

## Item 1 – Cover Page

### **Merrithew & Thorsten, Inc.**

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This brochure provides information about the qualifications and business practices of Merrithew & Thorsten, Inc. If you have any questions about the contents of this brochure, please contact us at (858) 547-1845 or [info@fee-only-planner.com](mailto:info@fee-only-planner.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.

Registration with the State of California or with any state securities authority as a registered investment advisor does not imply a certain level of skill or training.

Additional information about Merrithew & Thorsten, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The firm's CRD# is 133563.

## Item 2 – Material Changes

The purpose of this page is to inform you of any material changes since the last annual update to this brochure. If you are receiving this brochure for the first time, this section may not be relevant to you.

Merrithew & Thorsten, Inc. reviews and updates our brochure at least annually to make sure that it remains current. We have made no material changes since the last annual update to this brochure, dated January 1, 2023.

We will further provide you with a new brochure as necessary based on changes or new information, at any time, without charge.

Currently, our brochure may be requested by contacting us at (858) 547-1845 or [info@fee-only-planner.com](mailto:info@fee-only-planner.com). Our Brochure is also available on our web site [www.fee-only-planner.com](http://www.fee-only-planner.com), also free of charge.

Additional information about Merrithew & Thorsten, Inc. is also available via the SEC's web site, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Merrithew & Thorsten, Inc. who are registered, or are required to be registered, as investment adviser representatives of Merrithew & Thorsten, Inc.

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## Item 4 – Advisory Business

### About Merrithew & Thorsten, Inc.

Merrithew & Thorsten, Inc. was formed in 1996 as Merrithew & Associates. In 1998, the firm was incorporated as Merrithew & Thorsten, Inc. The principal owners of the firm are Leslie (Les) R. Merrithew and Brandon E. Thorsten. The major decisions of a strategic and administrative nature for the firm are undertaken by Messrs. Merrithew and Thorsten.

In April 2021, the firm moved from state to SEC registration. "Registration" means only that Merrithew & Thorsten, Inc. has met the minimum requirements for registration as an investment advisor and does not apply a certain level of skill or training or that the SEC or any other regulator guarantees the quality of our services or recommends them.

This narrative brochure provides clients with information regarding Merrithew & Thorsten, Inc. (Merrithew & Thorsten) and the qualifications, business practices, and nature of advisory services that should be considered before becoming an advisory client of Merrithew & Thorsten.

Prior to engaging Merrithew & Thorsten to provide services, clients are generally required to enter into an agreement with Merrithew & Thorsten setting the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Merrithew & Thorsten beginning services. If requested by the client, Merrithew & Thorsten may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Merrithew & Thorsten. If a client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engage professional. It remains the client's responsibility to promptly notify Merrithew & Thorsten if there is ever any change in the client's financial situation or investment objectives for the purpose of reviewing/evaluating/revising Merrithew & Thorsten's previous recommendations and/or services.

The goal of the firm is to form long-term, fiduciary relationships with clients in order to create, implement and manage holistic financial plans while eliminating conflicts of interest between clients and the firm. Our clients are primarily professionals within five years of either side of retirement or experiencing other major life transitions such as inheritances, career changes, etc.

There are two factors that distinguish Merrithew & Thorsten, Inc. from the bulk of the financial planning/brokerage industry: our fee-only compensation system and our holistic approach.

A fee-only compensation structure is essential in ensuring that a financial advisor is thinking only of the client's best interests. Merrithew & Thorsten is compensated for services through an annual retainer fee. The client knows, up front, how much the client will be billed and what services the client will receive. There are never any hidden charges or added costs.

Merrithew & Thorsten has no products to sell - only services. Merrithew & Thorsten does not sell stocks, bonds, mutual funds or insurance. Merrithew & Thorsten earns no commissions whatsoever. No finder's fees are accepted. Merrithew & Thorsten has nothing to gain through recommendations other than the clients' satisfaction.

Merrithew & Thorsten actively seeks to avoid, or at least minimize, conflicts of interest which may exist between the firm and the clients. All investment advisory firms will likely possess some unavoidable conflicts of interest. In those instances when conflicts of interest arise, Merrithew & Thorsten has adopted policies which seek to keep the clients' best interest paramount at all times. See Items 5, 11 and 12 of this brochure which explore in further detail how Merrithew & Thorsten act to keep the clients' best interests first at all times during the course of relationship.

Merrithew & Thorsten's holistic approach, tailored to the individual needs of the client, ensures that the client's financial plan is well rounded and integrated. It is not sufficient to have only a well-structured investment plan. Investment decisions *must* take into account careful tax planning as well as estate and insurance planning. All recommendations take into consideration the effect the recommendations will have on all other aspects of the clients' financial lives. In addition to a complete, integrated plan, Merrithew & Thorsten works with the client on an on-going basis to proactively manage that plan. A financial plan is not static. A financial plan should not be a one-time, hardbound snap-shot. A true financial plan is dynamic. It is constantly evolving.

Merrithew & Thorsten, Inc. conducts interviews and collects information in order to determine the financial status, risk profile and investment objectives of clients prior to making any recommendations regarding the service level and fees.

