

# Disclosure Brochure

May 30, 2013

## **Kaplan Wealth Management, Inc.**

*a Registered Investment Adviser*

This brochure provides information about the qualifications and business practices of Kaplan Wealth Management, Inc. (hereinafter “Kaplan Wealth Management” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed below. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Kaplan Wealth Management is a state registered investment adviser. Registration does not imply any level of skill or training.

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## **Item 2. Material Changes**

In this Item, Kaplan Wealth Management is required to discuss any material changes which have been made to the brochure since the last annual amendment. As this brochure has been prepared in connection with the Firm's initial application for investment adviser registration, there are no such material changes to disclose.

## Item 3. Table of Contents

Item 1.	Cover Page .....	i
Item 2.	Material Changes .....	ii
Item 3.	Table of Contents .....	iii
Item 4.	Advisory Business .....	4
Item 5.	Fees and Compensation .....	6
Item 6.	Performance-Based Fees and Side-by-Side Management .....	9
Item 7.	Types of Clients.....	9
Item 8.	Methods of Analysis, Investment Strategies and Risk of Loss .....	9
Item 9.	Disciplinary Information.....	12
Item 10.	Other Financial Industry Activities and Affiliations .....	12
Item 11.	Code of Ethics .....	13
Item 12.	Brokerage Practices .....	14
Item 13.	Review of Accounts.....	16
Item 14.	Client Referrals and Other Compensation .....	17
Item 15.	Custody .....	17
Item 16.	Investment Discretion.....	18
Item 17.	Voting Client Securities .....	18
Item 18.	Financial Information .....	18
Item 19.	Requirements for State Registered Investment Advisers .....	18

## Item 4. Advisory Business

Kaplan Wealth Management offers a variety of advisory services to its clients, which include financial planning and investment management services. Prior to the rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with Kaplan Wealth Management setting forth the relevant terms and conditions of the advisory relationship (the “*Agreement*”).

Kaplan Wealth Management is wholly owned by Harry (“Bud”) T. Kaplan. As this is Kaplan Wealth Management’s initial application for investment adviser registration, the Firm does not have any assets under management to report as of the date of this filing.

While this brochure generally describes the business of Kaplan Wealth Management, certain sections also discuss the activities of its *Supervised Persons*, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on Kaplan Wealth Management’s behalf and is subject to the Firm’s supervision or control.

### Financial Planning Services

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Kaplan Wealth Management offers clients a range of financial planning services, which may include any or all of the following functions:

- Cash Flow Forecasting
- Retirement Planning
- Estate Planning
- Insurance Needs Analysis
- Tax Planning
- Education Planning

While each of these services is available on a stand-alone basis, certain of them may also be rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement (as described below). In performing these services, Kaplan Wealth Management is not required to verify any information received from the client or from the client’s other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information.

Kaplan Wealth Management may recommend the services of itself, its *Supervised Persons* in their individual capacities as insurance agents or registered representatives of a broker-dealer and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if clients engage Kaplan Wealth Management to provide additional fee-based services. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by Kaplan Wealth Management under a financial planning engagement or to engage the services of any such recommended professionals, including Kaplan Wealth Management itself. Clients are advised that it remains their responsibility to promptly notify the Firm of

any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Kaplan Wealth Management's previous recommendations and/or services.

## Wealth Management Services

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Kaplan Wealth Management generally provides clients with wealth management services which may include a broad range of comprehensive financial planning services as well as discretionary management of investment portfolios.

The Firm primarily allocates client assets among various mutual funds and exchange-traded funds ("ETFs"), in accordance with the investment objectives of its individual clients. On a more limited basis, the Firm allocates assets among independent investment managers ("*Independent Managers*"), individual debt and equity securities, as well as the securities components of variable annuities and variable life insurance contracts. In addition, Kaplan Wealth Management may also recommend that clients who qualify as accredited investors, as defined by Rule 501 of the Securities Act of 1933, invest in privately placed securities, which may include debt, equity and/or interests in pooled investment vehicles (e.g., hedge funds). Where appropriate, the Firm may also provide advice about any type of legacy position or other investment held in client portfolios.

