



## **Bridgeworth, LLC**

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**March 28, 2019**

### **PART 2A - APPENDIX 1 WRAP FEE PROGRAM BROCHURE**

Our Form ADV Part 2A Appendix 1 Wrap Fee Program Brochure provides information about the qualifications and business practices of Bridgeworth, LLC. Questions about the contents of this brochure can be addressed by contact Tomonica Stoudemire, Chief Compliance Officer, at (205) 208-8700 or email [mstoudemire@bridgeworthfinancial.com](mailto:mstoudemire@bridgeworthfinancial.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Bridgeworth, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Bridgeworth, LLC is 164100 or SEC# 801-76956.

Bridgeworth, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Material Changes

Bridgeworth, LLC is required to advise you of any material changes to our Wrap Fee Program Brochure ("Wrap Brochure") from our last annual update, identify those changes on the cover page of our Wrap Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Wrap Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Wrap Brochure, and we must provide the date of the last annual update of our Wrap Brochure.

Since our last annual updating amendment of 03/28/2018, we have made the following material changes to our Wrap Brochure:

- Trust services have been established through a relationship with National Advisors Trust Corp. (NATC) acting as trustee for clients who wish to utilize those services. Custodial services are provided through either Charles Schwab & CO.; Fidelity Investments; TD Ameritrade or NATC.
- Donna Byrne retired as our Chief Compliance Officer effective May 31, 2018.
- We have designated Tomonica Stoudemire as our Chief Compliance Officer effective June 1, 2018.
- Our ownership structure has changed. Please see the *Service, Fees & Compensation* section for a complete list of Partners and Equity Partners.
- We have changed our business model, and as a result, the majority of our investment adviser representatives are no longer registered representatives of LPL. Please see each individual investment adviser representative's ADV 2B Brochure for full disclosures related to outside business activities and conflicts of interest.
- The Wrap Fee Program is closed to new investors as of July 1, 2018.

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## Item 4 Services, Fees & Compensation

### Description of Firm

Bridgeworth, LLC is a registered investment adviser primarily based in Birmingham, Alabama. We are organized as a limited liability company ("LLC") under the laws of the State of Alabama. We have been providing investment advisory services since 2012 and are owned by the following:

DeLynn Zell  
David Wayne Harris  
Henry Ware  
Jeffrey McCormack  
Brian Hinson  
Jennifer Sneed  
Charles Zachary Ivey  
James S. Finch  
William O'Neal Hocutt  
Robert W. Johnson  
Jeris B. Gaston

The following paragraphs describe our services and fees. Refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our," and "us" refer to Bridgeworth, LLC and our Investment Adviser Representatives and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm.

We offer portfolio management services through a wrap-fee program ("Program") as described in this wrap fee program brochure to existing clients. The Wrap Fee Program is closed to new investors as of June 1, 2018. We are the sponsor and investment adviser for the Program. A wrap-fee program is a type of investment program that provides clients with asset management and brokerage services for one all-inclusive fee. If you participate in our wrap fee program, you will pay our firm a single fee, which includes money management fees, certain transaction costs, and custodial and administrative costs. You are not charged separate fees for the respective components of the total services. We receive a portion of the wrap fee for our services. The overall cost you will incur if you participate in our wrap fee program may be higher or lower than you might incur by separately purchasing the types of securities available in the Program.

Prior to becoming a client under the Program, you will be required to enter into a separate written agreement with us that sets forth the terms and conditions of the engagement and describes the scope of the services to be provided, and the fees to be paid.

### Client Investment Process

Our firm manages assets for many different types of clients to help meet their financial goals while remaining sensitive to risk tolerance and time horizons. We provide discretionary and non-discretionary portfolio management services in accordance with your individual investment objectives. As a fiduciary, it is our duty to always act in our client's best interest. This is accomplished in part by knowing the client. Our firm has established a service-oriented advisory practice with open lines of communication. Working with clients to understand their investment objectives while educating them about our process, facilitates the kind of working relationship we value.

We offer Comprehensive Portfolio Management services encompassing asset management through both wrap and non-wrap accounts. A wrap fee program allows our clients to pay a specified fee for investment advisory services and the execution of transactions. The advisory services include portfolio management by Bridgeworth Investment Advisory Representatives and/or advice concerning selection of other advisors, and the fee is not based directly upon transactions in your account. Your fee is bundled with our costs for executing transactions in your account(s). This may result in a higher advisory fee to you. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that an incentive exists to limit trading activities in your account(s) because our firm absorbs client transaction fees. While the fees charged will be based upon the agreed upon fee rate and will not be affected by the services the client receives or the number of transactions executed in the wrap account; however, such factors may be taken into account in negotiating fee rates. By participating in a wrap fee program, you may pay more or less than you would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to you by the executing broker. We do not manage wrap fee accounts in a different fashion than non-wrap fee accounts.

