

WERBA ♦ RUBIN

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WEALTH MANAGEMENT, LLC



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## WEALTH MANAGEMENT, LLC

Werba Rubin Wealth Management, LLC  
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[www.WerbaRubin.com](http://www.WerbaRubin.com)

**January 1, 2015**

### **Item 1 — Disclosure Brochure**

This disclosure brochure provides information about the qualifications and business practices of Werba Rubin Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at (408) 260-3109 and/or [awerba@WerbaRubin.com](mailto:awerba@WerbaRubin.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.

Werba Rubin Wealth Management, LLC (also known as “Werba Rubin”, “WRWM” or “ADVISER”) 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 from which you determine whether you wish to hire or retain an Adviser.

Additional information about Werba Rubin Wealth Management, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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### **Item 3 — Material Changes Since January 1, 2014**

**The only material change for Werba Rubin since January 1, 2014 was our move from 3055 Olin Avenue, San Jose to 10 S. Almaden Boulevard, 15th Floor. We enjoyed our ten years at Santana Row, but we love our new offices in downtown San Jose.**

Currently, our disclosure brochure may be requested either by contacting Marlene Bass (408-260-3123 or [mbass@WerbaRubin.com](mailto:mbass@WerbaRubin.com)) or on our web site ([www.WerbaRubin.com](http://www.WerbaRubin.com)) free of charge.

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

### **Item 4 — Advisory Business**

#### **Formation and Firm History**

Werba Rubin Wealth Management, LLC filed its initial registration as an investment adviser with the US Securities & Exchange Commission ("SEC") on May 15, 2006 as Werba & Davis Advisory Services, LLC. From January 1, 2007 until January 1, 2011 the firm was known as Werba & Davis Advisory Services, LLC until changing its name to Werba Rubin Wealth Management, LLC on January 1, 2011. Alan Werba and Aaron Rubin are jointly registered as Investment Adviser Representatives ("IARs") with both LWI Financial Inc. ("LWI") and with Werba Rubin.

On January 23, 2009 LWI Financial Inc was acquired by Werba Reinhard, Inc. ("WRI"). Alan Werba, managing member of WRWM owns approximately 7.5% of WRI and as a consequence, also owns 7.5% of LWI. This ownership creates some conflicts of interest that are further discussed under Investment Services in this Item and also in Item 10 under Affiliations.

Most clients have signed Relationship Agreement contracts designating Werba Rubin Wealth Management, LLC (or Werba Davis Advisory Services, LLC) as their investment adviser. As of December 31, 2010 Barbara Davis retired from Werba Davis Advisory Services and the firm was renamed “Werba Rubin Wealth Management, LLC.” The firm remains a limited liability company wholly-owned by Alan Werba.

### **Investment Services**

Most Werba Rubin investment advisory clients participate in one of four LWI-sponsored services: (1) ***Structured Investing Asset Management***, a portfolio allocation service utilizing primarily no-load, asset-class mutual funds offered by Dimensional Fund Advisors (“DFA”); (2) ***Structured Investing Portfolio Services***, a portfolio allocation service utilizing primarily no-load, asset-class mutual funds offered by Loring Ward Securities Inc. with DFA as sub-adviser; (3) ***Structured Investing Advantage***, a service similar to *Structured Investing Portfolio Services* that allows additional stocks, bonds and funds be held in addition to the Loring Ward and DFA offerings; and (4) **401(K) and Other Retirement Asset Management Services**, a service offering risk-based portfolios utilizing primarily no-load, asset-class mutual funds offered either by Loring Ward Securities Inc. and/or DFA. Under these four portfolio allocation services, LWI provides quarterly performance reports, quarterly fee billings, quarterly portfolio re-optimization analysis and annual supplemental tax reporting (when applicable) to WRWM clients. LWI also performs daily downloads from custodians, account reconciliations with custodial account records and initiates trades in client accounts in its advisory capacity with the help of the account custodian. The custodians utilized by WRWM clients include Charles Schwab & Co., Fidelity Investment Services and TD Ameritrade. Werba Rubin IARs maintain the client relationship by handling client questions via telephone, email or in person and by personalizing the service to meet each particular client’s needs for information and assistance.

Since WRI acquired LWI on January 23, 2009, Alan Werba’s ownership interest (approximately 7.5%) in LWI represents a conflict of interest when selecting firms to utilize for administrative services currently provided by



LWI. Werba Rubin works exclusively with LWI as the servicing agent for Werba Rubin client accounts. In the three *Structured Investing* Asset Management Services described below, LWI either shares fees with WRWM, receives compensation from the SA Funds or bills a separate administrative fee to the clients. In the 401(K) services Werba Rubin fees and LWI fees are billed separately. It is important for Werba Rubin clients to understand the relationships between Werba Rubin, LWI and Alan Werba.

