



# **APS Wealth Management, LLC**

**a.k.a. APS Investment Management, Inc.**

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**Melville, NY 11746**

**(516) 228-8444**

**Form ADV Part 2A**

**[www.apspension.com](http://www.apspension.com)**

**January 22, 2019**



This Brochure provides information about the qualifications and business practices of APS Wealth Management, LLC ("APSWM", Adviser, "we" or "us"). If you have any questions about the contents of this Brochure, please contact us at (516) 228-8444 or via email at [askaps@apspension.com](mailto:askaps@apspension.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

APSWM 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 that you may use to determine whether to hire or retain them.

Additional information about APSWM is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number, known as a CRD number. The CRD number for APSWM is 170572. The SEC's web site also provides information about any persons affiliated with APSWM who are registered, or are required to be registered, as Investment Adviser Representatives of APSWM.



## Item 2 – Material Changes

Since our last annual filing on January 22, 2019, we have made the material changes to our ADV Part 2:

1. APS Investment Management, Inc. and APS Wealth Management, LLC have merged to one registered investment adviser, and;
2. Upon merging of the two advisers APS Wealth Management, LLC registered with the SEC.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 90 days of the close of our business' fiscal year end which is December 31st. We will provide other ongoing disclosure information about material changes as they occur. We will also provide you with information on how to obtain the complete brochure. Currently, our Brochure may be requested at any time, without charge, by contacting Steven J. Musmanno at (516) 228-8444.

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## **Item 4 – Advisory Business Introduction**

APS Investment Management was founded in 2013 by Stephen Abramson who serves as President and Steven J. Musmanno who serves as the Chief Investment Officer and Chief Compliance Officer. APSWM was founded in 2018 by Stephen Abramson and Steven J. Musmanno. APSWM is the successor of M&A Financial Services, Inc.

### **Services**

APSWM is a Registered Investment Adviser (“Adviser”) which offers investment advice, consulting and other financial services to individuals, high net worth individuals, trusts, estates, corporations, business entities and employer-sponsored retirement plans in accordance with the Employee Retirement Income Security Act (“ERISA”).

We provide investment advice and consulting through representatives (“Advisors”) associated with us. These individuals provide advisory services on our behalf. In addition, all advisors are required to have a college degree, professional designation, or equivalent professional experience.

APSWM defines excellence through what can be done to improve a plan sponsor’s fiduciary responsibilities and an individual’s investment decision-making process. The excellence is established by best practices which are intended to provide the framework of a disciplined investment process.

We are committed to the precept that by placing our clients’ interests first, we will add value to the asset management 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.

### **Qualified Retirement Plan Advisory Services**

**APSWM provides investment advice to your plan/account as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended (ERISA).**

These services are provided for the development of model portfolios for employer-sponsored retirement plans by recommending the investments that will be offered in the model portfolios. We are registered with and regulated by the Securities and Exchange Commission (“SEC”).

### **Product Management**

#### ***3(21) Fiduciary Services***

When delivering ERISA fiduciary services, we will perform those services for the retirement plan as a fiduciary under ERISA Section 3(21)(A)(ii) will act in good faith and with the degree of diligence, care and skill that a prudent person rendering similar services would exercise under similar circumstances. Under this arrangement APSWM is appointed by the plan sponsor or trustee to provide a generic recommended lineup of investments to be included in model portfolios. These recommendations are presented to the plan sponsor who has the ultimate responsibility to accept or reject our recommendation. We do not have discretion over any plan assets. APSWM does not give any advice regarding any specific securities transactions, nor does it give any advice to plan participants.



In our capacity as a 3(21)-plan fiduciary, we will conduct research to determine appropriate investment selections and allocations and to project potential ranges of returns and market values over various time periods and using various cash flows to assist the plan sponsor in determining the appropriate model(s) for the retirement plan.

The data used to select the investment options is based on estimated, forward-looking performance of various asset classes and subclasses to create our forward-looking capital markets assumptions (e.g., expected return, expected standard deviation, correlation, etc.). Past performance and the return estimates of the asset classes and the indices that correspond to these asset classes may not be representative of actual future performance. Actual results could differ, based on various factors including the expenses associated with the management of the portfolio, the portfolio's securities versus the securities comprising the various indices and general market conditions. Before a specific investment is selected, other factors such as economic trends, which may influence the choice of investments and risk tolerance, should be considered. We have the responsibility and authority to recommend the investment line up including evaluating investment managers and mutual fund companies, individual mutual funds, and money market funds which may be retained or replaced. The plan sponsor has the responsibility and authority to make the final decision regarding what investments to include in the model portfolio and when to add or exclude a specific security.

We also encourage plan sponsors to consult with other professional advisors since we do not provide tax or legal advice that may affect asset classes or allocations used in the modeling. We will apply any guidelines you supply, as directed, however, compliance with these restrictions or guidelines, is your responsibility.

We may also assist you in creating a written investment policy statement ("IPS") to document the plan's investment goals and objectives as well as certain policies governing the investment of assets. The IPS also identifies an investment strategy that seeks to attain the plan's goals.

We will assist with the establishment, execution, and interpretation of the Investment Policy Statement. The Investment Policy Statement serves as a guide to assist in effectively supervising, monitoring, and evaluating the investment of the plan's assets. We will prepare a draft of the IPS based upon information furnished by you and your firm designed to profile various factors for the account such as investment objectives, risk tolerances, projected cash flow, and demographics of your retirement plan participants. It is your responsibility to provide all necessary information for the preparation of the IPS, particularly any limitations imposed by law or otherwise. This draft IPS is then submitted to you for review and approval. We recommend that your professional advisors, such as an attorney, actuary, and/or accountant, also review the IPS.

Upon your final approval, it is our responsibility to adhere to the IPS in managing the retirement program. We encourage you to review accounts periodically to verify our compliance with the IPS.

The Investment Policy Statement will be reviewed at least annually to determine whether stated investment objectives are still relevant and the continued feasibility of achieving those objectives. However, the Investment Policy Statement is not expected to vary much from year to year and the IPS will not be updated to account for short term changes in market conditions or the economic environment.

We will also monitor the current managed investment line up including the investment's performance compared to an applicable benchmark cost. If we determine that a fund no longer meets our criterion, we will select possible alternatives and present them to the plan sponsor.

