

# United Income, Inc.

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## Form ADV Part 2A Appendix 1 Wrap Fee Program Brochure

August 2018

This Wrap Fee Program Brochure provides information about the qualifications and business practices of United Income, Inc. (“United Income.”, “Adviser”, the “firm”, “us”, “we”, “our”) If you have any questions about the contents of this Wrap Fee Program Brochure, please contact us at (202) 558-2017 or via email at [ben@unitedincome.com](mailto:ben@unitedincome.com). The information in this Wrap Fee Program Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

United Income is a registered investment adviser. Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about United Income is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number, known as CRD number. The CRD number for United Income is 285084. The SEC’s web site also provides information about any persons affiliated with United Income who are registered as Investment Adviser Representatives.



## Item 2 – Material Changes

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On August 31, 2018, we amended this Form ADV Part 2A Appendix 1 as follows:

- We updated the cover page to reflect the new address of our principal office.
- We changed Item 4 to update the fee schedule applicable to participants in the United Income Wrap Program.

On April 4, 2018 we updated disclosures in this Item 2 to correct certain cross-references.

In the annual updating amendment filed on March 29, 2018, United Income disclosed the following material changes:

- United Income transitioned from a state registered investment adviser to an SEC registered investment adviser, effective September 7, 2017.
- We have updated Item 4 to enhance disclosures regarding United Income's fee schedule and to include additional information about the services we provide in connection with our corporate sponsored retirement plan consulting services.
- We have also updated Item 4 to reflect a change to the fee schedule applicable to participants in the United Income Wrap Program.
- We have updated Item 6 to describe United Income's other service offerings in addition to its wrap fee program: Traditional Portfolio Management Services and Corporate Sponsored Retirement Plan Consulting Services.
- We have also updated Item 6 to provide more detailed risk disclosures, including the risks associated with investing in exchange-traded funds ("ETFs"), mutual funds, common stocks and fixed income. A description of cybersecurity risks has also been provided.
- We have updated Item 9 to include a description of Benefit Strategies, Inc., a third-party administrator that provides administrative support services to the sponsors of qualified retirement plans. Benefit Strategies, Inc. is affiliated with United Income.



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## Item 4 – Services, Fees and Compensation

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United Income offers portfolio management and financial planning advice regarding securities and other financial services to clients.

We provide portfolio management and financial planning advice through the United Income Wrap Program (“UIWP”) to the following types of clients: individuals, high net worth individuals, trusts, and estates (“Clients”)

United Income was founded by Matthew Fellowes, previously the founder of HelloWallet, former Chief Innovation Officer of Morningstar Financial, and Fellow at The Brookings Institution. His vision for founding United Income was based on his assessment that the way investors manage their portfolios does not account for the changes in life expectancy, lifestyles, and technology.

In 2016, Mr. Fellowes assembled a team that includes core leaders from HelloWallet, a financial guidance company Matt founded and sold to Morningstar in 2014. After the initial incubation period, he spun United Income out as an independent company.

Our full-time team is composed of Ph.D.’s, J.D.’s, and Master’s graduates from Georgetown, University of Chicago, Johns Hopkins, MIT, Oxford, Yale and other top schools, with work experience ranging from Fortune 50 companies to the White House. United Income’s employees have won top honors in financial software, including a Webby for the best financial services website and a Finovate Best in Show prize. Independent advisors to United Income include the former head of revenue at Yahoo, the head of research at Vanguard, the current Chief Investment Officer of Non-Traditional Strategies at SEI, a former U.S. Senator, and the former commissioner of the Bureau of Labor Statistics.

We are committed to the precept that by placing the Client’s interests first, we will add value to the portfolio management and financial planning process and earn the Client’s trust and respect. We value long term relationships with our Clients whom we regard as strategic partners in our business. Consistent with these principles, we will prepare a financial plan for no additional cost as part of the portfolio management and financial planning process.

### Wrap Fee Program

We are the sponsor and portfolio manager of the UIWP. The UIWP is offered to Clients for an annual fee based on the value of the Client’s assets under management. This wrap fee covers investment management services, trade execution costs, and custody expenses. Our focus is on helping Clients develop and execute plans that are designed with the goal of building and preserving wealth.

We will analyze the Client’s financial circumstances, investment goals and objectives, and determine their risk score. We may ask Clients to provide information summarizing current investments, income and other earnings, recent tax returns, retirement plan information, other assets and liabilities, wills and trusts, insurance policies, and other pertinent information. This allows us to create an investment portfolio based on each Client’s



investment needs, guidelines and financial parameters. United Income primarily uses exchange-traded funds (ETFs) to build client portfolios in the UIWP, and may include stocks, bonds and mutual funds already held by the client.

