and its supervised persons will never retain any portion of any gains made as a result of trade error corrections or profit in any way from trade errors.

If the gain does not remain in the account and LPL is the custodian, LPL as the broker/dealer, will maintain gains that may result from correcting a trade error and in some instances may use such gains to offset overall losses LPL incurs from trading errors.

### **Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented. According to this definition, Hefty Wealth Partners does not have custody of client funds or securities.

Although the Firm does not have custody, Hefty Wealth Partners has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the



establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against any reports received directly from Hefty Wealth Partners. When clients have questions about their account statements, they should contact Hefty Wealth Partners or the qualified custodian preparing the statement.

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

### **Opening an Account**

To become a Program participant, a program agreement (the *Investment Management Agreement*) between the client and Hefty Wealth Partners must be executed with Hefty Wealth Partners setting forth the terms and conditions, including the amount of investment advisory fees, under which Hefty Wealth Partners shall manage the client's assets.

In addition, the client will be required to establish a brokerage account through the LPL Financial Strategic Wealth Management platform.

### **Minimum Account Size**

Clients maintaining less than \$100,000 in Hefty Wealth Portfolios are required to contract for Hefty Wealth Partners' Legacy for Life® services and will be subject to a \$1,200 annual retainer fee for Hefty Wealth Partners' Legacy for Life® services. Clients with Hefty Wealth Portfolios assets above \$100,000 are not required to sign up for Legacy for Life®. At Hefty Wealth Partners' discretion, we may waive the requirement for a client with total investable assets less than \$100,000 to contract for the Legacy for Life® services subject to a \$1,200 annual retainer fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

### **Types of Clients**

Hefty Wealth Partners generally provides investment advice to the following types of clients.

- Individuals
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

All clients are required to execute an agreement for services in order to establish a client arrangement with Hefty Wealth Partners.

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

Program does not allow IARs or clients to utilize portfolio managers that are not associated with Hefty Wealth Partners. In other words, the only portfolio managers selected for managing client assets in the Program are IARs of Hefty Wealth Partners. Therefore, conflicts of interest present in other wrap-fee programs that make available both affiliated and unaffiliated portfolio managers are not present in this Program. Because Program does not provide for a multitude of outside portfolio managers, Hefty Wealth Partners does not have procedures designed to select outside portfolio managers. Most of the items required by this item of the Wrap Fee Program Brochure instructions do not apply to Hefty Wealth Partners. Items that do apply are answered below.

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

Because IARs serve as portfolio managers of the Program, the following is provided as brief descriptions of Hefty Wealth Partners' primary services. Detailed descriptions of Hefty Wealth Partners' services other than the Program are provided in Hefty Wealth Partners' Disclosure Brochure.

***Financial Planning Services*** – In addition to providing Asset Management Services described in this brochure, we provide advisory services in the form of financial planning services. Financial planning services do not involve the active management of client accounts, but instead focuses on a client's overall financial situation. Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning, and other areas.

***Specialization*** - Hefty Wealth Partners considers itself to specialize in the following areas:

- Financial planning services provided based on the individual needs of each client.
- Investment management services using the following forms of analysis: charting, fundamental, technical and cyclical.
- Investment management services that are provided on an individualized basis. This means services are provided specific to each client's different needs and objectives. Strategies will focus on long-term strategies, short-term strategies, short-selling techniques, methods requiring margin accounts and option writing.

***Advice to Certain Types of Investments.*** The Firm will typically construct each client's account holdings using, but not necessarily limited to, no-load mutual funds, funds at NAV, equity positions, and exchange traded funds.

It is not Hefty Wealth Partners typical investment strategy to attempt to time the market but we may increase cash holdings modestly or drastically as deemed appropriate, based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations like: low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations. In addition, Hefty Wealth Partners is willing to offer advice on the following general categories of securities.

