

# **Form ADV Part 2A Brochure**

## **Wealth Management, LLC**

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**March 31, 2013**

This Brochure provides information about the qualifications and business practices of Wealth Management, LLC. If you have any questions about the contents of this Brochure, please contact us at (865) 525-4225 or via email [derekripp@wealthmgmtcorp.com](mailto:derekripp@wealthmgmtcorp.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.

Wealth Management, LLC is a Registered Investment Adviser. Registration as an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information from which you can determine whether to hire or retain them. Additional information about Wealth Management, LLC is also available on the SEC's web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 - Material Changes

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This Brochure, dated March 31, 2013, is an amendment to the previously published annual update Brochure for Wealth Management, LLC.

Since the last annual update filing on March 1, 2012, subsequently amended June 27, 2012, we have made various changes.

In Item 4, detail has been modified about Perry James, who has been appointed President, Chief Compliance Officer and Sole Managing Member. He replaces Helen Jennings James. Also, in Item 5, detail has been added about fee offsets that are offered for certain financial planning relationships. Various other updates, format changes, and modifications were made to the Brochure, but no other material changes were made.

Pursuant to SEC Rules, we will deliver you a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year which is December 31st. We will provide other ongoing disclosure information about material changes as necessary. We may also provide other disclosure information about material changes as necessary.

Currently, our Brochure may be requested at any time, without charge, by contacting our office at (865) 525-4225.

Additional information about Wealth Management, LLC is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using our CRD identification number (162282). The SEC's web site also provides information about any persons affiliated with Wealth Management, LLC who are registered, or are required to be registered, as investment adviser representatives of the firm.

## Item 3 - Table of Contents

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Item 2 - Material Changes .....	2
Item 3 - Table of Contents .....	3
Item 4 - Advisory Business Introduction .....	4
Item 5 - Fees and Compensation .....	6
Item 6 - Performance Based Fee and Side by Side Management .....	8
Item 7 - Types of Client(s).....	8
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss .....	8
Item 9 - Disciplinary Information.....	9
Item 10 - Other Financial Industry Activities and Affiliations .....	9
Item 11 - Code of Ethics, Participation or Interest in Client Accounts and Personal Trading .....	10
Item 12 - Brokerage Practices.....	10
Item 13 - Review of Accounts .....	12
Item 14 - Client Referrals and Other Compensation.....	12
Item 15 - Custody.....	13
Item 16- Investment Discretion.....	13
Item 17- Voting Client Securities .....	13
Item 18 - Financial Information .....	14

## Brochure Supplements

## Item 4 - Advisory Business Introduction

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Wealth Management, LLC, founded in 2012, is a Registered Investment Adviser which offers investment advice, securities, insurance, and other financial services to clients. We are registered through and regulated by the United States Securities and Exchange Commission ("SEC"). Our firm provides investment advice through our investment adviser representatives who are licensed, qualified, and authorized to provide advisory services on our behalf. Perry James serves as the firm's President, Sole Managing Member and Chief Compliance Officer.

We provide portfolio management services to individuals, businesses, pension and profit-sharing plans, trusts, estates and charitable institutions, foundations, endowments, municipalities, and trust programs. We are committed to placing our clients' interests first, and we value long term relationships with our clients whom we regard as strategic partners in our business.

### Services

Our firm primarily provides financial planning and asset management services, but also provides various other products and advisory services as needed.

#### 1. Financial Planning

We provide a wide variety of financial planning services such as comprehensive financial planning, development of investment policy statements, estate planning, business planning, insurance and risk management, educational planning, business succession planning, development of executive compensation strategies, and business retirement plan needs analysis. We also offer a more comprehensive relationship which incorporates many different aspects of your financial status into an overall plan to meet your goals and objectives. The financial planning relationship will generally include face to face meetings, but may also include ad hoc meetings with your other advisors (attorneys, accountants, etc.).

In performing some of our more comprehensive financial planning services or creating an investment policy statement (IPS), we typically examine and analyze your overall financial situation, which may include such issues as taxes, insurance needs, overall debt, credit, business planning, retirement savings and reviewing your current investment program. Our services may focus on all or only one of these areas depending upon the scope of our engagement with you.

It is imperative that you agree to provide the information and documentation we request regarding your income, investments, taxes, insurance, estate plan, etc., and be willing to discuss your investment objectives, needs and goals. It is also important that you keep us informed of any changes.