As part of our portfolio management and financial planning services, we will:

- Review the client's present financial situation;
- Monitor and track assets under management;
- Provide updates concerning the client's portfolio and asset allocations on our web application and paper statements as needed (paper statements are an additional cost);
- Advise on asset allocation;
- Monitor portfolios for style drift and for performance against selected benchmarks and provide portfolio rebalancing as necessary;
- Assist in setting and monitoring goals and objectives;
- Provide personal consultations upon request; and
- Provide a dynamic predictive spending curve for each year of life.

Clients must notify us promptly when their financial situation, goals, objectives, personal circumstances, or needs change.

All UIWP Client accounts are managed on a discretionary basis. However, clients may restrict the sale of certain mutual funds, stocks, or other securities that are transferred into their UIWP taxable accounts. Under certain conditions, securities from outside accounts may be transferred into a Client's UIWP account; however, we may recommend that Clients sell any security if we believe that it is not suitable for the current recommended investment strategy.

When you give United Income discretionary authority, we can determine the following **without your consent**:

- Securities to be bought or sold for your account;
- Amount of securities to be bought or sold for your account;
- Broker-dealer to be used for a purchase or sale of securities for your account; and
- Commission rates to be paid to a broker or dealer for your securities transaction.

Trading will be required when onboarding a new Client to meet initial allocation targets, after substantial cash deposits to existing Client accounts that require investment allocation, and/or after a request for a withdrawal that requires the liquidation of positions in the account. Additionally, Client accounts will be rebalanced or reallocated periodically in order to maintain the targeted asset allocation. This rebalancing or reallocation will occur on a dynamic schedule, that is based on market conditions, changes in the client's financial plan, and client



deposits and withdrawals. Clients will be responsible for all tax consequences resulting from any rebalancing or reallocation of the account. We are not tax professionals and do not give tax advice. In all cases, we will provide Clients with their annual tax documents to provide to their personal tax advisor.

We will help clients open a custodial account(s). The funds in clients' account will be held in a separate account, in the client's name, at an independent custodian, and not with us. We require that Apex Clearing Corporation ("Apex") be used as the independent custodian and broker-dealer for all UIWP accounts.

Clients will also be required to execute United Income's Investment Advisory Agreement which describes the services Clients will receive and the fees to be charged. We are available during normal business hours either by telephone, fax, email, or in person by appointment to answer your questions.

### *Fees and Compensation*

The UIWP requires a specified fee for portfolio management and financial planning services and the execution of transactions. The fee is not based on transactions in your account. As noted above, the wrap fee includes investment management services, trade execution costs and custody expenses. The wrap fee is based on the assets under United Income's management.

Fees are charged monthly, in arrears. Fees will be calculated as follows:

	Self Service (online-only)	Full Service (unlimited access to financial advisor <sup>1</sup> and retirement concierge)
Management Fees - Assets Under Management (AUM) Tiers	0.50%	First \$0.5M 0.80% Next \$1.0M 0.75% Next \$2.0M 0.65% Next \$6.5M 0.55% Over \$10.0M 0.45%
Account Minimums	\$10,000	\$300,000

<sup>1</sup> Full Service clients requesting in-person meetings with our advisory team are subject to an additional 0.08% fee.

Our Advisory Agreement defines what fees are charged and their frequency. Fees will be assessed during the first two weeks of the month and will be submitted to the custodian for immediate payment. The fee amount will be based on the previous month's average account balance. The fees shown above are annual fees and may be negotiable based upon certain circumstances and at the Adviser's discretion. Fees for partial periods will be



charged on a pro rata basis based on the number of days remaining in the billing period. No increase in the wrap fee shall be effective without prior written notification to you. We believe our UIWP is reasonable considering the fees charged by other investment advisers offering similar services/programs. Our fees will not be based upon a share of capital gains or capital appreciation of the funds or any portion of your funds.

Clients authorize Apex to directly debit United Income's fees from their accounts. Management fees are prorated for each contribution and withdrawal made during the applicable calendar month. You will be provided with at least quarterly statements from Apex reflecting the deduction of the wrap fees.

By participating in the UIWP, Clients may end up paying more or less than they would through another investment adviser's wrap fee program or through a non-wrap fee program. The relative costs of the UIWP including portfolio management and trade execution costs that are bundled in one wrap fee may be more or less than obtaining these services separately in a non-wrap fee program. Clients could invest in mutual funds, ETFs, equities and bonds directly, without the Advisor's services. In that case, Clients would not receive the services provided by United Income which are designed, among other things, to assist in determining which investments are appropriate for the Client's portfolio.

