



BCS Wealth Management, LLC

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March 17, 2017

This Brochure provides information about the qualifications and business practices of BCS Wealth Management. If you have any questions about the contents of this Brochure, please contact us at 423-283-9821 or [LOlander@bcswealth.com](mailto:LOlander@bcswealth.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

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

**Item 2 – Material Changes**

This Brochure is prepared in the revised format required beginning in 2011. Registered Investment Advisers are required to use this format to inform clients of the nature of advisory services provided, types of clients served, fees charged, potential conflicts of interest and other information. The Brochure requirements include the annual provision of a Summary of Material Changes (the “Summary”) reflecting any material changes to our policies, practices, or conflicts of interest made since our last required “annual update” filing. In the event of any material changes, such Summary is provided to all clients within 120 days of our fiscal year-end. Our last annual update was filed on February 19, 2016.

Nathan Goodwin became a Member of BCS Wealth Management as of January 1, 2017.

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#### **Item 4 – Advisory Business**

BCS Wealth Management, LLC (“BCS Wealth Management”) was formed in May 1998. Originally, the partners of the accounting firm of Blackburn, Childers and Steagall, PLC decided to create a firm that could assist their clients with financial planning and investment management. This decision was based on years of clients requesting advice and guidance in this important area of their lives. To that end, the firm partnered with Mike Alread, CFP® to launch BCS Wealth Management.

Michael Alread, Nicholas Clay, Nathan Goodwin, and SCB Partnership are Members of BCS Wealth Management. Please see **Brochure Supplement(s)**, Exhibit A, for more information on these principal owners and other individuals who formulate investment advice and have direct contact with clients, or have discretionary authority over client accounts.

As of December 31, 2016, BCS Wealth Management managed approximately \$167,515,000 on a discretionary basis and \$1,247,000 in non-discretionary assets. The total firm assets under management were approximately \$168,762,000.

#### **Services Provided**

At the outset of each client relationship, BCS Wealth Management spends time with the client asking questions, discussing the client’s investment experience and financial circumstances, and broadly identifying major goals of the client.

Clients may elect to retain BCS Wealth Management to prepare a full financial plan as described below. This written report is presented to the client for consideration. In most cases, clients subsequently retain BCS Wealth Management to manage the investment portfolio on an ongoing basis.

For those financial planning clients making this election, and for other clients who do not need financial planning but retain BCS Wealth Management for portfolio management services, based on all the information initially gathered, BCS Wealth Management generally develops with each client:

- a financial outline for the client based on the client’s financial circumstances and goals, and the client’s risk tolerance level (the “Financial Profile” or “Profile”); and
- the client’s investment objectives and guidelines (the “Investment Plan” or “Plan”).

The Financial Profile is a reflection of the client’s current financial picture and a look to the future goals of the client. The Investment Plan outlines the types of investments BCS Wealth Management will make or recommend on behalf of the client to meet those goals. The Profile and the Plan are discussed regularly with each client but are not necessarily written documents.

### Financial Planning

One of the services offered by BCS Wealth Management is financial planning, described below. This service may be provided as a stand-alone service or may be coupled with ongoing portfolio management.

Financial planning generally includes advice that addresses one or more areas of a client's financial situation, such as estate planning, risk management, budgeting and cash flow controls, retirement planning, education funding, and investment portfolio design. Depending on a client's particular situation, financial planning may include some or all of the following:

- Gathering factual information concerning the client's personal and financial situation;
- Assisting the client in establishing financial goals and objectives;
- Analyzing the client's present situation and anticipated future activities in light of the client's financial goals and objectives;
- Identifying problems foreseen in the accomplishment of these financial goals and objectives and offering alternative solutions to the problems;
- Making recommendations to help achieve retirement plan goals and objectives;
- Designing an investment portfolio to help meet the goals and objectives of the client;
- Providing estate planning;
- Assessing risk and reviewing basic health, life and disability insurance needs; or
- Reviewing goals and objectives and measuring progress toward these goals.

Once financial planning advice is given, the client may choose to have BCS Wealth Management implement the client's financial plan and manage the investment portfolio on an ongoing basis. However, the client is under no obligation to act upon any of the recommendations made by BCS Wealth Management under a financial planning engagement and/or to engage the services of any recommended professional.

