



## Willis Johnson & Associates, Inc.

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October 3, 2024

This brochure provides information about the qualifications and business practices of Willis Johnson & Associates, Inc. If you have any questions about the contents of this brochure, please contact us at 713-439-1200. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Willis Johnson & Associates, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2: MATERIAL CHANGES**

The material changes in this brochure from the last annual updating amendment of Willis Johnson & Associates, Inc. on 03/27/2024 are described below. Material changes relate to Willis Johnson & Associates, Inc.'s policies, practices or conflicts of interests.

- The firm has updated its Outside Business Activities in Item 10.

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## ITEM 4: ADVISORY BUSINESS

### Advisory Firm Description

Willis Johnson & Associates, Inc. ("WJA" or the "Firm") is a wealth management firm that specializes in helping corporate professionals and executives with their comprehensive financial planning and investment management needs. The Firm was founded in 1996. Willis A. Johnson and Nicholas A. Johnson Qualified Subchapter S Trust are the principal owners of the Firm. Nicholas A. Johnson is the trustee of the Nicholas A. Johnson Qualified Subchapter S Trust.

### Types of Advisory Services

WJA primarily works with corporate professionals and executives in helping them build out a customized comprehensive plan, based on the various stages in the ARC of life. WJA understands that corporate professionals and executives at various stages in life from the 40's, 50's, 60's, 70's and beyond often have differing needs, goals, and concerns.



WJA leads with a four-step Continuously Planning approach for its clients. The first step, Understanding You, is an in-depth active listening session in which WJA gathers personal, financial, and legal data alongside client's goals & objectives. Following, is Financial Analysis & Education in which the Firm conducts a thorough personal financial analysis and then educates the client on the options available to them (often including corporate benefits elections). Next, WJA begins the Guidance & Implementation process in which WJA discusses tailored options to meet the client's financial goals and assists with the implementation. WJA then ensures that ongoing Financial Reviews are put in place to monitor and adjust the financial plan as life happens



Specific services provided by WJA may include retirement planning, corporate benefit elections, trust and estate planning, income tax planning and preparation, risk management and insurance planning, charitable planning, education planning, and investment management. WJA occasionally does work with small business owners, though small business owners are not a focus of the firm. Services to small business owners may include business succession planning, tax strategies, executive benefits planning, retirement plan solutions and investment management. For small business owners, the Firm also offers retirement consulting services to employee benefit plans and their fiduciaries that are designed to assist the plan sponsor in meeting its fiduciary obligations to the plan under ERISA.

### **Tailored Advisory Services**

WJA provides a wide range of advisory services that are typically tailored to the client's specific situation and needs. However, most investment portfolios are managed according to one of the Firm's model strategies, with some exceptions. The Firm generally takes discretion when managing client accounts.

### **Written Acknowledgement of Fiduciary Status**

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 interest 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.

### **Wrap Fee Programs**

The Firm does not have a wrap fee program whereby the client would pay one fee that covers account management as well as incidental trading or transaction charges. Under the Firm's asset management program, clients pay any trading or transaction charges in addition to the quarterly account management fee.

### **Client Assets Under Management**

As of December 2023, the Firm had approximately \$1,090,713,625.00 of discretionary assets under management and \$76,867,079.00 of non-discretionary assets under management.

## **ITEM 5: FEES AND COMPENSATION**

The Firm collects fees for its financial planning services. Fees typically are based on a fixed contract (based on the client's needs and the expected time to complete the plan) that requires payment of one-half of the agreed amount at the beginning of the engagement, with the balance due upon completion of the work. However, fees based on hourly rates are also available. These fees are based on the hourly professional billing rates of the individuals involved, with rates ranging from \$100 to \$300 per hour. Such fees are generally billed on a monthly basis in arrears.

The Firm also collects fees for its investment management services. These fees, which are billed to the client on a quarterly basis in advance, are based on the account value as provided by the custodian at quarter-end. If funds of \$50,000 or more are added to an account after the last day of the previous quarter, but before the next billing date, the asset management fee for those funds will be added to the current bill. For those funds added after the billing date, the asset management fee will be billed in the following quarter. This is negotiable based on complexity, specific situations and outside circumstances. For new

clients added during the last month of a quarter, fees will be charged at the beginning of the following quarter.