If you engage us to perform financial planning services, you will receive a written agreement detailing the services, fees, terms and conditions of the relationship. You will be under no obligation to implement recommendations through us, and may implement your financial plan or IPS through any financial organization of your choice.

All recommendations developed by us are based upon our professional judgment, but of course we cannot guarantee the results of any of our recommendations.

Where applicable, we will work with you in a consulting capacity to create an IPS that will serve as the roadmap to guide your wealth management program. Your IPS will incorporate many different aspects of your financial status into an overall plan designed to meet your goals and objectives.

We are also available to provide you with a second opinion of your existing portfolio.

## **2. Asset Management**

Asset management is the professional management of securities (stocks, bonds and other securities) and other assets in order to meet your specified investment goals. With an Asset Management Account, we can assist you in developing a personalized asset allocation program and custom-tailored portfolio designed to meet your unique investment objectives. The investments in the portfolio account may include mutual funds, stocks, bonds, equity options, futures, etc. We can manage accounts on a discretionary basis where we have authority to make decisions without your pre-approval, or on a non-discretionary basis.

We would generally start by meeting with you to discuss your financial circumstances, investment goals and objectives, and to assess your risk tolerance. We will likely ask you to provide statements summarizing current investments, income and other earnings, recent tax returns, retirement plan information, other assets and liabilities, wills and trusts, insurance policies, and other pertinent information. Based on the information you share with us, we will analyze your situation and recommend what we feel is an appropriate asset allocation or investment strategy. You will be provided with a targeted strategic allocation of assets by class, as well as limited investment advice. Our recommendations and ongoing management is based upon your investment goals and objectives, risk tolerance, and the investment portfolio you have selected. We will monitor the account, trade as necessary, and communicate regularly with you. Your circumstances shall be monitored in quarterly and annual account reviews. These reviews will be conducted in person, by telephone conference, and/or via a written inquiry/questionnaire. We will work with you on an ongoing basis to evaluate your asset allocation as well as rebalance your portfolio to keep it in line with your goals as necessary. We will be reasonably available to help you with questions about your account. Of course, it is imperative that you keep us informed of any changes in your situation, goals, or objectives.

Under certain conditions, securities from outside accounts may be transferred into your account; however, we may recommend that you sell any security if we believe that it is not suitable for the current recommended investment strategy.

Your account can be managed in a tax aware manner; however, we do not provide tax advice or tax management services.

If you elect to have us manage your account, we will help you open a separate custodial account(s) in your name at an independent custodian. We generally recommend using Fidelity Institutional Wealth Services or National Financial Services ("NFS"). We will then select the securities bought and sold and the amount to be bought and sold, within the parameters of the objectives and risk tolerance of your account, and the custodian will effect transactions, deliver securities, make payments and do what we instruct.

You will receive, at least quarterly, a statement containing a description of all the activity in your account from the custodian. We may also provide you with performance and or other information periodically.

As of 03/31/2013, we had approximately \$100,000,000 in assets under management, \$85,000,000 of which was managed on a discretionary basis, while \$15,000,000 was managed on a non-discretionary basis.

### **Use of Third Party Money Managers**

At times, we may recommend the use of certain professional third party money managers. We have contracts with several third party money managers which allow us to obtain portfolio management services that typically require higher minimum account sizes outside of the program. Money managers selected under these programs would have discretion to determine the securities they buy and sell within the account, subject to reasonable restrictions imposed by you. Each of the independent money managers is obligated to provide you with a separate disclosure document detailing their services.

When third party managers are used, our role is to assist with assessment of your objectives, make allocation recommendations, and assist in the selection, retention and review of managers.

### **3. Other Services**

We may also from time to time recommend and sell life, disability, health, and long-term care insurance. We do so, we will receive the usual and customary commissions associated with these sales from the insurance company. You will not pay a separate fee to us for these products and your advisory fee will not be reduced by any payments we receive from these sales.

We also offer fixed-fee project-based services including portfolio reviews and investment policy statement. If your needs do not fit into any of these services we can also provide customized project oriented or ongoing investment consulting.

## **Item 5 - Fees and Compensation**

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Before beginning service, our clients are provided with a client agreement which details the service being provided along with the fee associated with that service. We usually bill fees in advance on a quarterly basis. For ongoing engagements, we generally ask clients to authorize the custodian to directly debit fees from their account held at the custodian to pay us. Clients receive from their custodian a quarterly statement reflecting the deduction of our advisory fees.

