

**Item 1 - Cover Page**

Form ADV Part 2A

Firm Brochure

Axiom Advisory, LLC  
750 B Street, Suite 1610  
San Diego, CA 92101  
Phone: (800) 836-4792  
[www.axiomadvisory.com](http://www.axiomadvisory.com)

February 2024

This Brochure provides information about the qualifications and business practices of Axiom Advisory, LLC. If you have any questions about the contents of this Brochure, please contact us by phone at (800) 836-4792 or email at [mike@axiomadvisory.com](mailto:mike@axiomadvisory.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.

Axiom Advisory, LLC is an SEC- registered investment advisor. Registration of an investment advisor does not imply any level of skill or training. The oral and written communications of an advisor provide you with information about which you determine to hire or retain an advisor.

Additional information about Axiom Advisory, LLC is available on the SEC's website at [www.Adviserinfo.sec.gov](http://www.Adviserinfo.sec.gov).

## **Item 2 - Material Changes**

This Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

Since our last annual amendment filed February 6, 2023, we have the following material changes to disclose:

Pursuant to the merger of Charles Schwab & Co, Inc. (“Schwab”) and TD Ameritrade, Inc., Client’s that previously custodied assets with TD will now be custodied under Schwab. Please see Item 12 and 14 for more information on Schwab’s brokerage practices.

Please note that we have removed the branch office located at 951 Mariners Island Blvd. Suite 300 San Mateo, CA 94404.

### Item 3 - Table of Contents

Item 1 - Cover Page.....	1
Item 2 - Material Changes.....	2
Item 3 - Table of Contents .....	3
Item 4 – Advisory Business.....	4
Item 5 – Fees and Compensation.....	6
Item 6 – Performance-Based Fees and Side-By-Side Management .....	7
Item 7 – Types of Clients & Account Requirements .....	7
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	8
Item 9 – Disciplinary Information .....	8
Item 10 – Other Financial Industry Activities and Affiliations .....	8
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	9
Item 12 – Brokerage Practices .....	10
Item 13 - Review of Accounts .....	15
Item 14 - Client Referrals and Other Compensation .....	15
Item 15 - Custody .....	15
Item 16 - Investment Discretion .....	16
Item 17 – Voting Client Securities .....	16
Item 18 – Financial Information .....	16

#### **Item 4 – Advisory Business**

Axiom Advisory, LLC (“Advisor”) is a fee-only registered investment adviser. Advisor specializes in providing holistic financial planning, financial consulting, and investment advisory services to individuals and families. Advisor is owned and operated by Michael P. Skolnick, CPA/PFS, who established his registered investment advisory business in 2010 as a sole proprietorship doing business as Axiom Advisory Services. In August 2014, the firm was reorganized as a limited liability company by the name of Axiom Advisory, LLC. Specifically, Axiom Advisory, LLC distinguishes itself from traditional investment advisory firms by providing services to meet your investment needs, as well as tax planning, estate planning, risk management, retirement planning, and business development needs. As of December 31, 2023, we manage \$223,919,123 on a discretionary basis and \$137,744 on a non-discretionary basis.

Advisor, as an SEC-Registered Investment Adviser, shall recommend appropriate investments and make trades of recommended securities in brokerage accounts for which the Client has provided Advisor with trading authority. Such trades shall only be made with the Client’s authorization on a discretionary basis.

Advisor does not sell insurance or investment products and does not accept commissions as a result of any product recommendations. Advisor does not pay referral or finder's fees, nor does it accept such fees from other firms.

Advisor provides the following three types of services:

##### **1. Open Retainer:**

An Open Retainer provides holistic/comprehensive investment management and financial planning for a fixed fee over the course of one year. Clients will have no limit of scheduled meetings during the Initial Year and Renewal Years (see below). The number of meetings will depend on their individual situation.

Services provided may include, but are not limited to: inventory of assets, analysis of financial goals, portfolio analysis, no-load mutual fund recommendations, portfolio implementation, development of an asset allocation strategy, rebalancing if necessary, tax preparation, tax planning, insurance review, retirement planning and estate plan reviews.