## Willis Johnson & Associates – Asset Management Fees

### Tiered Fee Schedule

Household Assets under Management*	Annual Fee as % of Assets
First \$500,000 (\$0 - \$500,000)	1.20%
Next \$500,000 - \$3,000,000	0.90%
Next \$3,000,000 - \$5,000,000	0.85%
Next \$5,000,000 - \$10,000,000	0.65%
Next \$10,000,000 - \$20,000,000	0.45%
Next \$20,000,000 and up	0.40%

*\*Valuation of accounts shall be made on the last business day of each quarter. The minimum Household Assets under Management is \$750,000. Clients below this threshold will be billed a minimum fee of \$2,063 per quarter.*

Example Household AUM	Annual Weighted Fee as % of Assets
\$1,000,000	1.05%
\$3,000,000	0.95%
\$5,000,000	0.91%
\$8,000,000	0.83%
\$10,000,000	0.78%
\$15,000,000	0.67%

*\*Until all existing clients are transitioned to the fee schedule posted above, clients that engaged the Firm prior to May 2022 may still be on the prior fee schedule and can refer to their advisor agreement for current fee schedule.*

When WJA recommends a mutual fund for a client's account, three separate fees may be charged to the client, either directly or indirectly. The first fee is WJA's investment management fee where the fund is included in the asset base for the quarterly fee calculation. The second is the set of internal fees charged by the investment company for the fund's investment management, marketing, administration and marketing assistance. These internal expenses are disclosed in each fund's prospectus which is provided to each client by the custodian. (This set of fees also applies to any ETF or money market fund purchased in the client's account.) The third fee may be a transaction fee which is assessed by the custodian for its service of providing access to a universe of mutual fund families through one account. To avoid such fees a client would be required to open a separate account with each individual mutual fund company instead of using the custodian recommended by WJA, which would also negatively affect WJA's ability to deliver its services efficiently. Not all mutual fund trades enacted by WJA incur this transaction fee.

As part of its comprehensive financial planning services, the Firm used to recommend and sell insurance products (typically life and long-term care) to clients. As of January 1, 2019, the Firm no longer sells insurance or commission-able products. However, in order to satisfy the

obligation to clients that have received these insurance products and/or guidance on these products from the Firm.

**Willis Johnson & Associates – Young Savers Program**

Willis Johnson & Associates offers a Young Savers Fee Schedule to children of clients if they elect to engage Willis Johnson & Associates for financial planning and investment management. The Young Savers Program is intended to give children of clients that don't meet the minimum AUM requirements an opportunity to get financial advice while working towards longer term financial goals. Fees will apply to any child of a client whom WJA has separate Financial Review meetings with. If parents or others are legal guardian or POA on an account and the firm is not meeting with the child but with the parent, then the account(s) will be "household" (grouped) with the parent's accounts. Children may be able to discern the parent's manageable assets as the children's fee schedule is adjusted based on the parent's assets. As such the children (and parents) must elect to participate in the program.

Child's Age	WJA Manages <\$3 Million for Parents	WJA Manages >\$3 Million for Parents	WJA Manages > \$7 Million for Parents
<35 Years	No Minimum Fee	No Minimum. Household w/ Parents	No Minimum. Household w/ Parents
>35-45 Years	Minimum Fee*	No Minimum Fee	No Minimum. Household w/ Parents
>45 Years	Minimum Fee*	Minimum Fee*	No Minimum Fee

*\*All Children accounts will be subject to the Tiered Fee Schedule. Minimum Fees are based off Tiered Fee Schedule, where the minimum fee is \$2,063 per quarter. Valuation of accounts shall be made on the last business day of each quarter.*

If child's accounts are Household, they will be billed under the parent's household and the fees will be based on the combined assets of both the parent and child. Since the child's fee rate is adjusted based on the parent's household AUM, information about the size of managed assets may be indirectly shared with the children