The UIWP wrap fee does not include other related costs and expenses which include certain charges imposed by Apex. The costs not covered include custodial printing fees for paper-based statements and documents, odd-lot differentials, paper checks, transfer taxes, and wire transfer fees. Mutual funds, money market funds and exchange-traded funds (ETFs) also charge separate management fees, which are disclosed in each fund's prospectus. These fees will include, but are not limited to, a management fee, upfront sales charges, and other fund expenses. Load and no load mutual funds may pay annual distribution charges, sometimes referred to as "12(b)(1) fees". These 12(b)(1) fees come from fund assets, and thus indirectly from Clients' assets. We do not receive any compensation from these fees. All of these fees are in addition to the management fee you pay United Income. Clients should review all fees charged to fully understand the total amount of fees Clients will pay. Services similar to those offered by United Income may be available elsewhere for more or less than the amounts we charge.

Since United Income does not charge Clients fees based on trading activity, the Adviser may have an incentive to limit trading activity in Client account(s) because the Adviser is charged for executing trades. In addition, the amount of compensation received by the Adviser may be more than what the Adviser would receive if the Client paid separately ("unbundled") for investment advice, brokerage, and other services. Employees recommending the UIWP may receive additional compensation as a result of a Client participating in the UIWP, which may be more than what the employee would receive if a Client participated in other programs, and therefore may have a financial incentive to recommend the UIWP over other programs or services. The Adviser monitors all Client accounts to ensure that the Adviser's fiduciary duty is met for all Clients in recommending UIWP.

*Limited Negotiability of Advisory Fees:* Although we have established the aforementioned wrap fee schedule, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances, and needs are considered in determining whether United Income may discount a Client's wrap



fee. These factors include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition and reports provided to the client, among other factors. The specific annual wrap fee schedule is identified in the advisory agreement between United Income and each Client.

We aggregate certain related client accounts for the purposes of achieving potential break points in the wrap fee.

Wrap fee waivers, which are not generally available to our advisory clients, are offered to employees of our firm and their family members, defined as children, siblings, parents, grandparents, registered domestic partners or spouses, in-laws, first cousins, and aunts and uncles.

## Item 5 – Account Requirements and Types of Clients

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There is no account minimum for United Income’s Free Service. However, there is an account minimum of \$10,000 for the Self-Service program and \$300,000 for the Full Service program.

The Adviser will offer the services of the UIWP to individuals, high net worth individuals, trusts, and estates.

## Item 6 – Portfolio Manager Selection and Evaluation

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### Portfolio Managers

United Income is the sponsor and portfolio manager for only one wrap fee program (i.e., UIWP) and manages the investment portfolios of Clients directly in accordance with each Client’s investment advisory agreement and does not recommend or select other portfolio managers to manage Client accounts. Each United Income Client will work with an investment adviser representative (“IAR”), or on their own using United Income’s online application, to design a portfolio suitable to their goals and risk tolerance, taking into account any Client-imposed restrictions. United Income’s management and compliance team will evaluate the UIWP portfolio managers based on their ability to select appropriate asset classes for clients based on each client’s investment objectives, desired allocation between equity and fixed income and desired portfolio volatility, as well as being evaluated based on United Income’s own internal metrics. In addition, United Income’s portfolio managers will have evaluated each investment vehicle prior to recommending it to United Income clients, to ensure it is suitable and provides clients with necessary market exposure based on each specific clients’ goals and risk tolerance.

United Income will create personalized financial plans and investment management strategies for each individual Client based on that Client’s specific goals, risk tolerances, time horizons, longevity estimate, personalized spending curves, among other proprietary strategies. United Income intends to fulfill its fiduciary duty by managing Clients’ investment portfolios in what United Income believes to be the Clients’ best interest.

United Income offers Clients multiple tiers of service and pricing schedules. These choices may lead to IARs having a conflict of interest when recommending one service tier over another. In order to mitigate this risk, IARs will be



trained in upholding a fiduciary standard and monitored to ensure they are recommending the most appropriate service tier to each Client.

## **Advisory Business**

United Income offers its investment advisory services through three different channels: a wrap fee program, Traditional Portfolio Management Services, and Corporate Sponsored Retirement Plan Consulting Services.

