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**ADV Part 2A**

**Shotwell Rutter Baer Inc**  
**Registered Investment Advisor**

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March 14<sup>th</sup>, 2024

This Brochure provides information about the qualifications and business practices of Shotwell Rutter Baer Inc (doing business as Shotwell Rutter Baer). If you have any questions about the contents of this brochure, please contact us at 517-321-4832 and/or [info@srbadvisors.com](mailto:info@srbadvisors.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 Shotwell Rutter Baer is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Shotwell Rutter Baer is a Registered Investment Advisor. Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of an Advisor provide you with information with which you determine to hire or retain an Advisor.

## **Item 2 – Material Changes**

The last annual update of this Brochure was filed on March 23, 2023. Since this filing, the following material changes have been made:

Item 5: We've redisclosed our previously disclosed Assets Under Management Fee schedules.

Item 5: We've updated our fee schedule and our method of updating client fees.

In the future, any additional material changes made during the year will be reported here.

A current copy of our Brochure may be requested by contacting the firm at 517-321-4832 or [info@srbadvisors.com](mailto:info@srbadvisors.com). The Brochure is also available on our website [www.srbadvisors.com](http://www.srbadvisors.com).

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

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#### **Item 4 – Advisory Business**

Shotwell Rutter Baer is a Registered Investment Advisor, the owner of which is David W. Shotwell. The firm was founded in 2001. On April 1, 2018, David Shotwell, the firm's President, became owner of Shotwell Rutter Baer. The firm provides financial planning services including financial coaching and guidance; investment planning and account monitoring; retirement planning, projections and asset allocation; income tax and estate planning; insurance and employee benefits advice; family and estate planning and advice in related areas.

Client assets managed on a discretionary and non-discretionary basis as of December 31, 2023, are as follows:

Discretionary assets: \$ 144,915,467

Non-discretionary assets: \$0

Services are provided in one of three ways:

On an hourly consultant basis, services are provided for an hourly fee with meetings as requested by the client. Services are tailored to meet the needs of the client within the range of offerings and the client determines the extent of the engagement. Services may be related to the areas of:

- Financial coaching and guidance
- Investment planning and account monitoring
- Retirement planning, projections and asset allocation
- Income tax and estate planning
- Insurance and employee benefits advice
- Family and estate planning
- Other reasonably related areas as agreed to.

On an ongoing financial planning subscription basis where our clients work one-on-one with a planner over an extended period of time. By paying a monthly subscription, clients receive ongoing access to a planner who will work with them to prepare, implement and monitor their comprehensive financial plan. The planner will recommend any changes and ensure the plan is up to date on a periodic basis. Follow-up phone and/or video calls and emails will be made to the client to confirm that any agreed upon action steps have been carried out. The advisor and the client will review this agreement annually.

In an investment management arrangement, where advisory services are available to the client on a 24/7 basis in any area of financial services requested or needed by the client, the client's spouse, the client's parents and/or the client's children. Client accounts are established, monitored, and evaluated on an ongoing basis. Additional services include retirement planning, estate planning (not including legal services), tax planning (not including document preparation), coaching in the areas of credit, major purchases, family financial issues and any other related matter requested by the client. The advisor initiates regular review meetings at the client location or advisor office but is available to the client at any reasonable additional time(s) as may be requested by the client. We tailor our advisory services to the needs of our individual clients by discussing their situation, setting up a financial plan, and regularly reviewing their goals and progress. Model portfolios can

be customized within reason to accommodate certain tax or risk – related scenarios. Clients direct and approve what securities to buy or sell.

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.

The investment management service relationship may exist in two ways:

- a. At third party management companies (commonly referred to as custodians)

Custodians currently used by Shotwell Rutter Baer include Charles Schwab, Nationwide Advisory Solutions and TIAA-CREF, however we may also have existing clients that use SEI Private Trust Company, Vanguard and AssetMark. The recommendation of certain custodians may change overtime and our practices are further discussed later in Items 12, 15, and 16 of this ADV Part 2A.

