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March 21, 2024

**FORM ADV PART 2A  
BROCHURE**

This brochure provides information about the qualifications and business practices of BlueSky Wealth Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (252) 633-0107 or via e-mail at [compliance@blueskywa.com](mailto:compliance@blueskywa.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about BlueSky Wealth Advisors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for BlueSky Wealth Advisors, LLC is 116760.

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

## **Item 2 Summary of Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated March 18, 2023, we have made the following changes to our Part 2A:

For our ongoing financial planning and discretionary investment management services, we charge a quarterly price generally ranging between \$2,500 and \$25,000 paid in advance. Legacy clients may be subject to a different price range.

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## Item 4 Advisory Business

### Description of Services and Pricing

BlueSky Wealth Advisors, LLC is a registered investment adviser with our primary office in New Bern, North Carolina. We are organized as a limited liability company under the laws of the State of North Carolina, and we have been providing investment advisory services since 1999. We are owned by BlueSky WA Holdings, LLC. BlueSky WA Holdings LLC is owned by BlueSky Management Team LLC, which is owned by David Blain and Caroline Blain, and four minority partners.

We provide broad based advisory services designed to provide you with a plan that is aimed at integrating your overall investment, tax, estate, insurance, and other planning needs. Our advisory services consist of financial planning and discretionary investment management as described below. You may retain us to provide both financial planning and investment management or in limited circumstances you may engage us to provide either service exclusive of the other.

The following paragraphs describe our services and pricing. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our" and "us" refer to BlueSky Wealth Advisors, LLC and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person or Investment Adviser Representative throughout this Brochure. As used in this Brochure, our Associated Persons or Investment Adviser Representatives are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

### Financial Planning

Financial planning will typically involve providing a variety of services, principally advisory in nature, to you regarding the management of your financial resources based upon an analysis of your individual needs.

At the inception of the client relationship, we will establish your objectives by collecting data and reviewing your financial information and circumstances. Once such information has been reviewed and analyzed, written reports designed to achieve your stated financial goals and objectives will be produced and presented to you. The primary objective of this process is to allow us to assist you in developing a strategy for the successful management of income, assets and liabilities in meeting your financial goals and objectives.

Financial plans may incorporate recommendations with respect to cash flow, assets and liabilities, asset allocation, insurance analysis, education funding, retirement planning, estate planning, tax strategies, asset protection, real estate, charitable giving, equity compensation, and small business planning. Additionally, financial planning services include periodic reviews and assistance to you in implementing the plan as mutually agreed upon.

Financial plans are based on your financial situation at the time the plan is presented and are based on the financial information disclosed by you to us. You are advised that certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. We cannot offer any guarantees or promises that your financial goals and objectives will be met. As your financial situation, goals, objectives, or needs change, you must notify us promptly.

Financial planning is offered through an ongoing relationship or, in narrowly defined circumstances, a limited scope defined service relationship.

**Real Estate**

As part of our financial planning service, we may advise on the disposition, acquisition, or management of real property (real estate). Sometimes our recommendations include investing with unaffiliated third-party real estate investment companies. Furthermore, in some circumstances, we facilitate our client's investments, report the performance, and help organize clients' investments in these private real estate funds or properties. However, BlueSky Wealth Advisors does not sponsor or manage the real estate investments, nor does it receive any additional compensation for recommending an investment in any particular third-party fund. Our sole payment is the one described in the pricing paragraph below.

We consider the assets invested with unaffiliated third-party real estate investment companies based on our recommendation to be calculated as Assets Under Advisement.

As of March 12, 2024, our total Real Estate assets under advisement are \$77,202,050. This amount is based on the initial investment amount (cost basis), not fair market value.

**Investment Management**

We provide discretionary investment management and the advice provided is tailored to meet your needs and investment objectives. We will utilize information gathered in the financial planning process or at the inception of the relationship such as your risk tolerance, risk capacity, investment objectives and other relevant information, and will provide an investment policy statement to you.

Based upon the investment policy statement, we will recommend an initial portfolio of securities which may be customized for you in accordance with your risk tolerance and investing objectives. We may also invest your assets according to one or more model portfolios developed by our firm. Once we construct an investment portfolio for you, or select a model portfolio, we will monitor your portfolio's performance on an ongoing basis and will place trades and rebalance the portfolio as required by changes in market conditions and in your financial circumstances.

If you participate in our discretionary investment management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the client advisory agreement you sign with our firm, a power of attorney, or trading authorization forms.

**Tax Preparation**

We provide individual and business federal and state income tax preparation services to select clients for an additional cost.

