

## Item 1: Cover Page



Illuminating Your Financial Future

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## **Form ADV Part 2A – Firm Brochure**

Dated March 25, 2024

<https://www.lighthousewealth.com>

This Brochure provides information about the qualifications and business practices of Lighthouse Wealth Management, LLC (“Lighthouse”). If you have any questions about the contents of this Brochure, please contact us at (717) 346-6333. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Lighthouse is registered as an Investment Adviser with the SEC. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about Lighthouse is available on the SEC’s website at <https://adviserinfo.sec.gov>, which can be found using the firm’s identification number 307529.

## Item 2: Material Changes

Item 4 was updated to reflect a name change for Brown Shultz Sheridan & Fritz, a part owner of Lighthouse, to Brown Plus.

Item 4 was updated to reflect an increase in assets under management.

## Item 3: Table of Contents

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## Item 4: Advisory Business

### **Description of Advisory Firm**

Lighthouse is registered as an Investment Adviser with the SEC and was originally founded in January 2020. Ownership interests in Lighthouse are as follows:

- 51% Brown Plus – certified public accounting firm
- 24.5% Lighthouse Wealth Management Services, Inc (100% owned by Teancum D Light)
- 24.5% VICI Financial Advisors, LLC (100% owned by James K Adams, III)

Lighthouse currently manages over \$155 million.

The firm provides fee-only financial planning and investment management services. Depending upon each client's unique circumstances and request, these services may be broad-based or focused on particular areas of interest or need.

Lighthouse holds itself to a fiduciary standard, which means Lighthouse and its associates have a duty to act in good faith and do what is in the client's best interest.

Lighthouse does not sell products and receives no form of commissions for advice given to clients.

### **Investment Management and Financial Planning Services**

Lighthouse is in the business of fee-only financial planning and investment management. Lighthouse provides comprehensive planning including tax & estate planning, retirement planning, debt management, college savings, and wealth management. Lighthouse consults on and manages individually tailored investment portfolios as well as provides hourly consultations. The firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, Lighthouse develops a client's investment policy statement with an asset allocation target and creates and manages a portfolio based on that policy and allocation target. Lighthouse may also review and discuss a client's prior investment history, as well as family composition and background.

Account supervision is guided by the stated objectives of the client (e.g., maximum capital appreciation, growth, income, or growth, and income), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

### **Miscellaneous**

#### **Limitations of Financial Planning and Non-Investment Consulting/Implementation Services**

Lighthouse does not serve as an attorney, accountant, or insurance agent, and no portion of our services should be construed as same. Accordingly, Lighthouse does not prepare estate planning documents, tax returns, or sell insurance products. To the extent

requested by a client, we may recommend the services of other professionals for non-investment implementation purpose (i.e., attorneys, accountants, insurance, etc.) 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 Lighthouse and/or its representatives.

### **Retirement Rollovers-Potential for Conflict of Interest**

A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Lighthouse recommends that a client roll over their retirement plan assets into an account to be managed by Lighthouse, such a recommendation creates a conflict of interest if Lighthouse will earn new (or increase its current) compensation as a result of the rollover.

No client is under any obligation to roll over retirement plan assets to an account managed by Lighthouse. Lighthouse's Chief Compliance Officer, Teancum D. Light, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.

### **ERISA/IRC Fiduciary Acknowledgement**

When Registrant provides investment advice about the client's retirement plan account or individual retirement account, it does so as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA") and/or the Internal Revenue Code ("IRC"), as applicable, which are laws governing retirement accounts. Because the way Registrant makes money creates some conflicts of interest, Registrant operates under a special rule that requires it to act in the client's best interest and not put its interests ahead of the client's. Under this special rule's provisions, Registrant must: meet a professional standard of care when making investment recommendations (give prudent advice); never put its financial interests ahead of the client's when making recommendations (give loyal advice); avoid misleading statements about conflicts of interest, fees, and investments; follow policies and procedures designed to ensure that Registrant gives advice that is in the client's best interest; charge no more than is reasonable for Registrant's services; and give the client basic information about conflicts of interest.