**Initial Year of Open Retainer** - Scheduled meeting topics are listed below. Advisor will schedule meetings to cover those topics relevant to you, such as:

- Goal and Budget
- Inventory of client assets
- Portfolio analysis
- Recommend investments
- Trade implementation
- Develop asset allocation strategies
- Tax preparation
- Tax planning
- Budgeting and cash flow
- Retirement planning
- Estate planning review

- Small business planning
- Insurance analysis
- Education planning
- Analysis of employee benefits

### **Renewal Years of Open Retainer**

- Typical Scheduled Meetings
- Tax planning & Tax preparation
- Goal and Budget
- Investment review/update
- Rebalancing of assets
- Financial planning and/or any financial services as requested or needed by client.

## **2. Investment Management**

As part of our Investment Management service clients will be provided asset management. As part of this service our firm conducts client meetings to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what is learned, an investment approach is presented to the client, consisting of individual stocks, bonds, ETFs, options, mutual funds and other public and private securities or investments. Once the appropriate portfolio has been determined, portfolios are continuously and regularly monitored, and if necessary, rebalanced based upon the client's individual needs, stated goals and objectives.

## **3. Online Investment Management Service:**

Only for clients currently on an existing Online Investment Management Service agreement, we provide online investment management that produces portfolio recommendations, including asset allocations, purchase or sale of security recommendation in a particular asset class and ongoing rebalancing guidance. Our online program gathers information about the client's financial situation, goals, risk tolerance and investment preference. Client will then be required to link advisory account(s) for a portfolio analysis to determine a recommended asset allocation plan. To access the website, client will register online and link either their entire portfolio or choose specific advisory accounts ("Chosen Accounts") for which recommendations are to be produced.

Please note that this service is not offered to new clients. For additional information, please see Item 5 of this Brochure.

## **4. Hourly Services:**

If an Open Retainer relationship is not desired or practical, Hourly services are also offered. Hourly services are narrower in scope and usually focus on one or more of the following areas: goal setting, asset/liability analysis, tax planning, cash flow management, investment review, retirement planning, risk management, estate planning and record keeping. The service includes various client consultations as well as written and/or oral recommendations resulting from such consultations. The Hourly Service does not constitute a comprehensive financial planning engagement and follow-up advice and/or implementation assistance is not provided following the completion of the project. Additionally, tax return preparation is not automatically included with the Hourly Service, but may be purchased as a separate service, at the client's request, for an additional fee.

If a client wishes to upgrade to the Open Retainer option, they may receive credit toward Open Retainer fees for all amounts paid under Hourly Service agreement for the past six months.

## Item 5 – Fees and Compensation

### 1. Open Retainer Billing Options:

Annual Open Retainer: \$7,500 to \$50,000. The actual fee charged will be outlined in the signed advisory agreement.

*Add-ons, credits, and miscellaneous adjustments:* A charge of \$750 is assessed for each amended tax return prepared, if applicable. A charge of up to \$1,500 per return is assessed for additional tax returns prepared for dependents of the client. Credits and miscellaneous adjustments may be applied if the client has an adequate estate plan (will or trust) in place, or for other reasons, as appropriate. Any credits or adjustments will be determined at the sole discretion of Advisor.

Axiom Advisory, LLC is a fee-only financial advisory firm and does not sell investment or insurance products. Clients are responsible, but under no obligation, to implement any recommendations made by Advisor. If specifically requested and authorized by Client (with such request accepted by Advisor), Advisor may, on a non-discretionary basis, execute recommendations on behalf of Clients for accounts and assets held at an outside custodian.