### ***Structured Investing Asset Management Services***

In the *Structured Investing* Asset Management (“SAM”) service, each client signs a Relationship Agreement naming Werba Rubin as their adviser. LWI provides the operational platform for managing all client accounts and shares in the fees charged by WRWM to each client. The Werba Rubin IARs help each client determine an appropriate Model Portfolio based on each client’s financial goals, time horizon and risk tolerance. The Model Portfolio is implemented utilizing no-load, asset-class funds provided primarily by DFA. Once the account is opened, a fee is charged to each client based on a percentage of the aggregated assets being managed for each client. Fees are shared by Werba Rubin and LWI. The standard fee schedule for SAM has been as follows since 1990:

Assets up to \$250,000	2.0% per year
Then from \$250,000 to \$500,000	1.0% per year
Then from \$500,000 to \$1,000,000	0.8% per year
Then from \$1 million to \$2 million	0.6% per year
Plus over \$2 million	0.4% per year

These fees are computed on a “blended rate” basis. For example, an account of \$500,000 will be charged \$7,500 per year (2% on the first \$250,000 and 1% on the next \$250,000). **The standard fees listed above are negotiable and many clients are billed on an alternative schedule.**

Fees are debited directly from client accounts quarterly by LWI at the beginning of each calendar quarter, usually no later than the 10th day of the calendar quarter. After LWI receives the quarterly fees, LWI pays Werba Rubin its share of these fees and Werba Rubin then pays the Werba Rubin IARs their share of

the fees. These fee sharing arrangements are fully described in the Relationship Agreement.

### ***Structured Investing Portfolio Services***

*Structured Investing* Portfolio Service clients execute an account agreement naming Werba Rubin (and specifying a Werba Rubin IAR) as their investment adviser and also designating LWI as a service provider for their account. The Werba Rubin IAR helps each client determine an appropriate Model Portfolio based on each client's financial goals, time horizon and risk tolerance. The Model Portfolio is then implemented utilizing the SA Funds, a group of no-load, asset-class mutual funds managed by Loring Ward with DFA serving as the sub-adviser to Loring Ward. The SA Funds contain administrative fees, shareholder service fees and management fees that are paid to Loring Ward. The overall expense ratio for the SA Funds is higher than the expense ratio of the DFA funds used to construct the SAM portfolios.

In addition to the fees internal to the mutual funds, an advisory fee is charged directly to each client based on a percentage of the aggregated assets being managed. This fee is paid to Werba Rubin and will then be shared with the Werba Rubin IAR who provides service to that client. LWI does not share in the advisory fee because LWI is compensated directly from the SA Funds. There is no standardized fee schedule for *Structured Investing* Portfolio Service clients, so fees are negotiated and set for each client at the time the account agreement is signed. Once the fee schedule is set, it is computed on a blended rate basis as described above. Fees are debited directly from client accounts at the beginning of each calendar quarter, generally no later than the 10th day of the calendar quarter. After Werba Rubin receives the quarterly fee, the Werba Rubin IARs are then paid their share of the fee.

### ***Structured Investing Advantage***

The *Structured Investing* Advantage service works in a similar manner as the *Structured Investing* Portfolio Service. In *Structured Investing* Advantage,

clients can hold non-SA Fund securities in addition to the SA Funds. *Structured Investing* Advantage clients are assessed an Administration and Reporting (“A&R”) fee for assets other than SA Funds held in the account. The A&R fee is paid to LWI based on the size of the entire account and the amount of Werba Rubin’s assets on Loring Ward’s platform, including both SA Funds and the non-SA Fund assets. The A&R fee rate is determined by the size of the account, but the A&R fee percentage is charged only on non-SA Fund assets held in the account. The A&R fee is a blended rate as follows:

Accounts valued up to \$500,000	0.50% per year
Accts from \$500,000 to \$1 million	0.20% per year
Accts from \$1 million to \$5 million	0.15% per year
Accts over \$5 million	0.10% per year

Both advisory fees and A&R fees are collected in advance on a quarterly basis via direct debits from client accounts at the beginning of each calendar quarter, generally no later than the 10th day of the calendar quarter.

#### **401(K) and Other Retirement Asset Management Services**

In strategic partnership with LWI Financial Inc., Werba Rubin also provides asset management services to 401(K) plan trustees and plan participants. Prospective clients for these services sign an Investment Management Agreement naming both LWI Financial and Werba Rubin as advisors for their accounts. These plans offer 6 Risk-Based Portfolios designed by the LWI Financial Investment Committee. The portfolios utilize primarily no-load, asset class funds managed by DFA. Plan participants select one of these 6 portfolios based on their own risk tolerance. Some plans allow participants to set their own portfolio allocation.

Fees for these services are negotiable by the plan trustee and generally will be lower than the fees charged for the *Structured Investing* asset management services. The fees for each client will be written into the Investment Management Agreement.

