



BCS Wealth Management, LLC

801C Sunset Drive, Suite 100

Johnson City, TN 37604

423-283-9821

[www.bcswealth.com](http://www.bcswealth.com)

February 20, 2015

This Brochure provides information about the qualifications and business practices of BCS Wealth Management. If you have any questions about the contents of this Brochure, please contact us at 423-283-9821 or [LOlander@bcswealth.com](mailto:LOlander@bcswealth.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.

BCS Wealth Management is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about BCS Wealth Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This Item provides specific material changes that have been made to the Brochure and provides clients with a summary of such changes.

We have prepared this updated Brochure, dated February 20, 2015. There have been no material changes since our last annual amendment dated April 15, 2015.

In the past, BCS Wealth Management has offered or delivered information concerning staff qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

BCS Wealth Management will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Lauren Olander (Chief Compliance Officer) at 423-283-9821 or [LOlander@bcswwealth.com](mailto:LOlander@bcswwealth.com).

Additional information concerning BCS Wealth Management is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information concerning any persons affiliated with BCS Wealth Management who are registered, or are required to be registered, as investment adviser representatives of BCS Wealth Management.

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#### **Item 4 – Advisory Business**

BCS Wealth Management was formed in May 1998. The partners of the accounting firm of Blackburn, Childers and Steagall, PLC decided to create a firm that could assist their clients with financial planning and asset management. This decision was based on years of clients requesting advice and guidance in this important area of their life. The firm partnered with Mike Alread, CFP® to launch BCS Wealth Management with the intent of being able to help clients in the various areas of financial services.

In 2010, BCS Wealth Management added services and personnel designed to assist clients in areas other than financial planning and asset management. BCS Wealth Management now has the capacity to provide products and services in the insurance arena (life, long term care, annuities, property and casualty) as well as make commission based transactions through Purshe Kaplan Sterling Investments (PKS Investments - FINRA registered broker/dealer). Our mission is to be a holistic wealth management firm that can assist clients in achieving their financial goals and objectives.

Combined with our strategic partnership with Blackburn, Childers and Steagall, Mackie Financial Group, Shelia Minier Insurance Agency, Jones Insurance Service and PKS Investments, BCS Wealth Management has access, tools and professional oversight to help clients through all walks of life. We tailor our advisory services to the individual needs of our clients.

As of January 12, 2015, BCS Wealth Management managed approximately \$126,300,000 on a discretionary basis and \$14,400,000 in non-discretionary assets. The total firm assets under management were approximately \$140,700,000.

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

The specific manner in which fees are charged by BCS Wealth Management is established in a client's written agreement with BCS Wealth Management. This agreement may be terminated at any time by either party hereto giving to the other at least thirty (30) days prior written notice of such termination. BCS Wealth Management will bill fees on a quarterly basis. Clients will be billed in advance of each calendar quarter. BCS Wealth Management directly debits fees from client accounts. Management fees shall not be prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts opened during a calendar quarter will not be charged a fee until the next quarterly billing. Upon termination of any account, any prepaid fees will be promptly refunded. Fees paid in advance will be prorated to the date of termination and any unearned portion thereof will be refunded to client.

BCS Wealth Management's asset management fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as 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 and exchange traded funds (ETFs) also charge internal management fees which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to BCS Wealth Management's fee.

Below is a summary of BCS Wealth Management's fee structure:

A fee is either a percentage of assets under management, hourly at rates of approximately \$75-180 per hour, or fixed fees. Fixed fees may include administration and/or account set-up fees which will vary depending on the client.

<u>Assets Under Management</u>	<u>Percentage Fees</u>
\$0 - 250,000	1.25%
\$250,000 - 500,000	1.00%
\$500,000 - 1,000,000	0.90%
Assets Over \$1,000,000	0.80%

The fee schedule can be negotiated based on circumstances applicable to the client's level of need and particular situation.

Each mutual fund (or ETF) that is recommended or used by BCS Wealth Management has its own operating expense ratio (OER) as outlined in each fund's prospectus. A current prospectus will be provided (upon request) to clients when purchasing a mutual fund (or ETF) recommended by BCS Wealth Management. These expenses are internal to each fund and are used to pay for overhead, account managers, staff, office expenses, and general business expenses.

#### Financial Planning fee Structure

Basic fee schedule: Fees are based on number of hours spent to develop and deliver the plan or based on a fixed fee. Hourly rates range from approximately \$75 - \$180 and fixed rates range from \$1,500 - \$3,000.