### Portfolio Management

As described above, at the beginning of a client relationship, BCS Wealth Management meets with the client, gathers information, and performs research and analysis as necessary to develop the client's Investment Plan. The Investment Plan will be updated from time to time when requested by the client or when determined to be necessary or advisable by BCS Wealth Management based on updates to the client's financial or other circumstances.

To implement the client's Investment Plan, BCS Wealth Management will manage the client's investment portfolio on a discretionary or a non-discretionary basis. As a discretionary investment adviser, BCS Wealth Management will have the authority to supervise and direct the portfolio without prior consultation with the client. Under a non-discretionary arrangement, clients must be contacted prior to the execution of any trade in

the account(s) under management. This can result in a delay in executing recommended trades, which could adversely affect the performance of the portfolio. In a non-discretionary arrangement, the client retains the responsibility for the final decision on all actions taken with respect to the portfolio.

#### Retirement Plan Advisory Services

Establishing a sound fiduciary governance process is vital to good decision-making and to ensuring that prudent procedural steps are followed in making investment decisions. BCS Wealth Management will provide Retirement Plan consulting services to Plans and Plan Fiduciaries as described below. The particular services provided will be detailed in the consulting agreement. The appropriate Plan Fiduciary(ies) designated in the Plan documents (e.g., the Plan sponsor or named fiduciary) will (i) make the decision to retain our firm; (ii) agree to the scope of the services that we will provide; and (iii) make the ultimate decision as to accepting any of the recommendations that we may provide. The Plan Fiduciaries are free to seek independent advice about the appropriateness of any recommended services for the Plan.

The Employee Retirement Income Security Act of 1974 (“ERISA”) sets forth rules under which Plan Fiduciaries may retain investment advisers for various types of services with respect to Plan assets. For certain services, BCS Wealth Management will be considered a fiduciary under ERISA. To the extent that the Plan Fiduciaries retain BCS Wealth Management to act as an investment manager within the meaning of ERISA § 3(38), BCS Wealth Management will provide discretionary investment management services to the Plan.

#### Fiduciary Consulting Services

- *Investment Monitoring*  
BCS Wealth Management will assist in monitoring the plan’s investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformation to the guidelines set forth in the investment policy statement and BCS Wealth Management will make recommendations to maintain or remove and replace investment options. The details of this aspect of service will be enumerated in the engagement agreement between the parties.

#### Fiduciary Management Services

- *Discretionary Management Services*  
When retained as an investment manager within the meaning of ERISA § 3(38), BCS Wealth Management provides continuous and ongoing supervision over the designated retirement plan assets. BCS Wealth Management will actively monitor the designated retirement plan assets and provide ongoing management of the assets. When applicable, BCS Wealth Management will have discretionary authority to make all decisions to buy, sell or hold securities, cash or other investments for the designated retirement plan assets in our sole discretion without first consulting

with the Plan Fiduciaries. We also have the power and authority to carry out these decisions by giving instructions, on your behalf, to brokers and dealers and the qualified custodian(s) of the Plan for our management of the designated retirement plan assets.

- *Discretionary Investment Selection Services*  
BCS Wealth Management will monitor the investment options of the Plan and add or remove investment options for the Plan without prior consultation with the Plan Fiduciaries. BCS Wealth Management will have discretionary authority to make and implement all decisions regarding the investment options that are available to Plan Participants.

*Non-Fiduciary Services*

- *Participant Education*  
BCS Wealth Management will provide education services to Plan Participants about general investment principles and the investment alternatives available under the Plan. Education presentations will not take into account the individual circumstances of each Plan Participant and individual recommendations will not be provided unless a Plan Participant separately engages BCS Wealth Management for such services. In certain circumstances, Plan Participants are responsible for implementing transactions in their own accounts.

## **Item 5 – Fees and Compensation**

BCS Wealth Management's asset management fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Please see **Item 12 – Brokerage Practices** for additional information. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds ("ETFs") also charge internal management fees which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to BCS Wealth Management's fee.

### Financial Planning Fees

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

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

Portfolio Management Fees

The specific manner in which fees are charged by BCS Wealth Management is established in a client's written agreement with BCS Wealth Management. This agreement may be terminated at any time by either party hereto giving to the other at least thirty (30) days prior written notice of such termination.