## Opening an Account

Generally, a written investment plan is prepared for each prospective client before an account will be opened. The written investment plan will define a specific allocation based on the prospective clients' risk profile as determined using a Risk Questionnaire that reflects the prospective clients' attitudes toward various types of investment risk and market volatility. Each client's risk profile is unique to their own circumstances and personal feelings toward risk. Once the client agrees to the Model Portfolio allocation to be used, an account can be opened.

The minimum account size (based on the total for all accounts being managed for the client and the client's family) has been set at \$500,000 since June 1, 2011. Depending on circumstances WRWM can waive this minimum account size requirement. Accounts dropping below this amount will continue to be managed by WRWM despite falling below the minimum account size.

Prospective clients are able to open a *SAM*, *Structured Investing* Portfolio or *Structured Investing* Advantage account by taking the following steps:

1. Complete and sign the appropriate account forms (such as Revocable Trust, IRA, UTMA, etc.) as required by the selected custodial firm (eg., Charles Schwab, Fidelity Investments or TD Ameritrade).
2. Sign a managed account relationship agreement naming Werba Rubin as the advisor for one of the three portfolio services described above.
3. Sign a Model Portfolio Allocation form.
4. Deposit funds by check or use transfer forms to move assets from other brokerage firms, mutual funds or bank accounts.

Fees are collected on a quarterly basis, usually around the 10th day of the new calendar quarter, using the account values on the last day of the previous calendar quarter. Thus, a portion of the fees are being collected in advance. The fees are computed based on the number of days in that calendar quarter expressed as a percentage of the total days in the year. When accounts are opened, the first billing will be computed on

a prorated basis using the number of remaining days that the funds are to be managed that quarter. All fees are collected by debiting the client's investment account directly and a billing advice memorandum is included with the Performance Reports sent to every client soon after the end of each calendar quarter.

### **Closing an Account**

Clients may discontinue these advisory services simply by requesting in writing to do so. In the event a client closes an account, any unearned portion of the fees for the current quarter will be returned to the departing client from the date of account closure until the end of the calendar quarter.

### **Advisory Consulting Services**

On occasion Werba Rubin IARs will prepare a financial plan, a retirement analysis, a 401(K) plan analysis or perform some other advisory consulting service for a client. These functions may be performed at no charge to the client in conjunction with the establishment of an investment advisory account under the SAM, *Structured Investing* Portfolio or *Structured Investing* Advantage services. On occasion, however, a Werba Rubin IAR may bill a client for these services. In these cases, the client will sign a contract for advisory services before the engagement begins. The contract will detail the exact nature of the services to be performed and the fee for delivering these services. These fees are negotiable and may be quoted on an hourly basis or as a flat fee for specific tasks. The fees will be collected 50% at the time the contract is signed and the remainder payable when the contract services are completed and delivered to the client.

## **Item 5 — Fees and Compensation**

### **All advisory fees previously listed are subject to negotiation.**

The specific manner in which fees are charged by Werba Rubin is established in a client's written agreement. Werba Rubin bills asset management fees on a quarterly basis. Most clients are billed in advance each calendar quarter. Clients authorize Werba Rubin (or its agents) to directly debit fees from their

accounts. Management fees shall be prorated for each capital contribution made during the applicable calendar quarter. Accounts initiated during a calendar quarter will be charged a prorated fee for that first quarter. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Werba Rubin fees do not include brokerage transaction fees, mutual fund expenses or other related costs that shall be borne by the client. Clients may incur 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 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 WRWM's fee, and WRWM shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that WRWM considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

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

WRWM does not charge any 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**

Werba Rubin provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations and endowments.

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

***Investing in securities involves risk of loss that clients should be willing to bear.***

The WRWM asset allocation programs (known as SAM, *Structured Investing* Portfolio, *Structured Investing* Advantage and 401(K) services) and advice concerning securities are based on publicly available research and reports regarding individual securities and mutual funds constructed from these securities. LWI makes available to Werba Rubin IARs a financial simulation program that calculates the effects of various historical rates of return from different asset classes to assist in the preparation of written asset allocation plans for each client. The LWI financial simulation program may also use “expected returns” rather than historic returns. The LWI “expected returns” are developed using a “building block” method, looking at the yield to maturity for a 20-year US Treasury bond and deducting or adding in estimated premiums to arrive at expected returns for various asset classes. Historic standard deviations are used in the analysis and simulations.

A Werba Rubin IAR works with each client to determine their financial goals and objectives, time horizon and risk tolerance to establish a customized Model Portfolio for each client’s account. Generally a written investment plan is created for each client. The written plan includes the Model Portfolio to be used, a description of the investment methodology and a stochastic model depicting a wide range of expected returns over the long term to help set realistic client expectations.