Compensation fee schedule: 1/3 of the fee committed to the engagement letter is due upon the signing of the engagement letter; the balance is due and payable upon delivery of the final report. If an engagement is not completed, there will be a pro-rata charge made for advisory services actually rendered.

As noted above, during 2010 BCS Wealth Management expanded its services and personnel. This expansion included a partnership with PKS Investments (a FINRA registered broker/dealer), Mackie Financial Group, Jones Insurance Service and Shelia Minier Insurance Agency (2014). These relationships, in addition to our affiliations with Trinity Valuation Consulting Group and First Covenant Trust and Advisors, present a potential conflict of interest that gives BCS Wealth Management an incentive to recommend certain investment and insurance related products based on the commissions and fees received. Clients always have the option to purchase investment products that BCS Wealth Management recommends through other brokers or agents not affiliated with our company.

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

BCS Wealth Management does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

#### **Item 7 – Types of Clients**

BCS Wealth Management provides portfolio management services to individuals, high net worth individuals (accounts over \$1,000,000), corporate pension and profit-sharing plans, as well as trust accounts.

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

When calculating an investment strategy for a client, BCS Wealth Management first attempts to determine the client's risk tolerance. This is partially accomplished by having the client complete a Portfolio Allocation Scoring System ("PASS") form (or a similar risk tolerance questionnaire). Once this information is collected and a time frame of when the client will need to use the money has been determined, we attempt to construct a portfolio. This portfolio is intended to provide the client with a return they can accept without having to sell when the market takes a down turn. BCS Wealth Management has several different strategies and these strategies will vary depending on the advisor and needs of the client.

In most cases, we attempt to purchase a diversified portfolio of no-load (commission free) mutual funds or ETFs. A mutual fund brings together money from many investors and purchases stocks, bonds or other assets. One mutual fund (or ETF) can have from a few to several thousand individual securities. A typical portfolio will be comprised of an equity (stock) allocation, a bond allocation and a cash (i.e. money market accounts, CD's, etc.) allocation.

The equity (stock) mutual fund/ETF allocations may include US and International funds, large capitalization (well established companies) and small capitalization (small developing companies) funds. Some advisors may use REITs (real estate funds), Emerging Markets (emerging international countries), Natural Resources, or Precious Metals among other asset classes. This allocation generally provides the growth of the portfolio as well as the most potential risk.

In the bond portion of the portfolio, BCS Wealth Management may purchase Municipal (city or other local government), corporate, high yield and U.S. government bond funds with varying maturities and qualities. Bonds with shorter maturities and higher quality (i.e. AAA Short Term Government Bond) are less prone to market fluctuations as compared to longer maturities and lower quality bonds (i.e. High Yield Bonds) which can experience significant market swings. This allocation generally provides stability and income to the portfolio (with the exceptions noted above).

Below is a sample of our investment allocation strategies:

Aggressive Strategy: These portfolios tend to have anywhere from 80% - 100% equity exposure (remainder in bonds and cash). They have historically provided investors with the highest returns as well as the largest losses. Typically this strategy is best suited for an investor with a long term time frame (15 or more years) and a willingness to accept significant short term losses and volatility. For example, an investor's worst one year loss within this category has ranged from (34.9%) to (43.1%) (Vanguard Inc.). Investing in securities involves risk of loss that clients should be prepared to bear.

Moderate Strategy: These portfolios tend to have anywhere from 40% - 60% equity exposure (remainder in bonds and cash). They have historically provided investors with reasonable returns for the amount of risk taken. Typically this strategy is best suited for an investor with a shorter time frame than the "aggressive" investor or an investor that is in (or nearing) retirement. An investor's worst one year loss within this category has ranged from (18.4%) to (26.6%) (Vanguard Inc.). Investing in securities involves risk of loss that clients should be prepared to bear.

Conservative Strategy: These portfolios tend to have anywhere from 0% - 20% equity exposure (remainder in bonds and cash). They have historically provided investors with lower returns but generally have not suffered the losses experienced in the other strategies. Typically this strategy is best suited for an investor that is concerned with preservation of capital or needs income for living expenses. An investor's worst one year loss within this category has ranged from (8.1%) to (10.1%) (Vanguard Inc.). Investing in securities involves risk of loss that clients should be prepared to bear.