At Merrithew & Thorsten, we believe that a tax bill is the largest recurring expense that Americans are faced with. One of the firm's central concerns throughout the entire financial planning process is the reduction the clients' tax burden. One of the reasons that Merrithew & Thorsten integrates all aspects of our financial plans is to make the client's tax liabilities as low as legally possible. Although Merrithew & Thorsten is aggressive with tax planning, all strategies are defensible, as Merrithew & Thorsten will represent any clients before the IRS for no extra charge if the client should be audited. Whereas Tax Preparation deals with preparing the forms necessary to report *last year's* income and deductions, Tax Planning focuses on structuring the client's finances now so as to minimize the tax burden in years to come. Tax Planning is especially effective for those with their own business or larger taxable portfolios.

At Merrithew & Thorsten, we believe that the financial planning process takes a great deal of time. Unlike some "planners," we do not pretend to be able to create long range, integrated and realistic financial plans in a couple of hours over the course of one or two appointments. The first year of the client advisor relationship is spent building the plan and building a relationship. Usually, the first two to three appointments with the client do not involve any business transactions. This is the time for Merrithew & Thorsten, the advisors, to converse with the client, ask questions and learn about the client's goals, expectations and priorities. At the same time, the client is encouraged to ask any questions that may be relevant, to gain an understanding of how Merrithew & Thorsten does business and to build a solid comfort level in working with the firm. It is imperative that the client trusts Merrithew & Thorsten implicitly. If Merrithew & Thorsten has not put forth the effort to earn that trust, the firm cannot expect the client to present true concerns, desires or goals. Merrithew & Thorsten feels that only by building a solid foundation on mutual understanding can a true financial plan evolve.

At Merrithew & Thorsten, we freely admit to a fiduciary relationship with the client. The client hires Merrithew & Thorsten as a Personal Financial Advisor. Merrithew & Thorsten works to establish the trust necessary to build long term, on-going and interactive relationships with the client. Merrithew & Thorsten will do everything to assist the client in every aspect of their financial lives while avoiding conflicts of interest.

Retirement Rollovers-No Obligation/Conflict of Interest: A client leaving an employer typically has four options (and may engage in a combination of these options): 1) leave the money in his former employer's plan, if permitted, 2) roll over the assets to his/her new employer's plan, if one is available and rollovers are permitted, 3) rollover to an Individual Retirement Account (IRA), or 4) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences).

Merrithew & Thorsten may recommend an investor roll over plan assets to an IRA managed by Merrithew & Thorsten. As a result, Merrithew & Thorsten may earn an asset-based fee; however, a recommendation that a client or prospective client leave their plan assets with their old employer will result in no compensation. Merrithew & Thorsten has an economic incentive to encourage an investor to roll plan assets into an IRA that Merrithew & Thorsten will manage.

There are various factors that Merrithew & Thorsten may consider before recommending a rollover, including but not limited to: i) the investment options available in the plan versus the investment options available in an IRA, ii) fees and expenses in the plan versus the fees and expenses in an IRA, iii) the services and responsiveness of the plan's investment professionals versus those of Merrithew & Thorsten, iv) required minimum distributions and age considerations, and vi) employer stock tax consequences, if any. No client is under any obligation to roll over plan assets to an IRA managed by Merrithew & Thorsten.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interests ahead of yours.

Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

As a matter of professionalism, Merrithew and Thorsten advisors maintain high continuing education requirements. It is the firm's duty to keep well informed of all changes in the tax code and securities regulations so that we can provide the most up to date information and recommendations to the client.

In building a financial plan, Merrithew & Thorsten integrates all aspects of the clients' financial lives. Merrithew & Thorsten looks to minimize the client's total expenses (tax bills included) and maintain a well-balanced portfolio that includes proper diversification and liquidity in order to consistently increase the client's total net worth.

At Merrithew & Thorsten, we are investors, not speculators. Merrithew & Thorsten does not believe in market timing or day trading. We believe that proper asset allocation may not always outperform the bull market but will, in the long run, deliver more consistent returns with less volatility. In allocating assets, Merrithew and Thorsten may invest in equity, interest-bearing and alternative investment classes (e.g. real estate, commodities, etc.). The most important determinants in weighting assets are current investment opportunities, the client's goals and objectives, time horizon, risk aversion and investment experience.



Merrithew & Thorsten generally recommends no-load institutional-class mutual funds with low annual expense ratios, and low internal transaction costs. At times Merrithew & Thorsten may recommend other low-cost investment solutions, such as individual equities, individual fixed income securities, and other products.

There are two aspects of Merrithew & Thorsten's approach to investment management that differ from most other investment advisors. One aspect is the focus on net – i.e. after-tax – returns. Merrithew & Thorsten sees firsthand the affect that taxes can have on net portfolio returns and on the client's annual tax liability. Merrithew & Thorsten is very sensitive to the tax implications of investment recommendations. The second aspect is the concept of low volatility portfolios. In these portfolios, the focus is to achieve as close to stock market returns as possible with less volatility. This is especially appropriate if the stock market volatility during 2008-2009 caused the client considerable stress and anxiety or if the client is close to or in retirement. In retirement/income producing portfolios, avoiding large and prolonged losses is actually more important to the long-term viability of the portfolio than experiencing large short-term gains (even though it's not nearly as exciting!).