Clients may also engage Kaplan Wealth Management to advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Kaplan Wealth Management directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

Kaplan Wealth Management tailors its advisory services to meet the needs of its individual clients and continuously seeks to ensure that client portfolios are managed in a manner consistent with their specific investment profiles. Kaplan Wealth Management consults with clients on an initial and ongoing basis to determine their specific risk tolerance, time horizon, liquidity constraints and other qualitative factors relevant to the management of their portfolios. Clients are advised to promptly notify Kaplan Wealth Management if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Kaplan Wealth Management determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

## Sponsor/Manager of Wrap Program

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Kaplan Wealth Management is the sponsor and manager of the KWM Wrap Fee Program (the "*Program*"), an arrangement where brokerage commissions and transaction costs are absorbed by the Firm. Accounts managed through the *Program* are done so in substantially the same manner as those

managed under a non-wrap arrangement. Kaplan Wealth Management renders substantially all of its services on a wrap fee basis. Participants in the *Program* may pay a higher aggregate fee than if investment management and brokerage services are purchased separately. Additional information about the *Program* is available in Kaplan Wealth Management's Wrap Brochure, which appears as Part 2A Appendix 1 of the Firm's Form ADV.

## Use of Independent Managers

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As mentioned above, Kaplan Wealth Management may select or recommend certain *Independent Managers* to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an *Independent Manager* are set forth in a separate written agreement between the designated *Independent Manager* and either Kaplan Wealth Management or the client. In addition to this brochure, clients also receive the written disclosure documents of the designated *Independent Managers* engaged to manage their assets.

Kaplan Wealth Management evaluates various information about the *Independent Managers* it chooses to manage client portfolios, which may include the *Independent Managers'* public disclosure documents, materials supplied by the *Independent Managers* themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the *Independent Managers'* investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. Kaplan Wealth Management also takes into consideration each *Independent Manager's* management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

Kaplan Wealth Management continues to provide services relative to the discretionary selection of the *Independent Managers*. On an ongoing basis, the Firm monitors the performance of those accounts being managed by *Independent Managers*. Kaplan Wealth Management seeks to ensure the *Independent Managers'* strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

## Item 5. Fees and Compensation

Kaplan Wealth Management offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management or advisement. Additionally, certain of Kaplan Wealth Management's *Supervised Persons*, in their individual capacities, may offer securities brokerage services and insurance products under a separate commission arrangement.

### Financial Planning Fees

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Kaplan Wealth Management generally charges either a negotiable hourly and/or fixed fee to provide clients with stand-alone financial planning services. These fees are largely determined by the scope and

complexity of the agreed upon services and range from \$150 to \$250 on an hourly basis and up to \$2,000 on a fixed fee basis.

The specific terms and fee structure are negotiated in advance and set forth in the *Agreement* with Kaplan Wealth Management. Generally, Kaplan Wealth Management requires one-half of the financial planning fee payable upon execution of the *Agreement* and the balance due at the time the financial plan is delivered or the underlying services are rendered to completion. If the client engages Kaplan Wealth Management for additional investment advisory services, Kaplan Wealth Management may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

### Wealth Management Fees

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Kaplan Wealth Management offers its comprehensive wealth management services through the *Program* for an annual fee based upon the amount of the assets under its management. The *Program's* fee is inclusive of all financial planning expenses, brokerage commissions, transaction fees, and other related costs, as explained in depth in the Wrap Brochure.

### Fee Discretion

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Kaplan Wealth Management, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention and *pro bono* activities.

### Additional Fees and Expenses

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In addition to the advisory fees paid to Kaplan Wealth Management, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "*Financial Institutions*"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, fees charged by the *Independent Managers*, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), 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. The Firm's brokerage practices are described at length in Item 12, below.