## Item 5: Fees and Compensation

Lighthouse is a fee-only firm, and as such is compensated solely by professional fees received directly from clients. Lighthouse, nor any related person associated with Lighthouse, does not receive compensation that is contingent on the purchase or sale of a financial product.

Please note, unless a client has received the firm's disclosure brochure at least 48 hours prior to signing the investment advisory contract, the investment advisory contract may be terminated by the client within five (5) business days of signing the contract without incurring any advisory fees.

How Lighthouse is paid depends on the type of advisory service Lighthouse is performing.

### **Comprehensive Planning & Investment Management Services (Assets Under Management)**

Lighthouse's standard advisory fee is based on the market value of the assets under management. This fee is generally not negotiable and ranges up to 100 basis points (1.00%), depending largely upon the size and complexity of a client's portfolio. This fee is charged quarterly in advance based upon the market value of the assets being managed by Lighthouse on the last day of the previous quarter.

For the initial term of an engagement and for any cash flows exceeding \$10,000, the fee is calculated on a pro rata basis and charged in arrears based upon the ending balance of the cash flow date. In the event the Client Agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding balance is charged or refunded to the client, as appropriate.

Lighthouse possesses written authorization from the client to deduct advisory fees from accounts held by the custodian and managed by Lighthouse. Lighthouse sends the custodian written notice of the amount of the fee to be deducted from the client's account(s) and sends the client a written invoice itemizing the fee, including the formula to calculate the fee, the time period covered by the fee, and the amount of assets under management on which the fee was based.

Client fees will be debited from their accounts at the start of each quarter, unless the client specifically requests to pay by check.

For any fees which Client is billed directly, Client will pay such fees within 30 days of the date of each such bill.

Investor advisory agreements may be terminated by mutual agreement of the client and Lighthouse. A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days' written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

All fees paid to Lighthouse for investment advisory services are separate and distinct from the fees and expenses charged by fund managers to their shareholders. These funds and expenses are described in each fund's prospectus. These funds will generally include a management fee, other fund expenses, and a possible distribution fee. A client could invest in mutual funds and exchange-traded funds directly without the services of Lighthouse. In that case, the client would not receive the services provided by Lighthouse which are designed, among other things, to assist the client in determining investments that are most appropriate given the client's financial condition and objectives. Certain investments

recommended by Lighthouse may not be available to the client directly. Accordingly, the client should review both the fees charged by the funds and the fees charged by Lighthouse to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Clients will incur some transaction fees charged by the custodian for some mutual fund purchases and sales. Please refer to Section 12: Brokerage Practices.

Clients purchasing individual bonds will also incur a bid-ask spread from the bond dealer. Lighthouse does not accept commissions for the sale of securities or other investment products. It does not receive asset-based sales charges or service fees from the sale of mutual funds. For mutual funds, only no-load or exchange traded mutual funds will be recommended to clients.

The relationship is not exclusive, and clients have the option to purchase investments recommended by Lighthouse through other investment organizations not affiliated with Lighthouse.

### **Comprehensive Financial Planning (Hourly Consultation)**

A client may choose to engage Lighthouse on an hourly basis for financial planning services. Hourly Financial Planning Engagements are offered at \$400 per hour. The fee may be negotiable in certain cases and is due at the completion of the engagement. In the event of early termination by the client, any fees for the hours already worked will be due for work completed up to the date of termination.

The scope of the engagement is based on the needs of the client and the estimated fee will be provided to the client in an engagement letter prior to the performance of any services.

Fees for this service may be paid by electronic funds transfer or check.

## Item 6: Performance-Based Fees and Side-By-Side Management

Lighthouse receives no performance-based fees and does not engage in side-by-side management.

## Item 7: Types of Clients

Lighthouse provides comprehensive financial planning and investment management services to individuals, businesses, charitable organizations, pensions, profit sharing plans, trusts, estates, and charitable organizations.