Consistent with this philosophy, Merrithew & Thorsten does not attempt to achieve the highest rate of return possible on investments (thereby subjecting the client to a roller coaster ride). Rather, Merrithew & Thorsten work to consistently preserve and increase the client's total net worth and increasing the client's confidence in achieving short and long term goals.

Merrithew & Thorsten offers a wide variety of services that are brought together within our Standard Retainer service. For those who do not wish to receive full financial planning services, Merrithew & Thorsten offers an Investment Management Retainer service that deals exclusively with the management of those clients' portfolios.

After consultation with Merrithew & Thorsten, clients may impose restrictions on investing in certain securities or types of securities. Other restrictions may be imposed by clients with respect to the (average or longest) maturity or credit quality of fixed income investments. In either case, all restrictions must be in writing.

## **Advisory Program (Types of Services) Offered**

### Standard Retainer Service

The Standard Retainer service is the focus of the practice and is outlined in the *Retainer Agreement*.

### Investment Management

The Investment Management service focuses exclusively on management of clients' portfolios and is outlined in the *Asset Management Agreement*.

Further description of these services is detailed in Item 5 (Fees and Compensation) of this brochure.



## Trade Error Policy

Should they occur, losses resulting from Merrithew and Thorsten's trade errors shall be reimbursed by either the firm or the custodian depending on the dollar amount.

## Client Obligations

In performing its services, Merrithew & Thorsten is not required to verify any information received from the client or from the client's other professionals. Moreover, each client is advised that it remains his or her responsibility to promptly notify Merrithew & Thorsten if there is ever any change in the client's financial situation or investment objectives during the client engagement.

## Disclosure Statement

A copy of Merrithew & Thorsten's written brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or at the same time as, the execution of the any client agreement. Any client who has not received a copy of Merrithew & Thorsten's written brochure at least 48 hours prior to executing the *Retainer Agreement* or the *Asset Management Agreement* shall have five business days subsequent to executing the agreement to terminate the Merrithew & Thorsten's services without penalty.

## Non-Participation in Wrap Fee Programs

Merrithew & Thorsten, as a matter of policy and practice, does not sponsor any wrap fee program. A wrap fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment supervisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions.

## Amount of Assets Under Management

As of December 31, 2023, Merrithew & Thorsten provided advice on approximately \$126.8 million in assets. During the initial year of the retainer agreement, assets are managed on a non-discretionary basis. After the initial year, all assets are managed on a discretionary basis.

## Our Policy on Class Action Lawsuits

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. Merrithew & Thorsten has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. It also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, the Merrithew & Thorsten has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where Merrithew & Thorsten receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials, to the client. Electronic mail is acceptable where appropriate if the client has authorized contact in this manner.

## Item 5 – Fees and Compensation

The fee structure at Merrithew & Thorsten, Inc. is designed to eliminate conflicts of interest between our clients and ourselves. For comprehensive financial planning, we charge a flat fee based on the complexity of our clients' situations. These fees are billed under our Retainer Agreement.

Fees for all services are billed in advance.

### Retainer Agreement

We offer Tax Planning, Tax Preparation, Insurance Review, Asset Inventory, Portfolio Analysis, Development of the Asset Allocation strategy, Financial Goals and Needs Analysis, Preparation of Estate Plan, and Asset Allocation recommendations.

Our clients' needs vary from levels of extremely complexity, requiring much analysis and frequent consultants, to portfolio maintenance with minimal ongoing planning needs. We believe our fees should, in fairness, reflect these varied circumstances. Hence, our fees for our consulting services vary, dependent upon the complexity of the engagement and the time likely required of the Consultant to deliver the services requested.

The retainer fee is based on the individual situation of the client and generally range from \$5,000 to \$6,000. One-half the fee is due upon signing of the *Retainer Agreement* with the balance billed in six months. The client may continue the financial planning service at the annual renewal fee. The annual renewal fee is based on the current fee schedule.

Fixed-retainer compensation may conflict with a client's expectations since the advisor will be paid the same amount, irrespective of the amount of work actually performed.

### Asset Management Agreement

Merrithew & Thorsten typically manages assets on a discretionary basis and is guided by the stated objectives of the client. Fees are based on the account's asset value (including both securities and cash) as of the last business day of the previous quarter.

During the initial retainer year, investment recommendations will be discussed with and agreed to by the client(s) prior to any trades being placed by Merrithew & Thorsten, Inc. After the initial retainer year, the client's portfolio will be managed by Merrithew & Thorsten, Inc. on a discretionary basis.

The annual fee for the *Asset Management Agreement* is charged as a percentage of assets under management, according to the schedule below. Fees are paid in quarterly installments, in advance, and payment is deducted directly from the client's investment accounts.

Assets Managed	Annual Fee
First \$1 to \$999,999	1.00%
Next \$1,000,000 to \$1,999,999	0.75%
Above \$2,000,000	0.50%

Assets in 401(k), 401(a), 403(b) and Deferred Compensation plans outside of SSG will be billed at ½ (one half) of the above rates unless set up of a new plan is involved. Merrithew & Thorsten believes that the charges and fees offered within its program are competitive with alternative programs available through other firms offering a similar range of services; however, lower fees for comparable services may be available from other sources.