We receive a portion of the advisory fee directly as a percentage of the overall fee paid by the client. Because we are paid a percentage of the client's overall advisory fee, this may create an incentive to recommend the client participate in a wrap fee program rather than a non-wrap fee program (where the client would pay for trade execution costs) or a brokerage account where commissions are charged. This is because, in some cases, we may stand to earn more compensation from advisory fees paid to us through a wrap fee program arrangement if the client's account is not actively traded.

### **Wrap Comprehensive Portfolio Management**

Our comprehensive portfolio management service encompasses asset management. It is designed to assist clients in meeting their financial goals through the use of financial investments. We conduct at least one, but sometimes more than one meeting (in person, telephone, video conference, or via email) with clients in order to understand their current financial situation, existing resources, financial goals and tolerance for risk. Based on what we learn, we will propose an investment approach to the client. We may propose an investment portfolio, consisting of exchange traded funds ("ETFs"), mutual funds, stocks or bonds, or other securities. The client will have an opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. The investment approach, guidelines and restrictions will form the investment objectives of the account. Upon the client's agreement to the proposed investment plan, we work with the client to establish or transfer investment accounts so we can manage the client's portfolio. Once the relevant accounts are under our management, we review such accounts on a regular basis and at least annually. We may periodically rebalance or adjust client accounts under our management. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify us so that we can consider such information in managing the client's investments.

Assets for program accounts are held at Schwab as custodian. Schwab also acts as executing broker/dealer for transactions placed in Program accounts, and provides other administrative services as described throughout this Brochure. To compare the cost of the wrap fee program with non-wrap fee portfolio management services, you should consider the frequency of trading activity associated with our investment strategies and the brokerage commissions charged by Schwab and the advisory fees charged by investment advisers.

### **Changes in Your Financial Circumstances**

In providing the contracted services, we are not required to verify any information we receive from you or from your other professionals (e.g., attorney, accountant, etc.) and we are expressly authorized to rely on the information you provide. Furthermore, unless you indicate to the contrary, we shall assume that there are no restrictions on our services, other than to manage your account in accordance with

your designated investment objectives. It is responsibility to promptly notify us if there are ever any changes in your financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

We are required to describe fees and expenses and that our advisory fees are negotiable. Clients are advised that they may pay more or less than other clients for similar services, however, the fees clients will pay for wrap account advisory services will not exceed the fees established in the fee schedule below.

### **The Program Fee**

We charge an annual "wrap-fee" for participation in the Program depending upon the market value of your assets under our management. You are not charged separate fees for the different components of the services provided by the Program. Our firm pays all trade expenses of trades placed on your behalf. Our Program fee includes the fee we pay to any portfolio manager for their management of your account and Schwab's transaction or execution costs. Assets in each of your account(s) are included in the fee assessment unless specifically identified in writing for exclusion. In special circumstances, and in our sole discretion, we may negotiate a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention, etc.).

### **The Portfolio Management Fee**

On an annualized basis, our Program fees are as follows:

<b>Assets Under Management</b>	<b>Annual Fee</b>
\$0 - \$500,000	Up to 1.50%
\$500,001 - \$1,000,000	Up to 1.30%
\$1,000,001 - \$2,000,000	Up to 1.20%
\$2,000,001 - \$3,000,000	Up to 1.00%
\$3,000,001 - \$5,000,000	Up to 0.90%
\$5,000,001 - \$10,000,000	Up to 0.75%
\$10,000,001 - \$20,000,000	Up to 0.55%
Over \$20,000,000	Negotiable

Our annual portfolio management fee is billed and payable, quarterly in advance, based on the balance on the last day of the previous quarter. If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.

As part of this process, clients are made aware of the following:

- Your Qualified Custodian sends quarterly statements to you showing all disbursements for your account, including the amount of the advisory fees paid to us;
- Adjustments will be made for deposits and withdrawals in your accounts;
- You provide authorization permitting us to be directly paid by these terms;
- If we send a copy of our invoice to you, it will include a legend urging you to compare information provided in our statement with those from the Qualified Custodian;
- LPL Financial will calculate and deduct advisory fees for accounts custodied with them. We use Orion Advisor Services to calculate fees that Schwab deducts from accounts custodied with them; and
- In certain circumstances we allow direct billing as an option to our Investment Management clients.

### **Other Types of Fees & Expenses**

Clients may pay holding charges imposed by the chosen custodian for certain investments, charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (i.e., fund management fees, initial or deferred sales charges, mutual fund sales loads, 12b-1 fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, and other fund expenses). These charges are not included within the wrap fee you are charged by our firm. Our firm does not receive a portion of these charges.

