



# IFB WEALTH MANAGEMENT

## WRAP Fee Program Brochure

IFB Wealth Management, LLC  
777 SW 37<sup>th</sup> Avenue, 6<sup>th</sup> Floor  
Miami, FL 33135  
Phone – (305) 648-5166  
Fax – (305) 447-0468

This Wrap Fee Program Brochure provides information about the qualifications and business practices of IFB Wealth Management, LLC (“IFB Wealth,” the “Firm,” “Adviser,” or “We”). If you have any questions about the contents of this brochure, please contact us at (305) 648-5166 and/or by email at [mdewitt@ifbbank.com](mailto:mdewitt@ifbbank.com).

The information in this Wrap Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

IFB Wealth is registered as an investment adviser with the SEC. The fact that IFB Wealth is “registered” does not imply any level of skill or training. You should not make a determination to hire or retain any adviser based solely on the fact that the adviser is registered.

Additional information about IFB Wealth Management, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with the Firm who are registered as Investment Adviser Representatives (“IARs”) of the Firm.

Date of Brochure: October 10, 2019

## **Item 2 – Material Changes**

In this Item, we are required to summarize the material changes that were made since the previously-issued Brochure. This Brochure, dated October 10, 2019, is the Firm's initial Brochure. Therefore, there are no material changes to report.

In the future, for each newly-issued Brochure, this Item 2 will identify and include a summary of the specific material changes that were made since the previously-issued annual update of the Brochure. You may obtain a copy of our current Brochure any time by contacting us at the telephone number listed on the cover page of this Brochure or via email at [mdewitt@ifbbank.com](mailto:mdewitt@ifbbank.com).

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## **Item 4– Services, Fees, and Compensation**

IFB Wealth evaluates the current investments of each client with respect to their risk tolerance levels, time horizon, investment objectives, and financial profile. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client. As a matter of the advisory service, IFB Wealth will generally select third-party portfolio managers to manage client assets; however, IFB Wealth may also directly manage assets on behalf of its clients if it deems it is in the best interest of the client and/or at the request of the client.

Based upon the stated investment objectives of the client, IFB Wealth may recommend clients that authorize active discretionary management of a portion or all of their assets to certain investment managers that are not affiliated with the Adviser. The Adviser shall continue to render services to the client by monitoring and reviewing the performance of the Third-Party Manager (“TPM”) and the performance of the client’s accounts that are being managed. The specific terms and conditions under which a client engages a TPM may be set forth in a separate written agreement with the designated TPM. In addition to this brochure, clients may also receive the written disclosure documents of the respective TPM engaged to manage their assets.

IFB Wealth continues to provide services relative to the discretionary or non-discretionary selection of the TPM. IFB Wealth seeks to ensure the TPMs’ strategies and target allocations remain aligned with its client’s investment objectives and overall best interests.

Once IFB Wealth has selected a TPM, IFB Wealth will assist the client complete and supply the TPM with information regarding the financial background and investment objectives of the client to the extent such information is provided by the client. The client then enters an advisory agreement with the TPM whereby the TPM agrees to accept and manage the client’s account on a discretionary basis in accordance with objectives of the client. In order to facilitate account reporting when utilizing TPMs, account assets are usually held at a custodian designated by the TPM and the arrangement will also generally require that all securities transactions for the client's account be executed by the custodian of the broker-dealer of the TPM’s choice which could include an affiliate of the TPM. The TPM will charge the client investment advisory fees. In a wrap program, the total advisory fees include transaction costs that would normally be paid separately by the client to the broker-dealer or custodian if the client were subscribing to a non-wrap account. The TPM will rebate a portion of the advisory fee to IFB Wealth.

Wrap programs, whereby clients pay a single fee for investment advisory services and brokerage services, may cost the client more or less than purchasing such services on an unbundled basis. The wrap fee program costs may be comparatively higher particularly when there are a low number of transactions. The wrap fee program will generally not

be suitable for clients whose accounts have fewer than a certain number of transactions per year or for clients who simply want to purchase individual securities. To meaningfully compare the cost of the program with unbundled services, the client should consider the portfolio turnover rate as discussed with IFB Wealth, standard advisory fees for non-wrap accounts, and brokerage commissions that would be charged by the program broker or by other broker/dealers.

Clients who participate in the wrap fee program will not have to pay for ticket charges for equities, ETF's and mutual funds. However, clients are still responsible for all other account fees; such as annual IRA fees to the custodian or termination fees if the account is moved to another broker.

Since IFB Wealth and an investment adviser representative receive fees as a result of the client's participation in the program, both IFB Wealth and the investment adviser representative have a financial incentive to recommend a wrap fee program over other services that may be available. This constitutes a potential conflict of interest for IFB Wealth and its investment adviser representative.

The TPM provides reports to clients at the frequency specified in the TPM's advisory agreements with clients. IFB Wealth will provide periodic assistance in evaluating the manager(s) performance and, if necessary, replace a manager selected. IFB Wealth is available to discuss reports and to assist the client with other matters associated with the account managed by a third-party.

Currently, IFB Wealth is participating in one wrap fee program, which is sponsored by Insigneo Advisory Services, LLC ("Insigneo"), a TPM. As a TPM, Insigneo provides three distinct portfolio models and manages directly the clients' assets invested in such portfolios. As part its advisory service, IFB Wealth will, on an ongoing basis, assess whether the client should change the selection of model portfolios.