Lighthouse has a minimum account size requirement of \$1,000,000. Exceptions may apply at the discretion of Lighthouse.

## Item 8: Methods of Analysis, Investment Strategies, and Risk or Loss

Lighthouse utilizes fundamental analysis to build, monitor, and maintain client portfolios. Sources of information used include research materials prepared by others, corporate rating services, financial periodicals, annual reports, prospectuses, Securities and Exchange Commission filings, company press releases, and inspections of corporate activities.

Investment strategies used to implement Lighthouse's investment advice given to clients primarily includes long-term purchases (securities held at least a year). It may also include short-term purchases (securities sold within a year), trading (securities sold within 30 days), short sales, margin transactions, option writing, including covered options, uncovered options, or spreading strategies.

Investing in securities involves risk of loss that clients should be prepared to bear. A client's risk tolerance is captured in the Investment Policy Statement.

Client portfolios are comprised almost exclusively of no-load mutual funds and exchange-traded funds, which are subject to fluctuations in investment values because of some or all of the following risks:

### **Market risk**

The risk that an investment loses some or all of its principal value due to fluctuations in the overall market; also referred to as systematic risk.

### **Inflation risk**

The risk of losing purchasing power. If an asset returns 5% in a year and the cost of living goes up by 2%, the real return is only 3%.

### **Interest rate risk**

The risk that rising interest rates will cause your mutual funds to decline in value. When interest rates rise, most bond prices decline, and mutual funds and exchange-traded funds which hold bonds may also decline as a result.

### **Currency risk**

The risk that a decline in the exchange rate will reduce gains (or add to losses). Even if the value of a foreign-currency-denominated fund goes up, a decline in the foreign currency can reduce returns when they are exchanged back into US dollars.

### **Credit risk**

The risk that the issuer of a bond or other security won't have enough sufficient liquidity to meet scheduled interest or principal payments.

Lighthouse will measure a portfolio's beta coefficient vs. an equity market index to determine if the projected volatility is commensurate with the client's risk tolerance. A

lower beta indicates a less volatile portfolio, which normally will capture less of the upward and downward swings in the market.

## Item 9: Disciplinary Information

There are no legal or disciplinary events presently or historically facing Lighthouse, its Registered Investment Advisors, or the integrity of its management.

## Item 10: Other Financial Industry Activities and Affiliations

Brown Plus is a professional management consulting and certified public accounting firm and performs tax preparation services for most Lighthouse clients. Lighthouse allocates a portion of its fees charged to clients for these tax services, thus discounting the fees most Lighthouse clients would otherwise pay for tax preparation services by Brown Plus. Lighthouse receives no compensation directly or indirectly from Brown Plus. Brown Plus is a partner in Lighthouse and may earn additional fees from clients for tax preparation fees not covered by Lighthouse. Lighthouse only receives compensation directly from clients and does not receive compensation from any outside source.

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

As a fiduciary, Lighthouse and its associates have a duty of utmost good faith to act solely in the best interest of each client. Clients entrust Lighthouse with the management of their funds and personal information, which in turn places a high standard on the firm's conduct and integrity. The fiduciary duty is a core aspect of Lighthouse's Code of Ethics and represents the expected basis of all dealings with clients and other associations.

The firm also adheres to the Code of Ethics and Professional Responsibility adopted by the CFP® Board of Standards Inc. and accepts the obligation not only to comply with the mandates and requirements of all applicable laws and regulations but also to take responsibility to act in an ethical and professionally responsible manner in all professional services and activities.

### **Code of Ethics Description**

This code does not attempt to identify all possible conflicts of interest, and literal compliance with each of its specific provisions will not shield associated persons from liability for personal trading or other conduct that violates a fiduciary duty to advisory clients. A summary of the Code of Ethics' Principles is outlined below.