Advisors and employees of Shotwell Rutter Baer may invest in similar or identical portfolios with a custodian as are recommended for clients. Because the investments are standard portfolios primarily consisting of mutual funds, the use of the portfolios by Shotwell Rutter Baer associates does not present a conflict of interest.

Clients in an assets-under-management relationship receive a custody agreement and ADV Part 2/fee schedule from the custodian(s) used for their account(s).

- b. In restricted accounts.

Restricted accounts are defined as retirement accounts which must remain with the current custodian while the client is actively employed. The employer/custodian determines the broker/dealer to be used and commission rates to be paid to that broker-dealer. Shotwell Rutter Baer provides asset allocation, rebalancing and reporting services in addition to financial services detailed above.

Prior to engaging in ongoing financial planning and investment management, the Client will go through a 3-month initial planning engagement and onboarding process. During the onboarding process our team will use our financial planning software to work through scenarios with you and create a framework to help you achieve your goals. While not all items apply to every client, typical topics covered include:

- Analysis of financial goals, including retirement spending, college savings, home purchases, etc.
- Providing analysis and review of investment accounts and general asset allocation recommendations.
- Savings and investment strategies to meet those goals.
- Social Security and pension claiming strategies.
- Debt reduction strategies.
- Life, health, disability, and long-term care insurance analysis.

At the end of the 3-month planning engagement, the Client will have the option to continue in our ongoing financial planning arrangement with or without investment management services.

## **Item 5 – Fees and Compensation**

### **Hourly Planning/Consulting Engagement**

Fees for hourly consulting services are based on a rate of \$300 per hour.

The hourly rate is not negotiable. However, billing for telephone and e-mail consultations may be reduced or waived depending on the circumstances of the inquiry.

### **Initial Planning Engagement & Onboarding (3 Month Engagement)**

This initial engagement consists of a one-time fee of \$2,400.00 payable at the start of the onboarding process. At the end of the engagement, if both parties agree to move forward with an ongoing planning arrangement, the fee schedule below payments will commence starting the month following the end of the 3-month engagement. Fees are non-refundable once earned and are paid via ACH through a secured independent payment processor from the client's bank account. This onboarding fee may be waived at the Advisor's discretion for past clients that reengage us for our services.

### **Ongoing Planning & Investment Management**

The fee for ongoing financial planning services is determined based on the net worth of the client as outlined below. This service may also include investment management services when selected by the client during the execution of their agreement.

Net Worth Range & Tiers		Annual Advisory Fee
\$0	\$749,999	\$5,500
\$750,000	\$999,999	\$6,500
\$1,000,000	\$1,499,999	\$8,000

\$1,500,000	\$1,999,999	\$10,000
\$2,000,000	\$2,999,999	\$13,000
\$3,000,000	\$3,999,999	\$17,500
\$4,000,000	And up	\$22,000

Fees are updated annually based on changes in a client's net worth. The firm will evaluate managed accounts based on June 30<sup>th</sup> values and will use the most recent reported values for non-managed assets. Following our evaluation, the client will be provided with notification of any fee changes, as well as a net worth statement showing the values we used for the calculation. Fee changes will be implemented the following January, and at the Client's discretion, the fee change will be implemented over a two-year period. When the fee decreases, it will be effective on January 1<sup>st</sup>. The client can contact the firm prior to year-end to discuss any discrepancies in their fee or net worth calculation. No change in the annual fee shall be effective without agreement from the client by signing the updated net worth statement and agreement addendum.

Our fee schedule is reviewed each year and is adjusted when the COLA (Cost of living adjustment) moves the fee up by \$400. At that point, the fee schedule will reflect the updated fees, and clients will be notified of this change by the Firm via an addendum. Fee changes will be effective January 1<sup>st</sup>.

Fees will be paid in arrears, on a monthly, quarterly, or annual basis as determined by the client and may be paid securely from the client's bank account, from their managed accounts, or a combination of both.