In addition to publicly available research, Werba Rubin has the benefit through its association with LWI to access and utilize research provided by LWI’s Investment Committee. Along with LWI personnel, University of Santa Clara professor Meir Statman and Nobel-Prize winning professor Harry Markowitz serve on the LWI Investment Committee. In addition, DFA has relationships with well known academic researchers (such as professors Gene Fama (2013 Nobel Prize winner) and Ken French) who provide research materials to Werba Rubin and Werba Rubin IARs, among others, for their use.

Werba Rubin IAR recommendations are generally designed as a long-term investment strategy. However, Werba Rubin IARs may adjust their recommendations based upon the needs, objectives or preferences of the client. These adjustments based on a client's specific wishes may result in an asset allocation that is less than optimal relative to long term needs but are "behaviorally" acceptable to the client.

Werba Rubin clients may wish to transfer into their managed account certain assets held elsewhere and continue to hold these assets without WRWM charging a fee or providing advice on these assets. These assets are marked as "unmanaged", "non-discretionary" assets and will only be traded when WRWM receives specific trading instructions from the client to do so. These assets will not be reflected in any performance reports provided to the client since they are not considered a part of the managed portfolio and may not be consistent with the WRWM investment philosophy.

Clients are able to borrow against the securities held in their accounts utilizing margin loans offered by custodial firms (Schwab, Fidelity and TD). However, since margin borrowing increases investment risk for clients, margin is not generally used as an investment strategy for WRWM clients.

## **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 Werba Rubin or the integrity of Werba Rubin's management. Werba Rubin has no disciplinary information to report.

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

### **Tax Preparation Services**

Several Werba Rubin IARs offer tax preparation services to clients who may also be investment advisory clients of Werba Rubin. These tax preparation



services are managed by entities separate and distinct from WRWM. These services are considered to be an “outside business activity” of Werba Rubin IARs and have been disclosed as such by the IARs to WRWM and to LWI. None of the revenue from tax preparation services is shared with WRWM.

### **Securities Sales for Commissions**

Several Werba Rubin IARs hold FINRA Series 7 licenses and act as registered representatives under supervisory control of their broker-dealer firm, Loring Ward Securities Inc. In this capacity, Werba Rubin IARs may from time to time assist clients in direct mutual fund purchases, variable annuity purchases or other securities transactions. Commissions earned from security sales will be paid directly to these individuals as registered representatives of Loring Ward Securities Inc. and no commissions are paid to Werba Rubin. These services are considered to be an “outside business activity” of the Werba Rubin IARs and have been disclosed as such by the IARs to WRWM and to LWI.

### **Life, Disability, Long-Term Care and Property & Casualty Insurance Sales**

Werba Rubin does not hold any insurance licenses, however, certain Werba Rubin IARs maintain active insurance licenses and are appointed to process insurance business with a variety of insurance companies. Any commissions earned from the sale of insurance products are paid directly to the licensed individuals and no compensation is shared with WRWM. These services are considered to be an “outside business activity” of the Werba Rubin IARs and have been disclosed as such by the IARs to WRWM and to LWI.

### **Real Estate Sales and Referral Fees**

Werba Rubin does not hold a real estate sales or broker license, however, certain Werba Rubin IARs hold real estate broker licenses. These affiliated licensed realtors may assist a WRWM client in the purchase or sale of real estate from time to time or they may refer a WRWM client to a realtor and receive a referral fee. WRWM does not receive any compensation from real estate commissions or referral fees. Werba

Rubin IARs must disclose the fact that they will receive compensation on a real estate transaction so clients always know that recommendations may be biased due to the compensation being paid. These services are considered to be an “outside business activity” of the Werba Rubin IARs and have been disclosed as such by the IARs to WRWM and LWI.

### **Additional Consulting Services**

LWI has contracted with Alan Werba to provide consulting services to LWI advisers and employees. LWI pays Werba Advisory Services, Inc. \$4,000 per month for Alan Werba to provide these consulting services. Consulting services include answering tax questions, evaluating marketing strategies, disbursing practice management information and a wide variety of other topics and activities. These services are provided on a month-to-month basis with no time limit for the contract.

**Werba, Reinhard, Inc. (WRI)** — January 23, 2009 WRI completed an acquisition of Loring Ward International Ltd. (LWIL) and all its affiliated subsidiaries. Among the LWIL subsidiaries are LWI Financial Inc. and Loring Ward Securities Inc. (LWSI). Some Werba Rubin IARs are dual registered with LWI. Some Werba Rubin IARs are also registered representatives of LWSI. Alan Werba owns 75,000 shares of WRI common stock (equal to approximately 8.8% of WRI’s equity on the date of acquisition and approximately 7.5% as of December 31, 2014). This material ownership in WRI, LWI and LWSI creates a conflict of interest for Alan Werba when recommending LWI services and/or products. This conflict is disclosed to all WRWM clients and prospective clients. Alan Werba serves as the Chairman of the Board for WRI and LWI. Werba Advisory Services, Inc. also receives \$4,000 per month from LWI for tax and marketing consulting services provided by Alan Werba to LWI. As compensation for Alan Werba’s role as Chairman of the Board for WRI and LWI, LWI pays the salary and benefits for Alan Werba’s executive assistant (Marlene Bass) since WRI acquired LWI in January 2009.