### Fee Debit

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Clients generally provide Kaplan Wealth Management with the authority to directly debit their accounts for payment of the Firm's investment advisory fees. The *Financial Institutions* that act as qualified custodian for client accounts have agreed to send statements to clients not less than quarterly detailing all account

transactions, including any amounts paid to Kaplan Wealth Management. As required by applicable state securities laws, Kaplan Wealth Management also sends clients an itemized summary detailing the advisory fees deducted from their accounts. Alternatively, clients may elect to have Kaplan Wealth Management send them an invoice for direct payment.

### **Account Additions and Withdrawals**

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Clients may make additions to and withdrawals from their account at any time, subject to Kaplan Wealth Management's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to Kaplan Wealth Management, subject to the usual and customary securities settlement procedures. However, Kaplan Wealth Management designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Kaplan Wealth Management may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

### **Commissions or Sales Charges for Recommendations of Securities**

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Clients can engage certain persons associated with Kaplan Wealth Management (but not Kaplan Wealth Management) to render securities brokerage services under a separate commission-based arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with Kaplan Wealth Management.

Under this arrangement, the Firm's *Supervised Persons*, in their individual capacities as registered representatives of LPL Financial, LLC ("*LPL Financial*"), may provide securities brokerage services and implement securities transactions under a separate commission based arrangement. *Supervised Persons* may be entitled to a portion of the brokerage commissions paid to *LPL Financial*, as well as a share of any ongoing distribution or service (trail) fees from the sale of mutual funds. Prior to effecting any transactions, clients are required to enter into a separate account agreement with *LPL Financial*. Kaplan Wealth Management does not receive any portion of the commissions or transactional fees charged by *LPL Financial*.

A conflict of interest exists to the extent that Kaplan Wealth Management recommends the purchase of securities where Kaplan Wealth Management's *Supervised Persons* receive commissions or other additional compensation as a result of Kaplan Wealth Management's recommendations. Kaplan Wealth Management has procedures in place to ensure that any recommendations made by such *Supervised Persons* are in the best interest of clients. For certain accounts covered by the Employee Retirement Income Security Act ("ERISA") and such others that Kaplan Wealth Management, in its sole discretion, deems appropriate, Kaplan Wealth Management may provide its investment advisory services on a fee-

offset basis. In this scenario, Kaplan Wealth Management may offset its fees by an amount equal to the aggregate commissions and 12b-1 fees earned by Kaplan Wealth Management's *Supervised Persons* in their individual capacities as registered representatives of *LPL Financial*.

### **Item 6. Performance-Based Fees and Side-by-Side Management**

Kaplan Wealth Management does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

### **Item 7. Types of Clients**

Kaplan Wealth Management provides its services to individuals, trusts, estates, corporations and other business entities.

#### **No Minimum Account Requirements**

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Kaplan Wealth Management does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship. Certain *Independent Managers* may, however, impose more restrictive account requirements and varying billing practices than Kaplan Wealth Management. In these instances, Kaplan Wealth Management may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

#### **Methods of Analysis**

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Kaplan Wealth Management utilizes mainly fundamental and technical methods of analysis.

Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular fund or issuer. For Kaplan Wealth Management, this process typically involves an analysis of an issuer's management team, investment strategies, style drift, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact the security.

Technical analysis involves the examination of past market data rather than specific issuer information in determining the recommendations made to clients. Technical analysis may involve the use of mathematical based indicators and charts, such as moving averages and price correlations, to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of

the company. A substantial risk in relying upon technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that Kaplan Wealth Management will be able to accurately predict such a reoccurrence.