Ongoing Planning & Investment Management services may be terminated at any time with written notice by either party. In the event of termination, the advisor will refund the client any prepaid but unearned fees within 30 days of termination, or the client will be billed for any earned but unpaid fees for the number of days in the current billing period up to the date of termination.

Fees clients pay for these services may vary based on the fee arrangements that were in place when some clients entered into an agreement with our firm. New clients connected to current clients through an existing relationship may be assigned our past AUM fee schedule. This may include employer retirement plans and family members of current clients.

Previous fee schedules are noted below for existing relationships with Assets under Management:

- a. Fees for assets under management relationships at Asset Mark are charged quarterly and payable in advance.
- b. At third party management companies, fees are deducted from client account(s) and transmitted to the advisor according to the following schedule:

<u>Account Portion</u>	<u>Annual Fee</u>
Up to \$499,999.99	1.00% (0.25% quarterly)
\$500,000.00 to \$999,999.99	0.80% (0.20% quarterly)
\$1,000,000.00 to \$1,999,999.99	0.60% (0.15% quarterly)
\$2,000,000.00 and up	0.20% (0.05% quarterly)

Accounts held at SEI Private Trust Company with a quarter-ending balance of less than \$50,000 may be subject to an annual account service fee of \$60, imposed by SEI and deducted from the account at \$15 per quarter. The fee is not imposed on accounts with a quarter-ending balance under \$50,000 that were opened between January 1 and December 31, 2015. The SEI account service fee is not imposed on accounts with a quarter ending balance of less than \$50,000 if the account (s) are held in a household with total assets under management over \$1,000,000.

- c. In restricted accounts, clients are billed directly by advisor and fees are payable by check or other direct means. Commission and transaction fees charged to the client by the custodian or broker/dealer are deducted from the fee payable to the advisor. Fees are determined according to the following schedule:

<u>Account Portion</u>	<u>Annual Fee</u>
Up to \$499,999.99	0.95% (0.2375% quarterly)
\$500,000.00 to \$999,999.99	0.75% (0.1875% quarterly)
\$1,000,000.00 to \$1,999,999.99	0.45% (0.1125% quarterly)
\$2,000,000.00 and up	0.20% (0.0500% quarterly)

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

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

## **Item 7 – Types of Clients**

Shotwell Rutter Baer provides financial planning and portfolio management services to individuals and high-net-worth individuals. Asset management services may also be extended to small individual or corporate retirement plans when such plans are held by an assets-under-management client (for example, SEP, SIMPLE, and 401(k) plans).

Shotwell Rutter Baer does not have a minimum portfolio size requirement.

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

Investing in securities involves risk of loss that clients should be prepared to bear. Critical to the financial planning process used by advisors is the explanation of the various forms of risk and measures that can be implemented to mitigate risk. Risk and the prospect of loss are thoroughly discussed and advisor bases investment recommendations on several factors including but not limited to:

- The client's current financial circumstances
- Time horizon for use of assets
- Sophistication of client and their understanding of risk/reward concepts



Advisor recommends only no-load mutual funds in a strict asset allocation approach. Once an allocation is agreed upon, and assets are invested, the only subsequent trading recommended is to rebalance the assets to the originally agreed-upon allocation. The advisor reviews client financial circumstances on a regular basis and recommends changes in the allocation when material changes occur in the client's financial situation. Initial allocation decisions consider time passing and markets changing so recommendations to change an allocation due to significant changes in markets are infrequent.

Shotwell Rutter Baer has engaged East Bay Financial Services to provide the following services to Shotwell Rutter Baer on an ongoing basis in exchange for a fixed monthly fee that is paid by Shotwell Rutter Baer:

- Model Portfolio construction, review, and analysis with periodic reviews conducted no less than annually.
- Quarterly economic and market commentary in live and print form made available to Shotwell Rutter Baer staff and RIA's.
- Internal support for Model Portfolio related questions from Shotwell Rutter Baer staff.

#### **Item 9 – Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Shotwell Rutter Baer or the integrity of the management of the firm.