**Broker-Dealer** — Alan Werba and Aaron Rubin are FINRA Series 7 licensed with Loring Ward Securities Inc., and as such, they have a close working relationship with Loring Ward Securities Inc. Alan Werba and Aaron Rubin are subject to supervision by Loring Ward Securities Inc., LWI Financial Inc. and by WRWM. Effective January 23, 2009 WRWM had an indirect ownership of Loring Ward Securities Inc. due to Alan Werba's WRI ownership described in Item 10.

Security sales are occasionally executed on behalf of WRWM clients by Alan Werba or Aaron Rubin acting in their capacity as registered representatives of Loring Ward Securities Inc. When acting in this capacity, WRWM receives no compensation, but Alan Werba or Aaron Rubin may receive a portion of the securities commission. When performing these services, Alan Werba and Aaron Rubin are subject to supervision by Loring Ward Securities Inc. and its Compliance Department. Alan Werba and Aaron Rubin are required to attend compliance meetings and training sessions, disclose outside business activities and follow all the securities rules and regulations. Clients who purchase securities through Alan Werba or Aaron Rubin are required to receive the appropriate disclosure documents so that commissions are disclosed, and potential conflicts of interest are defined. The disclosure documents include a prospectus that describes the securities being offered and the compensation to be paid. Clients also sign Loring Ward Securities Inc.'s "New Account Form" that contains information required under the "know your client" rules to be certain that the securities being sold are suitable to the financial objectives of the client.

**Investment Company** — Werba Rubin IARs occasionally utilize the SA Funds to build model portfolios for the *Structured Investing* Portfolio and *Structured Investing* Advantage services. The SA Funds are managed by LWI Financial Inc. As of January 23, 2009 Werba Rubin has an indirect ownership in LWI Financial Inc. and all its subsidiaries and/or related companies. Neither Werba Rubin nor any Werba Rubin IARs receive direct compensation from LWI Financial or the SA Funds for utilizing the SA Funds in its managed portfolios.

**Accounting Firm** — Certain Werba Rubin IARs work for public accounting firms and certain Werba Rubin IARs maintain independent tax preparation services. Werba Rubin does not participate in any of these services nor does it receive any compensation from these unrelated entities.

## Item 11 — Code of Ethics

WRWM 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, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at WRWM must acknowledge the terms of the Code of Ethics annually, or as amended.

WRWM anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which WRWM has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which WRWM, its affiliates and/or clients, directly or indirectly, have a position of interest. WRWM employees and persons associated with WRWM are required to follow WRWM Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of WRWM and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for WRWM clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of WRWM 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 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 WRWM clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because 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. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between WRWM and its clients.

Certain affiliated accounts may trade in the same securities as client accounts on an aggregated basis when consistent with WRWM's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. WRWM will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

WRWM clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Marlene Bass at (408) 260-3123 or [mbass@loringward.com](mailto:mbass@loringward.com).

It is WRWM's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. WRWM will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the

transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Item 12 — Brokerage Practices**

WRWM does not receive soft dollar benefits from any of the broker-dealer custodians with whom it works.

WRWM does not have full discretion to trade in client accounts. Although the clients sign paperwork with the account custodian (either Charles Schwab, Fidelity Brokerage or TD Ameritrade) stating that LWI has trading discretion, the WRWM Relationship Agreement limits trading discretion of LWI and WRWM solely to buying and holding the Model Portfolio to which the client has specifically consented in writing. When the Re-Optimization Analyses are prepared, trades are recommended on the clients' behalf. Werba Rubin IARs determine what trades are needed to maintain a close proximity to the Model Portfolio. This discretion does not allow WRWM to change the mutual funds being used or deviate significantly from the Model Portfolio. Any such changes or significant deviations must be approved in writing by the client.

Although Werba Rubin IARs recommend either Charles Schwab, Fidelity or TD Ameritrade be named as custodian (and broker-dealer) for client accounts, clients are under no obligation to work with Charles Schwab, Fidelity or TD Ameritrade. Through LWI, custodial services are also available through Pershing LLC.

WRWM does not vote proxies for its clients.

## **Item 13 — Review of Accounts**

In the LWI asset allocation services, the WRWM IAR and client initially determine the customized Model Portfolio utilizing LWI's calculations for risk and rates of return to plan for an investor's personal goals. A Model Portfolio

signed by each WRWM client specifies the mutual funds to be used and LWI uses this form to implement the strategy on behalf of the WRWM client.

