

# **BKD** Wealth Advisors, LLC

Part 2A of Form ADV: Firm Brochure and Privacy Policy

March 10, 2017

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This brochure provides information about the qualifications and business practices of BKD Wealth Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 417.866.5822 or [nconklin@bkd.com](mailto:nconklin@bkd.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about BKD Wealth Advisors, LLC is available at the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Please note: Registration with the SEC or references to BKD Wealth Advisors, LLC as a registered investment advisor or any reference to being registered does not imply a certain level of skill or training.

## Item 2 – Material Changes

The following information discusses material changes to our firm brochure since our last annual update, August 28, 2015.

As of May 31, 2016. BKD Insurance, LLC has been terminated. BKD Wealth Advisors is no longer under common control and ownership of any insurance agency.

If you would like an additional copy of this brochure, please download it from the SEC's website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), visit [www.bkdwa.com](http://www.bkdwa.com) or contact the chief compliance officer, Nicole Conklin, at 417.866.5822 or [nconklin@bkd.com](mailto:nconklin@bkd.com).

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## Item 4 – Advisory Business

BKD Wealth Advisors, LLC (BKDWA) is an investment advisory firm registered with the Securities and Exchange Commission (SEC) and a wholly owned subsidiary of **BKD, LLP** (BKD), a national CPA and advisory firm. BKDWA has provided personal wealth management and financial planning services since 1998. We provide a variety of services:

- Wealth management
- Investment consulting
- Financial planning
- Benefit plan consulting

As of May 31, 2016, we actively managed a total of \$2,521,251,857 in client assets. This represents \$2,413,903,559 in discretionary client assets and \$107,348,298 in nondiscretionary client assets. We advise or consult on \$395,576,727 in additional assets for a total of \$2,916,828,584.

### WEALTH MANAGEMENT

BKDWA wealth management services involve gathering information about your current situation and future goals and needs through a process involving personal discussions, completion of a risk tolerance survey and a review of the provided information. Using the goals and objectives determined in this process, we work with you to develop a personal Investment Policy Statement. This statement is used as the basis for developing and managing your portfolio of securities. Wealth management services are primarily guided by the goals and objectives of the Investment Policy Statement and gathered through conversations with you.

#### Discretionary Management of Accounts

BKDWA manages most advisory accounts with discretion. This allows BKDWA to determine the specific individual securities to buy or sell without obtaining prior consent. Based on your needs, portfolios are designed and managed using a mix of investments, including:

- Mutual funds
- Exchange-traded funds (ETFs)
- Bonds
- Stocks
- Alternative investments

We will consider other investments by request and on a case-by-case basis. We may not implement other investments if we believe the investment is inconsistent with the stated risk tolerance or our management style.

For many clients, it may be determined that an investment portfolio consisting primarily or exclusively of mutual funds is most appropriate. In these situations, a portfolio of no-load or load-waived mutual funds will be created and client assets will be allocated among various mutual funds while taking into consideration the goals and objectives of the client and the appropriate overall management style of the funds. The mutual funds will be selected from our internally screened approved list.

## **Restrictions**

You may impose reasonable restrictions on your account(s) (for example, no tobacco stocks). All such restrictions shall be documented in writing. Restrictions may be modified by providing us with written documentation. We reserve the right to refuse to open an account if we believe that the restrictions placed are excessive and would limit our abilities to manage the account effectively and prudently. Please understand that the imposition of portfolio restrictions may affect performance of your portfolio(s).

## **Nondiscretionary Management of Accounts**

We also manage advisory nondiscretionary accounts, meaning specific consent must be granted prior to each transaction. You have an unrestricted right to decline or implement any advice issued on a nondiscretionary basis. Clients who engage BKDWA on a nondiscretionary investment advisory basis must be willing to accept that BKDWA cannot effect any account transactions without obtaining prior verbal consent to any transaction(s). Thus, in the event of a market correction during which you are unavailable, BKDWA will be unable to effect any account transactions (as it would for discretionary clients) without first obtaining your verbal consent.

## **INVESTMENT CONSULTING**

Services may include, but are not limited to:

- Meeting to understand the specific and individual needs to help define investment objectives and risk tolerances
- Drafting an Investment Policy Statement
- Reviewing the current portfolio and providing suggestions for changes based on the current and future investment needs
- Assisting in the selection and retention of appropriate money managers or mutual funds
- Monitoring the performance of the selected money managers or mutual funds and reporting to the client
- Providing advice regarding the retention or dismissal of any money manager or mutual fund that is being used

Consulting services are limited to those assets specifically identified on the Investment Consulting Agreement. These services will be provided until either party terminates the agreement or, if applicable, the project is completed.

## **FINANCIAL PLANNING**

We provide financial planning to clients. Financial planning services are offered on a comprehensive or á la carte (limited focus) basis. Financial plans encompass all or some of the following areas of financial concern to the client:

- Estate planning and estate goals
- Retirement planning
- Education planning
- Insurance planning/risk management
- Investments

Appropriate information will be obtained through personal discussion, including a discussion of current financial status, future goals and attitude towards risk. BKDWA will review related documents and data provided by you.

In performing its services, BKDWA shall not be required to verify any information received from you or from other professionals and is expressly authorized to rely thereon. Moreover, please be advised that it remains your responsibility to promptly notify BKDWA if there is ever any change in your financial situation or investing objectives for the purpose of reviewing, evaluating or revising BKDWA's previous recommendations and/or services. A written financial plan may be prepared and provided, although in many cases there is no written comprehensive document. The implementation of financial planning recommendations is entirely at your discretion. Financial plans are not limited in any way to products or services provided by any particular company, and implementation may be made with any appropriately licensed firm or individual.

