

## ANDERSON & ANDERSON ADVISORY, L.L.C.

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This Brochure provides information about the qualifications and business practices of Anderson & Anderson Advisory, L.L.C. If you have any questions about the contents of this Brochure, you may contact us at (360) 425-7447, or email [max@andersonllc.net](mailto:max@andersonllc.net) to obtain answers and additional information. Anderson & Anderson Advisory, L.L.C. is a registered investment Advisor under the laws of the United States Securities and Exchange Commission (SEC). Registration of an investment Advisor does not imply any level of skill or training. The information in this Brochure has not been approved or verified by the SEC or any state regulatory authority.

Additional information about Anderson & Anderson Advisory, L.L.C., CRD # 132989 is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

The date of our previous update to our Brochure was March 21, 2023. Since that date, we have made no material changes.

Our Brochure is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Anderson & Anderson is 132989. We may provide ongoing disclosure information about material changes as necessary and will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Copies of this Brochure may be requested by contacting Max Anderson at (360) 425-7447, or by email to [max@andersonllc.net](mailto:max@andersonllc.net).

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#### **Item 4 – Advisory Business**

**A** Anderson & Anderson Advisory, L.L.C. (“Anderson & Anderson” “we” “us” and “Advisor”) is a Washington Limited Liability Company registered as an independent investment Advisor under the laws of the United States Securities and Exchange Commission (SEC). Our principal place of business is located in Longview, WA. Max Anderson and John Anderson are joint owners and the Principals of Anderson & Anderson.

**B** We offer a wide range of investment advisory services to our Clients. Investment supervisory services involve providing advice to Clients on the most effective investment strategies given the particular Client’s personal and business goals. Once the Client agrees to an investment strategy, we take the steps necessary to implement such strategy.

Client services include:

- Asset Management Services
- Investment Planning
- Financial Independence/Retirement Planning
- Capital Needs Analysis (Goal Funding)
- Income Tax Planning
- Estate Planning
- Education Planning
- Risk Management (Life and Disability Insurance)
- Employee Stock Option Planning
- Charitable Gift Planning

We also provide financial planning services to both individuals and businesses. We prepare a written financial plan for all financial planning Clients. The plan includes gathering all information necessary to provide a Client with appropriate and agreed upon services, which may include one or more of the following: Budgeting and cash flow planning, disability planning and income protection, debt management, estate planning, business succession planning, retirement planning and investment planning. The plan considers all Client assets, liabilities, goals and objectives.

The fee for this service (as discussed in Item 5, below) also includes the time and activities necessary to work with Client’s attorney and/or accountant in reaching

agreement on solutions, as well as assisting those advisors in implementation of all appropriate documents. However, we are not responsible for attorney or accountant fees charged to Client as a result of the above activities.

We also provide consulting services to family law attorneys. Those services include research, analysis and valuations of retirement plans and other assets subject to divorce proceedings.

Prior to engaging us to provide any of the foregoing investment advisory, financial planning or consulting services, the Client will be required to enter into one or more written agreements with us setting forth the terms and conditions under which we shall render our services. These documents describe the scope of services to be provided and the portion of the fee that is due from the Client prior to Anderson & Anderson commencing services. For more information about our fees, please see Item 5 in this document.

- C** Our investment advisory services are driven by and coordinated with each Client's individual financial goals. Our advice and services are tailored to the stated objectives of each Client based on a risk assessment and financial plan results. Developing and consistently adhering to an investment policy consistent with a specific Client's risk tolerance and investment objectives allows us to focus on the long term goals of the asset management strategy and related financial plan, rather than become caught up in the short term movements of the equity markets.
- D** We do not participate in wrap fee programs.
- E** We manage \$326,874,469 of client assets on a non-discretionary basis. This amount was calculated as of December 31, 2023.

## Item 5 – Fees and Compensation

- A** We are compensated for our investment advisory services in accordance with “Schedule A” of the Investment Advisory Agreement, which is signed upon the start of an asset management relationship with a Client. In addition to investment advisory services, we provide our Clients certain financial planning services. Those financial planning services are included as part of our investment advisory fees and no separate fee is charged. If the current Form ADV Part 2A-2B was not delivered to the Client at least 48 hours prior to the Client entering into any advisory contract with this Advisor, then the Client has the right to terminate the contract without penalty within five business days after entering into the contract. For our investment advisory services, Client’s pay a quarterly fee in arrears based on the market value of the Client’s account on the last trading day of the quarter. This fee will be deducted directly from Client accounts by us or if a sub-advisor is used the fee may be deducted by the sub-advisor. Our maximum fee schedule for investment advisory services is 1% regardless of the amount of assets under management. Fees are generally negotiable.