BCS Wealth Management will bill fees on a quarterly basis, in advance of each calendar quarter, based on the value of the account at the end of the prior quarter. Management fees are directly debited from client's custodial accounts and are not prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts opened during a calendar quarter will not be charged a fee for the initial partial quarter, but will be billed on the next quarterly billing cycle. Upon termination of any account, any prepaid fees will be promptly refunded. Fees paid in advance will be prorated to the date of termination and any unearned portion thereof will be refunded to client.

Fees are assessed as a percentage of assets under management, based on the following schedule:

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

The fee schedule can be negotiated based on circumstances applicable to the client's level of need and particular situation. BCS Wealth Management does not generally impose a minimum portfolio value for conventional investment advisory services or a minimum fee.

Other Compensation

Certain individuals are licensed to sell insurance in Tennessee and are entitled to receive commissions or other remuneration on the sale of insurance products. As such, these individuals are able to effect insurance transactions, although the customary compensation goes directly to BCS Wealth Management and not to the individuals themselves. To protect client interests, BCS Wealth Management's policy is to disclose all forms of compensation before any such transaction is executed. Under no circumstance will the client pay both a commission to BCS Wealth Management for insurance products and a management fee to BCS Wealth Management on the same pool of assets.

In addition, certain BCS Wealth Management employees are also Registered Representatives of Purshe Kaplan Sterling Investment ("PKS"), a FINRA and SIPC member, and registered broker/dealer. As such, they are entitled to receive commissions or other remuneration on the sale of insurance as well as other products. To protect client interests, BCS Wealth Management's policy is to disclose all forms of compensation before any such transaction is executed. Clients will not pay both a commission to these individuals and



also pay an advisory fee to BCS Wealth Management on the same pool of assets. These fees are exclusive of each other.

As a result of this relationship, these employees may have access to certain confidential information (e.g., financial information, investment objectives, transactions, and holdings) about BCS Wealth Management clients, even if the client does not establish any account through PKS. If you would like a copy of PKS' privacy notice, please contact Lauren Olander.

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

BCS Wealth Management does not have any performance-based fee arrangements. "Side by Side Management" refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because BCS Wealth Management has no performance-based fee accounts, it has no side-by-side management.

### **Item 7 – Types of Clients**

BCS Wealth Management provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, as well as trust accounts. BCS Wealth Management does not generally impose a minimum portfolio value for conventional investment advisory services or a minimum fee.

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

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

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

The equity mutual fund/ETF allocations may include US and International funds, large capitalization (well established companies) and small capitalization (small developing

companies) funds. Some advisors may use REITs (real estate investment trust), emerging markets, natural resources, or precious metals among other asset classes. This allocation generally provides the growth of the portfolio as well as the most potential risk.

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

Below is a sample of our investment allocation strategies:

Aggressive Strategy: These portfolios tend to have anywhere from 80% - 100% equity exposure with the remainder in bonds and cash. They have historically provided investors with the highest returns as well as the largest losses. Typically this strategy is best suited for an investor with a long term time frame, 15 or more years, and a willingness to accept significant short term losses and volatility.

Moderate Strategy: These portfolios tend to have anywhere from 40% - 60% equity exposure with the remainder in bonds and cash. They have historically provided investors with reasonable returns for the amount of risk taken. Typically this strategy is best suited for an investor with a shorter time frame than the “aggressive” investor or an investor that is in or nearing retirement.

Conservative Strategy: These portfolios tend to have anywhere from 0% - 20% equity exposure with the remainder in bonds and cash. They have historically provided investors with lower returns but generally have not suffered the losses experienced in the other strategies. Typically this strategy is best suited for an investor that is concerned with preservation of capital or needs income for living expenses.

#### Risk of Loss

While BCS Wealth Management seeks to diversify clients’ investment portfolios across various asset classes consistent with their Investment Plans in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals or that investments will not lose money.

Below is a description of several of the principal risks that client investment portfolios face.

*Management Risks.* While BCS Wealth Management manages client investment portfolios, based on BCS Wealth Management’s experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying securities in which they are invested. Accordingly, client investment portfolios

are subject to the risk that BCS Wealth Management allocates client assets to individual securities and/or asset classes that are adversely affected by unanticipated market movements and the risk that BCS Wealth Management's specific investment choices could underperform their relevant indexes.