### 2. Investment Management Agreement:

Assets Under Management	Annual Percentage of Assets Charge
\$0 to \$500,000	1.0%
\$500,001 to \$1,000,000	0.8%
\$1,000,001 to \$5,000,000	0.6%
Over \$5,000,000	0.4%

Fees to be assessed will be outlined in the advisory agreement to be signed by the Client. Annualized fees are billed on a pro-rata basis quarterly in advance based on the value of the account(s) on the last day of the previous quarter. Fees are negotiable and will be deducted from client account(s). In rare cases, our firm will agree to directly invoice. As part of this process, Clients understand the following:

- a) The client's independent custodian sends statements at least quarterly showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to our firm.
- b) Clients will provide authorization permitting our firm to be directly paid by these terms. Our firm will send an invoice directly to the custodian; and
- c) If our firm sends a copy of our invoice to the client, a legend urging the comparison of information provided in our statement with those from the qualified custodian will be included.

### 3. Online Investment Management Service:

The maximum annual fee charged for this service is 0.50% of the Chosen Accounts' assets under management. Of that 0.50% our firm receives an advisory fee of 0.25.

Our firm's annualized fees are billed on a pro-rata basis quarterly in arrears based on the average daily balance of the account on the last day of the previous quarter. Fees will be deducted from your managed account.

As of June 2022, We only honor the terms of our Online Investment Management Service to client who have already engaged us for this service. As such, this service is not offered to new clients of our firm.

#### **4. Hourly Services**

Services under this arrangement are typically provided on an hourly basis. Advisor may negotiate an hourly fee of up to \$325 per hour for specific project requests. In Advisor's sole discretion, fees will be paid upon completion. Our firm will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 months.

#### **Additional Fees**

In addition to Advisor's fee, clients may incur certain other fees and charges to implement Advisor's recommendations. Additional charges and fees will be imposed by custodians, brokers, third party investment and other third parties, such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to the Advisor's fee. These transaction fees are separate from our firm's advisory fees and will be disclosed by the chosen custodian. Charles Schwab & Co., Inc. does not charge transaction fees for U.S. listed equities and exchange traded funds. Clients may also pay holdings 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 (e.g., fund management fees, distribution fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions). Our firm does not receive a portion of these fees.

#### **Termination**

The client may terminate an engagement by providing written notice within five days of signing an open retainer agreement or Investment Management agreement. Additionally, either party may terminate an agreement, without penalty, at any time upon 30 days written notice. Any prepaid but unearned fees will be promptly refunded by Advisor. Any fees that have been earned but not yet paid by Client will be due and payable. Whether fees have been earned or unearned will be determined by Advisor.

#### **Item 6 – Performance-Based Fees and Side-By-Side Management**

Advisor does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

#### **Item 7 – Types of Clients & Account Requirements**

Advisor provides holistic financial planning and investment advisory services primarily to individuals and families. We strive to work with people from all different walks of life. As discussed above, your chosen relationship agreement and fee will be based upon your individual circumstances.

Our firm requires a minimum account balance of \$50,000 for our Online Investment Management Service. Generally, this minimum account balance requirement is not negotiable and would be required throughout the course of the client's relationship with our firm. Our firm does not impose other requirements for opening and maintaining accounts or otherwise engaging us.

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

The main sources of information Advisor may rely upon when researching and analyzing securities will include traditional research materials such as financial newspapers and magazines, annual reports, prospectuses, filings with the SEC, as well as research materials prepared by others, company press releases and corporate rating services. Advisor also subscribes to various professional publications deemed to be consistent and supportive of Advisor's investment philosophy.

Moreover, Advisor approaches investment portfolio analysis and implementation based on internal factors such as your tax situation, overall risk tolerance, current financial situation, and your personal goals and aspirations. After identifying these items, your portfolio will be structured around your individual needs, while minimizing negative effects of external factors, such as interest rates, market performance, and the economy as a whole.

In general, Advisor recommends no-load mutual funds (i.e., mutual funds that have no sales fees), exchange traded funds, U.S. government securities, money market accounts, certificates of deposit, and individual bonds (corporate, agency and municipal). However, in the course of providing investment advice, Advisor may address issues related to other types of assets that you may already own. Any other products that may be deemed appropriate for you will be discussed, based upon your goals, needs and objectives.