If you decide to implement any of our recommendations, you must open a custodial account(s) for the plan. The funds in your account will be held in a separate account, in the plan's name, at an independent custodian of your choosing, not with us. The custodian, not us, will affect transactions, deliver securities, make payments, etc.

We may conduct plan participant meetings when a change is made either to the structure of the plan or if the investment lineup changes as a result of our decisions. We will detail the changes being made, how it affects the current participants, review the current investment opportunities, how participants may make changes to their investment selections, and will answer any questions a participant may have. This service is provided for educational purposes only. We do not provide any advisory services to plan participants.

### ***3(38) Fiduciary Services***

When a client engages the Adviser to perform "3(38) Fiduciary Services", the Adviser acts as an "investment manager" (as defined in Section 3(38) of ERISA) with respect to the performance of discretionary fiduciary investment services. Under this arrangement the Adviser is appointed by the Plan Sponsor or trustee and accepts discretion over plan assets and assumes full responsibility and liability for fiduciary functions concerning decisions related to the plan assets.

Under this arrangement the Adviser is appointed by the plan sponsor or trustee and accepts discretion over plan assets and assumes full responsibility and liability for fiduciary functions concerning decisions related to the plan assets. The Adviser will review the investment options available to the Plan through documents provided by the Plan Sponsor and notifies the Plan's record-keeper and/or the Plan Sponsor the Adviser's instructions to add, remove and/or replace these specific investment options offered to Plan participants and/or used for administrative purposes under the Plan, according to the criteria set forth in guidelines selected by the Plan Sponsor. The Plan Sponsor retains all authority, responsibility and decision-making for investment options not available on the Plan record-keeper's platform (i.e., "non-core" investment options, such as employer stock, plan loans, self-directed brokerage accounts, frozen guaranteed investment contracts, and life insurance).

The Adviser will retain final decision-making authority with respect to removing and/or replacing investments in the core lineup. The Plan Sponsor will not have responsibility to communicate instructions to any third-party, custodian and/or third-party administrator.

The data used to determine the investment options is based on estimated, forward-looking performance of various asset classes and subclasses to create our forward looking capital markets assumptions (e.g., expected return, expected standard deviation, correlation, etc.). Past performance and the return estimates of the asset classes and the indexes that correspond to these asset classes may not be representative of actual future performance. Actual results could differ, based on various factors including the expenses associated with the management of the portfolio, the portfolio's securities versus the securities comprising the various indexes and general market conditions. Before a specific investment is selected, other factors such as economic trends, which may influence the choice of investments and risk tolerance, should be considered. The Adviser has the responsibility and authority to determine the investment line up including evaluating investment managers and mutual fund companies, individual mutual funds, and money market funds which may be retained or replaced.



The Adviser will also monitor the current managed investment line up including the investment's performance compared to an applicable benchmark. If the Adviser determines that a fund no longer meets the criteria, they will select alternatives and replace them.

## **Independent Qualified Plan Assessment**

The Adviser will conduct a fully comprehensive Independent Qualified Plan Assessment of all fiduciary aspects of operating a fully qualified retirement plan. The Independent Qualified Plan Assessment process consists of:

- A thorough review of the plan documents and ERISA compliance with the United States Department of Labor ("DOL") and Internal Revenue Service ("IRS") Regulations;
- An in-depth evaluation of the plan demographics and composition to determine plan design efficacy and optimization with stated plan goals;
- Assistance with Investment Policy Statement development;
- Analysis of current product line-up, range and diversity of investment options and cost analysis and revenue sharing arrangements;
- Review and audit of Record Keeper, Custodian, Third Party Administrator and all other existing covered service providers, and;
- Assistance with the development of the Retirement Plan Committee.

The services listed above are on a one-time consulting engagement for a stated fee. Please see Item 5 below for a description of the fee.

## **Investment Management Services**

APS Wealth Management manages client investment portfolios on a discretionary or non-discretionary basis. APS Wealth Management primarily allocates client assets among various mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, and independent investment managers ("Independent Managers") in accordance with their stated investment objectives.

Where appropriate, the Firm may also provide advice about any type of legacy position or other investment held in client portfolios. Clients may engage APS Wealth Management to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, APS Wealth Management directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

APS Wealth Management tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. APS Wealth Management consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify APS Wealth Management if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if APS Wealth Management determines, in its sole discretion, the conditions would not



materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

## **Use of Independent Managers**

As mentioned above, APS Wealth Management may select certain Independent Managers to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an Independent Manager may be set forth in a separate written agreement with the designated Independent Manager. In addition to this brochure, clients may also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets.

APS Wealth Management evaluates a variety of information about Independent Managers, which may include the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. APS Wealth Management also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

APSWM continues to provide services relative to the discretionary or non-discretionary selection of the Independent Managers. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. APS Wealth Management seeks to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

## **Wrap Fee**

APSWM provides substantially all investment management services as the sponsor and manager of the APS Wealth Management Wrap Program (the "Wrap Program"), a wrap fee program (i.e., an arrangement where certain brokerage commissions and transaction costs are absorbed by the Firm). Accounts managed through the Wrap Program are done so in substantially the same manner as those managed under a non-wrap arrangement. Participants in the Wrap Program may pay a higher or lower aggregate fee than if investment management and brokerage services are purchased separately. Additional information about the Wrap Program is available in APSWM's Wrap Brochure, which appears as Part 2A Appendix 1 of the Firm's Form ADV (the "Wrap Brochure").

## **Assets Under Management**

As of December 31, 2018, we managed \$43,220,983 in discretionary assets and \$95,364,298 in non-discretionary assets.



## Item 5 – Fees and Compensation

### Qualified Retirement Plan Advisory Fees

Our standard fee includes establishing your Investment Policy Statement, reviewing your plan structure, investment lineup selection and monitoring, fund changes, participant education and reporting. The fee will be outlined in your Advisory Agreement with us. Our typical fee schedule is as follows:

<u>Average Participant Balance</u>	<u>Percentage</u>
\$0-\$25,000	0.85%
\$25,001 – \$49,000	0.75%
\$50,000 - \$89,999	0.65%
\$90,000 - \$199,999	0.50%
\$200,000+	Negotiable

These are paid per the fee schedule of the individual plan sponsors. Some may pay quarterly in arrears or in advance and some may pay monthly in arrears or in advance. The advisory agreement the plan sponsor has with us will outline exactly how the fees are charged and remitted to us.

