



# true wealth

## DESIGN

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### **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of True Wealth Design, LLC (the “Advisor”). If you have any questions about the contents of this brochure, please contact us at (330) 777-0688 or [kkroskey@truewealthdesign.com](mailto:kkroskey@truewealthdesign.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 True Wealth Design, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and by searching for CRD# 143194.

References herein to True Wealth Design, LLC as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

## Item 2 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, True Wealth is required to notify you and provide you with a description of the material changes.

Since our annual updating amendment dated March 13, 2023, we have the following material changes to report:

- As of April 2023, True Wealth Design, LLC is owned 90% by True Wealth Holdings, LLC, which is wholly owned by Kevin Kroskey. The remaining 10% of True Wealth Design, LLC is owned 7.5% by Jonathan Tyler Emrick and 2.5% by Aaron W. Seil. Consequently, Item 4 Advisory Business has been updated to reflect this change in the organization.

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## Item 4 Advisory Business

True Wealth Design, LLC ("True Wealth Design," "True Wealth," the "Advisor," "we," "us" or "our") was formed in February 2007 in the State of Ohio to provide wealth management services with a focus on integrating retirement planning, tax planning, and investment management services for successful individuals and families along with companies they may influence or control. True Wealth is primarily owned by True Wealth Holdings, LLC and Kevin Kroskey, True Wealth's Managing Partner.

True Wealth is an IRS-Authorized, E-file Provider for tax preparation and tax filing services and provides tax and accounting services as "True Wealth Tax & Accounting". Certain associated persons or executive officers of our firm are also accounting and tax professionals and are also separately licensed as a Certified Public Accountant or Enrolled Agent.

True Wealth is also an independent insurance brokerage agency, licensed in Ohio and Pennsylvania, providing limited insurance services as a convenience to clients in a transparent, fiduciary manner.

True Wealth Design offers the following services to its clients (individuals, business entities, trusts, estates, charitable organizations, and pension and profit-sharing plans):

### **FINANCIAL PLANNING SERVICES (STAND-ALONE)**

True Wealth Design provides financial planning services. Financial planning can be a limited engagement to assess, review or make recommendations on a specific issue. Financial planning can also be a comprehensive evaluation process in which numerous strategic recommendations are given. These recommendations may be applicable to the client's current and/or assumed future financial state. Variables based on the client's situation as well as historical and current market conditions may be used to project estimates of future cash flows, asset values, and withdrawal strategies. Throughout the financial planning process, relevant client information and projections are considered.

In general, the financial planning services can address any of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information, and financial goals.
- **CASH FLOW and DEBT MANAGEMENT:** We analyze the client's current and future cash flow needs as well as debt management strategies.
- **RETIREMENT PLANNING:** After analyzing and modeling the client's cash flow needs, we then illustrate the possible impact of various retirement dates, retirement income claiming strategies (Social Security, Pensions), tax-smart distribution strategies, and investment decisions on the client's future ability to create and maintain the lifestyle defined by the cash flows.
- **INVESTMENTS:** We analyze the client's current investments to determine how they might align with the client's objectives. During this analysis, we review tax efficiency, fees and expenses, diversification, risk, and investment performance.
- **TAX PLANNING:** We review the client's current tax situation including income, investments, deductions, exemptions, Roth IRA conversions, and current tax law to identify opportunities for reducing current and future tax liabilities.

- **RISK MANAGEMENT and INSURANCE PLANNING:** We review potential risks to the client's financial well-being and then propose strategies to manage risks, including but not limited to self-insuring the risk. We analyze existing insurance policies to assess the recommended coverage for life, health, disability, long-term care, liability, home, and automobile.
- **ESTATE PLANNING:** We assist the client in assessing and developing long-term strategies, including as appropriate; living trusts, wills, estate tax strategies, powers of attorney, asset protection plans, nursing homes, and Medicaid.

We gather the required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, return objectives, and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and we then prepare recommendations.

Prior to engaging True Wealth to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with True Wealth setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to True Wealth commencing services.

If requested by the client, True Wealth retains the authority to recommend the services of other professionals for implementation purposes, including True Wealth's representatives in their individual capacities as licensed insurance agents and True Wealth itself for tax and accounting services. (See disclosure at Item 10.) The client is under no obligation to engage the services of any such recommended professional or additional service. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from True Wealth.

Please Note: If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

Please Also Note: It remains the client's responsibility to promptly notify True Wealth if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising True Wealth's previous recommendations and/or services.

Typically the financial plan and recommendations are presented to the client over one to three meetings within eight weeks of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

### **INVESTMENT ADVISORY SERVICES (STAND-ALONE)**

For those individuals who do not wish to engage True Wealth Design for the Wealth Management Services (described below), True Wealth Design offers its Investment Advisory Services (IAS) platform. Under IAS, the client receives services limited to True Wealth Design's asset allocation and rebalancing of the client's assets typically among various mutual funds, interval funds, or exchange traded funds ("ETFs") consistent with the client's investment objectives.