## **Wrap Fee Program**

As noted above, United Income is the sponsor and portfolio manager of the UIWP. Through UIWP we provide portfolio management and financial planning services to individuals and businesses. We help clients develop and execute money management plans that are suitable for their specific retirement needs and spending goals. We provide our portfolio management and financial planning services in wrap fee investment programs that bundle our services (investment advice, trade execution, etc.) together and charge a single fee based on the value of assets under management.

Clients participating in the UIWP will have their assets custodied at a different custodian than non-wrap fee clients. A portion of the wrap fee will be allocated for our other services outside of portfolio management, including financial planning and other client services.

We will analyze the client's financial circumstances, investment goals and objectives, and determine their risk score. We ask the client to provide information summarizing current investments, income and other earnings, recent tax returns, retirement plan information, other assets and liabilities, wills and trusts, insurance policies, basic health information, and other pertinent information, to determine effective money management. This allows us to create a personalized investment portfolio and money management plan for each of our clients. United Income primarily uses exchange-traded funds (ETFs) to build client portfolios in the UIWP, and may include stocks, bonds, and mutual funds already held by the client. The specific allocation of investments will be chosen based on the client's best interest and based on certain assumptions made by United Income with respect to interest rates, inflation rates, capital market returns of individual investments, the financial markets, and the global economy.

As part of our portfolio management and financial planning services, we will:

- Review the client's present financial situation;
- Monitor and track assets under management;
- Provide updates to a client's portfolio and asset allocation on our web application and paper statements as needed (paper statements are an additional cost);
- Advise on asset allocation;
- Monitor portfolios for style drift and for performance against selected benchmarks and provide portfolio rebalancing as necessary;



- Assist in setting and monitoring goals and objectives;
- Provide personal consultations upon request; and
- Provide a dynamic predictive spending curve for each year of life.

The client is responsible for notifying us promptly about any changes in their financial situation, goals, objectives, personal circumstances, or needs that might affect their money management plan.

All UIWP accounts are managed on a discretionary basis. Under certain conditions, securities from outside accounts can be transferred into the client's account; however, we often recommend that the client sell any security if we believe that it is not suitable for the investment strategy we recommend. However, clients may restrict the sale of certain mutual funds, stocks, or other securities that are transferred into their UIWP brokerage accounts.

When the client provides discretionary authority, we can determine the following without further consent:

- Securities to be bought or sold;
- The timing of those transactions;
- Amount of securities to be bought or sold; and
- Broker-dealer to be used for a purchase or sale of securities.

Trading is often required to meet initial allocation targets, after substantial cash deposits that require investment allocation, and/or after a request for a withdrawal that requires the liquidation of a portion of a client's account. Additionally, accounts are rebalanced or reallocated periodically in order to maintain the targeted asset allocation. This rebalancing or reallocation will occur on a dynamic schedule that is based on market conditions, changes in the client's financial plan, and client deposits and withdrawals. The client is responsible for any and all tax consequences resulting from any rebalancing or reallocation of the account. We are not tax professionals and do not give tax advice; however we attempt to minimize the tax consequences of investment rebalancing (see Item 8). In all cases we will provide the client with annual tax documents to share with their personal tax advisor.

We will help the client open a custodial account(s). We require all UIWP accounts to be custodied at Apex Clearing Corporation ("Apex"), an independent custodian.

#### *Additional UIWP Information*

After the client has completed United Income's questionnaire, United Income's proprietary algorithms generate a financial plan and goal-based asset allocation for a client's recommended portfolio. After the portfolio is implemented, the algorithms will continue to optimize the financial plan and rebalance the asset allocations based on market conditions and changes in the client's financial situation. In order to address the potential limitations of the algorithms and to ensure United Income is fulfilling its fiduciary duty to its clients, United Income's quality assurance engineers, investment and planning committees and the client's individual financial advisor each review these algorithms and the individual client accounts on an ongoing basis. If necessary, the engineers and advisors



also have the ability to override the algorithms to make any necessary adjustments to a client's asset allocation. If the client's financial situation changes, the client should update their individual financial plan online or work with their personal financial advisor to make the necessary adjustments to their portfolio.

### Traditional Portfolio Management Services

In addition to our technology-based wrap fee program, we also provide Traditional Portfolio Management Services to clients seeking continuous advice regarding the investment of funds based on their individual needs. Through personal discussions, we will establish goals and objectives, develop a personal investment policy, and create and manage a portfolio based on that policy. During our data-gathering process, we determine individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss prior investment history, as well as family composition and background.

United Income manages these advisory accounts on a discretionary and non-discretionary basis. Account supervision is guided by stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income).