## **WEALTH ACCUMULATION PRACTICE**

BKDWA has a business line specifically focused on the needs of clients that are in the wealth accumulation phase. A dedicated team has been designed to understand and assist with the unique aspects of these clients and their needs. Clients that are well suited for this practice typically have \$250,000-\$1.0 million in investable assets. These clients will receive the benefits of working with BKDWA and credentialed advisors. Typically they will have one meeting a year with their advisor and meetings may be done virtually or via telephone.

Generally, clients in this group will have discretionary portfolios and may not have an option to select non-discretionary portfolio management. Trade restrictions may be limited or not allowed in the portfolio. Due to the size and nature of the account size, the portfolio structure will be tailored as appropriate and may not contain all investment types. Financial planning will consist of cash flow planning and generally will not include a more comprehensive review that could include review of insurance, estate plans, or taxes. The minimum fee for clients in this group is outlined in the Fees and Compensation section.

## **BENEFIT PLAN CONSULTING**

BKD Benefit Plan Consulting (BPC) is a division of BKDWA. BPC provides discretionary investment management and nondiscretionary investment consulting services to qualified and nonqualified retirement plans, including but not limited to:

- Pension or other employee benefit plans (including a 401(k) plan) governed by the *Employee Retirement Income Security Act of 1974* (ERISA)
- Tax-qualified retirement plans (including a Keogh plan) under Section 401(a) of the Internal Revenue Code of 1986, as amended, and not covered by ERISA
- Employee stock ownership plans (ESOPs)
- Defined benefit plans
- Cross-tested plans
- 403(b) tax-sheltered annuity plans
- Profit sharing plans
- Money purchase pension plans

BPC also provides noninvestment-related services referred to as third-party administrator (TPA) services, which are outlined in further detail below. Our benefit plan consultants have exceptional credentials in administering employee benefit plans, whether it be implementing a new plan or restructuring an existing plan to meet the client's needs.

### **Third-Party Administrator Services**

BPC takes an integrated and consultative approach, which allows us to address all relevant aspects of successful benefit plan design and implementation with the ultimate goal of helping clients create and administer a plan that rewards both the business owner and employees. Our TPA services include:

- Conducting plan sponsor fiduciary obligations overviews
- Discussing and documenting goals
- Designing and implementing the plan
- ERISA compliance testing
- Preparing IRS and DOL filings
- Tracking participant vesting
- Preparing mandated annual changes
- Drafting and updating the plan document
- Allocating employer contributions
- Ongoing and proactive benefit plan consulting advice

The Plan Sponsor or its designee has final decision-making authority on all matters, including accounting matters. Although BPC may provide consulting advice, the Plan Sponsor is responsible for all final decisions regarding the interpretation of the plan document, investment of the plan assets, plan operations, participation and qualification issues.

### **Investment Consulting**

Once the goals and objectives of the plan have been determined, BPC will recommend the appropriate investment strategy to the plan's trustees and/or fiduciary committee. Our Investment Committee conducts research to determine suitable investment vehicles in each appropriate asset class in conducting plan design services. Our investment consulting services include:

- Drafting an Investment Policy Statement
- Performing record keeper and custodian searches
- Recommending investment options to the plan trustee and/or fiduciary committee
- Reporting investment performance to trustees
- Enrollment and education sessions for plan participants (specific and individualized investment advice is not provided to participants)

### **Investment Management - Discretionary**

For discretionary accounts, BPC will act as "investment manager" for purposes of ERISA and the Internal Revenue Code of 1986, as amended. Managing with discretion allows us to determine the specific securities to buy or sell without obtaining prior consent from client. Based on specific needs, portfolios are designed and managed using a mix of securities, including:

- Mutual funds
- Exchange-traded funds (ETFs)

- Bonds
- Stocks
- Alternative investments

### **Services to Clients under ERISA**

We provide the following services to ERISA clients:

- Limited education and enrollment assistance. Specific and individualized investment advice is typically not provided to plan participants
- Draft, review and refine the Investment Policy Statement until the Plan Sponsor and/or trustee believes objectives and risk tolerances are adequately defined
- Assist the trustees of the plan in determining mutual funds or other securities to make available to the plan participants
- Meet with the trustees of the plan to review the performance of the mutual funds and other securities selected by the trustees. Recommendations will be made to the trustees who then have the sole authority to determine the course of action to take on behalf of the plan
- Periodic reports will be provided as agreed upon

We do not have discretionary authority or control over the plan assets nor discretionary authority or control over the administration of the plan. Advice is provided to the plan in the form of recommendations to the trustees. Our role is to serve as a consultant to the plan trustees. The consulting services provided are limited to those assets identified on the executed Investment Consulting Agreement.

### **ADDITIONAL SERVICES**

#### **Referrals to Independent Money Managers**

If suitable, referrals to independent money managers may be made through any of our approved programs. These programs may include, but are not limited to: Charles Schwab & Co., Inc. Managed Account Select, Charles Schwab & Co., Inc. Managed Account Marketplace, Charles Schwab & Co., Inc. Managed Account Access, Envestnet Unified Managed Accounts and Fidelity Separate Account Network.

These programs allow clients to obtain portfolio management services that typically require higher minimum account sizes outside of the program. The money managers selected under these programs will have discretion to determine the securities they buy and sell within the account, subject to reasonable restrictions imposed by the client. BKDWA does have the discretion to hire or fire managers within their programs. Schwab requires the client's signature to change money managers – even on discretionary accounts.

Due to the nature of these programs, each of the independent money managers is obligated to provide each client with a separate disclosure document. Clients should carefully review this document for important and specific program details, including pricing. Independent money managers provide investment management services for an additional fee. BKDWA agrees to make available to any client this disclosure document upon their request.

