

# Millennium Advisory Services, Inc.

## Part 2A of Form ADV

### The Brochure

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This brochure provides information about the qualifications and business practices of Millennium Advisory Services, Inc. (“MAS” or the “Advisor”). If you have any questions about the contents of this brochure, please contact us at 804-346-1040. 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.

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

## Item 2 Material Changes

MAS' most recent update to Part 2 of Form ADV was made in September 2016. MAS' business activities have not changed materially since the time of that update.

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## Item 4 Advisory Business

MAS was founded in January 2001 and is equally owned by Paul B. Hunt and Steven T. Anderson. As of January 1, 2017 MAS managed approximately \$177 million on a discretionary basis.

### UNIFIED WEALTH MANAGEMENT SERVICES

MAS offers fiduciary investment advisory services through participation on the Unified Wealth Management Services platform offered by Wealthcare Capital Management® ("Wealthcare"). Advisor assesses the financial needs of clients through completion of a profiling questionnaire developed and offered by Wealthcare ("Wealthcare Questionnaire"). The completed Wealthcare Questionnaire is provided to Wealthcare and used to create a custom plan and asset allocation that takes into account various aspects of a client's personal circumstances and life goals, particularly the client's priorities among goals, age, time horizon, investment goals and objectives, financial circumstances, investment experience, investment limitations, trading restrictions and risk tolerance (a "Wealthcare Plan"). Clients will generally be placed in one of the following models offered by Wealthcare: Conservative, Balanced, Moderate Growth, Growth, Aggressive Growth.

Advisor retains full investment discretion and trade authorization once the initial asset allocation decision with the client has been completed. Wealthcare will monitor the portfolios on an on-going basis, and will make rebalance recommendations to Advisor, as appropriate, on a periodic basis based on the portfolio's degree of variance from the model design. With Advisor's prior approval, Wealthcare will be responsible for implementing the recommendation. Advisor retains the responsibility of maintaining the client relationship. Advisor will work with clients to determine whether there have been any changes in the client's financial situation or investment or life goal objectives, and whether the client wishes to impose any reasonable restrictions on the management of the client's assets, or modify existing restrictions. Clients should also proactively notify Advisor of any changes in their financial situation or investment or life goal objectives. Advisor will communicate such changes in financial circumstances and/or investment and trading restrictions to Wealthcare.

### **DISCRETIONARY WEALTH MANAGEMENT SERVICES**

Advisor is no longer actively offering the Discretionary Wealth Management Services. Legacy clients investing in the program are generally invested in the following strategies: Long Term Growth, Moderate Growth, Conservative Growth, and Conservatively Managed Portfolio, each of which is further customized to the clients financial goals, objectives, and investment restrictions. Clients investing within the same strategy do not necessarily hold the same investments due to individual client restrictions, tax consequences, and other customizations. For existing clients utilizing these services Advisor monitors performance and changing market conditions and will re-allocate client assets among funds and separate investments as Advisor deems appropriate based on each client's investment objectives. Although the Advisor has discretionary authority, clients may continue to impose written limitations on the account holdings. Although no longer actively offering the Discretionary Wealth Management Services, Advisor will accept individual accounts on a limited basis. These accounts will be managed based on the individual needs of the client.

## **FINANCIAL PLANNING SERVICES**

Advisor also offers written comprehensive and segmented financial plans. A comprehensive plan can include, but is not limited to, the topics of personal planning (family records, budgets, personal liability, etc.), cash flow and management, business planning, education planning, risk management, investment analysis, disability and long term care, retirement planning, estate planning, tax planning, insurance analysis, benefit plans and stock option analysis. A segmented plan can include any topic(s) requested by the client.

Advisor will work with the client to determine client's goals and objectives and the advisory services needed to help meet those goals and objectives. Once all information and documents have been gathered, a plan will be created summarizing the client's assets, liabilities, and other relevant financial information relative to the client's goals and objectives. A final written plan will include specific recommendations to the client and might also include scenarios in topics such as benefit plans or asset allocations.