In both non-discretionary and discretionary relationships, the client may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Our investment recommendations are not limited to any specific product or service and will generally include advice regarding the following securities:

- ETFs and other exchange listed securities
- Securities traded over-the-counter
- Foreign issuers
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- United States governmental securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests

Because some types of investments involve additional degrees of risk, these investments will only be implemented or recommended to clients when consistent with stated investment objectives, risk tolerance, liquidity and suitability. <sup>[1]</sup><sub>SEP</sub>



## Corporate Sponsored Retirement Plan Consulting Services

United Income's Corporate Sponsored Retirement Plan Consulting Services can be provided separately or in combination, and on either a discretionary or non-discretionary basis. While the primary clients for these services will be pension, profit sharing, and 401(k) plans, we offer these services, where appropriate, to individuals and trusts, estates, and charitable organizations. Corporate Sponsored Retirement Plan Consulting Services comprise four distinct services. Clients may choose to use any or all of the following services:

### *Investment Policy Statement (IPS) Preparation*

We meet with the client (in person or over the telephone) to determine an appropriate investment strategy that reflects the corporation's stated investment objectives for management of the overall plan. We then prepare a written IPS detailing those needs and goals and provide a proposed strategy to achieve those goals. The IPS also lists the criteria for selection of investment vehicles, as well as the procedures for monitoring investment performance.

### *Selection of Investment Vehicles*

We assist the corporation in constructing appropriate asset allocation models. We will then review various investment vehicles such as mutual funds and exchange traded funds (both index and managed) to determine which investments are appropriate to implement the client's IPS. When providing non-discretionary investment advisory services, we are responsible for making investment recommendations to the plan regarding the fund options made available to plan participants. The plan fiduciaries are ultimately required to exercise their discretion to act upon the investment recommendations we make. When providing discretionary investment advisory services, we are solely responsible for determining the appropriate investment options available to plan participants. We work with the plan administrator and qualified custodian to ensure the selected investment options are available to plan participants.

### *Monitoring of Investment Performance*

We monitor client investments based on the procedures and timing intervals delineated in the IPS. When we provide non-discretionary investment advisory services we are not involved in any way in the purchase or sale of these investments, although we monitor the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate. When we provide discretionary investment advisory services we are responsible for the ongoing monitoring of investment options and implementing changes as necessary. Plan fiduciaries are given notice of changes to existing allocations and/or investment choices; however, we implement those changes as promptly as possible in coordination with the administrator and plan custodian. Consent of the plan for investment options changes is not required.

### *Employee Communications*

For pension, profit sharing, and 401(k) plan clients with individual plan participants exercising control over assets in their own account ("self-directed plans"), we also provide educational support and investment workshops designed for the plan participants when the plan sponsor engages our firm to provide such services. We will determine the nature of the topics to be covered in partnership with the client under the guidelines established



in ERISA Section 404(c). The educational support and investment workshops will NOT provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

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

United Income does not charge clients any performance-based fees. Some investment advisers experience conflicts of interest in connection with the side-by-side management of accounts with different fee structures. However, these conflicts of interest are not applicable to United Income.

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

#### **Wrap Fee Program, Traditional Portfolio Management Services, and Corporate Sponsored Retirement Plan Consulting Services**

United Income clients (individuals and employers), regardless of the specific services they receive, will take advantage of all or some of the following methodological strategies. Depending on the client's individual needs, the strategies will vary.

### **Methods of Analysis and Investment Strategies**

United Income invests in global asset classes to provide diversification, and we focus on factor strategies such as value, quality, momentum and low-volatility with the goal of outperforming the market. Our approach is based on the economic theories of Nobel Laureate Harry Markowitz, Nobel Laureate Eugene Fama, and other academic researchers. Using capital market assumptions from Morningstar Financial, including correlation analysis and projected financial performance of asset classes, we create a diversified global portfolio consisting primarily of ETFs personalized for each client based on their specified or actuarially calculated time horizon, selected risk tolerance, current asset allocation, other income sources, and dynamic financial goals.

#### ***Portfolio Allocation Methodology***

United Income takes a holistic view of a client's financial goals and objectives and accounts for variable risk tolerances of client portfolios to meet different expense and income goals, such as fixed and variable expenses throughout a client's lifetime.

Our investments are selected from diversified asset classes across the globe. United Income selects investments that we believe capture the asset class well and are low-cost relative to other investments in the same asset class. This includes low-cost ETFs and occasionally includes other investments, such as individual stocks, bonds or mutual funds.