- **Integrity** - Associated persons shall offer and provide professional services with integrity.
- **Objectivity** - Associated persons shall be objective in providing professional services to clients.



- **Competence** - Associated persons shall provide services to clients competently and maintain the necessary knowledge and skill to continue to do so in those areas in which they are engaged.
- **Fairness** - Associated persons shall perform professional services in a manner that is fair and reasonable to clients, principals, partners, and employers, and shall disclose conflict(s) of interest in providing such services.
- **Confidentiality** - Associated persons shall not disclose confidential client information without the specific consent of the client unless in response to proper legal process, or as required by law.
- **Professionalism** - Associated persons' conduct in all matters shall reflect the credit of the profession.
- **Diligence** - Associated persons shall act diligently in providing professional services.

Lighthouse periodically reviews and amends its Code of Ethics to ensure that it remains current, and Lighthouse requires all firm access persons to attest to their understanding of and adherence to the Code of Ethics at least annually.

Lighthouse will provide a copy of its Code of Ethics to any client or prospective client upon request.

Lighthouse or related persons does not recommend, buy, or sell for clients securities in which it or a related person has a material financial interest. Lighthouse or related persons invest in some of the same securities, which are recommended to clients. However, Lighthouse respects the CFA Institute's priority-of-transactions policy, namely: investment transactions for clients must take precedence over investment transactions for Lighthouse principals, employees, and related persons.

However, a principal, employee, or related person may receive a slightly better execution price when stock or exchange-traded funds are traded as a block.

## Item 12: Brokerage Practices

Lighthouse is not a broker/dealer or custodian of its clients' assets. Charles Schwab (Schwab) serves as the custodian of client assets and was selected based in part on our existing relationship, the custodian's financial strength, reputation, breadth of investment products, and the cost and quality of custody and brokerage services provided to clients. Other custodians may execute transactions at lower transaction costs than Schwab. However, we believe that the overall level of services and support provided to our clients by Schwab outweighs the benefit of possibly lower transactions cost which may be available under other brokerage arrangements.

All transactions occur through the custodian. The reasonableness of their compensation is reviewed at least annually. The custodian provides internet access to some of its and third-party research, offers professional education, and may occasionally provide meals at professional meetings to advisors at Lighthouse. Lighthouse also receives: access to investments generally available to institutional investors, software, and educational

materials. Schwab may discount or waive the fees they would otherwise charge for some of the services they make available to us. They may also pay all or a part of the fees of a third party providing these services to us. Schwab may also reimburse or otherwise pay for client events.

We receive economic benefits because of our relationship with Schwab as listed above. These services are not contingent upon us committing any specific amount of business to Schwab. We do not enter into soft-dollar arrangements with Schwab. We do not receive client referrals from Schwab. Because the number of products or services we receive may vary among custodians, we may have a conflict of interest in making the recommendation to use Schwab. Our recommendation of Schwab may be based in part on the economic benefit to us and not solely on the nature, cost or quality of custody and brokerage services provided to you and our other clients. However, we nonetheless strive to always act in our clients' best interest and believe if a conflict is in fact inherent in the selection of a custodian, we have mitigated that conflict by using Schwab, which is the industry leader supporting more independent advisors than any other custodian.

These benefits do not affect costs to clients. No client is harmed or benefited to the advantage or detriment of others because of this.

All client transactions are executed through the custodian, Schwab. Lighthouse and its related persons receive no other benefits or compensation for clients' transactions with Schwab.

Client purchases and sales of securities are not generally aggregated into block trades, because clients are generally rebalanced on different days. However, if there is a particular position that needs to be rebalanced across all accounts, block trades will be used.

### Item 13: Review of Accounts

Client accounts under investment management services will be reviewed regularly on a quarterly basis by either the president or chief investment officer. Clients may request more frequent reviews. Economic and financial circumstances may trigger client reviews on an irregular basis in addition to the regular quarterly reviews.