**Example:**

Example: Child has \$200,000 to Invest	
Child's Age	WJA Manages \$3 Million for Parents
<35 Years	No Minimum. Household w/ Parents = \$3,200,00 Annual Fee = ~0.94% (~\$471/quarter)
>35-45 Years	No Minimum. Separate Household Annual Fee = 1.2% (\$600/quarter)
>45 Years	Minimum Fee of \$2,063/quarter* Separate Household

The fee structure may be subject to change based off the parent's total household AUM or if the child's age falls into the next Age range. Valuation of Young Saver's Program accounts shall be made on the last business day of each quarter. The fee structure may be subject to change based off the parent's total household AUM or if the child's age falls into the next Age range. Adjustments will only be made quarterly when household AUM is reviewed for billing.

### **Willis Johnson & Associates – Termination of Services**

Either the client or WJA may terminate the financial planning services or investment advisory services agreement upon receipt of five (5) days written notice. If the client paid for the investment advisory services in advance and sent in a notice to terminate the contract, the client will receive a refund of a prorated portion of the prepaid advisory fee. If a client should terminate a planning relationship before completion of the plan, WJA will review work completed to date and refund any prepaid unearned fees. Clients who terminate the contract within five (5) business days of signing the contract shall be provided a full refund.

### **Willis Johnson & Associates – Tax Preparation and Planning Services**

Tax preparation and planning services offered at WJA, by a Certified Public Accountant employed by WJA. WJA's fee for tax will be listed in the Agreement for Tax Preparation Services. The fee is based on the complexity of the client's tax situation and the number of tax forms to file. These services are provided by a CPA employed by WJA, and therefore WJA will need to have access to all of a client's tax related information. Clients are not required to use WJA's tax preparation services and the services may cost more or less than comparable services offered by an unaffiliated CPA.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

This section does not apply to WJA, as it does not charge performance-based fees.

## **ITEM 7: TYPES OF CLIENTS**

The Firm primarily provides services to corporate executives and professionals (as well as their families). Corporate executive and professional clients are often within five to ten years of retirement, or retired, and have a net worth in excess of \$1 million. Occasionally, the Firm will assist small business owners. The businesses that the Firm works with are typically closely held and vary across industries.

With regard to investment management services, the Firm has an account minimum of \$750,000. Smaller accounts may be accepted under certain circumstances. Household accounts may be aggregated to reach the \$750,000 threshold.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

The Firm guides clients through the process of transitioning from accumulating assets to repositioning those assets for retirement. WJA uses a Core-Satellite portfolio construction methodology established by WJA's Investment Committee. The core of the portfolio consists of active and passive investments offering broad-based exposure to US equities, international equities, and fixed income. Generally, the Core makes up 50-70% of the portfolio.





The Investment Committee may overweight and underweight certain asset classes (e.g., US equities vs. International equities, or fixed income vs. equities) or allocation style (e.g., small-cap stocks vs. large-cap stocks, or value stocks vs. growth stocks) based on the Firm's market outlook. The Investment Committee may also add Satellite positions that are a focused concentration on a theme (e.g., healthcare, oil & gas pipelines, commodities, etc.) from time to time based on current economic opportunities and trends. The Satellite positions generally make up 30-50% of the portfolio.

The Investment Committee follows a four-step process in guiding their investment decisions. The first step is Idea Generation in which WJA uses market research, market indicators, discussions with industry strategists and economics to generate investment ideas. The second step in the process is Top-Down Security Selection in which WJA analyzes the economy and financial world, breaking those components down into finer details in order to choose the most attractive investment vehicles. This is the step where the Investment Committee determines whether it will take an active or passive investment approach. The last step is Reevaluate and Rebalance in which the Investment Committee monitors the investments, actively rebalancing the positions as needed, and determines when a theme has run its course.



WJA manages six strategies that range from all equity to all fixed income: Aggressive, Growth, Growth & Income, Balanced, Conservative and Fixed Income.