### Investment Strategies

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The Firm's wealth management process is comprised of three phases:

- **Step 1:** The wealth management process is initiated with a discovery meeting. In this meeting, the client's financial lives are explored in great detail to create a customized client profile.
- **Step 2:** Based on the findings of the discovery meeting, the Firm creates a customized plan designed to fit each client's needs. These strategies may include, for example, investment planning, insurance, estate planning, retirement planning as well as charitable giving.
- **Step 3:** Subsequent to establishing the plan, Kaplan Wealth Management utilizes a unique and flexible investment process, which actively allocates client accounts into a customized mix of six different, internally managed diversified investment strategies. As part of this process, regularly scheduled meetings are held to track progress towards both interim and long term goals. These meetings give all parties an opportunity to determine whether current plans are still appropriate and to implement any necessary adjustments.

### Risks of Loss

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#### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear potential losses.

#### *Market Risks*

The profitability of a significant portion of Kaplan Wealth Management's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Kaplan Wealth Management will be able to predict those price movements accurately.

#### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their *pro rata* NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *Use of Independent Managers*

Kaplan Wealth Management may recommend the use of *Independent Managers*. In these situations, Kaplan Wealth Management continues to do ongoing due diligence of such managers, but such recommendations rely to a great extent on the *Independent Managers'* ability to successfully implement their investment strategies. In addition, Kaplan Wealth Management generally may not have the ability to supervise the *Independent Managers* on a day-to-day basis.

### *Use of Private Collective Investment Vehicles*

Kaplan Wealth Management recommends that certain clients invest in privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each fund's private placement memorandum and other offering documents explaining such risks prior to investing.

### *Real Estate Investment Trusts (REITs)*

Kaplan Wealth Management may recommend an investment in, or allocate assets among, various real estate investment trusts ("REITs"), the shares of which exist in the form of either publicly traded or privately placed securities. REITs are collective investment vehicles with portfolios comprised primarily of

real estate and mortgage related holdings. Many REITs hold heavy concentrations of investments tied to commercial and/or residential developments, which inherently subject REIT investors to the risks associated with a downturn in the real estate market. Investments linked to certain regions that experience greater volatility in the local real estate market may give rise to large fluctuations in the value of the vehicle's shares. Mortgage related holdings may give rise to additional concerns pertaining to interest rates, inflation, liquidity and counterparty risk.

## *Management Through Similarly Managed "Model" Accounts*

Kaplan Wealth Management manages certain accounts through the use of similarly managed "model" portfolios, whereby the Firm allocates all or a portion of its clients' assets among various mutual funds and/or securities on a discretionary basis using one or more of its proprietary investment strategies. In managing assets through the use of models, the Firm remains in compliance with the safe harbor provisions of Rule 3a-4 of the Investment Company Act of 1940.

The strategy used to manage a model portfolio may involve an above average portfolio turnover that could negatively impact clients' net after tax gains. While the Firm seeks to ensure that clients' assets are managed in a manner consistent with their individual financial situations and investment objectives, securities transactions effected pursuant to a model investment strategy are usually done without regard to a client's individual tax ramifications. Clients should contact Kaplan Wealth Management if they experience a change in their financial situation or if they want to impose reasonable restrictions on the management of their accounts.

## **Item 9. Disciplinary Information**

Kaplan Wealth Management has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

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

### **Registered Representatives of Broker Dealer**

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Certain of the Firm's *Supervised Persons* are registered representatives of *LPL Financial* and may provide clients with securities brokerage services under a separate commission-based arrangement. This arrangement is described at length in Item 5.

### **Receipt of Insurance Commission**

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Certain of Kaplan Wealth Management's *Supervised Persons*, in their individual capacities, are also licensed insurance agents. When appropriate, these *Supervised Persons*, in their individual capacities, may recommend the purchase of certain insurance products to advisory clients on a fully-disclosed

commission basis. A conflict of interest exists to the extent that Kaplan Wealth Management recommends the purchase of insurance products where its *Supervised Persons* receive insurance commissions or other additional compensation. As a result Kaplan Wealth Management has procedures in place to ensure that any recommendations made by such Supervised Persons are in the best interest of its clients.