You may also incur fees related to use of outside service providers including third-party administrators and record keepers. The fee schedule for each outside service provider varies dramatically from service provider to service provider. The service provider's fees will also vary from plan to plan as each plan's structure and characteristics are different from the next.

We believe our services help plan sponsors and plan fiduciaries meet their fiduciary duty to the plan and its participants. As a part of our services, we review the fees of service providers and the transparency of their fees. We will assist the plan sponsors with a review of service providers including the third-party administrator, daily record keeper, and custodian to ensure that their services, along with ours, remain competitive to alternatives that are available.

Some of our advisors are registered representatives of AXA Advisors, LLC. They make recommend securities products that will pay them a commission through their broker-dealer relationship. When such recommendations or sales are made, a conflict of interest exists as the registered representatives may receive more commissions from the sale of these products than from providing you with advisory services. APSWM clients have the option to purchase investment products that APSWM recommends through other brokers or agents that are not affiliated with APSWM. We reduce our advisory fees to offset the commissions or markups.

Steven Musmanno and Stephen Abramson are also investment adviser representatives with AXA Advisors, LLC. They may provide advisory services through AXA or through APSWM. This choice presents a conflict of interest exists as they may receive higher advisory fees from one firm than the other and base their decision on the increased pay out. We require that all Investment Adviser Reps disclose this conflict of interest when such recommendations are made. We also require Investment Adviser Reps to disclose to Clients that they may purchase advisory services from other representatives not affiliated with us. Our Code of Ethics requires our investment adviser representatives do what is in the client's best interests at all times. AXA also monitors advisory services to make certain they are suitable for the client.

## Independent Qualified Plan Assessment

The fee range for an Independent Qualified Plan Assessment consulting engagement is based on time and labor costs. The fee range for this engagement will be between \$5,000 and \$75,000, based on the number of plan participants, total plan assets and the complexity of the plan.

## Investment Management Services

APS Wealth Management offers investment management services for an annual fee based on the amount of assets under the Firm's management. This management fee generally varies in accordance with the following blended fee schedule:

<u>PORTFOLIO VALUE</u>	<u>BASE FEE</u>
First \$500,000	1.50%
Next \$500,000	1.25%
Next \$1,000,000	1.00%
Next \$1,000,000	0.90%
Next \$1,000,000	0.70%
Above \$4,000,000	Negotiable

For clients having a prior relationship with the Firm or its representatives, the Firm may alternatively negotiate a fixed percentage asset-based fee for the investment management services that could be higher than the fee would be under the blended fee schedule. These alternative arrangements create a conflict of interest because of the additional incentive relative to the Firm's compensation under the blended fee schedule.

The annual fee is prorated and charged monthly, in advance, based upon the market value of the assets being managed by APS Wealth Management on the last day of the previous billing period. If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is not adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a pro rata basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), APS Wealth Management may negotiate a fee rate that differs from the range set forth above.

## Flat Dollar Fee Schedule

Depending upon the scope of services, we may elect to negotiate a flat dollar-based fee payable either quarterly or semi-annually.

## **Fee Discretion**

APS Wealth Management may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.

## **Additional Fees and Expenses**

All fees paid to us for retirement plan services are separate and distinct from the fees and expenses charged by mutual funds and exchange traded funds (ETFs) to their shareholders. These types of pooled investment vehicles are commonly offered through 401(k), simple IRA, 403b, or 457 defined contribution retirement plans. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. Accordingly, the client should review both the fees charged by the funds and the fees charged by us to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Our fees may not include brokerage commissions, transaction fees, and other related costs and expenses. You may incur certain charges imposed by custodians, third party investment companies and other third parties. These include fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other taxes on brokerage accounts and securities transactions. We do not receive any compensation from these fees. All of these fees are in addition to the advisory fee you pay us.

## **Direct Fee Debit**

Clients generally provide APS Wealth Management and/or certain Independent Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to APS Wealth Management. Alternatively, clients may elect to have APS Wealth Management send a separate invoice for direct payment.

## **Account Additions and Withdrawals**

Clients may make additions to and withdrawals from their account at any time, subject to APS Wealth Management's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client's account. Clients may withdraw account assets on notice to APS Wealth Management, subject to the usual and customary securities settlement procedures. However, the Firm generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. APS Wealth Management may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

## **Termination**

Either party may terminate the relationship with a thirty (30) day written notice. Upon termination of any account, any prepaid fees that are in excess of the services performed will be promptly refunded to you on a prorated basis from the date of termination. Any fees that are due, but have not been paid, will be billed to you and are due immediately.

## **Item 6 – Performance Based Fee and Side by Side Management**

We do not charge any performance-based fees. These are fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7 – Types of Client(s)**

We offer services to individuals, high net worth individuals, pension and profit sharing plans, trusts, estates, corporations and business entities. APS Wealth Management does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship. Certain Independent Managers may, however, impose more restrictive account requirements and billing practices from the Firm. In these instances, APS Wealth Management may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

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

### **Methods of Analysis**

We use Modern Portfolio Theory and Fundamental Analysis as part of our overall investment management discipline.

#### **Fundamental Analysis**

Fundamental analysis is a technique that attempts to determine a security's value by focusing on the underlying factors that affect a company's actual business and its future prospects. Fundamental analysis is about using real data to evaluate a security's value. It refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements.

The end goal of performing fundamental analysis is to produce a value that we can compare with the security's current price, with the aim of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short).

In order to perform this fundamental analysis, we use many resources, such as:

- F1360 Fiduciary Software
- Morningstar
- Financial newspapers and magazines (e.g. Wall Street Journal, Forbes, etc.)
- Annual reports, prospectuses, filings with the Securities and Exchange Commission
- Company press releases and websites

## **Modern Portfolio Theory (MPT)**

We may use Modern Portfolio Theory to help select the funds for the investment lineup.

Modern portfolio theory tries to understand the market as a whole, rather than looking for what makes each investment opportunity unique. Investments are described statistically, in terms of their expected long-term return rate and their expected short-term volatility. The volatility is equated with "risk," measuring how much worse than average an investment's bad years are likely to be. The end goal is to identify your acceptable level of risk tolerance, and then to find a portfolio with the maximum expected return for that level of risk.