Clients will receive trade confirmations from the custodian for each transaction in their accounts as well as monthly or quarterly statements and annual tax reporting statements from their custodian showing all activity in the accounts, such as receipt of dividends and interest.

Clients generally receive an initial written analysis/financial plan and ongoing recommendations and updates.

The financial plan may address any and all of the following areas: investment planning, tax planning, insurance planning, financial goals, personal-family records, budgeting, estate planning, and gift planning.

Lighthouse gathers pertinent information for the financial plan through in-depth interviews. Information gathered includes a client's current financial status, future goals, and attitudes toward risk. Related documents provided by the client are carefully reviewed, including a questionnaire completed by the client. A written report is prepared. Should a client decide to implement recommendations contained in the plan, Lighthouse recommends that the client work closely with his/her accountant, attorney, and other critical financial advisors. Implementation of the financial plan's recommendations is at the client's discretion. Lighthouse may assist the client through investment management services.

### Item 14: Client Referrals and Other

Lighthouse and its related persons do not receive fees for client referrals or pay them to others.

### Item 15: Custody

Lighthouse is deemed to have limited custody solely because advisory fees are directly deducted from client's account by the custodian on behalf of Lighthouse.

Clients should receive at least quarterly statements from the custodian. Lighthouse urges clients to carefully review such statements. Clients are urged to compare the account statements received from the custodian with the reports received from Lighthouse.

### Item 16: Investment Discretion

For those client accounts where Lighthouse provides investment management services, Lighthouse typically maintains **discretion** over client accounts with respect to securities to be bought and sold and the amount of securities to be bought and sold. Investment discretion is explained to clients in detail when an advisory relationship has commenced.

Clients sign an Investment Advisory Agreement at the inception of each account. A client may request non-discretionary investment management services, although Lighthouse may choose not to service the relationship on a non-discretionary basis.

### Item 17: Voting Client Securities

Lighthouse does not vote Client proxies. Clients retain the authority to vote their securities and will receive their proxies or other solicitations directly from Schwab.

### Item 18: Financial Information

Registered Investment Advisers are required in this Item to provide clients with certain financial information or disclosures regarding financial condition. Lighthouse has no financial commitment that impairs its ability to meet contractual and fiduciary

commitments to clients, and Lighthouse has not been the subject of a bankruptcy proceeding.

Lighthouse does not have custody of client funds beyond having the ability to have fees deducted from client accounts. Lighthouse does not require or solicit prepayment of fees from clients six months or more in advance.

## Item 19: Requirements

### **Advisors:**

**Teancum D. Light** is Lighthouse's president and chief compliance officer. He received his B.S. in accounting from Brigham Young University and his J.D., *cum laude*, from the University of Maryland Francis King Carey School of Law. He is a licensed attorney and Certified Public Accountant in Pennsylvania. He is also a Certified Financial Planner®.

**James A. Adams III** is Lighthouse's chief investment officer. He received his B.S. in finance from Wake Forest University, *cum laude*, and his MBA from the University of North Carolina-Chapel Hill. He is a Chartered Financial Analyst (CFA®) Charterholder and a Certified Financial Planner®.

Neither Lighthouse, nor its advisors, receive performance-based fees.

No advisor or management person at Lighthouse has been involved or otherwise found liable in:

1. An arbitration claim alleging damages in excess of \$2,500 in any of the following: (a) an investment or an investment-related business or activity; (b) fraud, false statement(s), or omissions; (c) theft, embezzlement, or other wrongful taking of property; (d) bribery, forgery, counterfeiting, or extortion; or (e) dishonest, unfair, or unethical practices.
2. A civil, self-regulatory organization, or administrative proceeding involving any of the following: (a) an investment or an investment-related business or activity; (b) fraud, false statement(s), or omissions; (c) theft, embezzlement, or other wrongful taking of property; (d) bribery, forgery, counterfeiting, or extortion; or (e) dishonest, unfair, or unethical practices.

Neither Lighthouse, nor its advisors, have any relationship or arrangement with any issuer of securities.