We then assess the spending needs of our clients, across their discretionary, non-discretionary, health, charitable giving, and spending goals. This includes the (a) amount of the spending need, (b) the start and end dates of the spending need, and (c) the effect of projected inflation rates on the spending need, if relevant. This establishes a personalized baseline spending liability amount, which we find is much more effective than the routine default assumptions widely used in the financial planning market, such as a fixed percentage of income.



Next, we assess the current investment holdings, which include holdings that United Income is managing, as well as extant holdings that are outside of United Income's management. This could include taxable and non-taxable investment accounts, as well as other sources of income or other assets, such as real estate, Social Security Income, rental income, annuities, or expected inheritances. This provides a baseline for understanding the existing asset class diversification of the client, as well as an understanding of their investment fees and other preferences.

United Income then creates a holistic investment strategy for clients by having the client assign a risk tolerance to each one of their spending needs, which then translates to an asset allocation between equity and fixed income. In concert with the information gleaned about extant holdings, this assessment of individual spending needs and risk tolerance gives us the information to develop a customized and dynamic portfolio for each client.

We then offset desired fixed income exposure with income sources such as Social Security, rental income, annuities, pensions, or other income. The resulting desired equity and fixed income exposures are invested across the approximately 10 asset classes in our model. Each client's portfolio is periodically rebalanced to maintain the allocation across these asset classes, which maintains the client's desired risk exposure.

We continuously update our investment methodology to make what United Income believes to be the best investment decisions for our clients. For instance, we are currently testing advanced models of risk analysis and empirical distributions to better inform our allocations.

#### *Tax Drawdown Methodology*

United Income utilizes account drawdown strategies drawn from the academic literature for different account types (Roth IRA, Traditional IRA, and Taxable Accounts) to achieve tax efficient withdrawals as well as managing clients' required minimum distributions. This includes helping clients avoid short-term capital gains during portfolio rebalancing and withdrawals, and identifying the appropriate timing of rebalancing to minimize taxes on client accounts. We understand the importance of tax efficient withdrawals for our clients and take very seriously the role that account-sequencing can play in increasing the lifetime investment returns of our clients.

#### *Spending Curve Analysis and Methodology*

United Income has a core belief in the academic data-driven research about behavioral spending patterns of the aging US population that informs our withdrawal projections for a client. Our spending projections are customized for our clients, since recent literature has been unambiguous that spending patterns vary systematically as households' age. We feel that this is a much more accurate approach, compared to the widely used standard of taking a share of income and assuming that it is constant throughout retirement. Research shows that spending patterns vary widely in retirement. Most importantly, health care costs have become increasingly important to proactively manage as longevity continues to increase.

#### *Cyclical Analysis*

United Income's portfolios are subject to change based on new or updated information from the client as well as changes in current and projected financial market analysis. For instance, Morningstar Inc., the source of our capital



market assumptions, periodically updates its projections of asset class performance. In addition, our clients may receive inheritances, have new health spending needs, or charitable preferences, which can adjust the allocation of their portfolios. In short, United Income's personalized portfolios are fluid and dynamic. They are subject to interval-based updating, and rebalancing can occur on a regular basis to meet a client's changing goals and financial objectives.

## Risk of Loss

Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Diversification does not ensure a profit and may not protect against loss in declining markets. We cannot guarantee our investment strategy will yield a return and meet investor objectives. In fact, a loss of principal is always a risk. Investing in securities involves a risk of loss that clients should be prepared to bear. Clients should understand that investment decisions made by United Income are subject to various market, currency, economic, political, and business risks. The investment decisions we make will not always be profitable, nor can we guarantee any level of performance.

Clients need to remember that past performance is no guarantee of future results. All investments carry some level of risk. Clients can lose some or all of the money invested, including principal, because the securities held in an account go up and down in value. Dividend or interest payments may also fluctuate, or stop completely, as market conditions change.

While past performance does not necessarily predict future returns, it can tell how volatile (or stable) an investment has been over a period of time. Generally, the more volatile the investment has been, the higher the investment risk. If money is needed to meet a financial goal in the near-term, the client probably cannot afford the risk of investing in a security with a volatile history because there may not be enough time to ride out any declines in these types of investments.