- No-Load (i.e. no trading fee) and Load-Waived (i.e. trading fee waived) Mutual Fund Shares
- Exchange-listed securities (i.e. stocks)
- Securities traded over-the-counter (i.e. stocks)
- Fixed income securities (i.e. bonds)
- Closed-End Funds and Exchange Traded Funds (ETFs)
- 529 Education Plans
- Foreign issues
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- United States government securities

- Options contracts on securities and commodities
- Futures contracts on tangibles and intangibles
- Structured Notes
- Interests in partnerships investing in real estate, oil and gas interests

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

Hefty Wealth Partners provides services through this wrap-fee program and our financial planning program. Our only “management” program is the program described in this brochure, the Hefty Wealth Portfolios program. We currently do not manage accounts through a non-wrap fee program.

A wrap fee program, such as the Hefty Wealth Portfolios program, is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions. Whenever a fee charged to a client for services described in this brochure, Hefty Wealth Partners will receive all or a portion of the fee charged.

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

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

When managing client accounts, we typically manage a client's account in accordance with one or more investment models that we have developed. When client accounts are managed using models, investment selections are based on the underlying model and we do not develop customized (or individualized) portfolio holdings for each client. However, the determination to use a particular model or models is always based on each client's individual investment goals, objectives and mandates.

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

Hefty Wealth Partners does not charge or accept performance-based fees. Regulators have defined performance based fees as charging fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

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

#### **A. Hefty Wealth Partners uses the following methods of analysis in formulating investment advice.**

Hefty Wealth Partners' primary method of analysis or strategy is a blend of fundamental and technical analysis. A risk involved with using this method include being whip-sawed in highly volatile markets that are trading within a defined range. The following are descriptions of our methods of analysis.

**Fundamental** - A method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method

of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

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

**B. Hefty Wealth Partners uses the following investment strategies when managing client assets and/or providing investment advice.**

Long term purchases - Investments held at least a year.

Short term purchases - Investments sold within a year.

Option writing including covered options, uncovered options, or spreading strategies. Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.

**C. 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, 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 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 Hefty Wealth Partners invests in a an ETF or mutual fund, the client will bear additional expenses based on its pro rata share of the ETFs 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. Clients will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our Firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

### **Voting Client Securities**

Hefty Wealth Partners 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, our Firm has 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. Therefore, it is your responsibility to vote all proxies for securities held in accounts managed by our Firm.

Clients will receive proxies directly from their custodian or transfer agent and such documents will not be delivered by our Firm. Although we do not vote client proxies, if you have a question about a particular proxy feel free to contact us.

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

Because only IARs of Hefty Wealth Partners serve as portfolio managers, IARs or their assistants are responsible for gathering all information provided by clients. IARs will interview and work with clients to gather all information needed relative to their investment objectives and needs in order to provide management services through Program. Clients need to contact their IAR whenever there are changes to their financial situation that will impact or materially influence the way Hefty Wealth Partners manages accounts.

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

Because only IARs of Hefty Wealth Partners serve as portfolio managers, there are no restrictions placed on clients' ability to contact and consult with their portfolio managers. It is the policy of Hefty Wealth Partners to provide an "open channel" of communication between IARs and their clients. Clients are encouraged to contact their IAR whenever they have questions about the management of their account.

## **Item 9 – Additional Information**

### **Disciplinary Information**

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

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

Hefty Wealth Partners is **not** and does **not** have a related company that is a (1) broker/dealer, 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," and offshore fund), (3) other investment adviser or financial planner, (4) futures commission merchant, commodity pool operator, or commodity trading advisor, (5) banking or thrift institution, (6) accountant or accounting firm, (7) lawyer or law firm, (8) insurance company or agency, (9) pension consultant, (10) real estate broker or dealer, or (11) sponsor or syndicator of limited partnerships.

While Hefty Wealth Partners does not sell products or services other than investment advice, our investment advisor representatives may sell other products or provide services outside of their role with Hefty Wealth Partners. Our investment advisor representatives concentrate the majority of their efforts toward sales of investments and investment advisory services.

### **Licensed Insurance Agents**

Certain of Hefty Wealth Partners' representatives, in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. Clients can engage those individuals, in an individual capacity, to effect insurance transactions on a commission basis.