Under these programs, BKDWA may:

- Assist in the identification of investment objectives through preparation of a written Investment Policy Statement



- Recommend specific investment style and asset allocation strategies
- Assist in the selection of appropriate money managers and periodically review performance and progress towards stated objectives
- Recommend reallocation among managers or styles within the program
- Recommend the hiring and firing of money managers utilized by the client and within the chosen program

**Note:** Neither Schwab, Envestnet or Fidelity, nor any of their respective affiliates, are affiliated with BKDWA or any BKD affiliate.

Under these programs, a fee is negotiated between BKDWA and each client, typically ranging from 0.20% to 1.65%. This fee is separate and in addition to the program fees charged by Schwab or Envestnet and may vary based upon specific services provided and/or the nature of the client relationship.

The total fee paid by a client includes the fee paid to BKDWA, the program fee charged by Schwab, Envestnet or Fidelity with the fee paid to the independent money manager. Under some of these programs, there are no separate commissions or transaction costs charged to the client. These are commonly referred to as “wrap programs.” In all cases, the client should read the disclosure document of the money manager for complete details on the charges and fees the client will incur.

## **NONINVESTMENT CONSULTING & IMPLEMENTATION SERVICES**

To the extent requested by you, we may provide consulting services regarding noninvestment-related matters, such as estate planning, insurance, etc. Neither BKDWA, nor any of its representatives, serves as an attorney, and no portion of our services should be construed otherwise.

To the extent requested, we may recommend the services of other professionals for certain noninvestment implementation purposes, *i.e.*, attorneys, accountants, insurance, etc. You are under no obligation to engage the services of any such recommended professional. You retain absolute discretion over all such implementation decisions and are free to accept or reject any recommendation from us. If you engage any such recommended professional, and a dispute arises thereafter relative to such engagement, you agree to seek recourse exclusively from and against the engaged professional. Please Note: It remains your responsibility to promptly notify us if there is ever any change in the financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

## **Item 5 – Fees & Compensation**

### **WEALTH MANAGEMENT FEES**

There is no minimum dollar value to open or maintain an account; however, BKDWA imposes a minimum annual fee of \$7,500 and has the ability to negotiate fees on a client-by-client basis. Clients in the Wealth Accumulation Practice will be subject to a minimum of \$5,000. The exact fee charged will be stipulated within the portfolio management agreement and applies to all assets within the portfolio or household as defined in the agreement. Factors we consider when determining fees may include, but are not limited to, the following:

- Size of portfolio/assets under management
- Types of securities to be purchased, sold or held within the portfolio
- The custodian used to hold client’s assets (assets held outside of our recommended custodians typically increase our costs of doing business)

- The amount of nonmanaged assets, if any
- The extent of additional services to be provided
- Whether the account is discretionary or nondiscretionary (we typically charge more for nondiscretionary account management)
- Other professional services client may utilize from our affiliated firms

<b><u>Total Assets Under Management</u></b>	<b><u>Fee</u></b>
At or below \$1,000,000	up to 1.50%
\$1,000,001-\$2,000,000	1.00%
\$2,000,001-\$4,000,000	0.85%
\$4,000,001-\$6,000,000	0.75%
\$6,000,001-\$8,000,000	0.70%
\$8,000,001-\$10,000,000	0.65%
\$10,000,001-\$15,000,000	0.60%
\$15,000,001-\$20,000,000	0.50%
\$20,000,001-\$25,000,000	0.45%

BKDWA, in its sole discretion, may charge a greater or lesser investment management fee and/or reduce or waive its aggregate account minimum based upon certain criteria, *i.e.*, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc. In addition, employees, officers and partners of BKDWA and BKD may be charged a discounted rate.

Fees are calculated as follows:

$(\text{Account Value} \times \text{Annual Fee \%}) / 4 = \text{Quarterly Fee}$

### **Fee Payment**

Advisory fees are charged quarterly, in advance, and are not tiered in their calculation. The initial quarterly fee will be charged in arrears, prorated based on the number of days the account was open during the initial quarter.

Unless directed otherwise, we will deduct your fees directly from your account on a quarterly basis. If requested, a copy of the invoice will be provided. We request payment in full within 30 days. Statements provided by your custodian will detail the total amount of the fees that were deducted each quarter. If the invoice(s) has not been paid in full within 60 days of receipt of the invoice, fees may be debited directly from your account(s). Fees are not verified by your custodian; it is your responsibility to do so.

### **Valuation of Securities/Accounts**

Your custodian is primarily used to price the securities in your account(s). If the market quotations are not available from the custodian, an Envestnet platform or a third-party provider may be used. If a pricing issue arises where there is no readily available pricing information, BKDWA shall use its best efforts to obtain all relevant information in order to determine a fair value. If it is deemed necessary or prudent, an independent third party may be hired to provide an appraisal of the security.

We charge advisory fees based upon the valuation of your account(s) as determined by our internal portfolio management system, which interfaces and is reconciled with the custodian daily. The total portfolio value on which fees are based may vary from the value on the custodian statement (the valuation may be higher or lower) due to such factors as the timing and posting of dividends, settlement dates for trades and accrued interest. (This

may not be an all-inclusive list.) The value of your account as of the last business day of the previous quarter (as shown in our internal portfolio management system) is used to determine the fees charged.

### **Investment Consulting Fees**

Fees for investment consulting services are charged on an hourly, fixed or percentage-of-assets basis (or some other combination). The agreed-upon fee may be more or less than other fee payment options. We may charge separately for expenses, such as travel and third-party products, necessary to provide consulting services.

Hourly rates range from \$100 to \$500 per hour, based on the knowledge and experience of the individual providing the work. Hourly fees are invoiced monthly. Payment is due within 30 days of receipt of the invoice.

### **Investment Consulting - Fixed Fees**

Due to the specific nature of this service, there is no range of fixed fees to disclose. The fee is determined on a client-by-client, project-by-project basis. Fixed fees are invoiced on a quarterly basis in advance of the service provided, with payment due within 30 days of receipt of the invoice. Fixed fees are determined in advance and agreed to by the client. Services will vary by client based on the project parameters.

