

**PARTNERSINWEALTH, INC.**

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

February 2, 2015

This Brochure provides information about the qualifications and business practices of **PARTNERSINWEALTH, INC.** If you have any questions about the contents of this Brochure, please contact us at 713-964-4028 or [www.partnersinwealth.com](http://www.partnersinwealth.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.

**PARTNERSINWEALTH, INC.** is a registered investment advisor. Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of an Advisor provide you with information about which you determine to hire or retain an Advisor.

Additional information about **PARTNERSINWEALTH, INC.** also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

The following changes have been made from the Sept 2014 version of the **PARTNERSINWEALTH, INC.** ADV Part 2A:

Updated

Assets Under Management (AUM) as of December 31, 2011 are \$167,271,293.

**Discretionary                \$119,356,514**

**Non-Discretionary    \$ 47,914,779**

To

Assets Under Management (AUM) as of December 31, 2014 are \$239,586,815.

**Discretionary                \$187,644,730**

**Non-Discretionary    \$ 51,942,085**

Reviewers

The reviewers will be James R. Waters, Sabina K. Gartler, ~~Leah E. Hughes~~ and Halee R. Watel.

Currently, our Brochure may be requested by contacting Sabina Gartler, VP of Operations at 713-964-4028 or [info@partnersinwealth.com](mailto:info@partnersinwealth.com). Our Brochure is also available on our web site [www.partnersinwealth.com](http://www.partnersinwealth.com), also free of charge.

Additional information about **PARTNERSINWEALTH, INC.** 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 about any persons affiliated with **PARTNERSINWEALTH, INC.** who are registered, or are required to be registered, as investment advisor representatives of **PARTNERSINWEALTH, INC.**

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## Item 4 – Advisory Business

**PARTNERSINWEALTH, INC.** is a fee only financial advisory firm for high net worth individuals. **PARTNERSINWEALTH, INC.** has been in business since 1992 and our President and owner is James R. Waters.

**PARTNERSINWEALTH, INC.** spends approximately 80% of its time on comprehensive financial planning services and 20% on investment supervisory services.

Fees for the above-mentioned services are based on one of the following: percentage of net worth or percentage of assets under management.

Advisor provides investment advisory services and furnishes advice to Clients on matters not involving securities as part of a financial planning process.

The fees charged by the Advisor are in addition to fees and other expenses charged by third parties. These fees include, but are not limited to, transaction fees and management fees imposed by mutual funds.

Clients may instruct **PARTNERSINWEALTH, INC.** to restrict investment in certain securities or types of securities.

Assets Under Management (AUM) as of December 31, 2014 are \$239,586,815.

**Discretionary**                **\$187,644,730**

**Non-Discretionary**    **\$ 51,942,085**

## Item 5 – Fees and Compensation

### Fee Schedules

**PARTNERSINWEALTH, INC.** currently has 4 fee schedules. Clients are billed under one of the following fee schedules

#### **Service Fee – THE **PARTNERSINWEALTH** PROGRAM**

The Service Fee will be calculated using the following Service Fee schedule. Net Worth is the current fair market value of all assets and liabilities and before any deferred income or unrealized capital gains taxes. The minimum service fee is \$10,000.

## Service Fee

0.67% on Net Worth up to \$1,500,000, plus

0.55% of Net Worth between \$1,500,001 and \$3,000,000, plus

0.40% of Net Worth between \$3,000,001 and \$4,000,000, plus

0.25% of Net Worth between \$4,000,001 and \$5,000,000, plus

0.15% of Net Worth greater than \$5,000,000.

An initial payment of one-third (0.333) of the Service Fee is due at the time of the initial engagement. The remaining two-thirds (0.667) of the Service Fee, the Client authorizes the Advisor to debit from the Client's account in 11 equal payments. These debits will begin the month following receipt of the initial payment, and will occur on or about the 18<sup>th</sup> of each month. The minimum debit is \$609.09 per month.

The Service Fee is not final until the Client and Advisor agree that a Net Worth statement as calculated by the Advisor is fair and accurate. Once the Net Worth is agreed to as fair and accurate, any adjustment to the Service Fee will be allocated evenly over the remaining first year monthly payments.

On each anniversary of the initial payment, but prior to the 18<sup>th</sup> of the anniversary month, the Client's Net Worth will be updated and the Service Fee recalculated based on the Service Fee schedule in place at that time. The debit will begin on or about the 18<sup>th</sup> of the anniversary month and will continue for 12 months. The minimum debit is \$833.33 per month.