## **Investment Strategies**

We will construct investment portfolios using the combination of a customized Investment Policy Statement coupled with a top-down investment approach. Through a carefully designed Investment Policy Statement, individual clients and qualified retirement plan portfolios are constructed using a comprehensive analysis of the targeted goals and investment objectives. APS Wealth Management manages risk-based investment strategies using Independent Managers, mutual funds and ETFs to capture asset class exposure to achieve an optimal blend of risk and return dedicated to the specific objectives of five separate risk models: Capital Preservation, Income with Moderate Growth, Moderate Growth, Growth and Aggressive Growth of capital. Certain portfolios may require a broader spectrum of security selection and tax management to achieve unique investment mandates and are custom designed using individual equities, individual bonds, ETFs, options and alternative investments.

APS Wealth Management's risk-based portfolio models utilize regular asset rebalancing to maintain the targeted asset allocation within the risk-based objectives.

## **Risks**

We cannot guarantee our analysis methods will yield a return. In fact, a loss of principal is always a risk. Investing in securities involves a risk of loss that you should be prepared to bear. You need to understand that investment decisions made for your account by us are subject to various market, currency, economic, political and business risks. The investment decisions we make for you will not always be profitable nor can we guarantee any level of performance.

A list of all risks associated with the strategies, products and methodology we offer are listed below:

- **Market Risks**

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of APS Wealth Management's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that APS Wealth Management will be able to predict those price movements accurately or capitalize on any such assumptions.

- **Bond Fund Risk**

Bond funds generally have higher risks than money market funds, largely because they typically pursue strategies aimed at producing higher yields of the risks associated with bond funds include:

- Call Risk - The possibility that falling interest rates will cause a bond issuer to redeem—or call—its high-yielding bond before the bond's maturity date.
- Credit Risk — the possibility that companies or other issuers whose bonds are owned by the fund may fail to pay their debts (including the debt owed to holders of their bonds). Credit risk is less of a factor for bond funds that invest in insured bonds or U.S. Treasury bonds. By contrast, those that invest in the bonds of companies with poor credit ratings generally will be subject to higher risk.
- Interest Rate Risk — the risk that the market value of the bonds will go down when interest rates go up. Because of this, you can lose money in any bond fund, including those that invest only in insured bonds or Treasury bonds.
- Prepayment Risk — the chance that a bond will be paid off early. For example, if interest rates fall, a bond issuer may decide to pay off (or "retire") its debt and issue new bonds that pay a lower rate. When this happens, the fund may not be able to reinvest the proceeds in an investment with as high a return or yield.

- Fundamental Analysis Risk

Fundamental analysis, when used in isolation, has a number of risks:

- There are an infinite number of factors that can affect the earnings of a company, and its stock price, over time. These can include economic, political and social factors, in addition to the various company statistics.
- The data used may be out of date.
- It is difficult to give appropriate weightings to the factors.
- It assumes that the analyst is competent.
- It ignores the influence of random events such as oil spills, product defects being exposed, and acts of God and so on.

- Mutual Fund and ETF Risk

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for

indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

The following is a list of some general risks associated with investing in mutual funds.

- Country Risk - The possibility that political events (a war, national elections), financial problems (rising inflation, government default), or natural disasters (an earthquake, a poor harvest) will weaken a country's economy and cause investments in that country to decline.
  - Currency Risk -The possibility that returns could be reduced for Americans investing in foreign securities because of a rise in the value of the U.S. dollar against foreign currencies. Also called exchange-rate risk.
  - Income Risk - The possibility that a fixed-income fund's dividends will decline as a result of falling overall interest rates.
  - Industry Risk - The possibility that a group of stocks in a single industry will decline in price due to developments in that industry.
  - Inflation Risk - The possibility that increases in the cost of living will reduce or eliminate a fund's real inflation-adjusted returns.
  - Manager Risk -The possibility that an actively managed mutual fund's investment adviser will fail to execute the fund's investment strategy effectively resulting in the failure of stated objectives.
  - Market Risk -The possibility that stock fund or bond fund prices overall will decline over short or even extended periods. Stock and bond markets tend to move in cycles, with periods when prices rise and other periods when prices fall.
  - Principal Risk -The possibility that an investment will go down in value, or "lose money," from the original or invested amount.
- Use of Independent Managers

As stated above, APS Wealth Management may select certain Independent Managers to manage a portion of its clients' assets. In these situations, APS Wealth Management continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, APS Wealth Management generally may not have the ability to supervise the Independent Managers on a day-to-day basis.

- Overall Risks

Clients need to remember that past performance is no guarantee of future results. All funds carry some level of risk. You may lose some or all of the money you invest, including your principal, because the securities held by a fund goes up and down in value. Dividend or interest payments may also fluctuate, or stop completely, as market conditions change.

Before you invest, be sure to read a fund's prospectus and shareholder reports to learn about its investment strategy and the potential risks. Funds with higher rates of return may take risks that are beyond your comfort level and are inconsistent with your financial goals.

While past performance does not necessarily predict future returns, it can tell you how volatile (or stable) a fund has been over a period of time. Generally, the more volatile a fund, the higher the investment risk. If you'll need your money to meet a financial goal in the near-term, you probably can't afford the risk of investing in a fund with a volatile history because you will not have enough time to ride out any declines in the stock market.

- **Stock Fund Risk**

Overall "market risk" poses the greatest potential danger for investors in stocks funds. Stock prices can fluctuate for a broad range of reasons, such as the overall strength of the economy or demand for particular products or services.

## **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 us or the integrity of our management. We have no information to disclose here about the APSWM or any of our investment advisors. We adhere to high ethical standards for all advisors and associates. We strive to do what is in your best interests.

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

### **Broker-Dealer Relationship**

Neither APSWM nor its management persons are registered, or have an application pending to register as a broker-dealer or a representative of a broker-dealer.

### **Futures Commission Merchant, Commodity Pool Operator and Commodity Trading Advisor**

Neither APSWM nor its management persons are registered, or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

### **Insurance Agent**

Stephen Abramson and Steven J. Musmanno, the Managing Members for APSWM, are licensed insurance agents/brokers with various companies. The sale of these products accounts for approximately 20% of their time.

Stephen Abramson and Steven J. Musmanno may recommend insurance products and may also, as independent insurance agents, sell those recommended insurance products to Clients. When such recommendations or sales are made, a conflict of interest exists as the Insurance Licensed Investment Adviser Reps earn insurance commissions for the sale of those products, which may create an incentive to recommend such products. We require that all Investment Adviser Reps disclose this conflict of interest when such recommendations are made. Also, we require Investment Adviser Reps to disclose that Clients may purchase recommended insurance products from other insurance agents not affiliated with us.