### Item 11. Code of Ethics

Kaplan Wealth Management has adopted a code of ethics in compliance with applicable securities laws (“*Code of Ethics*”) that sets forth the standards of conduct expected of its *Supervised Persons*. Kaplan Wealth Management’s *Code of Ethics* contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its *Supervised Persons* and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The *Code of Ethics* also requires certain of Kaplan Wealth Management’s personnel (called “*Access Persons*”) to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, Kaplan Wealth Management *Supervised Persons* are permitted to buy or sell securities that it also recommends to clients if done in a manner consistent with the Firm’s policies and procedures. This *Code of Ethics* has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by *Access Persons* to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client where there may be a potential for conflict, no *Access Person* may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household as the *Access Person*) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the *Access Person* is completed as part of a batch trade (as defined below in Item 12) with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Kaplan Wealth Management to request a copy of its *Code of Ethics*.

### Item 12. Brokerage Practices

Kaplan Wealth Management generally recommends that clients utilize the brokerage and clearing services of *LPL Financial* for investment management accounts.

Factors which Kaplan Wealth Management considers in recommending *LPL Financial* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. The commissions and/or transaction fees charged by *LPL Financial* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by Kaplan Wealth Management's clients comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where Kaplan Wealth Management determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Kaplan Wealth Management seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Kaplan Wealth Management periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct Kaplan Wealth Management in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution* and the Firm will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by Kaplan Wealth Management (as described below). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Kaplan Wealth Management may decline a client's request to direct brokerage if, in the Firm's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless Kaplan Wealth Management decides to purchase or sell the same securities for several clients at approximately the same time. Kaplan Wealth Management may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Kaplan Wealth

Management's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Kaplan Wealth Management's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Kaplan Wealth Management determines to aggregate client orders for the purchase or sale of securities, including securities in which Kaplan Wealth Management's *Supervised Persons* may invest, the Firm generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Kaplan Wealth Management does not receive any additional compensation or remuneration as a result of the aggregation. In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, Kaplan Wealth Management may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Kaplan Wealth Management in its investment decision-making process. Such research generally will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Kaplan Wealth Management does not have to produce or pay for the products or services.

### **Commissions or Sales Charges for Recommendations of Securities**

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As discussed above, certain *Supervised Persons* in their respective individual capacities, are registered representatives of *LPL Financial*. These *Supervised Persons* are subject to FINRA Rule 3040 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless *LPL Financial* provides written consent. Therefore, clients are advised that certain *Supervised*

*Persons* may be restricted to conducting securities transactions through *LPL Financial* if they have not secured written consent from *LPL Financial* to execute securities transactions through a different broker-dealer. Absent such written consent or separation from *LPL Financial*, these *Supervised Persons* are prohibited from executing securities transactions through any broker-dealer other than *LPL Financial* under *LPL Financial's* internal supervisory policies. Kaplan Wealth Management is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

### **Software and Support Provided by Financial Institutions**

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Kaplan Wealth Management may receive from *LPL Financial*, without cost to Kaplan Wealth Management, computer software and related systems support, which allow Kaplan Wealth Management to better monitor client accounts maintained at *LPL Financial*. Kaplan Wealth Management may receive the software and related support without cost because Kaplan Wealth Management renders investment management services to clients that maintain assets at *LPL Financial*. The software and support is not provided in connection with securities transactions of clients (i.e., not “soft dollars”). The software and related systems support may benefit Kaplan Wealth Management, but not its clients directly. In fulfilling its duties to its clients, Kaplan Wealth Management endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Kaplan Wealth Management’s receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Kaplan Wealth Management’s choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support or services.

## **Item 13. Review of Accounts**

### **Account Reviews**

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For those clients to whom Kaplan Wealth Management provides investment management services, Kaplan Wealth Management monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom Kaplan Wealth Management provides financial planning services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of Kaplan Wealth Management’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Kaplan Wealth Management and to keep Kaplan Wealth Management informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

## Account Statements and Reports

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the *Financial Institutions* where their assets are custodied. On a quarterly basis, or as otherwise requested, clients may also receive written or electronic reports from Kaplan Wealth Management and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with those they receive from Kaplan Wealth Management or an outside service provider.