Prior to the anniversary of the initial engagement, the Advisor may request and the Client agrees to provide documentation needed to calculate the Client's updated Net Worth. Should the documentation not be provided, the Advisor will increase the previous year's Net Worth by eight percent (8%) and the Service Fee will be adjusted accordingly. Should the documentation later be provided and within four (4) months of the anniversary wherein the Service Fee was increased by eight percent (8%), the Service Fee will be adjusted to coincide with the actual Net Worth.

**PARTNERSINWEALTH, INC.** may in certain circumstances debit financial planning fees directly from the Client's management account. The fee shall be ascertained initially and once the fee has been ascertained and agreed to by the Client, such agreed to and ascertained fee shall then be debited directly from the Client's management account.

Client participation in **THE PARTNERSINWEALTH PROGRAM** is non-binding and non-obligatory. If at any time the Client needs to withdraw from **THE PROGRAM**, they may do so without any further obligation by notifying the Advisor by the tenth of the month.

### **Service Fee – Financial Plan with Investment Management:**

Advisor will provide advisory services for the Financial Planning with Investment Management package based on the following Service Fee schedule. The Advisor shall base account value(s) on reinvestment of all distributions, net of previously assessed fees and expenses and before taxes. Service Fees are payable quarterly in arrears based on the value of the account(s) at the end of the quarter. The minimum Service Fee for any quarter will be two thousand five hundred dollars (\$2,500.00). Service Fees will be prorated for the period during the quarter the assets were not under the Advisor's management.

#### **SERVICE FEE (Annual)**

1.00% on Account(s) Under Management up to \$1,000,000, plus  
0.80% on Account(s) Under Management between \$1,000,001 and \$2,000,000, plus  
0.58% on Account(s) Under Management between \$2,000,001 and \$5,000,000, plus  
0.47% on Account(s) Under Management between \$5,000,001 and \$10,000,000, plus  
10% on Account(s) Under Management greater than \$10,000,001

### **Service Fee – Financial Plan Only**

The Client agrees to compensate the Advisor for all services furnished under the Financial Planning Only package by the payment of Hourly Fees in accordance with following:

- 1) Client agrees to pay Advisor a fee based on the amount of time spent on services provided to Client. Such fee will be calculated based on the hours spent multiplied by a rate of \$350 per hour.
- 2) The minimum fee for an engagement under this service package is \$3,500.
- 3) \$2,000 is due at the time the Client signs the Service Agreement. The remainder of the fee is due at the presentation of the financial plan.

### **Service Fee - Investment Management Only**

These clients use **PARTNERSINWEALTH, INC.** for Investment Management advisory services only. **PARTNERSINWEALTH, INC.** maintains these investment advisory services based on the following fee schedule. Account values are net of previously assessed fees and expenses and before taxes.

<u>Amount Managed</u>		<u>Management Fee</u>	
		(Annually)	(Quarterly Multiplier)
\$1	- \$499,999	1 percent	(0.00250)
\$500,000	- \$749,999	.8 percent	(0.00200)
\$750,000	- \$999,999	.6 percent	(0.00150)
\$1,000,000	- \$1,499,999	.4 percent	(0.00100)
\$1,500,000	- \$1,999,999	.2 percent	(0.00050)
\$2,000,000 +		.1 percent	(0.00025)

Fees are payable quarterly in arrears based on the value of the account at the end of the quarter. Fees will be prorated for the period during the quarter the assets were not under the Advisor's management. No fees are payable before service is provided.

The Client may terminate this agreement with a complete refund of all fees paid by delivering written notice of termination to the Advisor within ten (10) days from the date of the Client's acceptance of the Agreement. After ten (10) days the Client may terminate this agreement by delivering a written notice of termination to the Advisor. Fee payments will be prorated from the end of the previous quarter to the date of written notification is received. Once this fee payment is received, payments will cease and no further payments will be due.

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

**PARTNERSINWEALTH, INC.** does not manage any performance-based accounts and, as such, neither our firm nor any of our advisory personnel receive performance-based fees.

## Item 7 – Types of Clients

**PARTNERSINWEALTH, INC.** provides investment advice to individuals, high net worth individuals, trusts, estates, and corporate business entities.

While the Advisor provides investment supervisory services, manages investment advisory accounts, and holds itself out as providing financial planning or some similarly termed services, it does not impose a minimum dollar value of assets or other conditions for starting or maintaining an investment account.