Our fees do not include brokerage commissions, transaction fees, and other related costs and expenses which might be imposed by custodians, third party investment companies and other third parties. Such costs might include fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds, money market funds and exchange traded funds also charge internal management fees, which are disclosed in the fund's prospectus. These fees may include, but are not limited to, a management fee, upfront sales charges, and other fund

expenses. We do not receive any compensation from these fees. All of these fees are in addition to the management fee you pay us.

Accounts opened or terminated during a calendar quarter will generally be charged a prorated fee.

## **1. Financial Planning/Consulting Fees**

All financial planning and planning projects are performed on a fixed fee basis. Fixed fees are negotiable and range from \$500 to \$10,000 depending upon the nature and complexity of the engagement

The Financial Planning Agreement will detail the actual fee schedule you will pay. A deposit of 50% of the fee is generally due at the time the agreement is signed. The remainder of the fee will generally be billed in equal installments on a monthly basis until the plan or project is completed. Plans will be delivered as detailed in your agreement with us, provided that all information needed to prepare the plan has been promptly provided to us. In the event that you cancel the financial consultation agreement, you will be responsible for the actual hours spent preparing the financial plan, up to the cancellation date, at the agreed upon rate.

If the plan is implemented through us, we may receive compensation from the sale of insurance products or services recommended in the financial plan. If we do receive such additional compensation, we will provide offsetting credits of up to 50% of the quoted financial planning fixed fee. A conflict of interest may exist between our interests and your interests since we may recommend products that pay us compensation, or we may have an incentive to recommend particular products based upon the potential compensation rather than your needs. Clients are informed that they are under no obligation to use any individual associated with us for insurance or securities products or services. We believe that our recommendations are in the best interests of our clients, and are consistent with our clients' needs.

## **2. Asset Management Fee Schedule**

The fee we charge are based upon the amount of money you invest. Multiple accounts of immediately-related family members, at the same mailing address, will be considered one consolidated account for billing purposes. Fees are charged quarterly in advance based upon the Average Net Value of the account during the preceding quarter. Payments are due and will be assessed on the first day of each quarter and be calculated as follows:

Percentage	Portfolio Size (AUM)
1.00%	Up to \$2,000,000
0.60%	Next \$3,000,000
0.40%	Over 5,000,000

The fees shown above are annual fees, and we bill one quarter of this rate on a quarterly basis. No increase in the annual fee shall be effective without prior written notification to you. Our minimum annual fee is \$3,500. In certain circumstances, advisory fees and account minimums may be negotiable based upon prior relationships as well as related account holdings.

Certain strategies offered by us involve investment in mutual funds, some of which may pay annual distribution charges, sometimes referred to as “12(b) (1) fees”, that we might receive. These 12(b) (1) fees come from fund assets, and thus indirectly clients’ assets. The 12(b) (1) fee, deferred sales charges and other fee arrangements will be disclosed upon your request and are typically described in the applicable fund’s prospectus.

With your authorization, the fees we charge can be deducted directly from your account at the custodian. Your account at the custodian may also be charged with your authorization for certain additional assets managed for you by us but not held by the custodian. Fees charged to your account will show up as a deduction on your following month's account statement from the custodian.

### **Use of Third Party Money Managers**

You may also pay additional advisory fees to the third party money manager that are separate and in addition to the fees disclosed above. You will receive information relating to the management fees charged by the third party money manager upon selection and entering into their management agreement. You should read the ADV Part 2 disclosure document of the money manager you select for complete details on the charges and fees you could incur.

## **Item 6 - Performance Based Fee and Side by Side Management**

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We do not charge any performance-based fees. These are fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7 - Types of Client(s)**

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We provide portfolio management services to individuals, businesses, pension and profit-sharing plans, trusts, estates and charitable institutions, foundations, endowments, municipalities, and trust programs.

Although we do not impose a minimum dollar amount of the size of account we will accept, some third party managers we use may. In addition, we reserve the right to not accept accounts in certain situations.

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

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Our general investment strategy is to attempt to reduce risk and volatility by building globally diversified portfolios.



To implement this strategy, we primarily use fundamental security analysis, information from investment research firms, information from financial newspapers and magazines, and other forms of analysis as the basis for forming its investment strategies.