The portfolio is reviewed periodically (usually four times per year) by LWI and the WRWM IAR to determine if any repositioning is needed to bring the portfolio closer to its risk-adjusted target allocation. A written report (known as the “Re-Optimization Analysis”) is mailed to the client whether trades are to be executed or not, so the client can see the analysis governing these decisions. More frequent reviews may occur if clients deposit or withdraw funds in their account or if any cash needs of the client need to be met. Members of LWI’s Investment Committee oversee the quarterly review process as well as determining funds to be used and percentages to be held based on the client’s level of risk. WRWM IARs review all the reports prior to execution.

WRWM IARs meet with clients periodically based on each client’s meeting preferences to review performance, determine if any material changes have occurred in client goals or financial resources and generally to assure themselves that the clients are satisfied with their services.

WRWM expects its IARs to closely monitor the client’s financial situation and shoulder the responsibility to meet each client’s needs.

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

WRWM does not receive any additional compensation from a non-client in connection with giving advice to its clients. However, as described above, WRWM IARs may receive securities commissions, insurance commissions, tax preparation fees, real estate commissions or real estate referral fees for providing advice to clients. All fees and commissions paid to WRWM IARs are disclosed to WRWM’ clients when applicable.

WRWM may pay referral fees to anyone who refers clients to WRWM. Whenever WRWM or a WRWM IAR agrees to pay a referral fee, the agreement to pay a referral fee will be disclosed to the client prior to the opening of the account and completing the transaction.

## Item 15 — Custody

Clients should receive monthly statements from Charles Schwab, Fidelity, TD Ameritrade or any other broker dealer that holds and maintains client's investment assets. WRWM recommends that clients carefully review such statements and compare such official custodial records to the account statements that WRWM provides. WRWM statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. These reports also will vary if we hold any "Unmanaged Assets" in a client's managed account.

Custodial accounts are insured by the Securities Insurance Protection Corporation (SIPC) against fraudulent acts by the custodian or any of the custodian's agents, including WRWM IARs when acting as an agent for the custodian. The SIPC insurance only covers the first \$500,000 of loss per account, but Schwab, Fidelity and TD Ameritrade carry supplemental policies that insure accounts up to higher limits. The custodians will provide this information upon request.

## Item 16 — Investment Discretion

As described in Item 12 "Brokerage Practices," WRWM usually receives discretionary authority from the client at the outset of an advisory relationship 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. WRWM's investment programs use tightly controlled parameters, strictly limits the use of any funds other than asset class funds (usually DFA or SA Funds) and does not allow WRWM to deviate outside the parameters of this strategy.

When selecting securities and determining amounts, WRWM follows the investment policy, including any limitations and restrictions, for each client.



For registered investment companies, WRWM's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor long-term holding of investments once made.

Investment guidelines and restrictions are provided to each client in writing.

## **Item 17 — Voting Client Securities**

As a matter of firm policy and practice, WRWM does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. WRWM may (if asked) provide advice to clients for voting proxies.

## **Item 18 — Financial Information**

In this Item, WRWM is required to provide you with certain financial information or disclosures about its financial condition. WRWM 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.





## **BROCHURE SUPPLEMENTS**

### **Supervised Personnel**

This brochure supplement provides information about all the supervised personnel of Werba Rubin Wealth Management, LLC and supplements the Werba Rubin brochure. If you receive this Supplement independently from Werba Rubin's disclosure brochure, please contact Marlene Bass at [mbass@WerbaRubin.com](mailto:mbass@WerbaRubin.com) for a full copy of the brochure or if you have any questions on the brochure or its Supplements.

Additional information about each of the named Supervised Personnel is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



**Alan Werba, CPA/CFP®**

**Managing Member, Chief  
Compliance Officer and IAR**

**10 S. Almaden Blvd., 15th Floor  
San Jose, CA 95113**

**Tel: (408) 260-3109**

Alan Werba was born in Maryland on June 5, 1949. He received a BS degree in Business Management from the McIntire School of Commerce at the University of Virginia in 1970. After taking a year of undergraduate accounting classes from Loyola College (Baltimore, MD) in 1973-74, Alan received his CPA designation (refer to Glossary of Acronyms and Initials) in 1974 while working for the international accounting firm of Alexander Grant & Associates (now known as Grant Thornton). Alan received his life insurance license in 1977, his Series 7 securities license in the 1980s and his Certified Financial Planner (CFP®) (refer to Glossary of Acronyms and Initials) designation in 1985. In addition to his client relationships (many dating back into the 1970s), Alan served as both the Chief Financial Officer (CFO) and Chief Operations Officer (COO) of Reinhardt Werba Bowen from 1980 until he left the firm as an employee in 1996. Alan is a co-author of a book entitled *The Prudent Investor's Guide to Beating the Markets* published in 1995.