- A. Shotwell Rutter Baer and its employees have not been convicted of, pled guilty to, or been a subject of a pending criminal proceeding, been found to have been involved in a violation of an investment related statute or been the subject of any order, judgement or decree regarding any investment related activity or investment related statute or rule.
- B. Shotwell Rutter Baer and its employees have not been found by the SEC, any federal, state, or foreign regulatory agency to have caused any investment - related business to lose its authorization to do business and have not been found to be involved in any violation of an investment - related statute or regulation.
- C. Shotwell Rutter Baer and its employees have not been found by any self-regulatory organization (SRO) to have caused an investment related business to lose its authority to do business and have not been found to have been involved in any violation of any SRO rules and have not been barred or suspended from membership.

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

Shotwell Rutter Baer may refer clients to individuals or institutions that provide services which could be beneficial to the client. Typically, referrals may be made to attorneys, accountants, mortgage specialists, real estate brokers, no-load mutual fund companies, insurance agencies and banks. Under no circumstances is Shotwell Rutter Baer compensated in any way for these

referrals. There is no contractual or other agreement with any of these individuals or institutions, therefore there is no conflict of interest resulting from these referrals.

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

Shotwell Rutter Baer has adopted, and all advisors adhere to, the National Association of Personal Financial Advisors Fiduciary Oath along with the Certified Financial Planner Board Code of Ethics and Professional Responsibility, both of which are stated below:

#### **NAPFA Fiduciary Oath**

The advisor shall exercise his/her best efforts to act in good faith and in the best interests of the client.

The advisor shall provide written disclosure to the client prior to the engagement of the advisor, and thereafter throughout the term of the engagement, of any conflicts of interest, which will or reasonably may compromise the impartiality or independence of the advisor.

The advisor, or any party in which the advisor has a financial interest, does not receive any compensation or other remuneration that is contingent on any client's purchase or sale of a financial product.

The advisor does not receive a fee or other compensation from another party based on the referral of a client or the client's business.

Following the NAPFA Fiduciary Oath means I shall:

- \* Always act in good faith and with candor.
- \* Be proactive in disclosing any conflicts of interest that may impact a client.
- \* Not accept any referral fees or compensation contingent upon the purchase or sale of a financial product.

#### **Certified Financial Planner Board Code of Ethics and Professional Responsibility**

##### **Principle 1 – Integrity.**

Integrity demands honesty and candor which must not be subordinated to personal gain and advantage. Advisor provides professional services with integrity.

##### **Principle 2 – Objectivity**

Objectivity requires intellectual honesty and impartiality. Advisor provides professional services objectively.

##### **Principle 3 – Competence**

Advisor maintains the knowledge and skills necessary to provide professional services competently. Advisor consults with or refers clients to other professionals when appropriate or necessary.

Principle 4 – Fairness

Advisor provides professional services with impartiality and honesty. Potential conflicts of interest are disclosed.

Principle 5 – Confidentiality

Advisor protects the confidentiality of all client information.

Principle 6 – Professionalism

Advisor acts in a manner that demonstrates exemplary professional conduct.

Principle 7 – Diligence

Advisor provides services in a reasonably prompt and thorough manner.

Conflict of Interest

Advisors and employees of Shotwell Rutter Baer may invest in similar or identical portfolios with a third-party money manager (custodian) as are recommended for clients. Because the investments are standard portfolios consisting of mutual funds, the use of the portfolios by Shotwell Rutter Baer associates does not constitute a conflict of interest. When applicable, we place trades in client accounts prior to trades in the employee accounts of Shotwell Rutter Baer and the firm and its employees do not practice or participate in "front running" client accounts.

**Item 12 – Brokerage Practices**

Shotwell Rutter Baer is not a broker/dealer, nor is it affiliated with a broker/dealer. Specific custodian recommendations are made to the Client based on their need for such services. We recommend custodians based on the reputation and services provided by the firm.

Shotwell Rutter Baer does not receive any soft dollar benefits from any third party.