**Conflict of Interest:** The recommendation by Hefty Wealth Partners' representatives, that a client purchase an insurance commission product presents a **material conflict of interest**, as the receipt of commissions may provide an incentive to recommend investment products based on commissions

received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Hefty Wealth Partners' representatives. Clients are reminded that they may purchase insurance products recommended by Hefty Wealth Partners through other, non-affiliated insurance agents. **Hefty Wealth Partners' Chief Compliance Officer, David Hefty, remains available to address any questions that a client or prospective may have regarding the above conflict of interest.**

### ***Broker/Dealer***

Certain of Hefty Wealth Partners' representatives are registered representatives of LPL Financial, a registered broker/dealer, member SIPC/FINRA. Clients can choose to engage representatives Hefty Wealth Partners, in their individual capacities, to effect securities brokerage transactions on a commission basis.

**Conflict of Interest:** The recommendation by either Hefty Wealth Partners' representatives, that a client purchase a securities commission product presents a **material conflict of interest**, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any securities commission products from Hefty Wealth Partners' representatives. Clients are reminded that they may purchase securities commission products through other, non-affiliated registered representatives. **Hefty Wealth Partners' Chief Compliance Officer, David Hefty, remains available to address any questions that a client or prospective may have regarding the above conflict of interest.**

### ***Code of Ethics Summary***

Section 204A-1 of the *Investment Advisers Act of 1940* requires all investment advisers to establish, maintain and enforce a Code of Ethics. Hefty Wealth Partners has established a Code of Ethics that will apply to all of its supervised persons. An investment adviser is considered a fiduciary according to the *Investment Advisers Act of 1940*. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Hefty Wealth Partners has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for Hefty Wealth Partners' Code of Ethics which also covers its Insider Trading and Personal Securities Transactions Policies and Procedures. Hefty Wealth Partners requires all of its supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and when changes occur, all supervised persons will sign an acknowledgement that they have read, understand and agree to comply with the Hefty Wealth Partners' Code of Ethics. Hefty Wealth Partners has the responsibility to make sure that the interests of all clients are placed ahead of Hefty Wealth Partners' or its supervised person's own investment interest. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to any services being conducted. Hefty Wealth Partners and its supervised persons must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients.

This disclosure is provided to give all clients a summary of Hefty Wealth Partners' Code of Ethics. **However, if a client or a potential client wishes to review Hefty Wealth Partners' Code of Ethics in its entirety, a copy will be provided promptly upon request.**

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

Hefty Wealth Partners or its supervised persons may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a potential conflict of interest. It is the express policy of Hefty Wealth Partners that all persons associated in any manner with Hefty Wealth Partners must place the interests of our clients ahead of their own when implementing personal investments. In fact, most of our supervised persons' accounts are in one (or more) of the three investment models we offer. We use a computerized trading system offered through the LPL Financial system to trade all accounts (including our supervised persons' accounts managed by our Firm) at the same time in groups related to investment objectives. See the description for Block Trading in Item 12 – Brokerage Practices.

Hefty Wealth Partners and its supervised 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. In order to minimize this conflict of interest, securities recommended by Hefty Wealth Partners are widely held and publicly traded.

### **Account Reviews and Reviewers**

Account reviews are provided in connection with Hefty Wealth Portfolios accounts. For clients participating in this program, one of our Firm's representatives will contact clients at least annually for the purpose of reviewing their account and to determine if there have been changes in their financial situation or investment objectives. 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. The underlying investments held in client accounts are reviewed on a more frequent basis. Portfolios constructed by Hefty Wealth Partners are usually reviewed weekly. Triggering factors for changes to underlying portfolios include the relative valuation changes between asset classes, deviation from management style by fund, or fund closures. Portfolios constructed by third-party investment advisors will be monitored by the third-party investment advisor.

Members of the Investment Policy Committee, led by the Chief Investment Officer, are responsible for determining all investment advisory recommendations.

### **Statements and Reports**

During any month that there is activity in a Hefty Wealth Portfolios managed account (and no less frequently than quarterly); the client receives an account statement, from LPL Financial, showing account activity as well as positions held in the account at month end. Additionally, the client receives a confirmation of each transaction that occurs within the account unless the transaction is the result of a systematic purchase, redemption or exchange. The client will also receive from LPL Financial a detailed quarterly report showing performance, positions, and activity. All account data and statements are also available on-line through the account view portal through LPL Financial.