## **EDUCATION AND COMMUNICATION SERVICES**

Advisor offers to provide the following services to new group contract retirement plans:

- Conduct group presentations on campus to employees to explain the differences between the new group contract retirement plan and any prior retirement plan contracts.
- Educate plan participants about the updated investment options available in the new retirement plan and the potential benefits of the new investment menu to help employees reach their retirement goals.
- Develop a financial plan based on the employee's financial analysis and personal circumstances and goals. The plan will include asset allocation recommendations for retirement accounts and outside assets.
- Meet privately with those employees to deliver their financial plan.
- Provide periodic written communications via email and group presentations on campus to help employees stay informed on issues such as saving, investing and retirement.

## **Item 5 Fees and Compensation**

Advisory fees apply to all services with the exception of Advisor's Financial Planning Services. Fees for Financial Planning Services are discussed below.

Advisor charges fees based on a percentage of assets under Advisor's management. Such fees are typically billed quarterly, in advance, based on the value of the account(s) at the beginning of the applicable billing period. Some clients are billed quarterly in arrears. Fees are pro-rated for accounts established mid-quarter. Adjustments for significant contributions to and withdrawals from a client's portfolio are also prorated for the quarter in which the change occurs. Contributions or withdrawals of \$5,000 or more during any calendar quarter will be treated as significant.

Advisor's standard investment advisory fees are charged as follows:

<u>Assets Under Management</u>	<u>Annual Fee</u>
Up to \$250,000	1.75%
On the next \$750,000	1.50%
\$1,000,001 and above	1.25%

MAS provides investment advisory services to participants in retirement plans offered through their employer. Advisor's fee schedule for this service is:

<u>Assets Under Management</u>	<u>Annual Fee</u>
Up to \$1,000,000	1.40%
Over \$1,000,000	1.00%

Through TIAA's Advisor Network Program, MAS provides investment advisory services to participants in retirement plans offered through TIAA. In order to participate in the program, MAS must meet minimum due diligence standards set by the program and must agree to limit our fees to the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
Up to \$1,000,000	1.25%
Over \$1,000,000	1.00%

All of the above fees are negotiable at the sole discretion of Advisor. Generally, Advisor's fees will be deducted from client's account. For advisory fees that are automatically deducted, client must provide the custodian with written authorization to have the deduction taken from the account and paid to Advisor. For fees that are paid directly, Advisor will provide a billing invoice to the client showing the amount of fees for the quarter, the value of the assets on which the fees were calculated, the manner in which the fees were calculated, and any adjustments to the fees. Payment is due immediately upon receipt of the billing invoice. Clients are responsible for verifying the accuracy of the fee calculations.

Clients do not incur any additional advisory fees for Wealthcare's services. However, clients will incur certain charges imposed by other third parties, such as custodial fees, transaction charges imposed by broker-dealers, surrender charges, and IRA and other Qualified Retirement Plan fees. Advisor's management fee is also separate and distinct from the fees and expenses charged by mutual funds and ETFs that are purchased in client accounts.

Advisor's service may be terminated by providing written notice and termination will be effective immediately upon receipt. Client will receive a pro-rated refund from Advisor for any unearned fees charged in advance.

There is a minimum fee of \$1,000 for a comprehensive financial plan. Any amount over \$1,000 will be charged at a rate of \$150 per hour. Advisor will provide an invoice to the client after presentation of the plan and payment is due upon receipt of the invoice. Financial planning services can be terminated by either party by providing written notice to the other party, and termination will be effective upon receipt. If services are terminated within five business days of signing the financial planning agreement, services will be terminated with no penalty. After five business days, the client will be responsible for the time expended by Advisor's associated persons prior to receipt of termination notice. Advisor will provide a billing statement to the client showing the time expended prior to termination, and that statement will be payable by client upon receipt. Financial planning clients are not obligated to utilize Advisor's investment advisory services.