Any investing in securities involves risk of loss that clients should be prepared to bear. While Advisor will use its best judgment and good faith efforts in rendering services to client, not every investment decision or recommendation made by Advisor will be profitable. Advisor cannot warrant or guarantee any particular level of account performance, or that an Account will be profitable over time. Client assumes all market risk involved and understands that investment decisions are subject to various market, currency, economic, political and business risks.

### **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 Axiom Advisory, LLC or the integrity of Axiom Advisory, LLC's management. Advisor has no information to disclose applicable to this Item.

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

Advisor is a member of the Alliance of Comprehensive Planners (ACP). This non-profit organization provides training and support through an alliance of fee-only comprehensive financial advisors. As a member of the ACP, Advisor has the right to use proprietary products and systems designed by the ACP. The ACP offers education in the form of in-person, web- and tele-conferences (which may provide continuing education credits) and services produced by collaborative efforts of the fee-only financial advisors.



Advisor is also a member of the National Association of Personal Financial Advisors (NAPFA), which requires that its members are fee-only and obtain a minimum of 60 continuing education credits every two years.

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

Axiom Advisory, LLC seeks to avoid material conflicts of interest. Accordingly, neither Advisor nor its investment adviser representatives nor its team members receive any third party direct monetary compensation (i.e., commissions, 12b-1 fees, or other fees) from brokerage firms (custodians) or mutual fund companies.

However, some additional services and non-direct monetary or other forms of compensation may be offered and provided to Advisor as a result of its relationships with custodian(s) and/or providers of mutual fund products. For example, Advisor's representatives and employees may be invited to attend educational conferences and/or entertainment events sponsored by such brokerage firms or custodians or mutual fund companies. Advisor believes that the services and benefits provided to it by brokerage firms (custodians) and mutual fund providers do not materially affect the investment management recommendations made to clients. However, in the interest of full disclosure of any potential conflicts of interest, we discuss the possible conflicts herein.

Although Advisor believes that its business methodologies, ethics rules, and adopted policies are appropriate to eliminate, or at least minimize, potential material conflicts of interest, and to appropriately manage any material conflicts of interest that may remain, clients should be aware that no set of rules can possibly anticipate or relieve all potential material conflicts of interest. In any event, Advisor will disclose to advisory Clients any material conflict of interest relating to Advisor, its representatives, or any of its employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

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

As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is the underlying principle for our firm's Code of Ethics, which includes procedures for personal securities transaction and insider trading. Our firm requires all representatives to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment with our firm, and at least annually thereafter, all representatives of our firm will acknowledge receipt, understanding and compliance with our firm's Code of Ethics. Our firm and representatives must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

#### **Participation or Interest in Client Transactions and Personal Trading**

Advisor does not currently participate in securities in which it has a material financial interest. Advisor and its related persons, as a matter of policy, do not recommend to clients, or buy or sell for client accounts, securities in which the firm or its related persons has a material financial interest.

Advisor or individuals associated with Advisor may buy and sell some of the same securities for its own account that Advisor buys and sells for its Clients. When appropriate the Advisor will purchase or sell securities for Clients before purchasing or selling the same securities for Advisor's own account. In some cases, Advisor may buy or sell securities for its own account for reasons not related to the strategies adopted by the Advisor's Clients. The Code of Ethics is designed to assure that the personal securities transactions will not interfere with making decisions in the best interest of advisory clients while at the same time, allowing employees to invest for their own accounts.

Certain classes of securities, such as open ended mutual funds, are designated as exempt transactions, meaning employees may trade these without prior permission because such trades would not materially interfere with the best interest of Advisor's clients. Nonetheless, because the Code of Ethics permits employees to invest in the same securities as clients, there is a possibility that employees might somehow benefit from the market activity of a client. Accordingly, when applicable, Employee trading is monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Advisor and its clients.