Merrithew & Thorsten does not represent, warrant, or imply that the services or methods of analysis used by the firm can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections.

Clients may provide written authorization to the custodian of their accounts to pay Merrithew & Thorsten's fees from the client's account. Under these circumstances, Merrithew & Thorsten will send to the client a statement showing the amount of the fee, the value of the client's assets on which the fee was based, and the specific manner in which the fee was calculated. The account custodian does not verify the accuracy of Merrithew & Thorsten's advisory fee calculation. The custodian will send the client a statement, at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to Merrithew & Thorsten.

Fees for all levels of service are negotiable on a case by case basis.

### **General Information Regarding Advisory Services and Fees**

Merrithew & Thorsten's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges 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 on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Clients may also incur "account termination fees" upon the transfer of an account from one brokerage firm (custodian) to another. The account termination fees are believed to range generally from \$0 to \$200 at present, but at times may be much higher. Clients should contact their custodians (brokerage firms, banks or trust companies, etc.) to determine the amount of account termination fees which may be charged and deducted from their accounts for any existing accounts which may be transferred.

Such charges, fees and commissions are exclusive of and in addition to the firm's fee, and the firm does not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that the firm considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (e.g., commissions).

All fees are subject to negotiation. Factors involved in negotiating fees include whether the client is related to an employee or independent contractor of Merrithew & Thorsten, our desire to serve clients in need of the assistance of Merrithew & Thorsten services who otherwise cannot afford our services, the size of the relationship, whether future additions will be undertaken to accounts upon which advice is provided, the level and type of advisory services provided and likely to be provided in the future, and the nature of the relationship between the advisor and the client. Generally, our principals and employees are not charged fees on either their accounts or those of immediate family members.

The vast majority of our clients pay Merrithew & Thorsten fees based upon a percentage of the assets we advise upon. This is a very common form of compensation for registered investment advisory firms and avoids the multiple inherent conflicts of interest associated with commission-based compensation (Merrithew & Thorsten does not accept commission-based compensation of any nature, nor does Merrithew & Thorsten accept 12b-1 fees).

Asset-advised-upon percentage method of compensation can still at times lead to conflicts of interest between our firm and our client as to the advice we provide. For example, conflicts of interest may arise relating to the following financial decisions in life: incur or pay down debt; gift funds to charities or to individuals; purchases of a (larger) home or cars or other non-investment assets; the purchase of a lifetime immediate annuity; expenditures of funds for travel or other activities; investment in private equity investments (private real estate ventures, closely held businesses, etc.), and the amount of funds to place in non-managed cash reserve accounts. We have adopted internal policies to properly manage these and other potential conflicts of interest. Our goal is that our advice to you remains at all times in your best interest, disregarding any impact of the decision upon our firm.

### **Termination**

A client will have a period of five (5) business days from the date of signing an agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, either Merrithew & Thorsten or the client may terminate either the Investment Management Agreement or the Financial Planning Retainer Agreement for any reason as detailed in the agreements.

Merrithew & Thorsten believes that the charges and fees offered within its program are competitive with alternative programs available through other firms offering a similar range of services; however, lower fees for comparable services may be available from other sources. A client could invest in mutual funds directly, without the services of Merrithew & Thorsten. In that case, the client would not receive the services provided by Merrithew & Thorsten which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives, undertake a disciplined approach to portfolio rebalancing while taking into account the tax ramifications of same, and to avoid ad hoc emotional reactions to shorter-term market events. Also, some of the funds used by the firm may not be available to the client directly without the use of an investment adviser granted access to such funds.

Merrithew & Thorsten's relationship with each client is non-exclusive; in other words, Merrithew & Thorsten provides investment advisory services and financial planning services to multiple clients. Merrithew & Thorsten seeks to avoid situations in which one client's interest may conflict with the interest of another of its clients.

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

Item 6 is not applicable to Merrithew & Thorsten. Merrithew & Thorsten 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). Such acceptance or management would pose a significant conflict of interest to our clients because performance-based fees may provide an incentive to favor such accounts over the accounts of clients under other advisory programs. Merrithew & Thorsten considers avoidance of such conflict a paramount policy in maintaining our fiduciary duty to the clients.



## Item 7 – Types of Clients

Merrithew & Thorsten provides portfolio management services primarily to individuals and high net worth individuals. Client relationships vary in scope and length of service.

### Required Minimum Client Accounts

Merrithew & Thorsten requires a \$500,000 account minimum for investment management services. Merrithew & Thorsten, in its sole discretion, may charge a lesser management fee, or choose to reduce or waive the minimum account size, based upon certain criteria (i.e. pre-existing financial planning client, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.)

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

### **Methods of Analysis**

Security analysis methods may include fundamental analysis. The main sources of information include financial newspapers and magazines, research materials prepared by others, annual reports, prospectuses, filings with the Securities and Exchange Commission, company press releases, and may reference the U.S. Tax Codes, IRS Regulations, and Tax Court decisions. Other sources that the firm may use include Morningstar mutual fund information, Morningstar stock information, and the world wide web.