## **Related Pension Consulting**

APS Wealth Management is under common control with APS Pension and Financial Services, Inc. ("APS Pension"). Certain Supervised Persons of APS Wealth Management also serve in the same or similar capacity for APS Pension. APS Pension caters to financial advisors and their clients in the areas of customized retirement plan design, third party retirement plan administration, and IRS/DOL compliance. APS Pension also caters to closely held businesses in the areas of third party retirement plan administration services, portfolio management, and succession planning solutions.

APS Pension offers the following services to financial advisors, certified public accountants, and their clients: i) qualified plan design proposals; ii) annual administration, including non-discrimination testing, 5500 submissions, etc.; iii) actuarial valuation and certification for defined benefit plans; iv) 401k group enrollment services and payroll integration; v) custom private label retirement plan newsletters and library content; and vi) design and administration of programs that are custom-crafted to their individual needs.

It is expected that the APS Affiliates will have clients in common. There is a conflict of interest where the APS Affiliates and APS Wealth Management recommend each other, either initially or on an ongoing basis. Clients are under no obligation to engage any of the APS firms.

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

### **General Information**

We have adopted a Code of Ethics for all supervised persons of the firm describing its high standards of business conduct, and fiduciary duty to you, our client. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures. All of our supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended.

### **Participation or Interest in Client Accounts**

Our Compliance policies and procedures prohibit anyone associated with APSWM from having an interest in a client account or participating in the profits of a client's account without the approval of the CCO.

The following acts are prohibited:

- Employing any device, scheme or artifice to defraud
- Making any untrue statement of a material fact
- Omitting to state a material fact necessary in order to make a statement, in light of the circumstances under which it is made, not misleading
- Engaging in any fraudulent or deceitful act, practice or course of business
- Engaging in any manipulative practices

You may request a copy of the firm's Code of Ethics by contacting Steven J. Musmanno.

## Personal Trading

We have established the following restrictions in order to ensure our fiduciary responsibilities regarding insider trading are met:

- No securities for our personal portfolio(s) shall be bought or sold where this decision is substantially derived, in whole or in part, from the role of Investment Advisory Representative(s) of APSWM, unless the information is also available to the investing public on reasonable inquiry. In no case, shall we put our own interests ahead of yours.

## Privacy Statement

We are committed to safeguarding your confidential information and hold all personal information provided to us in the strictest confidence. These records include all personal information that we collect from you or receive from other firms in connection with any of the financial services they provide. We also require other firms with whom we deal with to restrict the use of your information. Our Privacy Policy is available upon request.

## Conflicts of Interest

Stephen Abramson and Steven J. Musmanno may employ the same strategy for their personal investment account as they do for their clients. However, they do not place his orders in a way to benefit from the purchase or sale of a security. They do not employ the same strategy for plan sponsor retirement plan accounts.

We act in a fiduciary capacity. If a conflict of interest arises between us and you, we shall make every effort to resolve the conflict in your favor. Conflicts of interest may also arise in the allocation of investment opportunities among the accounts that we advise. We will seek to allocate investment opportunities according to what we believe is appropriate for each account. We strive to do what is equitable and in the best interests of all the accounts we advise.

## Item 12 – Brokerage Practices

APS Wealth Management recommends that clients utilize the custody, brokerage and clearing services of Charles Schwab & Co, Inc. through its Schwab Advisor Services division (“Schwab”) for investment management accounts. The final decision to custody assets with Schwab is at the discretion of the client, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. APS Wealth Management is independently owned and operated and not affiliated with Schwab. Schwab provides APS Wealth Management with access to its institutional trading and custody services, which are typically not available to retail investors.

Factors which APS Wealth Management considers in recommending Schwab or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Schwab enables the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. Schwab has also agreed to reimburse clients for exit fees associated with moving accounts to Schwab. The reimbursement is only available up to a certain amount for all of the Firm’s clients over a twelve-month period. Fees are reimbursed on a first-come-first-served basis so that no clients are favored. The commissions and/or transaction fees charged by Schwab may be higher or lower than those charged by other Financial Institutions.

The commissions paid by APS Wealth Management's clients to Schwab comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where APS Wealth Management determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. APS Wealth Management seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

## Soft Dollars

APS Wealth Management receives without cost from Schwab administrative support, computer software, related systems support, as well as other third party support as further described below (together "Support") which allow APS Wealth Management to better monitor client accounts maintained at Schwab and otherwise conduct its business. APS Wealth Management receives the Support without cost because the Firm renders investment management services to clients that maintain assets at Schwab. The Support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The Support benefits APS Wealth Management, but not its clients directly. Clients should be aware that APS Wealth Management's receipt of economic benefits such as the Support from a broker-dealer creates a conflict of interest since these benefits may influence the Firm's choice of broker-dealer over another that does not furnish similar software, systems support or services Schwab. In fulfilling its duties to its clients, APS Wealth Management endeavors at all times to put the interests of its clients first and has determined that the recommendation of Schwab is in the best interest of clients and satisfies the Firm's duty to seek best execution.

Specifically, APS Wealth Management receives the following benefits from Schwab: i) receipt of duplicate client confirmations and bundled duplicate statements; ii) access to a trading desk that exclusively services its institutional traders; iii) access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and iv) access to an electronic communication network for client order entry and account information.

In addition, the Firm receives funds to be used toward qualifying third-party service providers for research, marketing, compliance, technology and software platforms and services.

These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain amount of the advisor's clients' assets are maintained in accounts at Schwab Advisor Services. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, 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 client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to the Firm other products and services that benefit the Firm but may not benefit its clients' accounts. These benefits may include national, regional or Firm specific educational events organized and/or sponsored by Schwab. Other potential benefits may include occasional business entertainment of personnel of APS Wealth Management by Schwab personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist APS Wealth Management in managing and administering clients' accounts. These include software and other technology (and related technological training) 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 the Firm's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of the Firm's accounts, including accounts not maintained at Schwab. Schwab also makes available to APS Wealth Management other services intended to help the Firm manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to the Firm by independent third parties. Schwab 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 the Firm. While, as a fiduciary, APS Wealth Management endeavors to act in its clients' best interests, the Firm's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefits received and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which creates a potential conflict of interest.