Advisor will disclose to advisory Clients any material conflict of interest relating to Advisor, its representatives, or any of its employees which could reasonably be expected to impair the rendering of unbiased and objective advice. Advisor will notify Clients in advance of its policies in respect to officers trading for their own account including the potential conflict of interest that arises when recommending securities to Clients in which Advisor or its principal holds a position.

## **Item 12 – Brokerage Practices**

### **Custodian & Brokers Used**

Our firm does not maintain custody of client assets (although our firm may be deemed to have custody of client assets if give the authority to withdraw assets from client accounts. See Item 15 Custody, below). Client assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. Our firm recommends that clients use the Schwab Advisor Services division of Charles Schwab & Co. Inc. ("Schwab"), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. Our firm is independently owned and operated, and not affiliated with Schwab. Schwab will hold client assets in a brokerage account and buy and sell securities when instructed. While our firm recommends that clients use Schwab as custodian/broker, clients will decide whether to do so and open an account with Schwab by entering into an account agreement directly with them. Our firm does not open the account. Even though the account is maintained at Schwab, our firm can still use other brokers to execute trades, as described in the next paragraph.

### **How Brokers/Custodians Are Selected**

Our firm seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. A wide range of factors are considered, including, but not limited to:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for client accounts)

- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist in making investment decisions quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider
- prior service to our firm and our other clients
- availability of other products and services that benefit our firm, as discussed below (see “Products & Services Available from Schwab”)

### Custody & Brokerage Costs

Schwab generally does not charge a separate fee for custody services, but is compensated by charging commissions or other fees to clients on trades that are executed or that settle into the Schwab account. In addition to commissions, Schwab charges a flat dollar amount as a “prime broker” or “trade away” fee for each trade that our firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a Schwab account. These fees are in addition to the commissions or other compensation paid to the executing broker-dealer. Because of this, in order to minimize client trading costs, our firm has Schwab execute most trades for the accounts.

### Products & Services Available from Schwab

Schwab Advisor Services is Schwab’s business serving independent investment advisory firms like our firm. They provide our firm and clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help manage or administer our client accounts while others help manage and grow our business. Schwab’s support services are generally available on an unsolicited basis (our firm does not have to request them) and at no charge to our firm. The availability of Schwab’s products and services is not based on the provision of particular investment advice, such as purchasing particular securities for clients. Here is a more detailed description of Schwab’s support services:

#### Services that Benefit Clients

Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which our firm might not otherwise have access or that would require a significantly higher minimum initial investment by firm clients. Schwab’s services described in this paragraph generally benefit clients and their accounts.

#### Services that May Not Directly Benefit Clients

Schwab also makes available other products and services that benefit our firm but may not directly benefit clients or their accounts. These products and services assist in managing and administering our client accounts. They include investment research, both Schwab's and that of third parties. This research may be used to service all or some substantial number of client accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocate aggregated trade orders for multiple client accounts;
- provides pricing and other market data;
- facilitates payment of our fees from our clients' accounts; and
- assists with back-office functions, recordkeeping and client reporting.

#### Services that Generally Benefit Only Our Firm

Schwab also offers other services intended to help manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, Schwab will arrange for third-party vendors to provide the services to our firm. Schwab may also discount or waive fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide our firm with other benefits, such as occasional business entertainment for our personnel.

Irrespective of direct or indirect benefits to our client through Schwab, our firm strives to enhance the client experience, help clients reach their goals and put client interests before that of our firm or associated persons.

#### Our Interest in Schwab's Services.

The availability of these services from Schwab benefits our firm because our firm does not have to produce or purchase them. Our firm does not have to pay for these services, and they are not contingent upon committing any specific amount of business to Schwab in trading commissions or assets in custody.