### **Investment Strategies**

The primary investment strategy used on client accounts is asset allocation based on Modern Portfolio Theory. Merrithew & Thorsten develops a diversified investment portfolio by mixing different assets in varying proportions depending on client and current economic climate. The primary purpose of Asset Allocation is to reduce the risk in the portfolio, while maintaining or enhancing the rate of return of the portfolio. Portfolios are globally diversified to control the risk associated with traditional markets.

Each client receives investment advice regarding their portfolio based upon his or her:

- Time Horizon
- Risk Tolerance
- Expected Rate of Return
- Asset class Preferences

The investment vehicles used to invest in the various asset classes are mutual funds (both opened and closed-end) as well as individual stocks and occasionally individual bonds. The mutual funds provide:

- Professional Management
- Diversification
- Flexibility
- Liquidity

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each

client executes and Investment Policy Statement that documents their objectives, their desired investment strategy and any restrictions on investments requested by the client.

Other strategies may include long-term purchases and short-term purchases.

Merrithew & Thorsten offers investment advice about real estate and alternative investments (commodities, natural resources, direct investments in oil & gas programs). These strategies follow the same due diligence procedures, guidelines and implementation strategies as for equity and fixed income investments. Merrithew & Thorsten uses mutual funds for commodity and general natural resource investments. Merrithew & Thorsten may recommend direct investment into oil & gas partnerships for accredited investors. Real Estate investments are generally implemented through mutual funds or individual REITs. At the clients' request, Merrithew & Thorsten will evaluate individual real estate holdings such as single family or multi-family rental properties.

## **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. Merrithew & Thorsten's investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

Interest-rate Risk: The risk that investment returns will be affected by changes in the level of interest rates. When interest rates increase, the prices and values of bonds decrease. When interest rates decrease, the prices and values of bonds increase.

Market Risk: The risk that investment returns will be affected by changes in the overall level of the stock market. When the stock market as a whole, increases or decreases, virtually all stocks are affected to some degree.

Reinvestment Rate Risk: The risk incurred when an investment's income is reinvested at a lower rate than the rate that existed at the time the original investment was made. This risk is most prevalent when interest rates fall.

Purchasing Power Risk (Inflation Risk): The risk that inflation will affect the return of an investment in real dollars. In other words, the amount of goods that one dollar will purchase decreases with time. Investments that have low returns, such as savings accounts, are not likely to keep up with inflation. Investments with fixed returns, such as bonds, will decrease in value because their purchasing value will decrease with inflation.

Business Risk: The risk associated with a particular industry or firm. These are factors that affect the industry or firm, but do not affect the whole market. They include government regulations, management competency, or local or regional economic factors.

Financial Risk: The risk associated with the mix of debt and equity used to finance a firm. The greater the financial leverage, the greater the financial risk.

Currency Risk (Exchange Rate Risk): The risk that a change in the value of a foreign currency relative to the U.S. dollar will negatively affect a U.S. investor's return.

Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

In general, cash equivalents provide liquidity with minimum income, and a return of principal with no capital appreciation. Cash equivalents are, however, subject to purchasing power risk.

Fixed income investments provide current income. Usually, the longer the maturity of the security, the higher the income it will generate. Also, with longer maturities, fixed income investments will have greater price volatility and greater opportunity for capital gains or capital losses. Fixed income investments are subject to interest rate risk, reinvestment rate risk, and purchasing power risk. In addition, foreign bonds would be subject to currency rate risk and junk bonds would be subject to business risk and financial risk.

The return of principal for bond funds and funds with significant underlying bond holdings is not guaranteed. Mutual fund shares are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings. Lower rated bonds are subject to greater fluctuations in value and risk of loss of income and principal than higher rated bonds.

Equity investments are subject to greater volatility, thus providing a greater opportunity for capital gains, and a greater opportunity for capital losses. Equity investments offer little or no current income. Equity investments are subject to market risk and interest rate risk, while providing an opportunity to protect against purchasing power risk. Also, stock mutual funds, rather than individual equities, may limit the exposure to business risk and financial risk.

Investing outside the United States involves additional risks, such as currency fluctuations, periods of illiquidity and price volatility. These risks may be heightened in connection with investments in developing countries. Small-company stocks entail additional risks, and they can fluctuate in price more than larger company stocks.

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

Different types of investments involve varying degrees of risk, and the client should not assume that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended by Merrithew & Thorsten) will be profitable or equal to any specific performance level(s).

**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 Merrithew & Thorsten or the integrity of Merrithew & Thorsten's management. The firm has no legal or disciplinary events applicable to this Item.

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

Messrs. Merrithew & Thorsten are Enrolled Agents providing Tax Planning and Tax Preparation through Merrithew & Thorsten, Inc.

Neither Merrithew & Thorsten, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither Merrithew & Thorsten, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

Merrithew & Thorsten does not have any relationship or arrangement that is material to its advisory business or to its clients with any related person.

## Item 11 – Code of Ethics

Merrithew & Thorsten has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Merrithew & Thorsten must acknowledge the terms of the Code of Ethics annually, or as amended.