#### Fee for Education and Communication Services

Advisor charges an annual fee for this service, which is unique and negotiated with each plan. The fee will depend on the size and complexity of the plan and can be fixed or asset based. For asset based fees, MAS charges quarterly based on the total value of plan assets in the group contract retirement plan at the end of each applicable billing period. The fee will be deducted directly from plan assets and collected by the custodian per terms of agreement between the plan and the custodian and paid to Advisor. However, the Plan Sponsor has the option to pay the fee directly to Advisors. In these circumstances, Advisor will invoice the Plan Sponsor for the fee.

### **Item 6 Performance Based Fees and Side-by-Side Management**

MAS does not charge any performance fees.

### **Item 7 Types of Clients**

MAS primarily provides customized investment advisory services to individuals, high-net-worth individuals, and pension and profit sharing plans.

Advisor generally requires no minimum account value for clients investing through Wealthcare's Unified Wealth Management Services platform. As indicated previously, Advisor is no longer actively offering the Discretionary Wealth Management service but will accept individual accounts on a limited basis.

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

Advisor is not actively offering the Discretionary Wealth Management service to new clients. For existing clients utilizing the Discretionary Wealth Management services, Advisor monitors performance and changing market conditions and will re-allocate client assets among funds and separate investments as Advisor deems appropriate based on each client's investment objectives. Clients generally invest in these strategies: Long Term Growth, Moderate Growth, Conservative Growth, and Conservatively Managed Portfolio, each of which is further customized to the clients financial goals, objectives, and investment restrictions. Clients investing within in the same strategy do not necessarily hold the same investments due to individual client restrictions, tax consequences, and other customizations. Although no longer actively offering the Discretionary Wealth Management service, Advisor will accept individual accounts on a limited basis.

Wealthcare models are constructed using passive investments in index exchange traded funds (“ETFs”) and open-end mutual funds for each of the investment strategies. ETFs and mutual funds are selected by Wealthcare on the basis of the fund’s performance history in terms of tracking error compared to its comparable unmanaged index, the asset class sector in which the fund invests, the fund’s investment objective and reputation of the fund’s sponsor, its expense ratio and market liquidity. For certain clients, Wealthcare may be restricted to a limited menu of investment options as determined by a client’s retirement plan. Wealthcare will create a customized model for clients whose investment options are limited by their retirement plan sponsor, based on the investments available to the client. For clients participating in the Unified Wealth Management service platform, MAS relies on Wealthcare to perform an analysis on each investment recommended and implemented for client accounts. MAS performs on-going due diligence on Wealthcare to ensure that Wealthcare continues to make recommendations in accordance with MAS and client expectations.

All investing involves risk of loss and the investment strategy offered by MAS or through Wealthcare could lose money over short or even long periods. Additionally, MAS relies on the investment expertise of Wealthcare, subjecting clients to manager risk. Unified Wealth Management clients may also be restricted to a limited menu of investment options as determined by a client’s retirement plan. Performance could be hurt by a number of different market risks, including but not limited to:

- Stock market risk, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.
- Sector risk, which is the chance that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the overall market.
- Non-diversification risk, which is the chance that the performance may be hurt disproportionately by the poor performance of relatively few stocks or even a single stock.

In addition, the identification of securities and other assets believed to be undervalued is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired.

Advisor is not aware of any risk involved with the completion of Financial Planning services. However, the above risks may be relevant should a client wish to utilize MAS to implement a financial plan.

## **Item 9 Disciplinary Information**

MAS and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

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

MAS does not have any financial industry affiliations.