*Risks of Investments in Mutual Funds, ETFs and Other Investment Pools.* As described above, BCS Wealth Management may invest client portfolios in mutual funds, ETFs and other investment pools ("pooled investment funds"). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

*Equity Market Risks.* BCS Wealth Management will generally invest portions of client assets directly into equity investments, primarily into pooled investment funds that invest in the stock market. As noted above, while pooled investments have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

*Fixed Income Risks.* BCS Wealth Management may invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

*Foreign Securities Risks.* BCS Wealth Management may invest portions of client assets into pooled investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that

the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security's underlying foreign currency.

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

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

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

BCS Wealth Management is majority owned by SCB Partnership, the Partners of which also own a public accounting practice, Blackburn, Childers & Steagall, PLC.

In addition, SCB Partnership also owns First Covenant Trust & Advisors (“Covenant”) and Trinity Valuation Consulting Group (“Trinity”). Covenant is a South Dakota State-Chartered Trust Company that serves as Trustee or Executor for individuals and estates. Trinity provides business valuation services.

BCS Wealth Management and its affiliates may recommend clients utilize the services of the other entity. There is no requirement that any client of one firm use the services of the other. The services of each are separate and are performed for separate and typical compensation. These affiliations create a potential conflict of interest and may influence BCS Wealth Management's choice of trust and valuation - related services.

### **Item 11 – Code of Ethics, Participation or Interest in client Transactions and Personal Trading**

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

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

trade for their own accounts in securities which are recommended to and/or purchased for BCS Wealth Management's clients.

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

Because client accounts are invested almost exclusively in open-end mutual funds and ETFs, there is little opportunity for a conflict of interest between personal trades by BCS Wealth Management associated persons and trades in client accounts, even when such accounts invest in the same securities. However, in the event of other identified potential trading conflicts of interest, BCS Wealth Management's goal is to place client interests first.

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

### **Item 12 – Brokerage Practices**

When given discretion to select the brokerage firm that will execute orders in client accounts, BCS Wealth Management seeks "best execution" for client trades, which is a combination of a number of factors, including, without limitation, quality of execution, services provided and commission rates. Therefore, BCS Wealth Management may use or recommend the use of brokers who do not charge the lowest available commission in the recognition of research and securities transaction services, or quality of execution. Research services received with transactions may include proprietary or third party research (or any combination), and may be used in servicing any or all of BCS Wealth Management's clients. Therefore, research services received may not be used for the account for which the particular transaction was effected.

BCS Wealth Management recommends that clients establish brokerage accounts with Charles Schwab & Co., Inc. (together with its affiliates, "Schwab"), a FINRA registered broker-dealer, member SIPC, as the qualified custodian to maintain custody of clients' assets. BCS Wealth Management may recommend that Trust and Estate accounts be

opened at Charles Schwab Bank, Member FDIC. BCS Wealth Management will also effect trades for client accounts at Schwab, or may in some instances, consistent with BCS Wealth Management's duty of best execution and specific agreement with each client, elect to execute trades elsewhere. Although BCS Wealth Management may recommend that clients establish accounts at Schwab, it is ultimately the client's decision to custody assets with Schwab. BCS Wealth Management is independently owned and operated and is not affiliated with Schwab.

Schwab Advisor Services provides BCS Wealth Management with access to its institutional trading, custody, reporting and related services, which are typically not available to Schwab retail investors. Schwab also makes available various support services. Some of those services help BCS Wealth Management manage or administer our clients' accounts while others help BCS Wealth Management manage and grow our business. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them. These services are not soft dollar arrangements but are part of the institutional platform offered by Schwab. Schwab's brokerage services include the execution of securities transactions, 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 BCS Wealth Management client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts. Schwab Advisor Services also makes available to BCS Wealth Management other products and services that benefit BCS Wealth Management but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of BCS Wealth Management accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist BCS Wealth Management in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide pricing and other market data; (iv) facilitate payment of BCS Wealth Management's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Advisor Services also offers other services intended to help BCS Wealth Management manage and further develop its business enterprise. These services may include: (i) technology compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to BCS



Wealth Management. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to BCS Wealth Management. Schwab Advisor Services may also provide other benefits such as educational events or occasional business entertainment of BCS Wealth Management personnel. In evaluating whether to recommend that clients custody their assets at Schwab, BCS Wealth Management may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

#### Directed Brokerage

BCS Wealth Management does not generally allow directed brokerage accounts.