### *Exchange Traded Funds*

ETFs are subject to market risk, including the possible loss of principal. ETFs trade like a stock and the value of the ETF will fluctuate with the value of the underlying securities. ETFs at times trade for more or less than their net asset value. ETFs will have underlying investment strategy risks consistent with the underlying investments in the ETFs' portfolios. The types of investments held in ETFs may include but are not limited to: equities, commodities, bonds, real estate and international securities or currencies. Due to their narrow focus, sector-based investments typically exhibit greater volatility. There are special considerations associated with international investing, including the risk of currency fluctuations and political and economic events. Investing in emerging markets may involve greater risk and volatility than investing in more developed countries. When investing in real estate companies, property values can fall due to environmental, economic, or other reasons, and changes in interest



rates can negatively impact the performance. The risk of loss in trading commodities and futures can be substantial. The high degree of leverage that is often obtainable in commodity trading can work either for or against the performance of this type of investment.

### *Mutual Funds*

Mutual funds involve risks including the possible loss of principal. When a mutual fund is not fully invested and maintains a portion of its portfolio in cash or cash equivalents, there is a risk that the market will begin to rise and cause the mutual fund to miss capturing the full effect of changing market conditions. Some mutual funds may use leverage as part of their investment strategy. Using leverage can magnify a mutual fund's potential for gain or loss and, therefore, amplify the effects of market volatility on a mutual fund's share price. A mutual fund may be subject to the risk that its assets are invested in a particular sector or group of sectors in the economy, and as a result, the value of the mutual fund may be adversely impacted by events or developments in a sector or group of sectors. The price of small or medium capitalization company stocks can be subject to more abrupt or erratic market movements than larger, more established companies or the market averages in general. A higher portfolio turnover will result in higher transactional and brokerage costs and can result in higher taxes when mutual fund shares are held in a taxable account. Mutual funds are subject to investment advisory and other expenses, which will be indirectly paid by the client who owns the mutual fund. As a result, the cost of investing in some mutual funds may be higher than the cost of investing in other mutual funds.

### *Common Stocks*

The risks of investing in common stocks include:

- Stock market risk, which is the risk 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 risk 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; and
- Difficulty in identifying undervalued stocks (there are no assurances that such opportunities will be successfully recognized or acquired).

### *Fixed Income*

The risks of investing in fixed income securities include:

- Credit risk, which is the risk that one of the credit agencies (e.g., Moody's or Standard & Poor's) downgrades the rating on a municipal, government, or corporate bond, thereby causing a decline in the bond's value;
- Call risk, which is the risk that a callable, high coupon bond is called away from the investor in a low interest rate environment, leaving the investor with less attractive reinvestment options; and
- Interest rate risk (bond prices move inversely to interest rates, and if interest rates rise, the price of bonds will decline).



## Cybersecurity Risks

As the use of technology has grown, there are ongoing cybersecurity risks that make United Income and its clients susceptible to operational and financial risks associated with cybersecurity. To the extent that United Income is subject to a cyber-attack or other unauthorized access is gained to its systems, United Income and its clients may be subject to substantial losses in the form of theft, loss, misuse, improper release or unauthorized access to confidential or restricted data related to United Income or its clients. Cyber-attacks affecting United Income's service providers holding its financial or client data may also result in financial losses to United Income's clients, despite efforts to prevent and mitigate such risks under United Income's policies. While measures have been developed which are designed to reduce the risks associated with cybersecurity, there are inherent limitations in such measures and there is no guarantee those measures will be effective, particularly since United Income does not directly control the cybersecurity measures of its service providers and financial intermediaries with which it does business.

## Voting Client Securities

As a matter of firm policy, United Income does not vote proxies on behalf of clients. Therefore clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings, or other type events pertaining to the client's investment assets. Clients are responsible for instructing each account custodian to forward to the client copies of all proxies and other shareholder communications (e.g., class action notifications) relating to the client's investment portfolios.

If requested, United Income will provide clients with consulting assistance regarding proxy voting issues.

## Item 7 – Client Information Provided to Portfolio Managers

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United Income is the sponsor and portfolio manager of only one wrap fee program (i.e., UIWP) and has access to all Client information. There are no portfolio managers outside of United income who would be provided access to our Clients' confidential information.



## Item 8 – Client Contact with Portfolio Managers

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For clients participating in the Full Service UIWP program, there will be no restrictions placed on a client's ability to contact and consult with their portfolio manager and financial advisors. For clients participating in the Free Service and Self Service UIWP programs, there will be restrictions based on the services outlined in Item 4.

## Item 9 – Additional Information

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### Disciplinary Information

We are required to disclose all material facts regarding any legal or disciplinary events that would be material to evaluating United Income or the integrity of our management. We do not have any information to disclose concerning United Income, its management, or any of its employees that would be material to a client's or prospective client's evaluation of United Income's advisory business or the integrity of its management. We require high ethical standards from all United Income employees and strive to do what is in the client's best interest.