Merrithew & Thorsten anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Merrithew & Thorsten has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Merrithew & Thorsten, its affiliates and/or clients, directly or indirectly, have a position of interest. Merrithew & Thorsten's employees and persons associated with Merrithew & Thorsten are required to follow Merrithew & Thorsten's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Merrithew & Thorsten and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Merrithew & Thorsten's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Merrithew & Thorsten will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Merrithew & Thorsten's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Merrithew & Thorsten, Inc. and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Merrithew & Thorsten's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Merrithew & Thorsten will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.



Merrithew & Thorsten's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting us at (858) 547-1845 or [info@fee-only-planner.com](mailto:info@fee-only-planner.com).

It is Merrithew & Thorsten's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Merrithew & Thorsten will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## Item 12 – Brokerage Practices

### Broker Selection/Recommendation

In the event that the client requests that Merrithew & Thorsten recommend a broker dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Merrithew & Thorsten to use a specific broker-dealer/custodian), Merrithew & Thorsten generally recommends Shareholders Service Group (SSG) as broker-dealer and Pershing, LLC (Pershing) as custodian for client assets. Merrithew & Thorsten is not affiliated with either SSG or Pershing. Neither SSG nor Pershing supervise Merrithew & Thorsten, its agents or activities.

Prior to engaging Merrithew & Thorsten to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with the firm setting forth the terms and conditions under which Merrithew & Thorsten shall manage the client's assets, and a separate custodial/clearing agreement with the designated broker-dealer/custodian.

Factors that Merrithew & Thorsten considers in recommending SSG and Pershing (or any other broker-dealer/custodian to clients) include historical relationship with Merrithew & Thorsten, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Merrithew & Thorsten's clients shall comply with the Merrithew & Thorsten's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Merrithew & Thorsten determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Merrithew & Thorsten will seek competitive rates, it may not necessarily obtain the lowest possible commission or transaction rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Merrithew & Thorsten's investment management fee. Merrithew & Thorsten's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

### Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Merrithew & Thorsten may receive from SSG or Pershing (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist

Merrithew & Thorsten to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Merrithew & Thorsten may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Merrithew & Thorsten in furtherance of its investment supervisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist Merrithew & Thorsten in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Merrithew & Thorsten to manage and further develop its business enterprise.

Merrithew & Thorsten's clients do not pay more for investment transactions effected and/or assets maintained at SSG or Pershing as a result of this arrangement. There is no corresponding commitment made by Merrithew & Thorsten to SSG, Pershing or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

Merrithew & Thorsten's Chief Compliance Officer, Les Merrithew, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

### **Aggregation of Client Trades**

To the extent that Merrithew & Thorsten provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless Merrithew & Thorsten decides to purchase or sell the same securities for several clients at approximately the same time. Merrithew & Thorsten may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Merrithew & Thorsten's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Merrithew & Thorsten shall not receive any additional compensation or remuneration as a result of such aggregation.

SSG provides the clients with consolidated statements. Merrithew & Thorsten's employees are not registered representatives of SSG or Pershing and do not receive any commissions or fees from recommending these services.

**Directed Brokerage**

Some clients may instruct Merrithew & Thorsten to use one or more particular brokers for the transactions in their accounts. Clients who may want to direct Merrithew & Thorsten to use a particular broker should understand that this may prevent Merrithew & Thorsten from effectively negotiating brokerage compensation on their behalf. This arrangement may also prevent Merrithew & Thorsten from obtaining the most favorable net price and execution. Thus, when directing brokerage business, clients should consider whether the commission expenses and execution, clearance and settlement capabilities that they will obtain through their broker are adequately favorable in comparison to those that Merrithew & Thorsten would otherwise obtain for its clients. Clients are encouraged to discuss available alternatives with their advisory representative.

## Item 13 – Review of Accounts

Portfolio Reviews and Rebalancing of the client's portfolio, for the assets held under advisement with Merrithew & Thorsten, will be undertaken: (1) periodically as determined by Merrithew & Thorsten; (2) upon request, and (3) upon a substantial asset class decline, under the following adopted policies and procedures.

Periodic Portfolio Reviews are undertaken by advisors of Merrithew & Thorsten to ascertain if the values in any asset class have strayed beyond their target minimums or maximums, and for purposes of meeting a client's cash flow needs. Even if one or more asset classes fall outside their target minimums or maximums, the advisor may determine not to rebalance the asset class for various reasons, such as avoidance of short-term capital gains, deferring long-term capital gains realization, minimization of transaction costs, or our view on whether the asset class is undervalued or overvalued relative to historic norms and our view of the level of the macroeconomic risks to which the asset class may be exposed. Such in-house portfolio reviews are subject to additional restrictions set forth below. Clients are only contacted in the event that rebalancing actions are recommended.

Additional Portfolio Reviews are undertaken upon request by the client, such as when special cash needs arise or when additional cash or securities are added to the investment portfolio. Merrithew & Thorsten will respond to such requests within a reasonable period of time.

Only funds in such asset classes (or combinations thereof) as may have been approved (in the client's Investment Policy Statement or any amendments thereto, or which are currently approved by Merrithew & Thorsten's Investment Committee) may be purchased by Merrithew & Thorsten. Preference is given to purchase additional shares in those stock mutual funds which the client currently owns, unless for such valid reason as we determine (avoiding wash sale rules, fund closing, etc.) a substitute fund is, in our judgment, more appropriate.