### **Percentage of Assets - Fees**

Annual fees are billed quarterly in advance and prorated for accounts opened or closed during a calendar quarter and are based upon the assets consulted on. The fee will typically range from 0.15% to 1.5% based on the complexity of the client's needs, frequency and types of reporting, analysis and manager performance plotting, among other factors (including many, but not all, of the criteria listed above under Wealth Management). Payment is due within 30 days of receipt of the invoice. In some cases, these fees will be deducted from client's account(s).

### **Financial Planning Fees**

Fees for financial planning services may be charged on an hourly or fixed-fee basis. Once determined, the fee arrangement is set forth in the financial planning agreement. Fees for expenses such as overnight delivery and travel, if required, may be charged separately as specified in the agreement.

### **Financial Planning - Hourly Fees**

Hourly rates range from \$60 to \$500 per hour, based upon the knowledge and experience of the individual providing the work. Fees are billed in 15-minute increments.

### **Financial Planning - Fixed Fees**

Fees are typically determined by estimating the number of hours to be spent preparing the plan and then quoting a fixed price. If additional work is requested (beyond the original scope of the project), it may be billed on an hourly basis or a fixed-price basis as negotiated and agreed upon between client and BKDWA.

Total costs for financial plans, whether charged per hour or on a fixed basis, may range from \$500 to as much as \$30,000 or more. There is no "typical" plan, as services are customized to the particular needs of the client; thus there is a wide range of fees that may be imposed.

Hourly fees will be billed monthly (in arrears) as the work is provided. Fixed fees will be invoiced monthly or quarterly, depending upon the anticipated delivery of the plan. Other limited planning services are billed monthly.

Should a contract be terminated prior to the service being delivered, we will bill for work provided. In the case of prepayment of fees, the prorated refund will be based upon the hourly rate of the individuals who provided the services.

### **Bundled Pricing**

Bundled pricing services may be offered to clients who are clients of both BKDWA and BKD. Bundled pricing is designed to provide the option of paying one fee for multiple services. For example, a client may receive wealth management services provided by BKDWA and tax services from BKD. At the discretion of BKD and BKDWA, additional accounting services such as preparation of an individual tax return may be included as part of the standard advisory fee. In some cases, fees for accounting services will be invoiced to the client separately by BKD.

### **BENEFIT PLAN CONSULTING FEES**

BPC charges a base annual fee for administrative and compliance functions, which are outlined in agreement with the client. We do have the ability to negotiate fees on a client-by-client basis. As a result, annual fees may vary based upon specific services provided and/or the nature of the client relationship.

### **BPC Fees for Investment Consulting/Management**

Our fees for investment consulting/management services are billed quarterly in advance of the service and prorated for accounts opened or closed during a calendar quarter. Generally, the fee is based upon the asset value of the qualified plan on which we consult, complexity, frequency of meetings, depth of security analysis and reporting, among other factors. Depending upon the plan, our BPC division may spend more or less time providing TPA services than investment consulting services. However, from time to time, we may charge a fixed fee depending upon the situation.

Our typical fee schedule is as follows:

Plan Assets < \$5 million:	0.30%-1.50%
Plan Assets > \$5 million:	0.20%-0.80%

Minimum account value is \$500,000, but BPC does have the ability to make exceptions on a client-by-client basis.

### **TERMINATION**

All advisory agreements and Investment Consulting Agreements will continue in effect until terminated by either party under terms of the agreement. Termination of agreement will not affect the validity of any services previously provided by BKDWA or BPC. Upon termination, the client will receive a refund of any prepaid and unearned advisory fees (prorated for the balance of the quarter, if needed). If services have been provided, fees are therefore due and payable and client will receive an invoice for the amount due. Any transactional or custodial charges levied by client's custodian after the termination of the advisory agreement are client's responsibility and not the responsibility of BKDWA. We have no obligation to refund fees charged by the custodian.

### **ADDITIONAL COSTS**

All fees paid to BKDWA for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus, which we recommend you review. These fees will generally include a management fee, other fund expenses and a possible distribution fee. You should review the fees charged by the mutual fund and the fees we charge to

understand the total amount of fees paid, as investments in some mutual funds may be made by you, independent of and without the services provided by us.

Although BKDWA recommends and purchases no-load or load-waived mutual funds for client accounts, some funds held when opening an account may have imposed (or will impose) an initial or deferred sales charge. We do not participate in the sales charges charged by mutual funds.

We are not compensated based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds of any client. Advisory fees are charged only as described within this disclosure document. We do not have any potential conflicts of interest present that relate to any additional (and undisclosed) compensation from client or client's assets that we manage.

#### **THE USE OF THIRD-PARTY RECORD KEEPERS**

Many Plan Sponsors have contractual arrangements with other third-party record keepers. Fees for such services may vary and are outlined in the contract between the Plan Sponsor and the record keeper. The plan record keeper provides system access for participants, the Plan Sponsor and BPC and is also responsible for recording daily transactions, processing the sponsor's payroll, producing participant statements, producing Plan Sponsor reports and processing loans and distributions. Third-party record keepers may engage affiliates that also provide investment vehicles for 401(k), pension plans or other retirement products. These affiliates may receive separate fees for their services or they may charge a bundled fee for TPA, as well as investment management services.

Any revenue BPC receives from these record keepers is credited to the client in order to offset fees charged to the client directly by BPC.

#### **Custodian Brokerage Transaction Fee Schedule**

All fees and transaction costs charged by the custodian are not included in the above fees. Please see the section below titled Brokerage Practices for more information on custodial fees.

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

BKDWA does not charge performance-based fees.

### **Item 7 – Types of Clients**

#### **WEALTH MANAGEMENT**

BKDWA generally provides wealth management to individuals (including high-net-worth individuals), charitable organizations, state or municipal government entities and corporations or business entities.