#### Wrap Fee Schedule:

The management fee for the Wrap Program ranges from 1% to 1.75% of gross asset value of the Account. The management fee will depend on the model selected. Because IFB Wealth earns more fees when client assets are invested in the aggressive model portfolio, IFB Wealth has an inherent financial interest in selecting a more aggressive portfolio for a client. IFB Wealth may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future additional investments, dollar amount of assets to be managed, related accounts, pre-existing/legacy client relationships, and account retention.

<i>Portfolio Models</i>	<i>Program Fee</i>
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Conservative Model Portfolio	1.00%
Moderate Model Portfolio	1.50%
Aggressive Model Portfolio	1.75%

The Program Fees are paid directly to the TPM and are expressed as an annual rate that is prorated for the quarterly billing period and is applied to the asset value of the account. For this purpose, asset value means the total market value of the securities and cash in your account.

#### ***Additional Fee Information***

Clients authorize the Adviser to directly debit management fees from client accounts on a quarterly basis. The client authorizes the TPM to debit the management fees directly from the clients account. The TPM will then rebate IFB Wealth its percentage of the advisory fees. In such instances, management fees are prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee.

Fees are deducted directly from client's account held at the custodian.

#### ***Termination of the Agreement***

The client or IFB Wealth may terminate an agreement upon 30 days' advance written notice to the other party or as agreed upon otherwise between the client and the Firm.

If an agreement is terminated during a period in which the client has already paid IFB Wealth its advisory fees in advance, then the Firm will reimburse, on a pro-rated basis, the remaining advisory fees collected for any period for which services were not rendered; these fees will be sent to the client's address of record, unless otherwise directed by the client, within (30) days following termination of the agreement.

## **Item 5 – Account Requirements and Types of Clients**

IFB Wealth provides asset and/or portfolio management services to individuals, high net worth individuals and entities. The Firm ordinarily requires each account to have a minimum of \$250,000, although smaller amounts may be accepted and maintained at the discretion of the Firm.

## **Item 6 – Portfolio Manager Selection and Evaluation**

### **Third-Party Portfolio Manager Selection**

IFB Wealth evaluates a variety of information about TPMs, which may include the TPM's public disclosure documents, materials supplied by the TPM themselves and third-party analyses it believes are reputable. IFB Wealth assesses each TPM's management style, returns, reputation, financial strength, reporting practices, pricing and research capabilities, among other factors.

At the inception of the advisory relationship and at least quarterly thereafter, we will conduct an evaluation of the TPM(s) and their performances. Adviser will monitor the accounts' investments and each TPM's investment style, style consistency, tenure and expertise, risk philosophy, and track record in each specific investment strategy pursued by our clients in light of the client's investment objectives and risk profile. The Adviser will review the TPM's performance calculations provided in client's statements and other information provided by the TPM. The performance information may not be calculated on a uniform and consistent basis. Upon the conclusion of each evaluation, we will make a determination as to whether to terminate the services of the TPM, retain new TPM(s), and/or reallocate assets among TPM(s). If we decide to terminate the services of a TPM, we will also determine how and in what percentages the assets managed by such TPM will be reallocated among the remaining TPMs and/or any TPM(s) newly engaged. We will advise the client in writing of any decision to terminate the services of a TPM, hire a new TPM, or reallocate assets among TPMs.

Neither the Firm nor any related person acts as a portfolio manager for a Wrap Fee Program.

## **Item 7 – Client Information Provided to Portfolio Managers**

IFB Wealth is required to describe the type and frequency of the information it communicates to the TPM managing its clients' investment portfolios. Clients participating in the Wrap Program generally grant IFB Wealth the authority to discuss certain non-public information with the TPM. Depending upon the specific arrangement, we may be authorized to disclose certain personal information including, without limitation: names, phone numbers, addresses, social security numbers, tax identification numbers and account numbers. IFB Wealth may also share certain information related to its clients' financial positions and investment objectives in an effort to ensure that the TPM's investment decisions or portfolio model remain aligned with its clients' best interests. This information is communicated on an initial and ongoing basis, or as otherwise necessary in the management of its clients' portfolios.

## **Item 8– Client Contact with Portfolio Managers**

IFB Wealth is required to describe any restrictions on its clients' ability to contact and consult with the portfolio managers managing their investment portfolios. There are no

restrictions on our clients' ability to correspond with us. Clients can also contact the TPM managing their portfolios through us by providing us with a written request and describing the questions or issues to be discussed. After receiving the client's written request, we will contact the TPM on behalf of the client or arrange for the TPM and the client to communicate directly.

## **Item 9 - Additional Information**

Investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the adviser or the integrity of the adviser's management. IFB Wealth has no information applicable to this Item.

IFB Wealth is wholly owned by a bank, International Finance Bank, and is affiliated with additional banks by common ownership. IFB Wealth will receive client referrals from International Financial Bank. At this time, there will not be any direct or indirect compensation for the referral of clients. In the event that this changes, this Brochure will be updated to reflect that. IFB Wealth is not registered nor has an application pending to register as a securities broker/dealer. However, our Managing Principal and Investment Adviser Representative is registered as a representative of Insigneo Securities, LLC, a securities broker/dealer. IFB Wealth is also affiliated, by common ownership, with IFB Insurance Services, LLC, who is registered as an insurance agency. For clients that are interested or have a need for such services, IFB Wealth will refer them to the affiliated insurance agency. IFB Wealth nor any of its associated person will receive any compensation for such referral.

Along with this WRAP Brochure, clients will also be provided with the Adviser's brochure, which discusses the Adviser's Code of Ethics, personal trading, and financial information. Please see Adviser's ADV Part 2A Brochure for more information.