Merrithew & Thorsten may also undertake sales and purchases during this time to effect tax loss harvesting, in addition to rebalancing actions.

In undertaking rebalancing actions, Merrithew & Thorsten will seek to rebalance one or more asset classes closer to the targets. Merrithew & Thorsten may decline to rebalance a specific asset class, due to tax concerns, high transaction costs relative to the trade amount, or other reasons.

### Special Procedures upon Major Market Change

Upon a substantial decline in the valuation of the stock markets, generally, or a specific stock asset class, an opportunity may be presented for rebalancing of your investment portfolio. In such event, our resources may be limited given the number of relationships with our clients, especially if the downward change in valuation of the asset class occurs

suddenly. Merrithew & Thorsten shall undertake rebalancing actions during this period as follows:

- If the client has provided Merrithew & Thorsten with "limited discretion" or "rebalancing discretion," we shall seek to analyze the client's account during this time. There is no assurance that we can undertake rebalancing actions for all of our clients on the day in which rebalancing is indicated; therefore, if we cannot rebalance a client's account on that day, we will seek to rebalance the account by the next business day.
- If the client has not provided Merrithew & Thorsten with discretion, we will not analyze the client's account on these days. Rather, we will analyze the account only after accounts for which we have discretion have been examined.
- All periodic account reviews, and reviews desired by special request of any client, will be suspended during this process.
- If a client has provided Merrithew & Thorsten with "rebalancing discretion" or "limited discretion" to trade in his/her account(s), we may undertake sales and purchases in the account(s) without advance notification to the client. Following any exercise of discretion, we shall thereafter (when time permits) seek to notify the client of the trades which have been taken.

### **Reports Provided to Clients**

The account custodian provides trade confirmation and monthly statements to the clients. For those clients to whom Merrithew & Thorsten provides investment supervisory services, they may receive investment tax reports on an annual basis and performance reports periodically, unless otherwise agreed to with the client. Additional reports are available and will be provided on an ad hoc basis.

Clients are strongly encouraged to review the statements they receive from custodians. Despite the best efforts of any firm to safeguard client's assets, fraud could still occur. Should the client detect any unauthorized trading in an account, or unauthorized transfers of cash or securities, they are asked to contact Les Merrithew, Chief Compliance Officer, at (858) 547-1845. Please note that Merrithew & Thorsten have never had any unauthorized withdrawals or transfers from clients' accounts.

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

Merrithew & Thorsten does not accept compensation from any person for client referrals. Referrals to other professionals may be undertaken where appropriate to meet the client's needs.

Merrithew and Thorsten periodically receive client referrals from websites where they may be listed. In no case will the client pay any additional fees to Merrithew & Thorsten for services if the referral comes from any of these listings.



## Item 15 – Custody

With a client's consent, Merrithew & Thorsten may be provided with the authority to seek deduction of fees from a client's accounts; this process generally is more efficient for both the client and the investment adviser, and there may be tax benefits for the client to this method when fees can be paid from certain tax-deferred accounts of clients. The account custodian does not verify the accuracy of Merrithew & Thorsten's advisory fee calculation.

All clients receive account statements directly from qualified custodians, such as a bank or broker dealer that maintains those assets. The client should carefully review these account statements and compare them to any other reports provided by Merrithew & Thorsten. Statements provided by Merrithew & Thorsten may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Merrithew & Thorsten urges all clients to compare statements in order to ensure that all account transactions, including deductions to pay advisory fees, remain proper, and to contact us with any questions or if you are not receiving at least quarterly custodial account statements.

Merrithew & Thorsten is not affiliated with either SSG or Pershing. Neither SSG nor Pershing supervise Merrithew & Thorsten, its agents or activities.

## Item 16 – Investment Discretion

Merrithew & Thorsten usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. Any investment discretion is obtained in writing through a limited power of attorney. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

Discretionary authority allows Merrithew & Thorsten to perform trades in the client's account without further approval from the client. This includes decisions on the following:

- Securities purchased or sold
- The amount of securities to be purchased or sold

Once the portfolio is constructed, Merrithew & Thorsten provides ongoing supervision and re-balancing of the portfolio as changes in market conditions and client circumstances may require.

Merrithew & Thorsten seeks to undertake a minimal amount of trading in client accounts, in order to keep transaction fees, other expenses, and tax consequences associated with trading to minimal levels.

Clients who engage Merrithew & Thorsten on a discretionary basis may, at any time, impose restrictions, in writing, on Merrithew & Thorsten's discretionary authority (i.e. limit the types/amounts of particular securities purchase for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Merrithew & Thorsten's use of margin, etc.).

Where Merrithew & Thorsten enter into a non-discretionary arrangement with clients, the firm will obtain client approval prior to the execution of a trade. The client is advised that by entering into a non-discretionary arrangement, these trades may be placed after the trades of those that have a discretionary arrangement with Merrithew & Thorsten. This may be a result of the time necessary to contact all clients that have a non-discretionary arrangement.

When selecting securities and determining amounts, Merrithew & Thorsten observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, the firm's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to Merrithew & Thorsten in writing. Clients wishing to limit the specific types of securities must put these restrictions in writing to Merrithew & Thorsten.