For purposes of determining value, securities and other instruments traded for Clients shall be valued by the market value of the securities as they are listed on the statements provided by Advisor’s custodian.

We provide our financial planning and consulting services at an hourly or fixed fee rate. Hourly consulting or financial planning and consulting rates are offered at a range of \$75 to \$250 per hour. Fixed fee projects are estimated to range from \$500 to \$2,500. Pricing is developed on a project-by-project basis for each Client, depending on the complexity and scope of work to be performed. Examples of the factors contributing to the determination of the hourly rate for fixed fee projects may include which and how many of the following areas will be addressed in the financial planning services: statements of financial position (includes net worth and cash flow statements), risk assessment, long term care and disability evaluation, tax planning, estate planning, asset allocation, real estate analysis, and retirement income planning. For consulting services with family law attorneys, the rates will also vary dependent upon whether we are also engaged to provide expert testimony.

- B** Our Clients’ fees are paid directly from the Client’s custodial account. The value of the Client’s assets on which the fees are based, and the specific manner in which

the fees are calculated, are set-forth in the account documents executed by the Client with the custodian, and in the investment advisory agreement Client enters into with us. Payment of fees may result in the liquidation of Client's securities if there is insufficient cash in the account. Copies of the fee invoices will be mailed by the custodian to Client.

In the event fees are not able to be deducted directly from a Client's account, A late charge of 1½ percent per month will incur upon any balance unpaid within one month of the invoice date. The fee will be equal to the agreed upon rate per annum, times the market value of the account, divided by the number of days in the agreed upon year and multiplied by the number of days in the quarter. The market value will be construed to equal the sum of the values of all assets in the account, not adjusted by any margin debit.

For fixed fee and hourly financial planning and consulting projects, 50% of the fixed fee or of the estimated total project cost for hourly projects may be billed and prepaid up front with the remainder immediately due and payable upon completion of the project.

- C** All brokerage commissions, stock transfer fees, mutual fund expenses, and other similar charges incurred in connection with transactions for the account will be paid out of the assets in the account and are in addition to the investment management fees paid to Advisor. While our office performs quarterly audits of fee calculations, Client is urged to compare the quarterly fee invoice to the account statement to verify the accuracy of the fee calculation.
- D** Although our fees are not paid in advance, fees for partial quarters at the commencement or termination of this Agreement will be billed on a pro-rated basis contingent on the number of days the account was open during the partial quarter. Quarterly fee adjustments for additional assets received into the account during a quarter or for partial withdrawals will also be provided on the above pro rata basis.
- E** While the principal and core business of our firm is that of a fee-only registered investment advisor and provider of financial planning services, all of our investment advisor representatives are currently registered representatives of Geneos Wealth Management, Inc., a FINRA member broker-dealer. In this capacity, our advisor representatives may recommend the purchase and sale of

certain securities to Clients. Additionally, John Anderson is licensed to sell insurance. Insurance related business is transacted with advisory clients

Such securities recommendations and insurance business will only be made in instances when is necessary to meet a Client's specific investment needs, and will result in the advisor representative receiving a commission or another form of compensation in connection with such sales to Clients.

The receipt of commissions by any individuals associated with the firm presents a conflict of interest. As fiduciaries we must act primarily for the benefit of investment advisory clients. As such, we will only transact securities and insurance services with clients when fully disclosed, suitable, and appropriate. Further, we must determine in good faith that any commissions paid to us are appropriate. Clients are informed that they are under no obligation to use any individual associated with Anderson & Anderson for insurance or brokerage services. Clients may use any insurance brokerage firm, agent, or broker-dealer they choose.

#### Rollover Recommendations

As part of our investment advisory services to you, we may recommend that you roll assets from your employer's retirement plan, such as a 401(k), 457, or ERISA 403(b) account (collectively, a "Plan Account"), to an individual retirement account, such as a SIMPLE IRA, SEP IRA, Traditional IRA, or Roth IRA (collectively, an "IRA Account") that we will manage on your behalf. We may also recommend rollovers from IRA Accounts to Plan Accounts, from Plan Accounts to Plan Accounts, and from IRA Accounts to IRA Accounts. When we provide any of the foregoing rollover recommendations we are acting as fiduciaries 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.

If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset-based fee as set forth in the advisory agreement you executed with our firm. This creates a conflict of interest because it creates a financial incentive for our firm to recommend the rollover to you (*i.e.*, receipt of additional fee-based compensation). You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm. Due to the



foregoing conflict of interest, when we make rollover recommendations, we operate under a special rule that requires us to act in your best interests and not put our interests ahead of yours.