In addition, Hefty Wealth Partners may provide newsletters covering general financial planning and investment topics.

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

Hefty Wealth Partners does not directly or indirectly compensate anybody for client referrals,

If client transactions are executed through LPL or any insurance company with whom representatives are licensed, commissions will be received. Please refer to the *Insurance Activities* section of this brochure



for details regarding our policy not permitting investment advisor representatives to receive commissions directly. All advisor representatives are paid a salary.

As detailed in Item 4 of this brochure, our advisor representatives do not receive commissions, 12b-1 fees and other “brokerage” compensation from fee-based accounts managed by Hefty Wealth Partners. However, when serving in their separate capacities as registered representatives of LPL Financial, commissions from the execution of securities transactions will be paid to David Hefty as an LPL Financial registered representative. In addition, 12b-1 fees from certain mutual fund companies will be received as outlined in the fund's prospectus. 12b-1 fees come from fund assets, therefore, indirectly from client assets. The receipt of such fees could represent an incentive for investment advisor representatives to recommend funds with 12b-1 fees over funds that have no fees or lower fees. While Hefty Wealth Partners endeavors at all times to put the interest of the clients firms as part of its fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest and may affect the judgment of these individuals when making recommendations. In addition, please refer to Item 10 regarding our policy not permitting investment advisor representatives to receive commissions directly. All advisor representatives are paid a salary.

David Hefty may be eligible to receive various incentives that may be based upon production levels. These incentives may include marketing reimbursements, educational conference trips or discounts on various software or investment-related research materials. Hefty Wealth Partners may also be provided with various newsletters or publications from financial services firms as a customary consideration.

#### **Financial Information**

This item is not applicable to this brochure. Hefty Wealth Partners does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. Hefty Wealth Partners is not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Hefty Wealth Partners has not been the subject of a bankruptcy petition at any time.

### **CUSTOMER PRIVACY POLICY**

Regulation S-P, Privacy of Consumer Financial Information, requires financial institutions, including Hefty Wealth Partners, to provide notice to current clients and prospective clients about their policies and practices concerning the collection and use of customer, non-public information. This privacy policy notice is given to all prospective clients of the Firm upon entering into a contract with the Firm and annually thereafter.

**Privacy Disclosure Statement.** A primary goal of Hefty Wealth Partners is to protect the privacy of its clients. Hefty Wealth Partners does not sell the personal information of clients to anyone.

To conduct regular business, Hefty Wealth Partners may collect nonpublic personal information from clients. This information is provided by clients to Hefty Wealth Partners on applications and other forms provided by clients to Hefty Wealth Partners as well as transactions with the Firm, our affiliates, or others.

Hefty Wealth Partners may enter into contracts with outside third parties so that our Firm can assist its clients in servicing their accounts. Including broker-dealer firms with supervisory obligations over certain of our Firm's activities. In order to do this, Hefty Wealth Partners will disclose personal information to companies that help our Firm process transactions for client accounts (for example, executing client trades at through a broker/dealer). However, Hefty Wealth Partners does not share or disclose any

nonpublic customer information except as allowed or required by law. In addition to sharing information in order to provide financial services to clients, our Firm may be required to disclose personal information to cooperate with regulators or law enforcement authorities, to resolve customer disputes, or for risk control.

**Information Safeguarding.** Hefty Wealth Partners has implemented strict policies and procedures aimed at protecting the sensitive nature of client information. Hefty Wealth Partners restricts access to client information to only those members of our Firm that must provide products and services to clients in order to service client accounts. Hefty Wealth Partners may also share information with LPL Financial which has supervisory obligations over certain of our Firm's activities. As a result of the LPL relationship, LPL will have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about our clients, even if client does not establish any account through LPL. If you would like a copy of the LPL Financial privacy policy, please contact Hefty Wealth Partners.

Hefty Wealth Partners has implemented physical, electronic, and procedural safeguards aimed at meeting our Firm's duty to protect nonpublic client information.

If you have any questions concerning Hefty Wealth Partners' customer privacy policy or concerns about your personal information please feel free to contact Hefty Wealth Partners at the number located on the cover page of this brochure.