There is no minimum dollar value to open or maintain an account. However, it should be noted that transaction costs will incur, which may impact performance. In addition, BKDWA imposes a minimum annual fee of \$7,500 on the client's account.

#### **BENEFIT PLAN CONSULTING**

BPC generally provides investment advice to institutional clients, including 401(k) plans, pension and profit sharing plans, banks, thrift organizations, corporations, ESOPs, defined benefit plans, 403(b) plans, endowments, foundations and corporate clients.

Minimum account value is \$500,000, but BPC does have the ability to make exceptions on a client-by-client basis.

#### **FINANCIAL PLANNING, INVESTMENT CONSULTING & REFERRALS TO INDEPENDENT MONEY MANAGERS**

There are no minimum account sizes for financial planning or investment consulting clients. Independent money managers may impose account minimums. This information will be disclosed in their respective Form ADVs.

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

#### **ANALYSIS**

BKDWA utilizes a variety of resources and methods to conduct our analysis. These include, but are not limited to: fundamental analysis, technical analysis, and cyclical information and analysis. Our primary resources for obtaining information are research materials prepared by others, financial newspapers and magazines, corporate rating services, company annual reports and press releases, prospectuses and SEC filings.

#### **INVESTMENT STRATEGIES**

Investment strategies are based on six fundamental investment beliefs:

- Global diversification reduces portfolio risk and improves return potential
- Both active and passive management have a place in portfolio design
- Investor emotions and behavior often impact investment results
- Initial valuation matters, and is a critical factor determining the future return potential of an asset class
- Substance is more important than form when selecting investments
- Minimizing tax consequences in the investment process is important

Our portfolio strategies are designed to suit each client's specific risk profiles, and our investment approach is long term in focus. Where appropriate we may also occasionally complement our core long-term strategy with short-term investments, including margin transactions and the purchase of stock options.

BKDWA offers advice on a wide spectrum of investments and investment programs, including: short-term money market securities, corporate, municipal and U.S. government fixed income securities, exchange listed, over-the-counter and foreign equities, investment company securities such as mutual funds, separately managed accounts and annuities.

#### **RISKS**

All investments in securities include varying degrees of risk. Stock markets and bond markets may fluctuate substantially over time. In addition, the performance of any investment is not guaranteed. BKDWA will manage client assets to the best of the firm's ability; however, it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by BKDWA) will be profitable or equal any specific performance level(s).

The majority of BKDWA's investment strategies will be executed with the use of publicly traded, managed vehicles such as open-ended mutual funds, exchange traded funds and separately managed accounts. These funds, as well as other investment types employed, may carry the following material risk: domestic market risk, international market risk, active management risk, interest rate risk, credit risk, issuer risk, liquidity risk, leveraging risk and currency risk.

## Item 9 – Disciplinary Information

BKDWA is required to disclose all material facts regarding any legal or disciplinary events that would materially impact your evaluation of BKDWA or the integrity of BKDWA management. This statement applies to the firm and every employee. No events have occurred at BKDWA that are applicable to this section.

## Item 10 – Other Financial Industry Activities & Affiliations

### ACCOUNTING FIRM

Persons associated with BKDWA may also be partners of BKD, a certified public accounting firm and the parent company of BKDWA. In addition, all individuals employed with BKDWA are considered dually employed by BKD. BKD's principal services include auditing financial statements and other financial statement services, preparing tax returns and other related accounting, business and tax services. BKD does not sell products other than computer software. We may recommend this accounting firm to clients in need of tax, accounting or business consulting services. These services are separate from our advisory services but may be "bundled" for pricing purposes as outlined above. You are not obligated to use BKD's services and may choose to engage the services of an unaffiliated accounting firm.

### BROKER-DEALER

We are, through common control and ownership, affiliated with BKD Corporate Finance, LLC, a limited purpose broker-dealer registered with the Financial Industry Regulatory Authority (FINRA) and the SEC. BKD Corporate Finance, LLC is licensed to perform certain investment banking functions such as merger and acquisitions and business valuations. We may make uncompensated client referrals to this entity for services that may be useful to our clients. You are under no obligation to utilize the services provided by BKD Corporate Finance, LLC. Besides these potential referrals, there is no material relationship between the services provided by BKD Corporate Finance, LLC and BKDWA.

## Item 11 – Code of Ethics

Through our professional activities, we realize a potential conflict of interest if the firm or individuals associated with the firm purchase or sell securities, for their personal accounts, identical to those recommended to clients. We may have an interest or position in one or more securities, which may also be recommended to you. However, BKDWA has established rules of conduct for all employees and partners, which are designed to, among other things, govern personal securities trading activities in the accounts of employees. The Code of Ethics (Code) is based upon the principle that BKDWA and its employees owe a fiduciary duty to BKDWA's clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid:

- Serving their own personal interests ahead of clients
- Taking inappropriate advantage of their position with the firm
- Any actual or potential conflicts of interest or any abuse of their position of trust and responsibility

The Code is designed to ensure that the high ethical standards maintained by BKDWA continue to be applied. The purpose of the Code is to deter activities which may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct.



Pursuant to Section 206 of the Advisers Act, both BKDWA and its employees are prohibited from engaging in fraudulent, deceptive or manipulative conduct. BKDWA has an affirmative duty of utmost good faith to act solely in the best interest of its clients.

BKDWA requires all employees to sign an Acknowledgement of Receipt of the Code at the time of hire, as amended and annually thereafter. You may request a complete copy of BKDWA's Code of Ethics by contacting the chief compliance officer, Nicole Conklin, via email at [nconklin@bkd.com](mailto:nconklin@bkd.com).