Shotwell Rutter Baer does not aggregate orders in client accounts, otherwise known as block trading. This can result in higher transaction costs to clients; however, we manage accounts on an individualized basis and believe the benefit of our management practices outweighs any potential increase in costs that may be incurred than if we routinely engaged in block trading.

**Item 13 – Review of Accounts**

Accounts of assets-under-management clients are reviewed quarterly or more frequently by David W. Shotwell, President, Nick Nauta, Ashley Sajor and/or Jeff Rutter. Shotwell Rutter Baer monitors the Model Portfolios on a continuous basis and conducts regular reviews of the client accounts. Model Portfolio reviews are conducted by Shotwell Rutter Baer personnel and East Bay Financial Services – an independent and unaffiliated third-party retained to support Shotwell Rutter Baer in areas such as model creation, portfolio management and investment research. Face-to-face or telephone/internet meetings are offered semi-annually. Account performance, progress toward client goals and current client circumstances are reviewed. Changes in client needs or goals, changes to our firm structure, changes in our custodians or other service providers, or significant economic events will prompt review meetings on a more than periodic basis.

Monthly reports are transmitted electronically or mailed to the client home detailing activity and month-end values unless the client has requested reports be sent only quarterly. Quarterly reports mailed to the client home or transmitted electronically also detail performance by asset class and total account. Reports are in written form and are reviewed with the client in person or by telephone.

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

Shotwell Rutter Baer is compensated ONLY by the clients who use the services of the firm. The firm receives no economic benefit from any entity or person to which or to whom a client has been referred. Shotwell Rutter Baer does not compensate anyone for client referrals.

#### **Item 15 – Custody**

The Advisor does not maintain custody of client funds or securities. All assets and accounts are held at independent qualified custodians. Shotwell Rutter Baer may be deemed to have limited custody as the Advisor does accept direct fee deduction for payment of client fees for advisory services rendered from our clients' investment accounts managed by the Advisor. Clients provide Shotwell Rutter Baer with written authorization via their client agreement and custodial account paperwork to directly deduct advisory fees from their accounts.

The Custodian(s) of the client account(s) send quarterly or more frequent account statements directly to clients and those statements will disclose any advisory fees charged by Shotwell Rutter Baer to those accounts.

#### **Item 16 – Investment Discretion**

Shotwell Rutter Baer has discretionary authority over client's accounts that are managed by the firm at one of the qualified custodians referenced in Item 4 of this Part 2A. Our discretionary authority over Client accounts is with respect to securities to be bought and sold and the amount of securities to be bought and sold in the Client's account.

We also have discretionary authority to decide which third-party investment advisors to retain on behalf of the Client if the investment strategies involve the use of sub-advisers or outside managers.

At the start of the advisory relationship, as part of the custodial account paperwork, the Client will execute a Limited Power of Attorney that will grant our firm discretion over the account(s).

Additionally, the discretionary relationship will be outlined in the advisory contract and signed by the Client. Clients may limit our discretionary authority by requesting certain restrictions on investments. However, approval of such requests are at the firm's sole discretion and some restrictions may impact our ability to effectively manage the client's accounts.

In restricted accounts (see Item 2, Part b), Shotwell Rutter Baer receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. Such discretion is exercised in a manner consistent with the stated investment objectives for the particular client account. A signed Limited Power of Attorney is on file for each restricted account over which advisor has discretion.

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

As a matter of firm policy and practice, Shotwell Rutter Baer does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients will receive their proxies or other solicitations directly from the custodians or a transfer agent. Shotwell Rutter Baer may provide advice to clients regarding the clients' voting of proxies.

### **Item 18 – Financial Information**

Registered investment advisors are required in this Item to provide you with certain financial information or disclosures about the financial condition of Shotwell Rutter Baer. Shotwell Rutter Baer has no financial commitments that impair the ability of the firm to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding. The Advisor does not charge more than \$1,200 in fees, per client, six months or more in advance.