Bridgeworth's policy is to purchase institutional share classes of those mutual funds selected for the client's portfolio. The institutional share class generally has the lowest expense ratio. The expense ratio is the annual fee that all mutual funds or ETFs charge their shareholders. It expresses the percentage of assets deducted each fiscal year for fund expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund. Some fund families offer different classes of the same fund and one share class may have a lower expense ratio than another share class. These expenses come from client assets which could impact the client's account performance. If an institutional share class is not available for the mutual fund selected, the adviser will purchase the least expensive share class available for the mutual fund. As share classes with lower expense ratios become available, Bridgeworth may use them in the client's portfolio, and/or convert the existing mutual fund position to the lower costs share class.

Clients who transfer mutual funds into their accounts with Bridgeworth would bear the expense of any contingent or deferred sales loads incurred upon selling the product. If a mutual fund has a frequent trading policy, the policy can limit a client's transactions in shares of the fund (e.g., for rebalancing, liquidations, deposits or tax harvesting).

### **Investment Advice to Employee Benefit Plans**

Since we may render investment advice to employee benefit plans under Section 4975(e)(3)(B) of the Internal Revenue Code, we act as a fiduciary within the meaning of section 3(21)(A)(ii) of the Advisers Act. As such, we must act "with the care, skill, prudence and diligence under the circumstance then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims" (ERISA 404(a)(1)(B)).

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

## **Item 5 Account Requirements & Types of Clients**

Our requirements for opening and maintaining accounts or otherwise engaging us:

- We require a minimum account balance of \$250,000 for our Investment Management services;
- Minimum of \$50,000 with each portfolio manager;
- Generally, these minimums may be waived at the advisor's discretion.

Types of clients we typically manage wrap fee accounts on behalf of, include:

- Individual households;
- High Net-Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit Sharing Plans;
- Corporations, limited liability companies and/or other business types.

## **Item 6 Portfolio Manager Selection & Evaluation**

Our firm utilizes our in-house professionals as portfolio managers as well as utilizing outside portfolio managers. Acting as our own portfolio managers for the wrap fee programs may create a conflict of interest in that other investment advisory firms may charge the same or lower fees than our firm for similar services.

Outside portfolio managers are selected based on past performance; investment philosophy; market outlook; experience of associated portfolio managers and executive team; disciplinary, legal and regulatory histories of the firm and its associates; and/or whether established compliance procedures are in place to address at a minimum, insider trading, conflicts of interest, anti-money laundering.

We do not calculate portfolio manager performance. Instead, we rely upon the performance figures based on client's monthly or quarterly statements or reports provided to us by third party portfolio managers. This information is relied upon for accuracy based on outside portfolio manager standards which are calculated on a uniform and consistent basis. For outside portfolio managers you should be aware that our firm cannot actively monitor outside portfolio managers conflicts of interest, daily trading activity and other operational issues.

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

We do not charge performance based fees.

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

Our investment philosophy is built on the basic beliefs that investors should be adequately compensated for the risks they take, should be positioned to have a high probability of reaching their goals, and avoid potentially disastrous risks. Our investment analysis and portfolio construction process seeks to balance the investor's risk tolerance and current resources capacity with their quest for reasonable investment returns.

Our investment strategies and analysis are developed and conducted by our advisory representatives and Investment Committee. We utilize quantitative analysis which may include analysis of management expertise, industry cycles, strength of research and development as well as fundamental analysis and research which includes reviewing financial analysts' reports to gain insight on the future performance of a security to guide our investment allocation decisions. We first consider the development of long-term capital market assumptions. We then work with the client to develop strategic asset allocations designed to address risk and reward over a given time period.



Other considerations are used to provide guidance on shorter-term decisions in investment management. These considerations include the timing of rebalancing, investing cash, making distributions, and tactical over or under-weights in the previously developed strategic allocation. These methods include technical analysis (charting current trends and trend reversals), quantitative analysis (reviewing market and economic trends), and global macro analysis of overall economic and political views of various countries.

We consider multiple time horizons, including long, medium, and short term, when determining strategies. Depending on the client's needs, we may employ various risk-management strategies. We avoid market timing, but may increase cash holdings or tilt allocation slightly when necessary. This is based on the client's risk tolerance and our expectations of market behavior.

The Bridgeworth Model Allocations serve as guidelines. The advisor has discretion to deviate from the asset allocations in order to meet the client's risk and return needs. In most cases, however, the advisor is expected to follow the general allocations.

If the client's current investment allocations do not conform to the Bridgeworth Model Allocations (for example due to recent transfer to Bridgeworth, client holding preferences, etc.), the client is made aware that the advisor will make changes to the investment allocations over time considering such circumstances as market environment, tax ramifications, dollar cost averaging ramifications, and the client's wishes regarding particular holdings.