### Other Financial Industry Activities and Affiliations

Management personnel of United Income are also separately affiliated with Benefit Strategies, Inc., a third-party administrator that provides administrative support services to the sponsors of qualified retirement plans for a fee. Benefit Strategies, Inc. is owned and operated by United Income.

In particular, Benefit Strategies, Inc. provides account record-keeping services and a trading platform (via internet and telephone) by which plan participants may direct the investment of assets in their qualified plan account. Benefit Strategies, Inc. may refer plan sponsors in need of advisory services to our firm. Conversely, United Income may refer clients in need of third-party administrative services to Benefit Strategies, Inc. However, there are no referral fee arrangements between Benefit Strategies, Inc., and United Income for these referrals. Third-party administrative services provided by Benefit Strategies, Inc., are separate and distinct from the advisory services we provide and are provided for separate compensation. No advisory client is obligated to use Benefit Strategies, Inc. for any third-party administrative services and no client of Benefit Strategies, Inc. is obligated to utilize United Income's advisory services. Sponsors or trustees of pension, profit sharing, 401(k), IRA, or other client accounts subject to the provisions of ERISA or the prohibited transaction provisions of the Internal Revenue Code are solely responsible for determining whether or not to engage the services of Benefit Strategies, Inc.

Advisory fees will be offset by compensation earned by Benefit Strategies, Inc. from pension, profit sharing, 401(k), IRA, or other client accounts if such fee arrangements would not constitute a prohibited transaction under the provisions of ERISA or the Internal Revenue Code and where an exemption from such prohibition is not otherwise applicable.



## Code of Ethics, Participation or Interest in Client Accounts and Personal Trading

United Income has adopted a Code of Ethics, which sets forth the high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Our firm and our personnel owe a duty of loyalty, fairness, and good faith towards our clients, and have an obligation to adhere, not only to the specific provisions of the Code of Ethics, but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports, as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement, and record-keeping provisions.

United Income's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. All employees are reminded that such information may not be used in a personal or professional capacity.

A copy of United Income's Code of Ethics is available to our prospective and current clients upon request by sending an email to [ben@unitedincome.com](mailto:ben@unitedincome.com) or by calling our office at (202) 558-2017.

United Income and our employees are prohibited from engaging in principal transactions and agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of our employees 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.

United Income and our employees are permitted to buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, United Income employees may have an interest or position in certain securities which are also recommended to clients.

It is the expressed policy of our firm that United Income employees may not purchase or sell any security prior to a transaction in the same security being implemented for a client account.

We aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average execution price, and transaction costs will be shared equally and on a pro rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro rata, with each account receiving the average price. Our employee accounts will be included in the pro rata allocation.



United Income has established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosures:

- No principal or employee of our firm will put his or her own interest above the interest of an advisory client.
- Principals and employees of United Income are prohibited from buying or selling securities for their personal portfolio(s) while in possession of material, non-public information relating to such securities.
- We maintain a list of all reportable securities holdings held by in our firm's and employees' investment accounts. These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his designee.
- We have established procedures for the maintenance of all required books and records.
- Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
- All of our principals and employees must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
- United Income will provide its Code of Ethics to all supervised persons and will require each supervised person to acknowledge their receipt and understanding of the Code of Ethics.
- United Income's Code of Ethics requires all supervised persons to report violations of the Code of Ethics to senior management.
- Any individual who violates any of the above restrictions may be subject to termination.

### **Review of Accounts**

Underlying securities within all portfolios are monitored and reviewed on a dynamic basis. These reviews are triggered by material changes in variables such as the client's individual circumstances and financial plan, or the market, political or economic environment.

Client accounts and financial plans are reviewed in the context of each client's stated investment objectives and guidelines. These reviews are conducted at least annually and are facilitated by one of our financial advisors. The nature of the review is to ensure that investments are consistent with client objectives and new life circumstances are taken into account.

United Income's clients' performance, holdings, and financial planning graphs are always available to clients through a secure portal accessible from our website. Investment holdings and performance information are updated daily.

### **Client Referrals and Other Compensation**

United Income does not compensate any third-party solicitors for UIWP client referrals.



It is United Income's policy to not accept or allow our employees to accept any form of compensation, including cash, sales awards, or other prizes, from a non-client in conjunction with the advisory services we provide to our UIWP clients

### Financial Information

United Income does not have any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. United Income has not been the subject of a bankruptcy petition at any time over the past ten years.