## **Item 12 – Brokerage Practices**

### **RECOMMENDATION OF A CUSTODIAN**

We generally recommend that all clients select either Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab); National Financial Services LLC, or Fidelity Brokerage Services, LLC (together with all affiliates [Fidelity]) as custodian in order to participate in our programs. These firms are members of FINRA and Securities Investor Protector Corporation (SIPC) and are registered broker-dealers. These firms maintain custody of clients' assets and effect trades in their accounts. BKDWA is not affiliated with these entities. Although we normally recommend Schwab or Fidelity, there may be instances in which another custodian may be used.

In recommending these custodians/brokers, we have evaluated each and determined they offer our clients an excellent blend of service, financial strength, competitive commission rates and access to mutual funds otherwise not available to us or our clients, along with other factors. See the Additional Compensation section below for additional details.

Schwab provides BKDWA access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services are generally available to independent investment advisors on an unsolicited basis, at no charge to them as long as a total of \$10 million of the advisors' clients' assets are maintained in accounts at Schwab. Schwab's services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For BKDWA's client accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab that settle into Schwab accounts.

We participate in back office support programs sponsored by Schwab and Fidelity. These programs and the services provided, including trading platforms, are essential to our service arrangements and capabilities. As part of our participation in these programs, we receive benefits that we would not receive if we did not offer investment advice. See the Additional Compensation section below for additional details.

Ultimately, it is the client's decision whether or not to custody assets with Schwab or Fidelity; however, we generally do not accept clients who direct us to use other custodians. Under limited circumstances, BKDWA may accept client instructions for directing the client's brokerage transactions to a particular custodian/broker other than those suggested by the firm ("directed brokerage"). In directing us to use a specific custodian, client should understand we will not have the authority to negotiate commissions among various custodians or obtain volume discounts. This may also impact our ability to achieve best execution.

BKDWA does not participate in soft dollar arrangements. BKDWA does not engage in principal, cross or agency-cross transactions for any client.



Even though we recommend specific custodians, client should evaluate each firm to ensure that the custodian selected will provide the best blend of service and cost for client. For clients' accounts maintained in its custody, Schwab or Fidelity do not charge separately for custody but charges account holders commission or other transaction fees. The commission and transaction fees charged by Schwab or Fidelity may be higher or lower than those charged by other broker-dealers. We generally do not have the authority to negotiate the commission that will be charged to any client who uses the brokers that we recommend on a trade-by-trade basis.

#### **BROKERAGE DISCRETION - TRADEAWAY FEES**

Relative to its discretionary investment management services, when beneficial to the client, individual fixed income transactions may be effected through broker-dealers other than the account custodian; in which event, the client generally will incur both the transaction fee charged by the executing broker-dealer and a "tradeaway" fee charged by the account custodian.

Clients must qualify to participate in these transactions. To qualify, client must maintain a minimum portfolio value of \$150,000 and an allocation of fixed income on client's Investment Policy Statement as required by client's custodian and sign the appropriate paperwork with the custodian. We use this discretionary authority to trade away from the custodian when purchasing or selling fixed income securities only. It is not used in all cases. Reasonable restrictions on this authority may be imposed, as described above.

#### **NO BROKERAGE DISCRETION**

If the account does not qualify for tradeaways, we do not have the ability to trade at any other broker other than client's selected custodian. All transactions for client's account will be directed to client's custodian unless otherwise agreed upon.

#### **TRADE ERRORS**

From time to time, an error may occur when submitting a trade order on the client's behalf. If a trade error occurs in a client account and it is our error, we will correct the error so that client's account does not incur a loss. It is possible that client may not profit from the error, even if the correction results in a profit.

#### **ADDITIONAL COMPENSATION**

In no case will BKDWA receive or participate in economic benefits resulting from a client using a recommended insurance company, agency or broker. Within certain qualified benefit plans, we may also receive, but are not compensated by, shareholder servicing fees from various mutual fund companies with respect to our clients whose assets are invested in those mutual funds. Fees range from 5 basis points to 50 basis points, depending on the mutual fund purchased. All shareholder service fees we receive from mutual funds are credited back to the respective client accounts or credited against any fees owed to us.

#### **DEDICATED PLATFORMS**

Schwab and Fidelity have dedicated platforms for investment advisors. This is a key reason for our selection of these firms. These platforms provide us and our clients with benefits we may not receive from other firms, in terms of pricing and services. These firms also make available services intended to help BKDWA manage and further develop our business enterprise. These services may include compliance, legal and business consulting, publications and conferences on practice management, information technology consulting, technology, business succession, regulatory compliance consulting and marketing. In addition, they may make available, arrange and/or pay for these types of services rendered to BKDWA by independent third parties.

Through the programs in place with Schwab and Fidelity, we receive direct access to real-time client account information, electronic download of trades, balances and positions and the ability to directly debit client's

advisory fee. We may also receive software and support services, including reductions in seminar and conference fees from these program sponsors. Program services provided to us are not contingent upon any specific amount of business (assets or trading).

## **RESEARCH & ADDITIONAL BENEFITS**

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular custodian, we may receive from Schwab and Fidelity (or another broker-dealer/custodian, investment manager, platform or fund sponsor) without cost (or at a discount) support services and/or products, certain of which assist BKDWA to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by BKDWA may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by BKDWA in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that may be received may assist BKDWA in managing and administering client accounts. Others do not directly provide such assistance but rather assist us to manage and further develop its business enterprise.