For certain clients, we may recommend a direct-indexing stock investment strategy, True Wealth Smart Design Direct, or private pooled investments ("Private Investment Funds"). (For additional information please refer to *Item 8 Methods of Analysis, Investment Strategies and Risk of Loss.*)

We can also manage several accounts of differing account tax structures within a single portfolio allocation model to create a tax profile designed to increase tax efficiency.

True Wealth Design remains available to provide Financial Planning Services (described above) on a fixed fee basis upon client request.

### **WEALTH MANAGEMENT SERVICES (FINANCIAL PLANNING + INVESTMENT ADVISORY)**

True Wealth Design's "Wealth Management Service" bundles continuous Investment Advisory Services (described separately above) and may include Financial Planning Services (described separately above) to the extent specifically requested by the client. Additionally, tax preparation services as provided by True Wealth Design are included as part of the annual fee for Wealth Management Services for certain clients at the exclusive discretion of True Wealth Design. True Wealth Design also reserves the exclusive discretion to include tax preparation and estate planning services as provided, respectively, by a licensed attorney and licensed tax professional separate from True Wealth Design as part of the annual fee for Wealth Management Services for certain clients.

True Wealth Design has created two service models within Wealth Management Services:

- **True Wealth Planning:**
  - Generally, for individuals and families in retirement or seriously preparing for retirement and having up to \$1,000,000 in investable assets.
  - Focus tends to be more on cash flow, retirement planning, and investments.
  - A credential professional -- CPA, CFA®, or CFP® -- as primary advisor and client service administrator will be assigned for your service team.
- **True Wealth Private Client:**
  - Generally, for individuals and families with \$1,000,000 or more in investable assets or those that tend to have increased complexity in their financial situation.
  - Any areas of financial planning may be addressed with greater emphasis on investments and tax planning.
  - A credential professional -- CPA, CFA®, or CFP® -- as primary advisor and client service administrator will be assigned for your service team.
  - Tax return preparation and filing services
  - Estate planning services
  - Enhanced investment options, including a direct-indexing stock investment strategy, True Wealth Smart Design Direct, or Private Investment Funds may be recommended to certain clients. (For additional information please refer to *Item 8 Methods of Analysis, Investment Strategies and Risk of Loss.*)

The service model is determined in True Wealth's sole discretion and may be based on certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, the dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). In the event the client desires to fall under the True Wealth Private Client service model and this is not congruent with True Wealth's sole discretion in determining the appropriate service model, True Wealth may impose a higher minimum fee. (See Item 5).

In the event that the client requires extraordinary planning and/or consultation services (to be determined in

the sole discretion of True Wealth), True Wealth may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client, which the client can then accept or reject prior to extraordinary services being rendered.

## **RETIREMENT PLAN CONSULTING SERVICES**

True Wealth Design also provides discretionary and/or non-discretionary pension consulting services, pursuant to which it assists sponsors of self-directed retirement plans with the selection and/or monitoring of investment alternatives (generally open-end mutual funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. In addition, to the extent requested by the plan sponsor, True Wealth shall also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. The terms and conditions of the engagement shall generally be set forth in a *Retirement Plan Consulting Agreement* between True Wealth and the plan sponsor.

## **MISCELLANEOUS**

Non-Investment Consulting/Implementation Services: To the extent requested by the client, True Wealth *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither True Wealth, nor any of its representatives, serves as an attorney or provides legal services, and no portion of True Wealth's services should be construed as the same. To the extent requested by a client, True Wealth may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including representatives of True Wealth in their separate registered/licensed capacities and True Wealth itself as a tax preparer and filing service as discussed below in Item 10. The client is under no obligation to engage the services of any such recommended professional or True Wealth for additional services. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from True Wealth.

Please Note: If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

Please Also Note: It remains the client's responsibility to promptly notify True Wealth if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising True Wealth's previous recommendations and/or services.

Non-Discretionary Service Limitations. Clients that determine to engage True Wealth on a non-discretionary investment advisory basis must be willing to accept that True Wealth cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, True Wealth will be unable to affect any account transactions (as it would for its discretionary clients) *without first obtaining the client's verbal consent*.