#### Aggregated Trade Policy

BCS Wealth Management typically directs trading in individual client accounts as and when trades are appropriate based on the client's Investment Plan, without regard to activity in other client accounts.

### **Item 13 – Review of Accounts**

Investments held in accounts are reviewed on an ongoing basis. Each client's portfolio is reviewed at least annually for adherence to the Investment Plan that has been developed for the portfolio. Changes to the portfolio will be approved by the advisor in charge of that account.

For those clients to whom BCS Wealth Management provides separate financial planning, reviews are conducted on an as needed or agreed upon basis. Such reviews are conducted by one of BCS Wealth Management's investment adviser representatives or principals.

Account statements are sent to clients from the account custodian, generally on a monthly basis but no less frequently than quarterly. Account custodians also provide prompt confirmation of all trading activity and year-end tax statements, such as 1099 forms.

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

As noted above, BCS Wealth Management receives an economic benefit from Schwab in the form of support products and services it makes available to BCS Wealth Management and other independent investment advisors whose clients maintain accounts at Schwab. These products and services, how they benefit our firm, and the related conflicts of interest are described in **Item 12 - Brokerage Practices**. The availability of Schwab's products and services to BCS Wealth Management is based solely on our participation in the programs and not in the provision of any particular investment advice. Neither Schwab nor any other party is paid to refer clients to BCS Wealth Management.

### **Item 15 – Custody**

Clients should receive at least quarterly statements from Schwab.

In addition, BCS Wealth Management retains an independent public accountant to perform a “surprise examination” on certain client accounts of which our affiliate, Covenant, acts as trustee or executor.

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

As described in **Item 4 - Advisory Business**, BCS Wealth Management will accept clients on either a discretionary or non-discretionary basis. For *discretionary accounts*, a Limited Power of Attorney (“LPOA”) is executed by the client, giving BCS Wealth Management the authority to carry out various activities in the account, generally including the following: trade execution; the ability to request checks on behalf of the client; and the withdrawal of advisory fees directly from the account. BCS Wealth Management then directs investment of the client’s portfolio using its discretionary authority. The client may limit the terms of the LPOA to the extent consistent with the client’s investment advisory agreement with BCS Wealth Management and the requirements of the client’s custodian.

For *non-discretionary* accounts, the client also generally executes an LPOA, which allows BCS Wealth Management to carry out trade recommendations and approved actions in the portfolio. However, in accordance with the investment advisory agreement between BCS Wealth Management and the client, BCS Wealth Management does not implement trading recommendations or other actions in the account unless and until the client has approved the recommendation or action. As with discretionary accounts, clients may limit the terms of the LPOA, subject to BCS Wealth Management’s agreement with the client and the requirements of the client’s custodian.

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

Where BCS Wealth Management has authority to vote proxies, BCS Wealth Management will seek to vote proxies in the best interest of the client(s) holding the applicable securities. In voting proxies, BCS Wealth Management considers factors that BCS Wealth Management believes relate to the client’s investment(s) and factors, if any, that are set forth in written instructions from the client.

In general, BCS Wealth Management believes that voting proxies in accordance with the following guidelines, with respect to such routine items, is in the best interests of our clients. Accordingly, BCS Wealth Management generally votes **for**:

- The election of directors (where no corporate governance issues are implicated);
- Proposals that strengthen the shared interests of shareholders and management;



- The selection of independent auditors based on management or director recommendation, unless a conflict of interest is perceived;
- Proposals that BCS Wealth Management believes may lead to an increase in shareholder value;
- Management recommendations adding or amending indemnification provisions in charter or by-laws; and
- Proposals that maintain or increase the rights of shareholders.

BCS Wealth Management will generally vote **against** any proposals that BCS Wealth Management believes will have a negative impact on shareholder value or rights. If BCS Wealth Management perceives a conflict of interest, BCS Wealth Management's policy is to notify affected clients so that they may choose the course of action they deem most appropriate.

As stated earlier, BCS Wealth Management's goal is to vote proxies in the best interest of the client(s). To that end, BCS Wealth Management has engaged Broadridge Financial Solutions, Inc., a Voting Agent Service, to facilitate BCS Wealth Management's proxy voting service.

A copy of our complete policy, as well as records of proxies voted, is available to clients upon request. As required under the Advisers Act, such records are maintained for a period of five (5) years.

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

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

BCS Wealth Management does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore has no disclosure with respect to this item.