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

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of BCS Wealth Management or the integrity of BCS Wealth Management. Currently, BCS Wealth Management has no information applicable to this item.

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

The following partners of BCS Wealth Management are actively engaged in the operation of an affiliated accounting practice, Blackburn, Childers & Steagall, PLC:

Thomas S. Greer - 100% tax and audit accounting  
Jeffrey J. Blackburn - 100% tax accounting & management consulting  
Kevin Peters - 100% audit accounting  
Chad Kisner - 100% audit accounting  
Andy Hatfield - 100% tax accounting  
Karen C. McMurray - 100% audit accounting  
Melissa S. Jones - 100% audit accounting  
Wade H. Farmer - 100% tax accounting  
Travis S. McMurray - 100% tax accounting  
Charles Huffman - 100% tax and audit accounting

BCS Wealth Management and its affiliate may recommend clients utilize the services of the other entity. There is no requirement that any client of one firm use the services of the other. The services of each are separate and are performed for separate and typical compensation.

Nicholas Clay and Nathan Goodwin, both Investment Advisor Representatives of BCS Wealth Management, are also registered representatives for PKS Investments, a registered Broker/Dealer. As described in Item 5 above, this relationship may present a conflict of interest that gives BCS Wealth Management an incentive to recommend certain insurance and investment related products to clients. Clients always have the option to purchase investment products that BCS Wealth Management recommends through other brokers or agents not affiliated with our company. However, BCS Wealth Management and/or its investment advisor representatives may receive commissions or referral fees if clients purchase products through PKS Investments or unaffiliated insurance agencies.

Except in special circumstances, clients of PKS Investments are not clients of BCS Wealth Management. BCS Wealth Management is not affiliated with PKS Investments and BCS Wealth Management does not utilize PKS Investments to execute transactions of advisory



clients. PKS Investments does not provide investment advisory services for BCS Wealth Management clients.

In addition, some partners of BCS Wealth Management have affiliations with Trinity Valuation Consulting Group and First Covenant Trust and Advisors. These affiliations create a potential conflict of interest and may influence BCS Wealth Management's choice of trust and valuation related services.

### **Item 11 – Code of Ethics**

BCS Wealth Management has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts, and personal securities trading procedures, among other things. All supervised persons at BCS Wealth Management must acknowledge the terms of the Code of Ethics.

BCS Wealth Management anticipates that, in appropriate circumstances, it will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which BCS Wealth Management and/or clients, directly or indirectly, have a position of interest. BCS Wealth Management's employees and persons associated with BCS Wealth Management are required to follow BCS Wealth Management's Code of Ethics. Subject to satisfying this policy and applicable laws, partners and employees of BCS Wealth Management may trade for their own accounts in securities which are recommended to and/or purchased for BCS Wealth Management's clients.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of BCS Wealth Management will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code of Ethics, certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of BCS Wealth Management's clients. Nonetheless, due to the fact that the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Under the Code of Ethics, employee trading is monitored in order to reasonably prevent conflicts of interest between BCS Wealth Management and its clients. Employees must report certain personal investment holdings and trading activity to the Chief Compliance Officer on a quarterly basis.

Clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Lauren Olander at 423-283-9821 or [LOlander@bcswwealth.com](mailto:LOlander@bcswwealth.com).

## **Item 12 – Brokerage Practices**

BCS Wealth Management requires clients use Schwab Institutional (Schwab) for purchases and sales of securities and for custodial services. The reason for preferring Schwab is their discounted commission rates; availability of no-load mutual funds; electronic trading, daily transaction downloads; and dedicated service team. BCS Wealth Management receives no fees or compensation from Schwab. Nonetheless, not all advisors require clients to use the services of a particular broker/dealer or custodian. This requirement limits BCS Wealth Management's ability to seek out brokers with different pricing structures or broader services, or to receive more favorable pricing on securities transactions. Therefore, by directing brokerage, clients may not receive best execution on transactions.

BCS Wealth Management regularly assesses the services provided by Schwab to determine that the reasonableness of commissions is consistent with their ability to provide quality services to BCS Wealth Management and its clients. BCS Wealth Management believes that, in consideration of all services provided by the custodian/broker, including but not limited to commission rates and other fees, the custodian/broker is providing overall execution quality consistent with BCS Wealth Management's duty to seek best execution for clients.