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

The basic tenets under which the Advisor recommends investment strategies to clients are the following:

- The only acceptable risk is that which is effectively rewarded by potential returns.
- Markets work. For investment purposes, securities (i.e. stock, bonds, etc.) are priced accurately.
- The design of the portfolio as a whole is more important than the selection of any particular security.
- Diversification helps reduce unpredictability and risk.
- Stocks offer the potential for higher long-term investment returns than cash or bonds.
- Picking individual securities and timing the purchase or sale of investments in the attempt to “beat the market” are not practiced.

The Advisor analyzes securities based on relative performance, fund management expertise, cost, and tax efficiency.

The main source of information used by the Advisor is research materials prepared by others.

The investment strategies used by the Advisor to implement any investment advice given to clients are long-term purchases (securities held at least a year), short-term purchases (securities sold within a year), and margin transactions.

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



## **Item 9 – Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of **PARTNERSINWEALTH, INC.** or the integrity of **PARTNERSINWEALTH, INC.** management. **PARTNERSINWEALTH, INC.** has no information applicable to this Item.

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

Advisor participates in the TD Ameritrade Institutional Services program, which is an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers independent advisor services, which include: custody of securities, trade execution, and clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the program. Advisor may recommend TD Ameritrade to clients for custody and brokerage services. However, there is no direct link between Advisor's participation in the program and the investment advice it gives to its clients, although Advisor receives economic benefits through participation in the program.

## **Item 11 – Code of Ethics**

**PARTNERSINWEALTH, INC.** has adopted a Code of Ethics pursuant to Rule 204A-1 under the Investment Advisers Act of 1940. To confirm their compliance with the Code's requirements, advisory personnel are required to submit annual holdings reports and quarterly reports of their personal securities transactions to our Chief Compliance Officer, James R. Waters, CFP, for review. Any client or prospective client may request a copy of the Firm's Code of Ethics, which will be provided at no cost.

The following basic principles guide all aspects of the Firm's business and represent the minimum requirements to which the Firm expects employees to adhere:

- Clients' interests come before employees' personal interests and before the Firm's interests.
- The Firm must fully disclose all material facts about conflicts of which it is aware between the Firm and its employees' interests on the one hand and client and the Firm's interests on the other.
- Employees must operate on the Firm's behalf and on their own behalf consistently with the Firm's disclosures and to manage the impacts of those conflicts.
- The Firm and its employees must not take inappropriate advantage of their positions of trust with or responsibility to clients.
- The Firm and its employees must always comply with all applicable securities laws.

### **Misuse of Nonpublic Information**

The Code of Ethics contains a policy against the use of nonpublic information in conducting business for the Firm. Employees may not convey nonpublic information nor depend upon it in placing personal securities trades.

### **Personal Securities Trading**

**PARTNERSINWEALTH, INC.** or individuals associated with the Firm may buy, sell or hold in their personal accounts the same securities the Firm recommends to its clients. This creates a potential conflict of interest with the possibility of Firm personnel obtaining a better price than clients obtain. To mitigate this conflict, such trades may occur on the same day at the same time receiving average pricing or after the client with the client receiving the same or better pricing. The Firm does not allow front running.

## **Outside Business Activities**

Employees are required to report any outside business activities generating revenue. If any are deemed to be in conflict with clients, such conflicts will be fully disclosed.

## **Item 12 – Brokerage Practices**

### **Investment or Brokerage Discretion**

#### Non-Discretionary Accounts

The ultimate decision as to the particular custodian used rests with the client.

**PARTNERSINWEALTH, INC.** recommends TD Ameritrade because of the services that this firm is able to provide to our clients, including their ability to provide duplicate confirmations and bundled duplicate statements; access to a trading desk serving program participants exclusively; access to block trading; the ability to have investment advisory fees deducted directly from client accounts; access to an electronic communication network for client order entry and account information; receipt of compliance publications; assistance with back-office operations; and access to mutual funds which generally require higher initial minimum investments or are generally available only to institutional investors. In addition, our firm has entered into an arrangement with TD Ameritrade whereby our clients who establish an account with this firm get access to institutional account services, rather than retail services. Clients with access to institutional account services typically pay lower commissions and/or mark-ups on bond trades.

#### Other Services Provided

TD Ameritrade also provides various publications to our firm and advisory personnel, including, for example, invitations to TD Ameritrade -sponsored events, such as conferences on practice management, regulatory compliance, marketing, etc.