**Pricing**

For our ongoing financial planning and discretionary investment management services, we charge a quarterly price generally ranging between \$2,500 and \$25,000 paid in advance. The quarterly price for advisory services is determined by the complexity of the client's situation. BlueSky Wealth Advisors' pricing formula starts with a base price determined by the client's age, employment status, and family size then adds complexity factors based on their level of income and net worth. All client prices are adjusted annually based on changing client circumstances and the inflation rate of the economy. The exact pricing formula is a trade secret and is only disclosed upon request to qualified prospective clients. Some legacy advisory clients may pay a higher or lower price determined by the advisory agreement they signed at the time they became a client.

We will deduct your quarterly payment directly from your investment account(s) through the qualified custodian holding your funds and securities only when you have given our firm written authorization permitting the payments to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

In the event your agreement is executed at any time other than the first day of a calendar quarter, an initial adjusted price will be assessed. Subsequent quarterly payments will be due on the first day of the calendar quarter. Either party, upon receipt of fourteen days written notice from the other, may terminate the agreement. In the event of termination, a refund of unearned fees, calculated pro rata for the remainder of the period based upon the client termination date will be made to the client via check or reimbursement transfer from the company's account to the client's brokerage account

For federal and state income tax preparation services, prices range between \$300 and \$20,000. The cost for tax preparation services is calculated individually for your specific circumstances and is based on a number of factors, including; the complexity of the tax return, the knowledge required by the preparer, the time necessary to complete the return, and the number of forms required.

For financial planning defined service relationships, which are offered only in limited circumstances, we charge a flat price ranging between \$2,000 and \$20,000. We will invoice you directly for the payment, half of which we require to be paid up front and the remainder due upon completion of the work performed or as otherwise agreed.

For advisory services performed outside the scope of the financial planning, tax, or investment management services described previously, which are offered only in limited circumstances, we charge \$500 per hour due upon receipt of invoice. Pricing and payment arrangements will be determined on a case-by-case basis depending on the scope and complexity of the services to be performed. At no time will we charge you more than \$1,200 and for six months or more in advance.

### **Types of Investments**

We do not primarily offer advice on one type of security over another and offer advice on a broad range of investments.

We do not participate in or sponsor a wrap fee program.

### **IRA Rollover Recommendations**

For purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you. 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. 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 fiduciary, we only recommend a rollover when we believe it is in your best interest.

### **Assets Under Management**

As of March 12, 2024, we provide continuous management services for \$730,182,752 in client assets on a discretionary basis.

## **Item 5 Fees and Compensation**

Please refer to the *Advisory Business* section in this brochure for information on our pricing, payment arrangements, and refund policy according to each service we offer.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and Exchange Traded Funds ("ETFs"). The payments that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or ETFs (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You may also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, ETFs, our firm, and others. For information on our brokerage practices, please refer to the *Brokerage Practices* section of this brochure.

We may trade client accounts on margin. Each client must sign a separate margin agreement *before* margin is extended to that client account. The use of margin may also result in interest charges in addition to all other fees and expenses associated with the security involved.

### **IRA Rollover Considerations**

As part of our advisory services, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we can manage on your behalf. This process is called a "rollover". You are under no obligation, contractually or otherwise, to perform a rollover to an IRA. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm. Whether you withdraw the assets from your employer's retirement plan and roll them into an IRA, or leave them where they are, the fee you pay to our firm will remain the same. We do not charge differently to advise you on, or manage, assets based on where the assets are located.

Most people consider performing a rollover when they leave an employer by way of job change or retirement. However, sometimes employees can also move assets out of their company plan while still employed. Typically, when leaving a company due to retirement or job change an employee will have four options:

1. Leave the funds where they are, in your former employer's plan.
2. Move the funds to a new employer's retirement plan.
3. Cash out and take a taxable distribution from the plan.
4. Roll the funds tax-free into an IRA account.

Each of these options has advantages and disadvantages. As a fiduciary, we accept the requirement to act in your best interest at all times, and our compensation is not dependent upon choosing a particular option. Thus, before making any changes to your retirement plan accounts, we will discuss these options and

recommend a course of action, that in our opinion, best serves your goals and financial objectives. Here are some of the considerations we will evaluate when developing a recommendation:

- Fees and expenses of both the retirement plan and the IRA and whether the employer pays for some or all of the plan's administrative expenses
- Services offered under the plan, such as investment advice, planning tools, telephone help lines, educational materials, and workshops, or other services versus services that may not be offered, such as asset allocation and distribution planning
- Investment options that are available in the retirement plan and whether your goals and financial objectives can be met within the current employer or a new employer's plan
- Withdrawal-related differences between IRAs and qualified retirement plans
- Differential in protection from creditors and legal judgments
- Possibility to delay taking Required minimum distributions ("RMDs") from a retirement plan if still employed
- Special tax and investment considerations for employer stock held in a retirement plan

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees.

Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our pricing is calculated as described in the *Advisory Business* section above and are not charged on the basis of a share of capital gains upon or capital appreciation of the funds in your advisory account.

## **Item 7 Types of Clients**

We offer investment advisory services to individuals, endowments, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

We do not require a minimum account size; however, our services are usually best for people with a minimum of \$1,000,000 in investable assets.

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

### **Our Methods of Analysis and Investment Strategies**

Rather than trying to analyze and select individual securities for inclusion in client portfolios, we spend the majority of our time analyzing and studying the optimal allocation of a client's investment portfolio among the various asset classes. Asset classes considered include, but are not limited to, US equities, international equities, emerging market equities, real estate, commodities, US bonds, Foreign bonds and cash. We include those asset classes in a client's portfolio that we believe, when combined together, will offer the highest probability of a client achieving his or her goals at an appropriate risk level for that client.

We evaluate a wide variety of both current and historical performance, macro-economic trends, and valuation data of the various asset classes to set the portfolio policy as well as to make adjustments to the policy over time. Adjustments to the portfolio policy include overweighting, under weighting or in some circumstances avoiding a particular asset class based on our analysis of the potential risk reward profile.



In most instances, when executing a strategy for investing in a specific investment class, we employ a passive strategy believing that a client is best served by a low-cost, low income tax impact investment strategy. When we believe a manager can bring either additional return or added risk control to the return of an asset class, we will assess the managers which meet a set of quantitative criteria, including risk-adjusted returns in comparison with peer managers, low-cost structure, sensitivity to income tax impact when executing the strategy, and longevity of the manager executing the strategy, among other factors.

We adhere to the following basic asset management tenets when managing a client's portfolio:

- Diversify extensively across multiple asset classes for optimal risk-adjusted returns;
- Base the majority of recommendations on secular or long-term asset class fundamentals;
- Occasionally take advantage of short-term valuation divergences or unusual opportunities in the markets;
- Execute and follow written investment policy guidelines;
- Seek opportunities to globalize the portfolio holdings across all asset classes;
- Employ low-cost investment products when possible as a strategy for increasing returns;
- Manage the portfolio in a tax efficient manner;
- Rebalance the portfolio methodically within the investment policy asset allocation targets;
- Manage clients' decision-making behaviors for successful portfolio outcomes.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

### **Risks Associated with Methods of Analysis and Investment Strategies**

We are aware of the multiple risks that a client's portfolio may face including:

- volatility risk;
- interest rate risk;
- risk associated with deflation or inflation;
- liquidity risk;
- the risk of increasing withdrawal demands during protracted negative returns in the markets;
- changing risk capacity of a client due to personal life changes;
- changing risk perception of a client due to emotional response to market changes, negative or positive; and
- regulatory risk.

We consider carefully these risks and the proper asset allocation that might mitigate each of these risks based on the unique goals and needs of each client.

Our portfolio analysis methods rely on the assumption that the individual stocks and bonds, mutual funds, and ETFs that we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

**Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

**Recommendation of Particular Types of Securities**

As disclosed under the *Advisory Business* section above, we recommend all types of securities and we do not necessarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

**Item 9 Disciplinary Information**

BlueSky Wealth Advisors, LLC has been registered and providing investment advisory services since 1999. Neither our firm nor any of our Associated Persons has any reportable disciplinary information.

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

We have not provided information on other financial industry activities and affiliations because we do not have any relationship or arrangement that is material to our advisory business or to our clients with any of the types of entities listed below.

- Broker-dealer, municipal securities dealer, or government securities dealer or broker;
- Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund);
- Other investment adviser or financial planner;
- Futures commission merchant, commodity pool operator, or commodity trading advisor;
- Banking or thrift institution;
- Accountant or accounting firm;
- Lawyer or law firm;
- Insurance company or agency;
- Pension consultant;
- Real estate broker or dealer;
- Sponsor or syndicator of limited partnerships.

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

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of

our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

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

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

### **Personal Trading Practices**

Our firm or the Associated Persons with our firm may buy or sell securities for you at the same time we buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Please refer to the *Brokerage Practices* section in this brochure for information on our block trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

### **Brokerage Recommendation**

We do not maintain custody of your assets that we manage or on which we advise, although we may be deemed to have custody of your assets if you give us authority to manage your workplace defined contribution plan or withdraw assets from your account (see *Custody* below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that clients in need of brokerage and custodial services utilize Charles Schwab & Co., Inc. ("Schwab"), registered broker-dealer, member SIPC as the qualified custodian, among others.