On January 23, 2009 Werba Reinhard, Inc. acquired LWI Financial Inc. Alan Werba is now a 7.5% shareholder of Werba Reinhard, Inc and serves as the Chairman of the Board for both WRI and LWI.

Alan has never been the subject of any disciplinary actions from any of the regulatory bodies responsible for policing his professional activities. He has also not been the subject of any criminal or civil court actions.

He has not been the subject of any administrative proceedings before the SEC or any other regulatory bodies. He has not been found to be in violation of any self-regulatory organization (SRO) rules nor has he ever been barred or suspended from membership in any professional organizations.

Alan does participate in several outside business activities from which he receives compensation. Alan prepares individual and trust tax returns for both investment clients and non-investment clients. This service is billed based on both time spent and difficulty of each return. In 2013 Alan helped prepare and/or review approximately 340 tax returns. Alan receives a salary from Werba Advisory Services, Inc. as compensation for providing these services. Alan also holds various life, disability, long-term care and property casualty insurance licenses. From time to time Alan will assist an investment client in securing insurance policies based on needs that are jointly determined by Alan and his clients. When this service is provided, Alan receives commission compensation directly from various insurance companies. Alan holds a real estate broker license that he uses primarily for his own benefit. He has occasionally referred a client to another realtor and received a referral fee for doing so.

Alan is dual registered as an Investment Advisor Representative (IAR) with Werba Rubin Wealth Management, LLC and LWI Financial Inc. Alan is the Chief Compliance Officer for Werba Rubin. Alan is supervised by Howard Lee, Vice President of Advisor Services for Loring Ward Securities Inc. and for LWI Financial Inc. Howard's telephone number is (800) 366-7266, ext. 3179. Howard or his designee reviews and/or approves Alan's client correspondence, advertising materials, trade blotter, etc.



**Aaron Rubin, JD/CPA/CFP®**

**Investment Advisor  
Representative**

**10 S. Almaden Blvd., 15th Floor  
San Jose, CA 95113**

**Tel: (408) 260-3138**

Aaron was born in Illinois on January 1, 1980. He received BA degrees in economics, accounting and Spanish from Claremont McKenna College in 2002. He received a law degree from University of Illinois College of Law in 2006 and was admitted as a member of the California Bar that same year. Aaron is also a Certified Public Accountant (CPA) (refer to Glossary of Acronyms and Initials), a Certified Financial Planner (CFP®) (refer to Glossary of Acronyms and Initials) and holds licenses for life, health and property and casualty insurance sales within the state of California. He also has a Series 7 and Series 66 securities license that is active with Loring Ward Securities Inc.

Prior to joining WRWM in July 2009, Aaron worked for two CPA firms for three years in all — Deloitte (a large international firm) and Abbott, Stingham & Lynch (a local San Jose firm).

During Aaron's career, he has not been the subject of any disciplinary actions from any of the regulatory bodies responsible for policing his professional activities. He has also not been the subject of any criminal or civil court actions. He has not been the subject of any administrative proceedings before the SEC or any other regulatory bodies. He has not been found to be in violation of any self-regulatory organization (SRO) rules nor has he ever been barred or suspended from membership in any professional organizations.

Aaron does participate in several outside business activities from which he receives compensation. Aaron occasionally prepares individual and trust tax returns for both investment clients and non-investment clients. This service is billed based on both time spent and difficulty of each return. In 2014 Aaron helped prepare fewer than 5 tax returns. Aaron receives a salary from both Werba Rubin and from Werba Advisory Services, Inc. Aaron also holds various life, disability, and property casualty insurance licenses. From time to time Aaron will assist an investment client in securing insurance policies based on needs that are jointly determined by Aaron and his clients. When this service is provided, Aaron receives commission compensation directly or indirectly from various insurance companies.

Aaron is dual registered as an Investment Advisor Representative (IAR) with Werba Rubin Wealth Management, LLC and LWI Financial Inc. Aaron is primarily supervised by Alan Werba, but is also under the supervision of Howard Lee, Vice President of Advisor Services for LWSI and LWI. Alan's number is listed above and Howard's telephone number is (800) 366-7266, ext. 3179. Both Alan and Howard review and/or approve Aaron's client correspondence, advertising materials, trade blotter, etc.



## **John Pfahnl, Jr., CPA**

### **Investment Advisor Representative**

**10 S. Almaden Blvd., 15th Floor  
San Jose, CA 95113**

**Tel: (408) 993-9494**

John was born in California on April 23, 1950. He received his BS degree in Accounting from San Jose State University in 1977. In 1982 John secured his CPA license (refer to Glossary of Acronyms and Initials). He also holds a Series 66 license since 1999.

John has been a principal of Pfahnl & Hunt Accountancy Corporation (a San Jose, California based CPA firm) since July 1981. Pfahnl & Hunt continues to be John's primary business activity. John became a registered representative of Loring Ward Securities Inc. in June 1999, but this license was placed on inactive status as of January 1, 2010.