### **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and client account(s) could enjoy a gain, it is also possible that the stock market may decrease and client account(s) could suffer a loss. It is important that clients understand the risks associated with investing in the stock market, are appropriately diversified in client investments, and ask us any questions they may have.

**Please Note:** We generally invest client's cash balances in money market funds, FDIC insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low- risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees related to our Investment Management service, as applicable.

### **Voting Client Securities**

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to the client and ask the party who sent them to mail them directly to the client in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

## **Item 7 Client Information Provided to Portfolio Manager(s)**

In order to provide the Program services, we will share your private information with your account custodian LPL and Schwab. We may also provide your private information to mutual fund companies and/or private managers as needed. We will only share the information necessary in order to carry out our obligations to you in servicing your account. We share your personal account data in accordance with our privacy policy as described below.

## **Item 8 Client Contact with Portfolio Manager(s)**

Without restriction, you should contact our firm or your advisory representative directly with any questions regarding your Program account. You should contact your advisory representative with respect to changes in your investment objectives, risk tolerance, or requested restrictions placed on the management of your Program assets.

## **Item 9 Additional Information**

### **Disciplinary Information**

We have determined that our firm and management have no disciplinary information to disclose.

### **Registrations with Broker-Dealer**

Persons providing investment advice on behalf of our firm are registered representatives with LPL, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In their capacity as registered representatives, these persons will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by these persons in their capacities as registered representatives is separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm.

### **Licensed Insurance Agents**

Some Bridgeworth advisers are also insurance agents. Clients may work with a Bridgeworth adviser in his or her separate capacity as an insurance agent. When acting in his or her separate capacity as an insurance agent, the investment adviser may sell, insurance products, for commissions. This receipt of commissions creates an incentive for the representative to recommend those products for which the investment adviser will receive a commission in his or her separate capacity as an insurance agent. Consequently, the advice rendered to clients could be biased. Clients are under no obligation to purchase insurance or annuity products through a Bridgeworth investment adviser.

### **Certified Public Accountants**

Associated persons of our firm are also separately licensed as a certified public accountant. If you require accounting services, we will recommend that you use the services of an accountant that is associated with our firm. Our advisory services are separate and distinct from the compensation paid for accounting services.

### **Recommendation of Other Advisers**

The compensation paid to our firm by third party money managers may vary, and thus, creates a conflict of interest in recommending a manager who shares a larger portion of its advisory fees over another manager. Prior to referring clients to a third party advisors, our firm will ensure that third party advisors are licensed or notice filed with the respective authorities. A potential conflict of interest in utilizing third party advisors may be an incentive to us in selecting a particular advisor over another in the form or fees or services. In order to minimize this conflict our firm will make our recommendations in the best interest of our clients.

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting our Chief Compliance Officer at 205-208-8700.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients on the same day. Those products, such as open-end mutual funds, whose purchase or redemption price is a fixed net value price per share as of end of date of purchase or redemption are not subject to this restriction.

### **Block Trading**

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Refer to the *Brokerage Practices* section in this brochure for information on our block trading practices. We use block trades when possible and act in the client's best interest to mitigate the conflict of front running.

### **Review of Accounts**

Each adviser who manages your account(s) performs account reviews in preparation to the annual meeting or conference call we schedule with you. Advisers conduct an additional review of client accounts each year. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions and investment policies, if applicable. Annually, our Investment Committee reviews and recommends positions for which advisers may place in client accounts.

We will not provide you with regular written reports. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

### **Charles Schwab & Co., Inc - Institutional**

In addition, we receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above, see *Item 4 - Services, Fees, and Compensation*. The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

**Other Compensation**

The adviser, Bridgeworth and Bridgeworth employees may receive additional non-cash compensation from advisory product sponsors. Such compensation may not be tied to the sales of any product. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives. Advisory product sponsors may also pay for education or training events that may be attended by Bridgeworth employees and advisers.

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with your account custodian.

**Order Aggregation**

Transactions for each client account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. The aggregation or blocking of client transactions potentially allows us to execute transactions in a more timely, equitable, and efficient manner, and seeks to reduce overall transaction costs to clients. Bridgeworth will aggregate client transactions where possible and when advantageous to clients. In these instances, clients participating in any aggregated transactions will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. To the extent that we determine to aggregate client orders we shall do so in accordance with the parameters set forth in SEC No-Action Letter, SMC Capital, Inc. We shall not receive any additional compensation or remuneration as a result of the aggregation.

We do not block trade for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our firm, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm.

**Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

**Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

**Financial Information**

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.

We have not filed a bankruptcy petition at any time in the past ten years.

## **IRA Rollover Considerations**

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 70.5.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
  - a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.

9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.

### **Item 10 Requirements for State-Registered Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.