## **Best Execution**

### **ERISA**

We do not trade in retirement plan accounts. However, we do take the cost of execution into consideration when we recommend the plan structure for your retirement plan.

### **Investment Management Services**

Consistent with obtaining best execution, brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist APS Wealth Management in its investment decision-making process. Such research will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because APS Wealth Management does not have to produce or pay for the products or services.

APS Wealth Management periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

## **Brokerage for Client Referrals**

APS Wealth Management does not consider, in selecting or recommending broker/dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.



## **Directed Brokerage**

Not all advisory firms require you to direct brokerage to a specific broker-dealer or custodian. By directing brokerage, you may pay higher fees or transaction costs than those obtainable by other broker-dealers or custodians. In most cases, we believe you are paying a discounted and reasonable rate.

## **Trading**

### **ERISA**

We do not trade any qualified retirement plan accounts.

### **Investment Management Services**

The client may direct APS Wealth Management in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to “batch” client transactions for execution through other Financial Institutions with orders for other accounts managed by APS Wealth Management (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, APS Wealth Management may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

### ***Trade Aggregation***

Transactions for each client generally will be effected independently, unless APS Wealth Management decides to purchase or sell the same securities for several clients at approximately the same time. APS Wealth Management may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among APS Wealth Management’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which APS Wealth Management’s Supervised Persons may invest, the Firm generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. APS Wealth Management does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation



of a potential execution would result in a de minimis allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

## **Item 13 – Review of Accounts**

### **Reviews**

Reviews are conducted at least quarterly or as agreed to by us. Reviews will be conducted by our Chief Investment Officer and Chief Compliance Officer and Managing Member, Steve J. Musmanno. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. Generally, we will monitor for changes and shifts in the economy, changes to the management and structure of a mutual fund or company in which client assets are invested, and market shifts and corrections.

The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and quarterly to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

### **Account Statements and Reports**

#### **ERISA**

We do not provide any other statements except the one provided by your custodian.

#### **Investment Management Services**

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from APS Wealth Management and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from APS Wealth Management or an outside service provider.

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

We do not receive any compensation for referring clients to another advisor nor do we pay any compensation to another advisor if they refer clients to us.

We do not receive an economic benefit to for providing investment advice or other advisory services from someone that is not our client.

## **Item 15 – Custody**

We do not have physical custody of any accounts or assets. However, we may be deemed to have custody of your account(s) if we have the ability to deduct your quarterly fees from the custodian. We do not have this ability for any retirement plan accounts. You should receive at least quarterly statements from the broker-dealer or custodian that holds

and maintains your investment assets. We urge you to carefully review such statements and if you notice any discrepancies, please contact Steve Musmanno.

In addition, as discussed in Item 13, APS Wealth Management may also send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from APS Wealth Management.

## **Item 16 – Investment Discretion**

### **ERISA**

Our recommendations regarding our 3(21)-qualified retirement plan consulting services are made on a non-discretionary basis. The plan sponsor retains the decision-making authority over the plan. When recommending securities, we observe the investment policies, limitations, and restriction set by the plan and plan sponsor. Our investment decisions regarding our 3(38)-qualified retirement plan consulting services are made on a discretionary basis.

In performing discretionary management services, the Adviser is acting as an “investment manager” (as that term is defined in Section 3(38) of ERISA) and as a fiduciary to the Plan and shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims.

### **Investment Management Services**

APS Wealth Management may be given the authority to exercise discretion on behalf of clients. APS Wealth Management is considered to exercise investment discretion over a client’s account if it can effect and/or direct transactions in client accounts without first seeking their consent. APS Wealth Management is given this authority through a power-of-attorney included in the agreement between APS Wealth Management and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). APS Wealth Management takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made;
- The broker-dealer that executes trades (in the case of a prime brokerage relationship); and
- The Independent Managers to be hired or fired.

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

### **ERISA 3(38) Fiduciary**

As a 3(38) Fiduciary the Adviser will provide the following services:

- Receipt and verification of proxies
- Analysis of issues according to Client’s guidelines
- Voting of proxies according to Department of Labor guidelines if applicable
- Reporting on voting positions provided semi-annually
- Record keeping consistent with established standards





- Voting records can be requested at any time

The Adviser applies a disciplined approach when voting proxies and votes proxies pursuant to the Adviser's policies and procedures unless provided with specific proxy voting instructions from the Client.

The Adviser will vote proxies in the best interests of its Clients. Following each voting period, the Adviser prepares proxy reports that provide a description of the matters that were voted on and provides details on how each proxy was voted. The Adviser analyzes each proxy on a case-by-case basis to determine that all votes are cast solely in the best interest of the Clients. The Adviser generally mails or emails Proxy Reports annually.

The Adviser acts with the care, skill, prudence and diligence under the prevailing circumstances that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. When proxies due have not been received, the Adviser will make reasonable efforts to obtain missing proxies however, the Adviser is not responsible for voting proxies it does not receive. If a material conflict were to occur, the Adviser would opt out of voting proxies for the client and document the conflict.

### **Investment Management Services**

As a matter of firm policy and practice, we do not have any authority to and do not vote proxies on behalf of advisory clients. You retain the responsibility for receiving and voting proxies for any and all securities maintained in your plan. You may contact the Adviser to discuss any questions that you may have about a particular solicitation. The custodian will forward you copies of all proxies and shareholder communications relating to your account assets and any information regarding class action legal matters involving any security held in the Account.

## **Item 18 – Financial Information**

We are required to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that would impair our ability to meet any contractual and fiduciary commitments to you, our client. We have not been the subject of any bankruptcy proceedings. In no event shall we charge advisory fees that are both in excess of five hundred dollars and more than six months in advance of advisory services rendered.