Traditionally, those strategies with higher equity weightings carry greater risk. In an effort to mitigate risk, the Firm may reduce the equity weighting in a strategy below its normal target. The Firm may also sell call options against its equity positions in an effort to reduce

risk. Risks to an equity investment include: market volatility, change in fund management, and industry or sector risk. The fixed income market has recently experienced particularly low yields, often forcing advisors to move to higher risk bonds in order to attain performance targets. WJA manages these risks by investing largely in exchange-traded funds and open-end mutual funds with diversity within a fund. Risks to using exchange-traded and open-end mutual funds include an additional layer of fees and dependence of the fund management to manage the fund risk appropriately.

WJA occasionally invests client monies in individual equities and bonds, depending upon the client's needs. The Firm also, occasionally, recommends variable annuities that offer certain guarantees concerning lifetime income. WJA does not guarantee the future performance of the account or any specific level of performance, the success of any investment decision or strategy that the Firm may use, or the success of the Firm's overall management of the account. The client understands that investment decisions made for the client's account by the Firm are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable. The client understands that investing in any security entails risk of loss.

#### **ITEM 9: DISCIPLINARY INFORMATION**

The Firm has no public disciplinary record.

#### **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Neither the Firm nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

John Kenneth Siegel is a volunteer Director of St. Stephen's Endowment Fund, a church endowment. As a board member, he oversees the investment manager, distribution decisions, development actions and IRS reporting compliance.

John Kenneth Siegel works at the Main Street Theater which is a not-for-profit repertory theater company. Its Advisory Board includes a Finance Committee but has no investment-related activities. He devotes 1 hour to business during trading hours and 1 hour outside trading hours. No compensation is expected from business activities, reflecting its nonprofit nature and focus on cultural programming.

Nicholas Johnson serves as Adjunct Faculty at University of Houston. His responsibilities include teaching FINA 7349 Capstone Personal Financial Planning. He allocates 4 hours per month during trading hours and 6 hours outside of them, with the role contributing 0.5% of his annual compensation.

#### **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

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

WJA has a fiduciary duty to its clients to act in the best interest of the client and always place the client's interests first and foremost. WJA takes seriously its compliance and regulatory

obligations and requires all staff to comply with such rules and regulations as well as WJA's policies and procedures. As such and as required, WJA maintains a Code of Ethics manual for its personnel. The Code of Ethics contains provisions for standards of business conduct relating to, among other things, personal securities trading, inside information, and outside business activities. Any and all calls may be recorded for record-keeping, quality assurance, and training purposes.

### **Misuse of Nonpublic Information**

The Firm has policies and procedures in place to prevent the use of material nonpublic information and to protect the private information of each client.

### **Personal Securities Trading**

From time to time, representatives of WJA may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of the Firm to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, the Firm will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### **Outside Business Activities**

The Firm requires that WJA employees disclose all significant outside business activities to the Firm's Chief Compliance Officer ("CCO"). The CCO will only approve those outside activities that do not conflict with the interests of the Firm or its clients.

Willis Johnson is on the Investment Committee at the Memorial Drive Presbyterian Church where he reviews the church financials and investment results. Willis Johnson also owns 0.6% of Check Twice (S-corp).

John Kenneth Siegel is a volunteer Director of St. Stephen's Endowment Fund, a church endowment. As a board member, he oversees the investment manager, distribution decisions, development actions and IRS reporting compliance.

Steven Chambers is an instructor at Rice University.

Odaro Aisueni works as a DJ.

Odaro Aisueni works as a volunteer financial planner at Invest STL | Rooted Initiative.

Odaro Aisueni works as a co-chair at (FPA) Financial Planning Association.

Odaro Aisueni works as a writer at nomoneymoproblems.com.

### **Participation or Interest in Client Transactions**

The Firm does not buy securities for itself from, or sell securities it owns to, its clients, as the Firm does not have any proprietary accounts.

WJA employees may participate in block trades with clients in which all participants receive the same execution price.