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

As a fiduciary, it is Advisor's responsibility to provide fair and full disclosure of all material facts. In addition, Advisor has a duty of utmost good faith to act solely in the best interest of each of its clients. The Advisor and its associated persons have a fiduciary duty to all clients. The Advisor has established a Code of Ethics which all associated persons must read. They must then execute an acknowledgment agreeing that they understand and agree to comply with the Advisor's Code of Ethics. The fiduciary duty of Advisor and its associated persons to clients is considered the core underlying principle for this Code of Ethics and represents the expected basis for all associated persons dealings with clients. The Advisor has the responsibility to make sure that the interests of advisory clients are placed ahead of it or its associated persons' own investment interests. All associated persons will conduct business in an honest, ethical and fair manner. All associated persons will comply with all federal and state securities laws at all times.

Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to services being conducted. All associated persons have a responsibility to avoid or disclose circumstances that might negatively affect or appear to affect the associated persons' duty of complete loyalty to their clients. As part of the Code of Ethics, the Advisor has also adopted written trading policies and procedures for its associated persons. Procedures have been adopted to ensure compliance with the provisions of personal trading, including pre-approval of certain personal securities transactions, annual affirmations of compliance and regular reviews of holdings and transactions. Employees may purchase and sell securities that are also recommended to clients, however, they are prohibited from "front running" client accounts. Employees are required to pre-clear transactions in IPOs and private placements. MAS employees must always act in the client's interest first. If current clients or potential clients wish to review the Advisor's Code of Ethics in its entirety a copy may be requested by calling 804-346-1040 and a copy will be provided promptly.

## **Item 12 Brokerage Practices**

### **Recommended Brokers**

Advisor does not have a preference where clients custody assets or prefer any broker to execute client trades. However, Advisor recommends that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, Member SIPC/NYSE, to maintain custody of clients' assets and to effect trades for their accounts. A conflict exists because Schwab Institutional provides Advisor with access to its institutional trading and operations services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors at no charge to them so long



as a total of at least \$10 million of the advisor's clients' account assets are maintained at Schwab Institutional.

Schwab Institutional's services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. Schwab Institutional also makes available to Advisor other products and services that benefit Advisor but may not benefit its clients' accounts. Some of these other products and services assist Advisor in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of Advisor's fees from its clients' accounts, and assist with back-office support, recordkeeping and client reporting. Certain of these services may be used to service any of the Advisor's accounts, including accounts not maintained at Schwab Institutional.

Schwab Institutional may also provide Advisor with other services intended to help Advisor manage and further develop its business enterprise. These services may include consulting, publications and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services to Advisor by independent third parties. Schwab Institutional 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 Advisor.

The availability to Advisor of the foregoing products and services is not contingent upon Advisor committing to Schwab Institutional any specific future amount of business (assets in custody or trading). While there is no direct affiliation between the investment advice given to clients and the Advisor's participation in the Schwab's Institutional Program, economic benefits are received by the Advisor which would not be received if the Advisor did not give investment advice to clients and participate in this program. Clients do not pay additional commissions for Advisor to receive these services.

Advisor may also recommend the services of TIAA to some clients for opening an Individual Retirement Account ("IRA"). Advisor does not receive any products, services, or other remuneration from TIAA. The use of TIAA's IRA services are only recommended to certain clients who already maintain household accounts with TIAA.

Advisor does not generally aggregate the purchase or sale of securities for various client accounts in the Discretionary Wealth Management service. Advisor manages multiple client accounts through its Discretionary Wealth Management service. Because the Advisor manages more than one account, there may be conflicts of interest over the Advisor's time devoted to managing any one account and the allocation of investment opportunities among all accounts being managed. The Advisor will attempt to resolve all such conflicts in a manner that is generally fair to all of its clients. Advice may be given and action taken with respect to any of its clients that may differ from advice given or the timing or nature of action taken with respect to any particular client so long as it is the Advisor's policy, to the extent practicable, to allocate investment opportunities over a period of time on a fair and equitable basis relative to other clients. Advisor generally

places client trades through brokers that act as the client's custodian due to trade away fees.