## **ADV Part 2B Brochure Supplement – Stephen Abramson**

### **Item 1 – Cover Page**

# **Stephen Abramson**

**January 22, 2019**

**APS Investment Management, Inc.  
1 Huntington Quadrangle, Suite 2S04  
Melville, NY 11746  
[www.apspension.com](http://www.apspension.com)  
(516) 228-8444**

This Brochure supplement provides information about Stephen Abramson and supplements the APS Wealth Management, Inc. (“APSWM”) Brochure. You should have received a copy of that Brochure. Please contact Steven J. Musmanno if you did not receive the Brochure or if you have any questions about the contents of this supplement. Additional information about APSWM is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Educational Background and Business Experience

Full Legal Name: Stephen Abramson      Year of Birth: 1943

### Education

Bachelor of Science in Business      1964  
Cornell University, Ithaca, NY

### Designations

CLU

American College, Bryn Mawr, PA

ChFC

American College, Bryn Mawr, PA

CPC

American Society of Pension Professionals and Actuaries, Arlington, VA

### Minimum Designation Requirements

#### Chartered Life Underwriter (CLU)

**Issuing Organization:** The American College

**Prerequisites/Experience Required:** 3 years of full-time business experience within the five years preceding the awarding of the designation

**Educational Requirements:** 5 core and 3 elective courses

**Examination Type:** Final proctored exam for each course

**Continuing Education/Experience Requirements:** 30 hours every 2 years

#### Chartered Financial Consultant (ChFC)

**Issuing Organization:** The American College

**Prerequisites/Experience Required:** 3 years of full-time business experience within the five years preceding the awarding of the designation

**Educational Requirements:** 6 core and 2 elective courses

**Examination Type:** Final proctored exam for each course

**Continuing Education/Experience Requirements:** 30 hours every 2 years

#### Certified Pension Consultant (CPC)

**Issuing Organization:** American Society of Pension Professionals and Actuaries

**Prerequisites/Experience Required:** 3 years of full time retirement plan related experience

**Educational Requirements:** 8 required courses

**Examination Type:** 8 module exams



**Continuing Education/Experience Requirements:** 40 hours every two years

### **Business History**

August 2014 – Present	President APS Investment Management, Inc.
January 1980 – Present	President of APS Pension and Financial Services, Inc.

### **Item 3 – Disciplinary History**

Neither APSWM nor Stephen Abramson has any disciplinary history to disclose.

### **Item 4 – Other Business Activities**

Stephen Abramson may recommend insurance products and may also, as independent insurance agents, sell those recommended insurance products to Clients. The sale of these products accounts for approximately 5% of his time. When such recommendations or sales are made, a conflict of interest exists as the Insurance Licensed Investment Adviser Reps earn insurance commissions for the sale of those products, which may create an incentive to recommend such products. We require that all Investment Adviser Reps disclose this conflict of interest when such recommendations are made. Also, we require Investment Adviser Reps to disclose that Clients may purchase recommended insurance products from other insurance agents not affiliated with us.

In addition, Stephen Abramson is Board member of the Harriet Windwatch HOA Residential Community and Family Service League. These are not paid positions and are not investment related. Stephen Abramson spends about one hour per month on these activities.

Stephen Abramson is employed with APS Pension and Financial Services, Inc. He will receive ordinary compensation for his activities with the affiliated company.

While Stephen Abramson endeavors at all times to put the interest of our clients first as part of our fiduciary duty, the possibility of receiving incentive awards creates a conflict of interest and may affect his judgment when making recommendations. In order to mitigate any conflicts of interest all supervised persons of APSWM are required to adhere to their fiduciary duty to the clients of the Adviser.

### **Item 5 – Additional Compensation**

Stephen Abramson does not receive an economic benefit from any non-client for providing advisory services.

### **Item 6 – Supervision**

Stephen Abramson is the President and helps perform all supervisory duties for the firm.



## **ADV Part 2B Brochure Supplement – Steven J. Musmanno**

### **Item 1 – Cover Page**

**Steven J. Musmanno**

**January 22, 2019**

**APS Investment Management, Inc.  
1 Huntington Quadrangle, Suite 2S04  
Melville, NY 11746  
[www.apspension.com](http://www.apspension.com)  
(516) 228-8444**

This Brochure supplement provides information about Steven J. Musmanno and supplements the APSWM Investment Management, Inc. (“APSWM”) Brochure. You should have received a copy of that Brochure. Please contact Steven J. Musmanno if you did not receive the Brochure or if you have any questions about the contents of this supplement. Additional information about APSWM is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Educational Background and Business Experience

Full Legal Name: Steven John Musmanno

Year of Birth: 1973

### Education

Master of Business Administration 2002  
New York University Stern School of Business

New York, NY

Bachelor of Science 1995  
State University of New York College of Oswego

Oswego, NY

### Designations

Accredited Investment Fiduciary Analyst

**Designation Status** Currently offered and recognized by the issuing organization

**Acronym** AIFA®

**Issuing Organization** Center for Fiduciary Studies

#### Prerequisites/Experience Required

Candidate must meet a point-based threshold based on a combination of education, relevant industry experience and/or professional development.

**Educational Requirements** Candidate must complete one of the following:

- Web-based program
- Capstone program

**Examination Type** Final certification exam, proctored closed book

**Continuing Education/Experience Requirements** 10 hours per reporting period

CEfEX® Analyst

**Designation Status** Currently offered and recognized by the issuing organization

**Acronym** CEfEX®

**Issuing Organization** Center for Fiduciary Studies

#### Prerequisites/Experience Required

All CEfEX Analysts are Accredited Investment Fiduciary Analysts (AIFA®). CEFEX is an independent global assessment and certification organization. It works closely with investment fiduciaries and industry experts to provide



comprehensive assessment programs to improve risk management for institutional and retail investors. CEFEX certification helps determine the trustworthiness of investment fiduciaries.

### **Business History**

August 2014 – Present	Chief Investment Officer at APSWM
November 2004 – Present	Chief Investment Officer at APS Pension and Financial Services
November 2006 – Present	Registered Representative and Investment Adviser Representative at AXA Advisors, LLC
March 2013 – December 2013	Advisor at M&A Financial
August 2004 – November 2006	Financial Services Representative at Metropolitan Life Insurance Co
August 2004 – November 2006	Financial Services Representative at Metlife Securities, Inc.
December 2003 – August 2004	Registered Representative at Starling Capital LLC
November 2002 – March 2004	President at SJM Advisors, LLC
January 2000 – January 2003	Head of Research Marketing for Emerging Markets Equity Research
March 1996 – January 2000	Global Equity Strategist at Merrill Lynch Private Banking Equities

### **Item 3 – Disciplinary History**

Neither APSWM nor Steven J. Musmanno has any disciplinary history to disclose.