During John's career, he has not been the subject of any disciplinary actions from any of the regulatory bodies responsible for policing his professional activities. He has also not been the subject of any criminal or civil court actions. He has not been the subject of any administrative proceedings before the SEC or any other regulatory bodies. He has not been found to be in violation of any self-regulatory organization (SRO) rules nor has he ever been barred or suspended from membership in any professional organizations.

As stated above, John's major outside business activity is his employment with Pfahnl & Hunt Accountancy Corporation where he performs both tax and accounting services for a diverse clientele. Although he is



registered as an IAR with WRWM, his primary business activity is the CPA functions he performs for Pfahnl & Hunt Accountancy Corp. John has no other outside business activities.

John is registered as an Investment Adviser Representative (IAR) with Werba Rubin Wealth Management, LLC. In this capacity, John is supervised by Alan Werba, Chief Compliance Officer for WRWM. Alan's telephone number is (408) 260-3109. Alan reviews and approves John's investment related correspondence, advertising materials, etc.



## **Pamela Hedblad, CPA**

### **Investment Advisor Representative**

**10 S. Almaden Blvd., 15th Floor  
San Jose, CA 95113**

**Tel: (408) 377-8700 ext. 249**

Pam was born in Minnesota on August 27, 1956. She received her BS degree in Accounting from San Jose State University in 1978. In 1982 Pam obtained her CPA license (refer to Glossary of Acronyms and Initials). She also holds a Series 66 license.

Pam has been a partner of Abbott, Stringham & Lynch (a San Jose, CA based CPA firm) since her former CPA firm (Pascuzzi, Hedblad & Co) merged with Abbott, Stringham & Lynch in November 2004. Pam's employment with Abbott, Stringham & Lynch continues to be her primary business activity. Pam is an Investment Adviser Representative (IAR) of Werba Rubin Wealth Management, LLC.

During Pam's career, she has not been the subject of any disciplinary actions from any of the regulatory bodies responsible for policing his professional activities. She has also not been the subject of any criminal or civil court actions. She has not been the subject of any administrative proceedings before the SEC or any other regulatory bodies. She has not been found to be in violation of any self-regulatory organization (SRO) rules nor has she ever been barred or suspended from membership in any professional organizations.

As stated above, Pam's major outside business activity is her employment with Abbott, Stringham & Lynch where she performs both tax and

accounting services for a diverse clientele. Although she is registered as an IAR with WRWM, her primary business activity is the CPA functions she performs for Abbott, Stringham & Lynch. In addition, Pam holds a real estate salesperson's license and she originates mortgages through Wymac Capital, Inc. for which she receives a portion of the loan origination fees.

Pam is registered as an Investment Adviser Representative (IAR) with Werba Rubin Wealth Management, LLC. In this capacity, Pam is supervised by Alan Werba, Chief Compliance Officer for WRWM. Alan's telephone number is (408) 260-3109. Alan reviews and approves Pam's investment related correspondence, advertising materials, etc. As of January 1, 2010 Pam's Series 7 license was placed on inactive status.



# Glossary of Acronyms and Initials

- CFP Certified Financial Planner — The CFP® certification process, administered by the CFP Board, identifies to the public that those individuals who have been authorized to use the CFP® certification marks in the U.S. have met rigorous professional standards and have agreed to adhere to the principles of integrity, objectivity, competence, fairness, confidentiality, professionalism and diligence when dealing with clients. These requirements include, but are not limited to, passing certain proficiency tests and then certifying every two years that 30 hours of continuing education requirements have been completed. For further information on the CFP® designation, go to [www.cfp.net](http://www.cfp.net) and learn more.
- CPA Certified Public Accountant — A CPA is licensed by the state. In California, to earn the CPA license, individuals are required to demonstrate their knowledge and competence by passing the Uniform CPA Exam, meeting high educational standards and completing a specified amount of general accounting experience. To maintain this professional license, CPAs must complete a minimum of 80 hours continuing education every two years. Go to [www.calcpa.org](http://www.calcpa.org) to learn more about CPAs and the CPA profession.
- DFA Dimensional Fund Advisors, mutual fund manager based in Austin, TX
- IAR Investment Adviser Representative
- LWI LWI Financial Inc.

LWIL	Loring Ward International Ltd.
LWSI	Loring Ward Securities, Inc.
RIA	Registered Investment Adviser
SA Funds	Funds managed by Loring Ward and sub-advised by DFA
SAM	<i>Structured Investing</i> Asset Management
SEC	Securities and Exchange Commission
SIPC	Securities Insurance Protection Corporation
SRO	Self-regulatory organization
WRI	Werba Reinhard, Inc.
WRWM	Werba Rubin Wealth Management, LLC



WERBA ♦ RUBIN  

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