Clients do not pay more for investment transactions effected and/or assets maintained at Schwab and/or Fidelity as a result of this arrangement. There is no corresponding commitment made by BKDWA to Schwab and/or Fidelity or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

The chief compliance officer, Nicole Conklin, remains available to address any questions regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

BKDWA places trades for its client accounts subject to its duty of best execution and other fiduciary duties; however, BKDWA's recommendation that clients maintain their assets at Schwab or Fidelity may be based in part on the benefit to us of the availability of some of these products and services and not solely on the nature, cost or quality of their custody and execution services. This may create a potential conflict of interest. Further, Schwab provides various products, services and other benefits to BKDWA at no cost or a reduced cost based on BKDWA's commitment that BKDWA's clients will place or maintain a specified dollar amount of assets in accounts with Schwab within a specified period of time. Specifically, BKDWA has entered into an agreement with Schwab for the provision of certain benefits to the firm, including:

- Reimbursement of transfer of account exit fees on client accounts transferred to Schwab
- Waiver of electronic equity trade charges on certain new accounts
- Credit towards marketing, technology, technology consulting, compliance consulting and business consulting services provided by Schwab

BKDWA may be influenced by this commitment in recommending that clients establish custodial accounts at Schwab.

## **BLOCK TRADING (MINI BLOCKS) & TRADE ALLOCATION**

We may aggregate purchases or sales of the same security for multiple accounts. We may also include employee transactions with those of nonaffiliated clients. Each account participating in the block will receive the average price if multiple executions are required to complete the order.

We may “mini block” transactions. Mini blocks are block trades segregated by custodian and office when purchasing or selling securities. Clients participating in a mini block do not receive the benefit of negotiated commissions, as we do not have that authority on an account-by-account or transaction-by-transaction basis. Because of our practice of managing portfolios on an individual basis, we do not frequently block transactions. This may result in clients not receiving best execution.

We may block multiple client accounts together that qualify for tradeaways. Such block trading is segregated by office and by portfolio manager. We do not aggregate block trades across accounts at all offices at the same time.

## **Item 13 – Review of Accounts**

### **WEALTH MANAGEMENT**

Each account receives an indirect review by the portfolio manager and/or the firm’s Investment Committee through the ongoing review of securities that occurs as we monitor and maintain our approved list.

Formal reviews are based on objectives and parameters established by the client through their individual risk tolerance survey and Investment Policy Statement. All client materials are reviewed by portfolio managers or Advisors authorized to perform this function. Each reviewer handles a different number of client accounts as the number varies by office. The number of reviewers may increase as client demand increases. We encourage annual reviews and face-to-face meetings.

### **BENEFIT PLAN CONSULTING**

Each plan is reviewed by our benefit plan consultants and portfolio managers on an ongoing basis. Although various reports can be provided to clients at any time, formal performance reviews are completed by the benefit plan consultants and portfolio managers on a periodic basis as agreed upon with each client. It is our policy to encourage our clients to meet with their benefit plan consultant face to face on at least an annual basis.

Reviews may also be triggered by special client request, a change in a client’s financial situation or investment objectives or significant world, economic or market events.

### **INVESTMENT CONSULTING SERVICES**

Reviews vary depending upon the client’s request and ongoing services agreed to between the client and BKDWA.

### **FINANCIAL PLANNING SERVICES**

Financial plans may not be reviewed after the plan is delivered (for written plans) or after the service is performed (for consulting on a plan). Exceptions to this include clients with an annual service contract for which an annual update is purchased or if the client requests a periodic review.

### **REPORTS**

#### **Wealth Management**

Wealth management clients are provided a report on a quarterly basis. This report may identify some or all of the following information: current market value, capital contributions and withdrawals. In addition, a summary

performance analysis report, which includes the portfolio rate of return, will be provided for the most recent quarter-end. This report also shows the return from inception of the account. Taxable clients may receive an annual realized gain and loss report for tax purposes. All reports are in addition to account statements and transaction confirmations received from client's custodian.

### **Investment Consulting Services & Financial Planning**

Regular reports are not provided to financial planning clients unless a plan update or additional service is requested. Regular reports are not provided to investment consulting clients unless outlined in the client agreement.

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

BKDWA has no active solicitor agreements. However, we continue to pay referral fees from prior agreements.

In the event we refer you to another service provider, we will not receive any compensation, directly or indirectly, for making such a referral. You should conduct your own inquiry regarding any such referrals to ensure they are qualified and meet your needs and select a different provider if you wish. We will coordinate our work, as appropriate and as requested, with any such other service provider, but absent a separate written agreement to do so, will not monitor or evaluate the work performed by the referred or any other service provider.

### **SCHWAB REFERRAL PROGRAM**

In the past, we have received client referrals from Schwab through our participation in the Schwab Advisor Network program ("the Service"), a service designed by Schwab to refer brokerage customers and other investors to independent investment advisors that do business with Schwab Institutional and provide investment management and/or financial planning services. Under this service, Schwab acted as a solicitor for advisors pursuant to Rule 206(4)-3 of the Advisers Act. Although we no longer participate in this Service, we continue to pay Participation Fees to Schwab for assets we received as referrals through the Service.

## **Item 15 – Custody**

BKDWA is deemed to have custody of certain client funds and/or securities due to its affiliated entity BKD and when it directly debits advisory fees. Some of the partners of BKD and employees of BKDWA may also serve as trustees on certain client accounts managed by BKDWA. Additionally, some clients have authorized standing letters of authorization for BKDWA to move money from clients' custodial account to a non-like titled third party. However, in accordance with Rule 206(4)-2 of the Advisers Act, all cash and securities are maintained with a "qualified custodian," clients receive accounts statements directly from the custodian on a quarterly basis and all clients are provided with a notification, in writing, of the name and contact information for the custodian (Schwab or Fidelity).

In addition to the reports provided by BKDWA to all clients (as described in Item 13 above), clients will receive account statements directly from their qualified custodian at least quarterly. We urge the client to compare the account statements received from the qualified custodian and the account statements provided by BKDWA.

## **Item 16 – Investment Discretion**

For the majority of the firm's investment management accounts, BKDWA has the authority to determine, without obtaining specific client consent, the securities to be bought and sold in client accounts and the amount of such securities to be bought and/or sold. Any activity in your accounts will be made only in accordance with previously

stated investment objectives and risk tolerance, as defined in your Investment Policy Statement. You may impose reasonable restrictions on this authority. (Please refer to Item 4 above.)