## **ITEM 12: BROKERAGE PRACTICES**

WJA recommends that clients use Fidelity to custody their accounts the Firm manages. Fidelity is a “qualified custodian” which provides quarterly statements to the client showing all transactions. Fidelity statements include the deduction of investment management fees. Refer to the “Custody” section for more information.

#### **Research and Other Soft-Dollar Benefits**

Some custodians provide investment advisory firms with additional products and services such as national conferences, compliance newsletters, webcasts on compliance and practice management topics, electronic downloads of client data, investment research, access to special trading desks, and trading software. WJA receives such benefits from Fidelity Institutional Wealth Services as part of the business relationship. No formal “soft dollar” relationship occurs between WJA and a broker/dealer whereby WJA receives a specific product as a result of equity or fixed income transactions executed for clients.

#### **Brokerage for Client Referrals**

WJA does not use brokerage as an incentive or reward for broker/dealers that may refer WJA clients.

#### **Directed Brokerage**

Clients are required to open accounts with Fidelity in order for WJA to manage their accounts for a fee. Not all advisors limit client decisions as to their account custodian.

#### **Order Aggregation**

WJA may aggregate (“block”) transactions in the same security on behalf of more than one client, in the same investment strategy and housed at the same custodian, to facilitate best execution and to treat all participants in the block equally. Each client in the aggregated order will participate at the average share price for all of WJA’s transactions in that trade. Participants in block trades placed with Fidelity do not receive reduced ticket charges.

When possible, securities bought or sold in an aggregated transaction are allocated pro-rata to the participating client accounts in proportion to the size of the orders placed for each account. Under certain circumstances, WJA may increase or decrease the amount of securities allocated to each account, if necessary, to avoid holding odd lot or small numbers of shares for particular clients. When WJA is unable to fully execute an aggregated order, WJA will allocate such transactions on a pro-rata basis or in a manner WJA determines, in good faith, to be a fair and equitable allocation. WJA personnel will not receive fills of partial orders until all client orders are filled.

### **ITEM 13: REVIEW OF ACCOUNTS**

WJA reviews and often rebalances its investment strategies at least quarterly. The underlying investment accounts are generally reviewed at least quarterly as well. Reviewers include Robert W. Lowerre, Adrian Gomez, Lucy Gift, and Nicholas A. Johnson, all of whom are members of the Firm’s Investment Committee. Accounts that are generally too small to manage to a strategy may be reviewed less frequently.

Review triggers would include factors such as changes in the economy, changes in the market place, or changes in the client’s goals or objectives.

In addition to monthly or quarterly statements from the custodians, clients may receive additional reports from WJA during periodic portfolio reviews.

#### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

The Firm does not pay outside individuals or entities for referring clients. Firm-wide incentive compensation is shared by WJA personnel for new assets brought into the Firm.

#### **ITEM 15: CUSTODY**

Because WJA generally has the authority to instruct the account custodian to deduct the investment management fee directly from the client's account, WJA is considered to have "custody" of client assets. Custody is defined as having any access to client funds or securities. This limited access is monitored by the client through receipt of account statements directly from the custodian. These statements all show the deduction of the management fee from the account. WJA does not actually hold client assets.

Currently, WJA uses Fidelity to hold client investment accounts.

#### **ITEM 16: INVESTMENT DISCRETION**

For discretionary accounts, the Firm has full trading authority under a limited power of attorney assigned to WJA. As a result, WJA will determine both the type and amount of each investment that should be purchased or sold on each client's behalf and when trades are to be enacted.

In limited circumstances, the Firm will manage investment accounts without the use of discretion, which requires obtaining the client's permission before placing any trade orders.

#### **ITEM 17: VOTING CLIENT SECURITIES**

Clients receive proxy material directly from their account custodian by either email or U.S. mail. WJA is expressly precluded from voting proxies for securities held in client accounts and will not be required to take any action or render advice with respect to the voting of proxies. However, WJA may occasionally advise clients (if requested) on proxy matters. Clients are responsible for voting all proxies.

#### **ITEM 18: FINANCIAL INFORMATION**

There is no financial condition that is reasonably likely to impair WJA's ability to meet its contractual commitments to its clients.