#### Maintaining Assets at Other Custodians

As stated above, clients are free to choose their own custodian, so long as such custodian is a “qualified” custodian within meaning of the Investment Advisers Act of 1940. A client may therefore choose to use a custodian and, therefore, executing broker, that is not TD Ameritrade. Whether held at a recommended firm or other qualified custodian, our firm typically will execute client trades through such custodian, even through our advisory personnel might be able to obtain a more favorable net price and execution from another broker-dealer for the transaction.

#### Client-Directed Brokerage

As stated above, client securities transactions generally will be effected through each client’s qualified custodian or other broker selected by our advisory personnel pursuant to the discretionary brokerage authority given to us by our clients. Notwithstanding the foregoing, a client may direct us to purchase or sell securities through a particular brokerage firm even though we may be able to obtain a more favorable net price and execution from another broker-dealer.

Where the directed executing broker is not the client custodian, the custodian may require the client to establish a prime brokerage account before such client-directed brokerage transaction may be executed.

#### Brokerage for Client Referrals

**PARTNERSINWEALTH, INC.** does not enter agreements with, or make commitments to, any broker/dealer that would bind us to compensate that broker/dealer with client commissions in return for client referrals.

The Advisor has the authority to determine, without obtaining specific client consent, the securities to be bought or sold and the amount of the securities to be bought or sold.

#### **Additional Compensation**

Advisor participates in the TD Ameritrade Institutional Services program. Advisor receives economic benefits through its participation in the program. These benefits include: receipt of duplicate client confirmations; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and access to certain institutional money managers; and discounts on compliance, marketing, technology, and practice management products or services provided to Advisor by third party vendors. These benefits received by Advisor [or its related persons] do not depend on the amount of brokerage transactions directed to TD Ameritrade.

Advisor participates in the Dimensional Fund Advisors program. These benefits include: Portfolio analysis, research, access to non-retail mutual funds, and educational and practice management services. These benefits received by Advisor [or its related persons] do not depend on the amount of assets invested in Dimensional Fund Advisors funds.

Clients should be aware that the receipt of economic benefits by Advisor [or its related persons] in and of itself creates a potential conflict of interest. However, as part of its fiduciary duty to clients, Advisor endeavors at all times to put the interest of its clients first.

### **Item 13 – Review of Accounts**

#### **Reviews**

Reviews of the accounts by the Advisor will be performed at least one (1) time a year on the client's anniversary with the firm. Additional reviews will be performed when cash flows into (deposited) or out of (withdrawal) of the accounts. Each review will consist of an evaluation of

the diversification, appropriateness of each investment to the overall portfolio, and performance of the overall portfolio. Reviews will evaluate risk relative to each client's risk tolerance.

#### Reviewers

The reviewers will be James R. Waters, Sabina K. Gartler and Halee R. Watel.

#### Reports

Reports to clients will be generated four (4) times per year. Each report will cover the client's holdings, total amount of money invested in each investment, current dollar value of each investment, and overall time-weighted average rate of return for the account.

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

**PARTNERSINWEALTH, INC.** participates in the TD Ameritrade Institutional program. While there is no direct link between our investment advice and participation in these programs, our firm does receive economic benefits, which would not be received absent such participation, as discussed in more detail under Item 12.

### **Item 15 – *Custody***

**PARTNERSINWEALTH, INC.** does not maintain physical custody of client assets; rather, each client's assets (including cash and securities) are held by an independent qualified custodian.

## Item 16 – Investment Discretion

**PARTNERSINWEALTH, INC.** also manages discretionary accounts where our advisory personnel determine the securities to be bought for the client accounts, and implement those decisions directly. Clients with discretionary accounts give us such authority through the advisory agreement that the client signs with us. Non-qualified discretionary accounts are managed in accordance with the asset allocation agreed upon between the client and the Advisor. Qualified discretionary accounts typically are managed in accordance with the Investment Policy Statement. Clients may impose reasonable restrictions (in the Advisor's opinion) on our firm's management of these accounts.

## Item 17 – Voting *Client* Securities

As a matter of firm policy and practice, **PARTNERSINWEALTH, INC.** 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 all securities maintained in client portfolios.

**PARTNERSINWEALTH, INC.** may provide advice to clients regarding the clients' voting of proxies.

## Item 18 – Financial Information

Registered investment advisors are required in this Item to provide you with certain financial information or disclosures about **PARTNERSINWEALTH, INC.**'s financial condition.

**PARTNERSINWEALTH, INC.** 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.