We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see *Your Brokerage and Custody Costs* below).

### **Your Brokerage and Custody Costs**

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account.

### **Schwab Commissions and Fees**

Schwab's commission rates applicable to our client accounts are based on the condition that our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. In addition to commissions, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the

securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see *Brokerage Recommendation* above).

### **Products and Services Available to Us From Schwab**

Schwab Advisor Services is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage - trading, custody, reporting, and related services - many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. Following is a more detailed description of Schwab's support services:

### **Services That Benefit You**

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

### **Services That May Not Directly Benefit You**

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements);
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- Provide pricing and other market data;
- Facilitate payment for our services from our clients' accounts;
- Assist with back-office functions, recordkeeping, and client reporting services that generally benefit only us.

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

- Educational conferences and events;
- Consulting on technology, compliance, legal, and business needs;
- Publications and conferences on practice management and business succession;
- Access to employee benefits providers, human capital consultants, and insurance providers.

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

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

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see *Brokerage Recommendations* above) and not Schwab's services that benefit only us. We do not believe that recommending our clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

### **Brokerage for Client Referrals**

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

### **Directed Brokerage**

In limited circumstances, and at our discretion, some clients may instruct our firm to use one or more particular brokers or custodians instead of Schwab. If you choose to direct our firm to use a particular broker, you should understand that this might prevent our firm from aggregating trades with other client accounts. This practice may also prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.

### **Block Trades**

Transactions for each client generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may, but are not obligated to, combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). If we do block trade, we will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

In the event orders are not block traded, clients may receive different prices for the same securities transactions. Furthermore, clients may not be able to buy or sell the same quantity of securities and may be charged higher fees or commissions than if transactions were aggregated.

## Item 13 Review of Accounts

### Investment Management

An Investment Adviser Representative of our firm will monitor your accounts on an ongoing basis and will conduct periodic reviews to ensure the advisory services provided to you and/or the portfolio mix is consistent with your stated investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- Contributions and withdrawals;
- Year-end tax planning;
- Market moving events;
- Security specific events, and/or;
- Changes in your risk/return objectives.

We will provide you with a quarterly report detailing the performance of your account. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

### Financial Planning

We will provide financial planning reports summarizing our analysis and conclusions as requested by the client or otherwise agreed to in writing by our firm. We will review/update your report at your request, as needed and/or as detailed in the client agreement. Reviews/updates may be subject to an additional charge.

## Item 14 Client Referrals and Other Compensation

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals. Please refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with Schwab.

## Item 15 Custody

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment for our advisory services. This ability to deduct payments from your accounts causes our firm to exercise limited custody over your funds or securities. In addition, we have access to certain client assets by virtue of having client user ids and passwords on some client accounts. As a result, we are deemed to have custody over these assets. These assets are subject to an annual surprise examination by an independent CPA.

### Asset Transfer Authority

Our firm or persons associated with our firm may process third-party asset transfers for clients when given permission by the client in the form of a Standing Letter of Authorization (SLOA). The SLOA allows us to process future transfers as requested by the client without additional written consent. According to SEC rules, an adviser with authority to conduct third-party asset transfers using an SLOA has access to the client's assets and therefore is deemed to have custody of the assets in the accounts specified by the SLOA.

We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the quarterly payment amount



for our services deducted from your account(s) each billing period. You should carefully review account statements for accuracy. We review these accounts quarterly and adhere to the requirements outlined in the 2017 SEC "No Action" letter to qualify for an exemption from the annual surprise examination of these accounts.

If you have a question regarding your account statement, or if you did not receive a statement from your custodian, please contact us directly at the telephone number on the cover page of this brochure.

## **Item 16 Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign our client advisory agreement, a power of attorney, investment policy statement and/or trading authorization forms.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. Please refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

## **Item 17 Voting Client Securities**

### **Proxy Voting**

We will not vote proxies on behalf of your advisory accounts. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

## **Item 18 Financial Information**

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you.

## **Item 19 Requirements for State Registered Advisers**

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

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

### **Trade Errors**

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

If a profit results from the correcting trade and Schwab is the custodian, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, you are not permitted to keep the gain, or you do not want the profit (e.g., due to tax reasons). If the profit does not remain in your account, and your account is custodied at Schwab: Schwab will donate the amount of any profit \$100 and over to charity. If a loss occurs greater than \$100, we will pay for the loss. Schwab will keep the loss or profit (if you do not keep the profit) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in profit and losses in your account, they may be netted.

### **Class Action Lawsuits**

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