While mutual funds and exchange traded funds are the primary investment vehicles used in client accounts, we may also use various other investment vehicles in the implementation of our strategies, including long-term purchases (securities held at least a year), short-term purchases (securities sold within a year), trading (securities sold with 30 days), margin and options.

In addition to the use of these methods, consideration may also be given to using discretionary third party advisers and or sub-advisers, or other types of investments depending on the client's situation. Each third-party adviser or sub-adviser will employ their own strategies and methods of analysis when implementing their respective investment strategies. Details of which may be found in the adviser's or sub-adviser's ADV Part 2A Brochure which is available upon request directly from the third party, is available from us, or is available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Investing in securities involves risk of loss that clients should be prepared to bear. Such risks include market risk, interest rate risk, currency risk, and political risk, among others. Certain trading strategies can affect investment performance through increased brokerage and other transactions. Each client's propensity for risk however is thoroughly evaluated, documented, and considered throughout the portfolio implementation process.

No investment strategy can assure a profit or avoid a loss.

## **Item 9 - Disciplinary Information**

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Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of the firm or the integrity of its management. Neither the firm nor any advisory representatives are currently subject to, or has ever been subject to, any legal or disciplinary events of a material nature.

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

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Certain of our advisory representatives are also Registered Representatives with Triad Advisors ("Triad") an independent FINRA member Broker Dealer. Triad is not affiliated with Wealth Management, LLC.

Securities and insurance related business may be transacted with advisory clients and other individuals, and we or our representatives may receive commissions from products sold to clients. Clients are advised that the fees paid to us for investment advisory services are separate and distinct from the commissions earned by any individual for selling clients insurance or other securities products.

As fiduciaries we must act in the best interest of, and for the benefit of our clients. As such, we will only transact insurance or securities related business with clients when the products are fully disclosed, suitable, and appropriate to fit their needs. Further, we must determine in good faith that any commissions paid to us or our representatives are appropriate as the receipt of commissions by us or individuals associated with our firm presents a conflict of interest. Clients are informed that they are under no obligation to use any individual associated with us for insurance or securities products or services. Clients may use any insurance or brokerage firm or agent they choose. We believe that our recommendations are in the best interests of our clients, and are consistent with our clients' needs.

## **Item 11 - Code of Ethics, Participation or Interest in Client Accounts and Personal Trading**

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### **Code of Ethics**

Wealth Management, LLC has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. Our Code of Ethics describes the firm's fiduciary duties and responsibilities to clients, and details practices for reviewing the personal securities transactions of supervised persons with access to client information. The Code also requires compliance with applicable securities laws, addresses insider trading, and details possible disciplinary measures for violations. We will provide a complete copy of our Code of Ethics to any client upon request to the Chief Compliance Officer.

### **Trading Conflicts of Interest**

Individuals associated with Wealth Management, LLC are permitted to buy or sell securities for their personal accounts identical to or different than those recommended to clients. However, no person employed by us is allowed to favor his or her own interest over that of a client or make personal investment decisions based on the investment decisions of advisory clients.

In order to address potential conflicts of interest, we require that associated persons with access to advisory recommendations provide annual securities holdings reports and quarterly transaction reports to the firm's Chief Compliance Officer. We also require prior approval from the Chief Compliance Officer for investing in any IPOs or private placements (limited offerings).

## **Item 12 - Brokerage Practices**

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Wealth Management, LLC does not maintain custody of client assets. Instead, we require all client assets be maintained in an account at a non affiliated "qualified custodian", generally a broker dealer or bank.

When recommending brokers or custodians for our clients, we consider many different factors including quality of service, services offered, execution quality, transaction costs, reputation of the firm, financial

resources, jurisdiction registration status, and stability, among others. In determining the reasonableness of a broker's compensation, we consider the overall cost to you relative to the benefits you receive, both directly and indirectly, from the broker.

### **Your Brokerage and Custody Costs**

Our clients receive various services directly from our custodian. For our clients' accounts that our custodian maintains, the custodian generally does not charge separately for custody services but instead is compensated by charging commissions or other fees on trades that it executes or trades that are executed by other brokers to and from the custodial accounts.

Since our custodians charge you a fee for each trade that we have executed by a different broker-dealer, we have the custodian execute most trades for your account in order to minimize your trading costs.

We have determined that having the custodian execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means seeking the most favorable terms for a transaction based on all relevant factors, including those listed above.