A fraction of the firm's accounts are deemed to be nondiscretionary at the time of account opening.

BKDWA recommends certain broker-dealers, but each client must select their broker-dealer at the time of account opening. BKDWA does not determine the amount of brokerage commissions to be charged for transactions in client accounts.

#### **RETIREMENT ROLLOVERS NO OBLIGATION**

You are under absolutely no obligation to engage BKDWA as the investment advisor for your employer-sponsored retirement account. Rather, you can continue to self-direct your retirement account at your employer. If you determine that you would like BKDWA's assistance, BKDWA shall charge a separate and additional advisory fee for ongoing advisory services. You will not incur this separate and additional advisory fee if you determine to continue to self-direct your employer-sponsored retirement account. As a result, any recommendation by BKDWA that you engage us to manage this retirement account presents a conflict of interest since we shall derive an economic benefit from such engagement. Again, you are under absolutely no obligation to engage BKDWA as the investment advisor for your retirement account. The chief compliance officer, Nicole Conklin, remains available to address any questions regarding retirement rollovers and any corresponding conflicts of interest.

#### **Item 17 – Voting Client Securities, *i.e.*, Proxy Voting**

We have adopted policies and procedures to help ensure that proxies are voted in client's best interest. We only vote proxies related to securities held by our clients who provide us with written authority to do so. This written authority is provided via client's executed portfolio management agreement unless otherwise indicated on their custodial paperwork.

ISS, an independent third party, has been retained to act as an independent voting agent. ISS' role is to execute the proxy voting and ensure that the voting procedures are completed and documented. Final voting decisions are based on a pre-established set of policy guidelines and on the recommendation of ISS, based on its independent, objective analysis. This process helps ensure that proxies voted are in the best interest of the clients and insulates, as much as possible, voting decisions from conflicts of interest. Should it be necessary, BKDWA may override ISS vote recommendations. The CIO and president will do so; however, only if they each believe that a different vote is in the best interest of its clients. ISS may vote proxies for clients at the same custodian on an aggregated basis. Any questions regarding proxy voting should be addressed to client's advisor or chief compliance officer, Nicole Conklin, via email at [nconklin@bkd.com](mailto:nconklin@bkd.com).

#### **INDEPENDENCE SECURITIES**

BKDWA is affiliated with a public accounting firm. Due to this relationship, accounting industry standards apply. Accountants must maintain their independence when rendering accounting opinions. Consequently, certain securities are classified as Independence Securities or unmanaged by BKDWA due to their affiliation with BKD. An Independence Security is considered to be a security of an issuer for whom BKD provides audit or attest work. Please note that investment advice is not rendered and fees are not charged by BKDWA on these securities.

#### **UNMANAGED SECURITIES**

Should a client's portfolio contain unmanaged or Independence Securities for whatever reason, such as when the account transfers to BKDWA's management, the portfolio manager will either promptly sell the securities and

reinvest the proceeds or place them on an unmanaged list so advice is not rendered and fees are not charged on these assets. Tax implications to the client will also be taken into account before the securities are sold.

BKDWA will not provide investment advisory advice and will not charge a fee in relation to unmanaged securities. If a client seeks investment advice regarding such assets, BKDWA will recommend an alternative security in order to maintain the independence of BKD. In some circumstances, BKDWA may be allowed to charge a fee on Independence Securities. This could include separately managed accounts or accounts that have assets held away from BKDWA and are consulting only in nature.

## **Item 18 – Financial Information**

BKDWA does not require prepayment of advisory fees; therefore, the firm is not required to provide an audited financial statement.

## **Privacy Policy**

BKD Wealth Advisors, LLC values our relationship with you and considers your privacy an important priority in maintaining that relationship. We are committed to protecting the security and confidentiality of your personal information.

### **SOURCES OF INFORMATION**

We collect nonpublic personal information about you from the following sources:

- Information we receive from you, or your broker-dealer, investment advisor or financial representative through interviews, applications, agreements or other forms
- Information about your transactions with us, our affiliates or others
- Information we receive from your inquiries by mail, email or telephone

### **INFORMATION COLLECTED**

The type of data we collect may include your name, address, social security number, age, financial status, assets, income, tax information, retirement and estate plan information, transaction history, account balance, payment history, investment objectives, marital status, family relationships and other personal information.

### **DISCLOSURE OF INFORMATION**

We do not disclose any nonpublic personal information about our customers or former customers except as permitted by law. These permitted uses include the disclosure of such information to unaffiliated financial service providers and other companies for the following reasons:

- In order to provide you with products and services and to effect transactions that you request or authorize, we may disclose your personal information as described above to unaffiliated financial service providers and other companies that perform administrative or other services on our behalf, such as transfer agents, custodians and trustees, or that assist us in the distribution of investor materials such as trustees, banks, financial representatives, proxy services, solicitors and printers.
- We may also release such information about you if you direct us to do so, if we are compelled by law to do so or in other legally limited circumstances (for example, to protect your account from fraud).

### **CONFIDENTIALITY & SECURITY**

With regard to our internal security procedures, BKD Wealth Advisors, LLC restricts access to your nonpublic personal information to those BKD Wealth Advisors, LLC employees who need to know that information to

provide products or services to you. We maintain physical, electronic and procedural safeguards to protect your nonpublic personal information.

#### **POLICY UPDATES & INQUIRIES**

We reserve the right to modify this policy at any time; however, if we do change it, we will tell you promptly. For questions about our policy, please contact us.

BKD Wealth Advisors, LLC's chief compliance officer, Nicole Conklin, remains available to address any questions regarding this ADV Part 2A. She can be contacted via email at [nconklin@bkd.com](mailto:nconklin@bkd.com).