Those clients to whom Kaplan Wealth Management provides financial planning services will receive reports from Kaplan Wealth Management summarizing its analysis and conclusions as requested by the client or as otherwise agreed to in writing by Kaplan Wealth Management.

## Item 14. Client Referrals and Other Compensation

### Client Referrals

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Kaplan Wealth Management is required to disclose any direct or indirect compensation that it provides for client referrals. Kaplan Wealth Management does not have any required disclosures to this Item.

### Other Economic Benefits

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In addition, Kaplan Wealth Management is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, above.

## Item 15. Custody

Kaplan Wealth Management's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize Kaplan Wealth Management through such *Financial Institution* to debit the client's account for the amount of Kaplan Wealth Management's fee and to directly remit that management fee to Kaplan Wealth Management in accordance with applicable custody rules.

The *Financial Institutions* recommended by Kaplan Wealth Management have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Kaplan Wealth Management. In addition, as discussed in Item 13, Kaplan Wealth Management also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from Kaplan Wealth Management.

## Item 16. Investment Discretion

Kaplan Wealth Management is given the authority to exercise discretion on behalf of clients. Kaplan Wealth Management is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Kaplan Wealth Management is given this authority through a power-of-attorney included in the agreement between Kaplan Wealth Management and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Kaplan Wealth Management takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The *Independent Managers* to be hired or fired.

## Item 17. Voting Client Securities

Kaplan Wealth Management is required to disclose if it accepts authority to vote client securities. Kaplan Wealth Management does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.

## Item 18. Financial Information

Kaplan Wealth Management is not required to disclose any financial information pursuant to this Item due to the following:

- The Firm does not require or solicit the prepayment of more than \$500 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

## Item 19. Requirements for State Registered Investment Advisers

### Principal Executive Officers and Management Persons

Below is the formal education and business background of each of Kaplan Wealth Management's principal executive officers and management persons:

# Kaplan Wealth Management, Inc. Disclosure Brochure

## 1) HARRY (“BUD”) T. KAPLAN

Born 1945

### Post-Secondary Education

Villanova University | B.S. in Economics, Major: Accounting | 1967

### Recent Business Background

Kaplan Wealth Management, Inc. | Wealth Advisor | May 1986 – Present

LPL Financial, LLC | Registered Representative | May 2013 – Present

Cadaret, Grant & Co., Inc. | Investment Adviser Representative and Registered Representative  
| February 1991 – May 2013

## 2) BRADLEY D. KAPLAN

Born 1974

### Post-Secondary Education

Virginia Polytechnic Institute and State University | No Degree Conferred

### Recent Business Background

Kaplan Wealth Management, Inc. | Wealth Advisor | June 1997 – Present

LPL Financial, LLC | Registered Representative | May 2013 – Present

Cadaret, Grant & Co., Inc. | Investment Adviser Representative and Registered Representative  
| September 1997 – May 2013

## 3) SCOTT A. KAPLAN

Born 1976

### Post-Secondary Education

Virginia Polytechnic Institute and State University | No Degree Conferred

### Recent Business Background

Kaplan Wealth Management, Inc. | Wealth Advisor | September 1998 – Present

LPL Financial, LLC | Registered Representative | May 2013 – Present

Cadaret, Grant & Co., Inc. | Investment Adviser Representative and Registered Representative  
| November 1998 – May 2013

### Additional Information

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None of the *Supervised Persons* of Kaplan Wealth Management are compensated for advisory services with performance-based fees. In addition, neither Kaplan Wealth Management nor its management persons have been the subject of the type of disciplinary event in the instructions to Item 19. Neither Kaplan Wealth Management nor any of its *Supervised Persons* have a relationship or arrangement with any issuers of securities not disclosed in response to Item 10 (above).

## Kaplan Wealth Management, Inc.

Prepared by:



**MARKETCOUNSEL®**  
*The Adviser's Advisor®*