In light of our arrangements with Schwab, a conflict of interest exists as our firm may have incentive to require that clients maintain their accounts with Schwab based on our interest in receiving Schwab's services that benefit our firm rather than based on client interest in receiving the best value in custody services and the most favorable execution of transactions. As part of our fiduciary duty to our clients, our firm will endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons creates a potential conflict of interest and may indirectly influence our firm's choice of Schwab as a custodial recommendation. Our firm examined this potential conflict of interest when our firm chose to

recommend Schwab and have determined that the recommendation is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

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 broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Although our firm will seek competitive rates, to the benefit of all clients, our firm may not necessarily obtain the lowest possible commission rates for specific client account transactions. Our firm believes that the selection of Schwab as a custodian and broker is the best interest of our clients. It is primarily supported by the scope, quality and price of Schwab's services, and not Schwab's services that only benefit our firm.

## Betterment

### Custody & Brokerage Costs

For client accounts maintained with Betterment Securities, Betterment Securities does not charge separately for custody/brokerage services, but is compensated as part of the Betterment for Advisors platform fee, which is charged for a suite of platform services, including custody, brokerage, and sub-advisory services provided by Betterment and access to the Betterment for Advisors platform. The platform fee is an asset-based fee charged as a percentage of assets in client's Betterment account. Clients utilizing the Betterment for Advisors platform may pay a higher aggregate fee than if the investment management, brokerage and other platform services are purchased separately. Nonetheless, for those clients participating in the Betterment for Advisors platform, our firm has determined that having Betterment Securities execute trades is consistent with our duty to seek "best execution" of client trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above.

### Services Available Via Betterment for Advisors

Betterment Securities serves as broker-dealer to Betterment for Advisors, an investment and advice platform serving independent investment advisory firms like our firm ("Betterment for Advisors"). Betterment for Advisors also makes available various support services which may not be available to Betterment's retail customers. Some of those services help our firm manage or administer client accounts, while others help manage and grow our business. Betterment for Advisors' support services are generally available on an unsolicited basis (our firm doesn't have to request them) and at no charge to our firm. Following is a more detailed description of Betterment for Advisors' support services:

### Services that Benefit You

Betterment for Advisors includes access to a globally diversified, low-cost portfolio of ETFs, execution of securities transactions, and custody of client assets through Betterment Securities. In addition, a series of model portfolios created by third-party providers are also available on the platform. Betterment Securities' services described in this paragraph generally benefit clients and their account(s).

### Services that May Not Directly Benefit You

Betterment for Advisors also makes available to our firm other products and services that benefit our firm, but may not directly benefit clients or their account(s). These products and services assist in managing and administering client accounts, such as software and technology that may: (1) Assist with back-office functions, recordkeeping, and client reporting of client accounts; (2) Provide access to client account data (such as duplicate trade confirmations and account statements); and/or (3) Provide pricing and other market data.

#### Services that Generally Benefit Only Our Firm

By using Betterment for Advisors, our firm is offered other services intended to help manage and further develop our business enterprise. These services include: (1) Consulting (including through webinars) on technology and business needs.; and/or (2) Access to publications and conferences on practice management and business succession.

#### Our Interest in Betterment Securities' Services

The availability of these services from Betterment for Advisors benefits our firm because our firm does not have to produce or purchase them. In addition, our firm does not have to pay for Betterment Securities' services. These services may be contingent upon us committing a certain amount of business to Betterment Securities in assets in custody. This presents a conflict of interest, as our firm may have an incentive to recommend that clients maintain their account(s) with Betterment Securities, based on our interest in receiving Betterment for Advisors and Betterment Securities' services that benefit our business rather than based on client interest in receiving the best value in custody services and the most favorable execution of client transactions. Our firm believes, however, that the selection of Betterment Securities as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Betterment Securities' services and not Betterment for Advisors and Betterment Securities' services that benefit only our or that may not directly benefit clients.