### **Item 4 – Other Business Activities**

Steven J. Musmanno may recommend insurance products and may also, as independent insurance agents, sell those recommended insurance products to Clients. The sale of these products accounts for approximately 2% of his time. When such recommendations or sales are made, a conflict of interest exists as the Insurance Licensed Investment Adviser Reps earn insurance commissions for the sale of those products, which may create an incentive to recommend such products. We require that all Investment Adviser Reps disclose this conflict of interest when such recommendations are made. Also, we require Investment Adviser Reps to disclose that Clients may purchase recommended insurance products from other insurance agents not affiliated with us.

Steven J. Musmanno is employed with APS Pension and Financial Services, Inc. He will receive ordinary compensation for his activities with the affiliated company.

While Steven J. Musmanno endeavors at all times to put the interest of our clients first as part of our fiduciary duty, the possibility of receiving incentive awards creates a conflict of interest and may affect his judgment when making recommendations. In order to mitigate any conflicts of interest all supervised persons of APSWM are required to adhere to their fiduciary duty to the clients of the Adviser.

## **Item 5 – Additional Compensation**

Steven J. Musmanno does not receive an economic benefit from any non-client for providing advisory services.

## **Item 6 – Supervision**

Steven J. Musmanno is the CCO and performs all supervisory duties for his firm.



## **ADV Part 2B Brochure Supplement – Mark Phillips**

### **Item 1 – Cover Page**

**Mark Phillips**

**January 22, 2019**

**APS Investment Management, Inc.  
1 Huntington Quadrangle, Suite 2S04  
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[www.apspension.com](http://www.apspension.com)  
(516) 228-8444**

This Brochure supplement provides information about Mark Phillips and supplements the APSWM Investment Management, Inc. ("APSWM") Brochure. You should have received a copy of that Brochure. Please contact Mark Phillips if you did not receive the Brochure or if you have any questions about the contents of this supplement. Additional information about APSWM is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).





## Item 2 – Educational Background and Business Experience

Full Legal Name: Mark Phillips

Year of Birth: 1950

### Education

B.A., Business Administration  
Hofstra University, New York

1971

### Business History

September 2018 – Present

Investment Adviser Representative at APSWM

August 2013 – Present

Senior Financial Consultant at APS Pension and Financial Services

August 2010 – September 2018

Registered Representative and Investment Adviser Representative at AXA Advisors, LLC

## Item 3 – Disciplinary History

Neither APSWM nor Mark Phillips has any disciplinary history to disclose.

## Item 4 – Other Business Activities

Mark Phillips is employed with APS Pension and Financial Services, Inc. He will receive ordinary compensation for his activities with the affiliated company.

While Mark Phillips endeavors at all times to put the interest of our clients first as part of our fiduciary duty, the possibility of receiving incentive awards creates a conflict of interest and may affect his judgment when making recommendations. In order to mitigate any conflicts of interest all supervised persons of APSWM are required to adhere to their fiduciary duty to the clients of the Adviser.

## Item 5 – Additional Compensation

Mark Phillips does not receive an economic benefit from any non-client for providing advisory services.

## Item 6 – Supervision

Steven J. Musmanno, Chief Compliance Officer, is generally responsible for supervising Mark Phillips's advisory activities on behalf of APS Wealth Management. The telephone number to reach Steven Musmanno is (516) 228-8444.



## **ADV Part 2B Brochure Supplement – David L. Spiegel**

### **Item 1 – Cover Page**

**David L. Spiegel**

**January 22, 2019**

**APS Investment Management, Inc.  
1 Huntington Quadrangle, Suite 2S04  
Melville, NY 11746  
[www.apspension.com](http://www.apspension.com)  
(516) 228-8444**

This Brochure supplement provides information about David L. Spiegel and supplements the APSWM Investment Management, Inc. (“APSWM”) Brochure. You should have received a copy of that Brochure. Please contact David L. Spiegel if you did not receive the Brochure or if you have any questions about the contents of this supplement. Additional information about APSWM is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Educational Background and Business Experience

Full Legal Name: David L. Spiegel

Year of Birth: 1954

### Education

B.A., Business

1978

State University of Oneonta, New York

### Business History

September 2018 – Present

Investment Adviser Representative at APSWM

March 2013 – Present

Qualified Plan Consultant at APS Pension and Financial Services

### Designations

CFP<sup>®</sup>

College of Financial Planning, Denver, CO

### Minimum Designation Requirements

#### Certified Financial Planner (CFP)

The CERTIFIED FINANCIAL PLANNER<sup>™</sup>, CFP<sup>®</sup> and federally registered CFP (with flame design) marks (collectively, the “CFP<sup>®</sup> marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP<sup>®</sup> certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP<sup>®</sup> certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP<sup>®</sup> certification in the United States.

To attain the right to use the CFP<sup>®</sup> marks, an individual must satisfactorily fulfill the following requirements:

**Prerequisites/Experience:** Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year)

**Educational Requirements:** Complete an advanced college level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning.

**Examination Type:** Pass the comprehensive CFP<sup>®</sup> Certification Examination. The examination, which consists of two 3-hour sessions separated by a 40-minute break, includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances.

**Ethics:** Agree to be bound by CFP Board's Standards of Professional/Conduct, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

**Continuing Education/Experience Requirements:** Complete 30 hours of continuing education hours every two years, including two hours on the Code of Ethics and other parts of the Standards of Professional Conduct to maintain competence and keep up with developments in the financial planning field.

**Ethics:** Renew an agreement to be bound by the Standards of Professional Conduct. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

### **Item 3 – Disciplinary History**

Neither APSWM nor David L. Spiegel has any disciplinary history to disclose.

### **Item 4 – Other Business Activities**

David L. Spiegel is employed with APS Pension and Financial Services, Inc. He will receive ordinary compensation for his activities with the affiliated company.

While David L. Spiegel endeavors at all times to put the interest of our clients first as part of our fiduciary duty, the possibility of receiving incentive awards creates a conflict of interest and may affect his judgment when making recommendations. In order to mitigate any conflicts of interest all supervised persons of APSWM are required to adhere to their fiduciary duty to the clients of the Adviser.

### **Item 5 – Additional Compensation**

David L. Spiegel does not receive an economic benefit from any non-client for providing advisory services.

### **Item 6 – Supervision**

Steven J. Musmanno, Chief Compliance Officer, is generally responsible for supervising David L. Spiegel's advisory activities on behalf of APS Wealth Management. The telephone number to reach Steven Musmanno is (516) 228-8444.