Under this special rule's provisions, we must:

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

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of a rollover.

Note that an employee will typically have four options in this situation:

1. leaving the funds in your employer's (former employer's) plan;
2. moving the funds to a new employer's retirement plan;
3. cashing out and taking a taxable distribution from the plan; or
4. rolling the funds into an IRA rollover account.

Each of these options has positives and negatives. Because of that, along with the importance of understanding the differences between these types of accounts, we will provide you with a written explanation of the advantages and disadvantages of both account types and the basis for our belief that the rollover transaction we recommend is in your best interests.

As an alternative to providing you with a rollover recommendation, we may instead take an entirely educational approach in accordance with the U.S. Department of Labor's Interpretive Bulletin 96-1. Under this approach, our role will be limited only to providing you with general educational materials regarding the pros and cons of rollover transactions. We will make no recommendation to you regarding the prospective rollover of your assets and you are advised to speak with your trusted tax and legal advisors with respect to rollover decisions. As part of this educational approach, we may provide you with materials discussing some or all of the following topics: the general pros and cons of rollover transactions; the benefits of retirement plan participation; the impact of pre-retirement withdrawals on retirement income; the investment options available inside your Plan Account; and high level discussion of general investment concepts (*e.g.*, risk versus return, the benefits of diversification and asset allocation, historical returns of certain asset classes, etc.). We may also provide you with questionnaires and/or interactive investment materials that may provide a means for you to independently determine your future retirement income needs and to assess the impact of different asset allocations on your retirement income. You will make the final rollover decision.

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

We do not charge any performance-based fees for our services or perform side-by-side management.

### **Item 7 – Types of Clients**

We provide financial planning services to individuals, including high-net worth individuals, pension and profit sharing plans, trusts, estates, and charitable organizations, as well as corporations and other business entities. Because each Client is unique, we encourage involvement in the planning and processes involved in the management of their accounts. Such involvement does not have to be time consuming, however we want our Clients to remain informed and have a sense of security about their financial plan. We do not have a minimum account size to open or maintain an account.

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

**A** We offer advice on investments primarily including (but not limited to) the following:

- Equity securities such as:
  - Exchange-listed securities
  - Securities traded over-the-counter
  - Foreign issuers
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- Investment company securities such as mutual fund shares
- United States government securities

We research and analyze securities using fundamental, technical and cyclical methods. The main sources of information we rely upon when researching and analyzing securities include financial publications, research materials prepared by others, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Our primary investment strategies used to implement investment advice given to Clients include long-term purchases (securities held at least one year) and short-term purchases (securities sold within a year).

**B** Advisor will use its best judgment and good faith efforts in rendering services to Client and at all times provide investment advisory services consistent with its fiduciary duty to its Clients. Advisor cannot warrant or guarantee any particular level of account performance, or that any account will be profitable over time. Not every investment decision or recommendation made by Advisor will be profitable. Client assumes all market risk involved in the investment of account assets under the Investment Advisory Agreement and understands that investment decisions made for this account are subject to various market, currency, economic, political and business risks.

Except as may otherwise be provided by the laws of the State of Washington, The Advisers Act of 1940 and other applicable laws, we will not be liable to a Client for:

- Any loss that a Client may suffer by reason of any investment decision made or other action taken or omitted in good faith by us with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use;
- Any loss arising from our adherence to a Client's instructions; or
- Any independent act or failure to act by a custodian of a Client's account.

**C** While all investing involves risks of loss, our financial planning services generally recommend a broad and diversified use of equities, and mutual funds, which do not involve significant or unusual risks.

**Item 9 – Disciplinary Information**

We are required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of our firm, or the integrity of our management. We have no information to disclose applicable to this Item.

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

- A** As referenced in Item 5E, while the principal and core business of our firm is that of a fee-only registered investment advisor and provider of financial planning services, all of our investment advisor representatives are currently registered representatives of Geneos Wealth Management, Inc., a FINRA member broker-dealer. In this capacity, our advisor representatives may recommend the purchase and sale of certain securities to Clients. Additionally, John Anderson is licensed to sell insurance. Insurance related business is transacted with advisory clients

Such securities recommendations and insurance business will only be made in instances when is necessary to meet a Client's specific investment needs, and will result in the advisor representative receiving a commission or another form of compensation in connection with such sales to Clients.

- B** No one associated with Anderson & Anderson is registered or has an application to register as a future commission merchant, commodity pool operating, or commodity trading advisor, therefore this item is not applicable to our firm.
- C** We have no outside relationships or arrangements that are material to our advisory business, therefore we have nothing to disclose that is relevant to this item.
- D** Anderson & Anderson does not recommend or select other investment advisors for our Clients from whom we receive direct or indirect compensation for such referrals, nor do we have other business relationships with such entities which could create a conflict of interest.