#### Betterment for Advisors' Trading Policy

When using the Betterment for Advisors platform, our firm and its clients are subject to the trading policies and procedures established by Betterment. These policies and procedures limit our ability to control, among other things, the timing of the execution of certain trades (including in response to withdrawals, deposits, or asset allocation changes) within client account(s). Clients should not expect that trading on Betterment is instant, and, accordingly, should be aware that Betterment does not permit our firm or its clients to control the specific time during a day that securities are bought or sold in client account(s) (i.e., to "time the market"). Betterment describes its trading policies in Betterment LLC's Form ADV Part 2A. As detailed in that document, Betterment generally trades on the same business day as it receives instructions from our firm or its clients. Transactions, however, will be subject to processing delays in certain circumstances. In particular, orders initiated on non-business days and after markets close generally will not transact until the next business day. Betterment also maintains a general approach of not placing securities orders during approximately the first thirty minutes after the opening of any market session. Betterment also generally stops placing orders arising from allocation changes in existing portfolios approximately thirty minutes before the close of any market session. Betterment continues placing orders associated with deposit and withdrawal requests until market close. Betterment maintains a general approach of not placing orders around the time of scheduled Federal Reserve interest rate announcements. Furthermore, Betterment may delay or

manage trading in response to market instability. For further information, please consult Betterment LLC's Form ADV Part 2A.

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

Michael P Skolnick, CPA/PFS will review and assess financial recommendations on at least a quarterly basis. Factors triggering review may include significant changes in your financial condition, changes in the fundamentals of the companies or entities issuing securities, price fluctuations and significant economic or industry developments.

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

---

#### **Schwab**

Our firm receives economic benefit from Schwab in the form of the support products and services made available to our firm and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit our firm, and the related conflicts of interest are described above (*see Item 12 – Brokerage Practices*). The availability of Schwab's products and services is not based on our firm giving particular investment advice, such as buying particular securities for our clients.

---

#### **Betterment**

Our firm receives non-economic benefit from Betterment for Advisors and Betterment Securities in the form of the support products and services it makes available to our firm and other independent investment advisors whose clients maintain their accounts at Betterment Securities. These products and services, how they benefit our, and the related conflicts of interest are described above (*see Item 12: Brokerage Practices*). The availability of Betterment for Advisors' and Betterment Securities' products and services is not based on our firm giving particular investment advice, such as buying particular securities for our clients.

---

#### **Client Referrals**

In accordance with Rule 206 (4)-1 of the Investment Advisers Act of 1940, our firm does not provide cash or non-cash compensation directly or indirectly to unaffiliated persons for testimonials or endorsements (which include client referrals).

### **Item 15 - Custody**

While our firm does not maintain physical custody of client assets (which are maintained by a qualified custodian, as discussed above), we are deemed to have custody of certain client assets if given the authority to withdraw assets from client accounts, as further described below under "Third Party Money Movement." All our clients receive account statements directly from their qualified custodian(s) at least quarterly upon opening of an account. We urge our clients to carefully review these statements. Additionally, if our firm decides to send its own account statements to clients, such statements will include a legend that recommends the client compare the account statements received

from the qualified custodian with those received from our firm. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

### **Third Party Money Movement**

On February 21, 2017, the SEC issued a no-action letter (“Letter”) with respect to Rule 206(4)-2 (“Custody Rule”) under the Investment Advisers Act of 1940 (“Advisers Act”). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of authorization (“SLOA”) is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our custodian:

- The client provides an instruction to the qualified custodian, in writing, that includes the client’s signature, the third party’s name, and either the third party’s address or the third party’s account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian’s form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client’s qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client’s authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client’s qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client’s instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client’s qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

### **Item 16 - Investment Discretion**

Our firm manages accounts on a discretionary basis. After you sign an agreement with our firm, we’re allowed to buy and sell investments in your account without asking you in advance. Any limitations will be described in the signed advisory agreement. We will have discretion until the advisory agreement is terminated by you or our firm.

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

Our firm does 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, our firm will forward them to the appropriate 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 18 – Financial Information**



Our firm is not required to provide financial information in this Brochure because:

- Our firm does not require the prepayment of more than \$1,200 in fees when services cannot be rendered within 6 months.
- Our firm does not take custody of client funds or securities.
- Our firm does not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.
- Our firm has never been the subject of a bankruptcy proceeding.