**Item 17 – Voting Client Securities**

Clients may obtain a copy of Merrithew & Thorsten's complete proxy voting policies and procedures upon request. Clients may also obtain information from Merrithew & Thorsten about how the firm voted any proxies on behalf of their account(s).

**Item 18 – Financial Information**

Merrithew & Thorsten does not require the prepayment of more than \$1,200 in fees per client, six months or more in advance. Generally, Merrithew & Thorsten only requires the prepayment of fees for more than one calendar quarter when a client first signs the client services agreement. This prepayment will not exceed a period of six months (two full calendar quarters), and generally only requires payment for the remaining days in the current calendar quarter and the fee for the next full calendar quarter.

Merrithew & Thorsten accepts limited forms of discretion over clients' accounts, as described in Item 16 of this brochure. Due to this acceptance, Merrithew & Thorsten is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Merrithew & Thorsten currently possesses no such financial condition. Merrithew & Thorsten has never been the subject of a bankruptcy proceeding.

## Brochure Supplements (Part 2B of Form ADV)

**Leslie (Les) R. Merrithew, CFP<sup>®</sup>, EA**  
**Brandon E. Thorsten, MS, CFP<sup>®</sup>, EA**

### **Merrithew & Thorsten, Inc.**

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This brochure supplement provides information about Leslie R. Merrithew and Brandon R. Thorsten that supplements the Merrithew & Thorsten, Inc. brochure. You should have received a copy of that brochure. Please contact us at (858) 547-1845 or [info@fee-only-planner.com](mailto:info@fee-only-planner.com) if you did not receive the Merrithew & Thorsten, Inc. brochure or if you have any questions about the contents of this brochure.

Additional information about Leslie R. Merrithew and Brandon R. Thorsten also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Click on the "Investment Adviser Search" link and then search for "Individual" using the individual's CRD number Leslie R. Merrithew (4889902) and Brandon R. Thorsten (2731216).

**Item 2 – Educational Background and Business Experience**

**Leslie (Les) R. Merrithew**, CFP®, EA was born in 1948. He earned a B.S. in Business Management from San Diego State College. Mr. Merrithew became the CFO of Merrithew & Thorsten, Inc. in January 2001.

**Item 3- 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 each supervised person providing investment advice. No information is applicable to this Item.

**Item 4- Other Business Activities**

Mr. Merrithew's work as an Enrolled Agent may represent more than 10% of his time, especially during tax season when this work may represent up to 90% of his work week. Leslie R. Merrithew's only business activities are those associated with Merrithew & Thorsten, Inc.

**Item 5- Additional Compensation**

Firm employees do not accept or receive additional economic benefits (i.e., sale awards or other prizes) for providing advisory services to clients.

**Item 6 - Supervision**

Les Merrithew is supervised by Brandon E. Thorsten, CEO. Brandon reviews Les Merrithew's work through frequent office interactions as well as remote interactions. Brandon also reviews Les' activities through the firm's client relationship management system.

Brandon E. Thorsten can be contacted at (858) 547-1845 or [Brandon@fee-only-planner.com](mailto:Brandon@fee-only-planner.com).

## Item 2 – Educational Background and Business Experience

**Brandon E. Thorsten**, MS, CFP®, EA was born in 1972. He earned a B.A. in Political Science from the University of California San Diego and in 2009 earned an M.S. in Financial Planning from the College of Financial Planning. Mr. Thorsten became the CEO of Merrithew & Thorsten, Inc. in January 2001.

## Item 3- 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 each supervised person providing investment advice. No information is applicable to this Item.

## Item 4- Other Business Activities

Brandon E. Thorsten's only business activities are those associated with Merrithew & Thorsten, Inc.

## Item 5- Additional Compensation

Firm employees do not accept or receive additional economic benefits (i.e., sale awards or other prizes) for providing advisory services to clients.

## Item 6 - Supervision

Brandon E. Thorsten is supervised by Les Merrithew, Chief Compliance Officer. Les reviews Brandon E. Thorsten's work through frequent office interactions as well as remote interactions. Les also reviews Brandon's activities through the firm's client relationship management system.

Les Merrithew can be contacted at (858) 547-1845 or [Les@fee-only-planner.com](mailto:Les@fee-only-planner.com).

## Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

**Certified Financial Planner (CFP®):** The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the "CFP® marks") are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. ("CFP Board").

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 73,000 individuals have obtained CFP® certification in the United States.



As of January 1, 2016, to attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements. (The qualifications may not have been in place when the credential was obtained.)

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination includes multiple-choice questions, including stand-alone questions and sets of questions associated with short scenarios or more lengthy case histories;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

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

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

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

**Enrolled Agent (EA):** Enrolled Agents are enrolled by the Internal Revenue Service and authorized to use the EA designation. The following are the EA enrollment requirements as of January 1, 2011 and may not be the qualifications in place when the credential was obtained.

- Successful completion of the three-part IRS Special Enrollment Examination (SEE), or completion of five years of employment by the IRS in a position which regularly interpreted and applied the tax code and its regulations.
- Successfully pass the background check conducted by the IRS.