Aggregation of orders for clients participating in the Unified Wealth Management service is subject to the discretion of Wealthcare. Wealthcare generally places client trades through brokers that act as the client's custodian due to trade away fees. However, clients should refer to Wealthcare's Disclosure Brochure to obtain additional information about Wealthcare's brokerage practices.

#### Trade Error Resolution

The Advisor's trade error correction policy specifies that advisory clients are not responsible for the payment of trade errors committed by the Advisor in conjunction with the management of client accounts. Certain client custodians, such as Charles Schwab, have developed policies whereby the custodian/broker pays for client trade errors below \$100, and keeps any gains that result from trade errors in the Advisor's client accounts. In such instances, neither the Advisor nor the Advisor's advisory clients will be entitled to gains that result from trade errors; instead the gains would be kept by the client's custodian/brokers.

### **Item 13 Review of Accounts**

Clients invested in one of the Unified Wealth Management Service portfolios are monitored daily on an on-going basis by Wealthcare. Client portfolios also receive more formal reviews in conjunction with each client's Wealthcare plan on a quarterly basis. Additional reviews may be triggered by a change in market conditions, a change in client objectives or circumstances, or upon a client's request. MAS has daily access to clients' Wealthcare portfolios. MAS' investment adviser representatives responsible for the client's account review quarterly reports that provide the status of the client's portfolio relative to the Wealthcare Plan and quarterly statements provided by the custodian.

MAS' Trading Team reviews all client accounts investing in MAS' Discretionary Wealth Management services. Investment accounts are reviewed formally on a quarterly basis in the area of additions to, withdrawals from, distributions from investments such as dividends and/or capital gains and interest credited. Portfolios are also reviewed continuously in terms of daily price changes. Reviews are conducted with the client, if requested, and include a complete review of investment portfolios and items related to the client's financial situation such as changes in cash flow, financial goals, retirement or estate planning.

The majority of clients invested in one of the Unified Wealth Management service portfolios are provided a quarterly status report in addition to information about their portfolio activity sent by custodial and brokerage firms such as transaction confirmations and monthly/quarterly statements.

Clients invested through MAS' Discretionary Wealth Management services are kept informed about their portfolio activity by receiving copies of all transaction confirmations and monthly/quarterly statements from brokerage firms, mutual fund companies, or the custodian. Upon request from a client, annual reviews are scheduled. MAS does not provide its own reports to these clients.

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

Advisor does not compensate any third parties for client referrals or receive any compensation other than as described in Item 5 of this brochure.

## **Item 15 Custody**

All clients' accounts are held in custody by unaffiliated broker/dealers or banks, but MAS can access many clients' accounts through its ability to debit advisory fees. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements, and should compare these statements to any account information provided by MAS. For clients that receive Wealthcare status reports, MAS urges you to compare the account statement you receive from the qualified custodian with the quarterly status report provided by Wealthcare.

## **Item 16 Investment Discretion**

Clients delegate MAS discretionary authority through the Investment Management Agreement ("Agreement"). Prior to or at the time of entering into the Agreement, MAS provides the client with a copy of its ADV Part 2 and privacy notice. Upon receiving written authorization from the client, Advisor will manage client assets on a discretionary basis. However, as discussed above, Advisor has delegated the responsibility to Wealthcare for recommending to Advisor the amount of securities to be bought and sold for clients investing in Unified Wealth Management Service. The only limitations on the investment authority will be those limitations imposed in writing by the client or determined through the completion of a Wealthcare Plan.

## **Item 17 Voting Client Securities**

The Advisor will not exercise proxy voting authority over client securities or provide assistance with respect to any particular solicitation. The obligation to vote proxies shall rest at all times with the client. Clients should receive their proxies directly from the qualified custodian. If the Advisor inadvertently receives proxy information for a security held in a client's account, the Advisor will immediately forward such information to client but will not take any further action.

## **Item 18 Financial Information**

MAS has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.