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

- A** Anderson & Anderson has adopted a Code of Ethics which all employees are required to follow. The Code of Ethics outlines proper conduct related to all services provided to Clients. Prompt reporting of internal violations is mandatory. Our compliance officer periodically evaluates employee performance to ensure compliance with the Code of Ethics.

The Code covers a range of topics that may include: general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code, review and enforcement processes, amendments to Form ADV and supervisory procedures. A copy of our firm's Code of Ethics is available to current and prospective Clients upon request.

- B-D** Advisor or individuals associated with Advisor may buy and sell some of the same securities for its own account that Advisor buys and sells for its Clients. In all instances, where appropriate the Advisor will purchase a security for all of its existing accounts for which the investment is appropriate before purchasing any of the securities for his own account and, likewise, when it determines that securities should be sold, where appropriate will cause these securities to be sold from all of its advisory accounts prior to permitting the selling of the securities from its accounts. In some cases Advisor may buy or sell securities for its own account for reasons not related to the strategies adopted by the Advisor's Clients.

When Anderson & Anderson is newly engaged by a Client for whom it expects to recommend securities in which Anderson & Anderson or one of our principals holds a position, we will notify the Client of our policies in respect to officers trading for their own account. We will also disclose to Clients material conflicts of interest relating which could reasonably be expected to impair the rendering of unbiased and objective advice.

## **Item 12 – Brokerage Practices**

- A** Our Clients' assets are held by independent third-party custodians. Except to the extent that a Client directs otherwise, we may use our discretion in selecting or recommending the custodian. Clients are not obligated to effect transactions through any custodian recommended by us. In recommending a custodian we will comply with our fiduciary duty in accordance with the Securities Exchange Act of 1934, to obtain best execution and will take into account such relevant factors as:
- Price;
  - The custodian's facilities, reliability and financial responsibility;
  - The ability of the custodian to effect transactions, particularly with regard to such aspects as timing, order size and execution of order;
  - The research and related brokerage services provided by such custodian to us, notwithstanding that the account may not be the direct or exclusive beneficiary of such services; and
  - Any other factors that we consider to be relevant.
- B** We do not aggregate the purchase or sale of securities for various client accounts. All trades conducted by our firm are done so at the account level.

**Item 13 – Review of Accounts**

- A** Advisor principal Max Anderson regularly reviews the status of all securities in Clients' accounts. An overall assessment is performed on at least an annual basis. All reviews are based on Clients' stated investment objectives.
- B** More frequent account reviews may be triggered by Client request, change in Client's investment guidelines; tax considerations; large deposits or withdrawals; large security sales or purchases; loss of confidence in corporate management objectives and changes in the macro-economic climate.
- C** Investment advisory Clients also receive account statements from the custodian of their accounts on a monthly basis.

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

We have no arrangements in which we compensate or are compensated by others for Client referrals.

### **Item 15 – Custody**

We do not have custody of the assets in the account and shall have no liability to the Client for any loss or other harm to any property in the account, including any harm to any property in the account resulting from the insolvency of the custodian or any acts of the agents or employees of the custodian and whether or not the full amount or such loss is covered by the Securities Investor Protection Corporation (“SIPC”) or any other insurance which may be carried by the custodian. The Client understands that SIPC provides only limited protection for the loss of property held by a broker-dealer.

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

Anderson & Anderson does not manage Client accounts on a discretionary basis. Clients grant us only non-discretionary authority to execute its investment recommendations in accordance with Advisor's Statement of Investment Policy (or similar document used to establish Client's objectives and suitability). Non-discretionary authority requires that we obtain a Client's prior approval of each specific transaction prior to executing investment recommendations, as well as for the selection and retention of sub-advisors or third-party money managers, such as SEI Investments, to their account.

**Item 17 – Voting Client Securities**

We are not authorized to and will not receive and/or vote proxies on issues held in any Client account or receive annual reports. Clients are responsible for completing all proxy voting procedures for the securities they own.

**Item 18 – Financial Information**

- A** Anderson & Anderson does not require prepayment of more than \$1,200 in fees six months or more in advance, therefore, we have nothing to disclose that is applicable to this Item.
- B** We have no financial commitments which would impair our ability to meet the contractual and fiduciary commitments to our Clients. Therefore, we have nothing to disclose that is applicable to this Item.
- C** Anderson & Anderson and its principals have never been the subject of any bankruptcy proceedings.