BCS Wealth Management may receive or have access to free or discounted products, services, or information based on its relationship with Schwab (Soft Dollar benefits). These benefits include: receipt of duplicate trade confirmations and account statements; access to dedicated trading desk and service team; ability to directly deduct investment advisory fees from client accounts; ability to submit orders electronically; receipt of publications pertaining to compliance, practice management, operations, and marketing; invitations to sponsored events, such as workshops and conferences, at reduced cost or no cost; and discounts on products and services from third parties which may or may not be research-related. Soft dollar benefits are not limited to those clients who may have generated a particular benefit. BCS Wealth Management may have an incentive to select or recommend a custodian (or broker/dealer) based on our interest in receiving the research or other products or services, rather than on our clients' interest in receiving the most favorable execution.

BCS Wealth Management does not attempt to aggregate the purchase or sale of individual securities. This lack of aggregation may cost clients when purchasing and/or selling individual stocks. However, this does not apply to the purchase of mutual funds which is the vast majority of our trades.

## **Item 13 – Review of Accounts**

All managed client accounts are reviewed at least on a quarterly basis. This review consists of checking the portfolios current asset allocation and comparing it to the portfolios

“target” allocation. Changes to the portfolio (allocation) will be approved by the advisor in charge of that account. In addition, a review of the portfolio’s performance during a selected time frame is performed. During this analysis, contributions, withdrawals, gains and losses and fees incurred as well as the overall return in the account are reviewed. The frequency of these meetings, vary depending on the client and advisor’s needs. Finally, all account reviews are performed by the advisor assigned to the account. Information about BCS Wealth Management advisors can be found in the firm’s ADV Part 2B Brochure Supplement.

Account statements are sent to clients from the account custodian (Charles Schwab or Schwab Trust) generally on a monthly basis but no less frequently than quarterly. BCS Wealth Management provides quarterly written reports including the beginning and ending value, contributions and withdrawals, the deduction of certain expenses, and performance results for the quarter to each managed account.

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

BCS Wealth Management does receive commissions from Mackie Financial Group, Jones Insurance Service, and Shelia Minier Insurance Agency for insurance services provided to clients referred to them by BCS Wealth Management. These commissions create a potential conflict of interest and may influence BCS Wealth Management’s choice of insurance and other related products to clients. Currently, BCS Wealth Management does NOT have a solicitor’s agreement with any third parties for the referral of investment advisory clients.

#### **Item 15 – Custody**

Clients should receive at least quarterly statements from Charles Schwab or Schwab Trust (qualified custodians that hold and maintain client’s investment assets) as well as statements from BCS Wealth Management. BCS Wealth Management urges you to carefully review and compare our statements to the custodial records provided by Charles Schwab and Schwab Trust. BCS Wealth Management’s statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. In addition, BCS Wealth Management has a Certified Public Accountant perform an audit on certain client accounts that we are considered to have custody of due to our relationship with First Covenant Trust & Advisors (a related party of BCS Wealth Management) acting as trustee. This relationship creates a potential conflict of interest and may influence BCS Wealth Management’s choice of trustee recommended to clients.

### **Item 16 – Investment Discretion**

BCS Wealth Management typically receives discretionary authority from the client at the outset of an advisory relationship (limited power of attorney granted to the advisor when opening Schwab account) to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, BCS Wealth Management observes the limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to BCS Wealth Management in writing.

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

BCS Wealth Management does vote proxies for discretionary managed client accounts unless the client specifically reserves the right to vote proxies. BCS Wealth Management will vote proxies in accordance with its fiduciary obligation to its clients. The majority of the time, BCS Wealth Management votes as recommended by the Board of Directors. It may vote against the Board of Directors recommendations on specific issues which impair shareholder rights or value. In the event that BCS Wealth Management is required to vote a proxy that could result in a material conflict between a client's best interests and the firm's best interests, BCS Wealth Management will determine whether it is appropriate to disclose the conflict to the affected clients, to give the clients the opportunity to vote the proxies themselves, or to address the voting issue through other objective means.

Clients can obtain a complete copy of BCS Wealth Management's Proxy Voting Policies and Procedures, as well as ascertain how particular proxies were voted, by contacting Lauren Olander at 423-283-9821 or [LOlander@bcswwealth.com](mailto:LOlander@bcswwealth.com).

### **Item 18 – Financial Information**

Registered investment advisers are required to provide clients with certain financial information or disclosures concerning BCS Wealth Management's financial condition. BCS Wealth Management has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.