### **Products and Services Available to Us from Brokers/Custodians**

Our custodians provides us and our clients with access to its institutional brokerage services like trading, custody, reporting, and related services, many of which are not typically available to retail customers. Our custodians also make available various support services, some of which may help us manage or administer our clients' accounts, while others may help us manage and grow our business.

Our custodians' institutional brokerage services which benefit you directly include access to a broad range of investment products, execution of securities transactions, and asset custody. The investment products available through our custodian include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients.

Our custodian also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both the custodian's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at the custodian. In addition to investment research, the custodian also makes available software and other technology that provide access to client account data, facilitates trade execution for multiple client accounts, provides pricing and other market data, facilitates payment of our fees from our clients' accounts, and assists with back-office functions, recordkeeping, and client reporting.

Our custodian also offers other services intended to help us manage and further develop our business. These services could include educational conferences and events, consulting on technology, compliance, legal, and business needs, publications and conferences on practice management and business succession, and access to employee benefits providers, human capital consultants, and insurance providers.

The availability of these services from our custodian benefits us because we do not have to produce or purchase them. Of course, this may give us an incentive to recommend that you maintain your account with our custodian based on our interests rather than yours, which is a potential conflict of interest. We believe, however, that our selection of our custodians is in the best interests of our clients, and is primarily supported by the scope, quality, and price of our custodians' services and not those services that benefit only us.

### **Block Trading Policy**

Transactions implemented by Wealth Management, LLC for client accounts are generally effected independently, unless we decide 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 us when we feel 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.

## **Item 13 - Review of Accounts**

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### **Reviews**

Reviews will be conducted by us at least annually or as agreed to by us. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. Generally, we will monitor for changes and shifts in the economy, changes to the management and structure of a mutual fund or company in which client assets are invested, and market shifts and corrections. You should notify us promptly of any changes to your financial goals, objectives or financial situation as such changes may require us to review your portfolio and make recommendations for changes.

### **Reports**

You will be provided with account statements reflecting the transactions occurring in the account on at least a quarterly basis from your custodian. These statements will be written or electronic depending upon what you selected when you opened the account. You will also be provided with confirmations for each securities transaction executed in the account. We encourage you to review all reports you receive and notify us of any discrepancies in the account or any concerns you have about the account.

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

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Wealth Management, LLC receives economic benefits from our custodians in the form of the support products and services that are made available to us and to other independent investment advisors. These products and services and how they benefit us are described in Item 12 above. The availability to us of our custodian's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

We do not receive any compensation for referring clients to other parties nor do we pay any compensation to other parties for them referring clients to us.

## **Item 15 - Custody**

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We do not take possession of any client accounts or assets, but instead require that they be held by a third party custodian. We may, however have limited control in some instances to trade on your behalf, to deduct our advisory fees from your account with your authorization, or to request disbursements to you.

You will receive account statements directly from your custodian at least quarterly, which will be sent to the email or postal mailing address you provide. We urge you to carefully review these custodial statements when you receive them.

## **Item 16- Investment Discretion**

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We generally receive discretionary authority from you at the beginning of an advisory relationship to select the identity and amount of securities to be bought or sold. This authority is described in the Advisory Agreement you sign with us, and is exercised in a manner consistent with your stated investment objectives for your account.

When selecting securities and determining amounts, we observe the investment policies, limitations and restrictions you have set. For registered investment companies, our authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to us in writing.

We will not exercise any discretionary authority until we have been given authority to do so in writing. Such authority is granted in the written agreement between us and you, and in your written agreement with the third party custodian.

## **Item 17- Voting Client Securities**

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As a matter of firm policy and practice, we do not have any authority to and do not vote proxies on behalf of advisory clients. You retain the responsibility for receiving and voting proxies for any and all securities maintained in your portfolios. We may however at our discretion provide advice to you regarding your voting of proxies. Generally we are authorized to instruct the Custodian to forward to the client copies of all proxies and shareholder communications relating to account assets.

## Item 18 - Financial Information

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Registered investment advisers are required in some cases to provide certain financial information and or disclosures about their financial condition. For example, if the firm requires prepayment of fees of more than \$1200 per client for six months in advance, has custody of client funds, or has a condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients, it must make provide financial information and make disclosures.

Wealth Management, LLC does not require prepayment of fees of more than \$1200 for six months in advance, does not accept custody of client funds, and has no other financial or operating conditions which trigger such additional reporting requirements.