Fee Differentials. As indicated above, True Wealth shall price its services based upon various objective and subjective factors. As a result, True Wealth's clients pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall investment advisory and/or consulting services to be rendered. As a result of these factors, the services to be provided by True Wealth to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

Trade Error Policy. As a fiduciary, True Wealth has the responsibility to effect trade orders correctly, promptly

and in the client's best interests. In the event we cause a trade or other error to occur in a client account and the error results in a loss, True Wealth's policy is that clients are made whole. Absent a contrary understanding or policy with the client's custodian, or if the client decides to forgo the gain (for example, due to tax reasons), any gain related to the error will generally remain in the client's account. If related trade errors result in both gains and losses in a client's account, they are generally netted. Certain custodians maintain their own policies with regard to the handling of trade or other errors; in such cases, True Wealth will work with the custodian to ensure the client is made whole.

**Client Obligations.** In performing its services, True Wealth shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify True Wealth if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising True Wealth's previous recommendations and/or services.

**Disclosure Statement.** A copy of True Wealth's written Brochure as set forth on Part 2A of Form ADV and Form CRS (also known as the "Relationship Summary") shall be provided to each client prior to, or contemporaneously with, the execution of any written agreement. Any client who has not received a copy of True Wealth's written Brochure at least 48 hours prior to executing the agreement shall have five business days subsequent to executing the agreement to terminate True Wealth's services without penalty.

True Wealth shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will discuss with each client their particular investment objective(s). True Wealth shall allocate each client's investment assets consistent with their designated investment objective(s). Clients may, at any time, impose restrictions, in writing, on True Wealth's services.

True Wealth does not sponsor or participate in a wrap fee program.

### **IRA Rollover Recommendations**

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), 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. 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 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 interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our



advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

**Assets Under Management**

As of December 31, 2023, we provide continuous management services for \$561,078,167 in client assets on a discretionary basis and \$0 in client assets on a non-discretionary basis.

## Item 5 Fees and Compensation

True Wealth Design charges fees for advisory services such as financial planning and asset management. Financial Planning Service engagements are limited in nature and fees are calculated on a fixed-fee or hourly basis and quoted in advance. True Wealth shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter, for continuous investment advisory services and wealth management services. When the client is a 401k plan, True Wealth shall deduct fees and/or bill quarterly in arrears.

Additional details of these fee arrangements follow:

### **FINANCIAL PLANNING SERVICES (STAND-ALONE)**

Financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) are provided on a stand-alone fee basis. True Wealth's planning and consulting fees are negotiable, but generally range from \$500 to \$10,000 on a fixed-fee basis and \$250 to \$1,000 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Financial Planning fees are generally payable upon execution of a financial planning agreement. Alternatively, clients may be charged half of the fixed-fee upon execution of a financial planning agreement with the balance being payable upon completion of the agreed-upon financial planning services.

Prior to engaging True Wealth to provide financial planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with True Wealth setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to True Wealth commencing services. Refunds of prepaid fees will be made to the client in the event of termination in accordance with the agreement, provided that any unused portion of the prepaid fee remains.

### **INVESTMENT ADVISORY SERVICES (STAND-ALONE)**

The annual fee for Investment Advisory Services (IAS) shall vary from 0.25% up to 1.60% of the total assets placed under True Wealth's management and advisement, inclusive of cash and cash equivalents. This annual fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. To the extent a client makes a deposit or withdrawal within a quarter, a prorated fee shall be charged or refunded, respectively, based on the amount of the deposit or withdrawal. True Wealth generally requires a minimum annual fee of \$1,800 (\$450 per quarter) per household. We generally recommend a minimum portfolio size of \$100,000 for this service. True Wealth, in its sole discretion, may charge a lesser investment management fee and/or reduce or waive its annual/quarterly minimum fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, the dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). The annual fee will be based upon various objective and subjective factors, including, but not limited to, the amount of the assets placed under True Wealth's direct management, the amount of the assets placed under True Wealth's advisement (assets that are generally managed directly by the client or by other investment professionals engaged by the client) for which True Wealth provides review/monitoring services, but does not have trading authority, the complexity of the engagement, and the level and scope of the overall investment advisory services to be rendered. *See also* Fee Differential discussion above.

Prior to engaging True Wealth to provide investment advisory services, clients are generally required to enter

into an *Investment Advisory Agreement* with True Wealth setting forth the terms and conditions of the engagement (including termination).

#### **WEALTH MANAGEMENT SERVICES (FINANCIAL PLANNING + INVESTMENT ADVISORY)**

True Wealth's annual fee shall vary from 0.25% up to 1.60% of the total assets placed under True Wealth's management and advisement. This annual fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. True Wealth generally requires a minimum annual fee of \$4,200 (\$1,050 per quarter) per household for this service.

In the event the client desires to fall under the True Wealth Private Client service model and this is not congruent with True Wealth's sole discretion in determining the appropriate service model (as described in Item 4), True Wealth may impose a higher minimum fee, generally of \$10,000 (\$2,500 per quarter) or more per household.

In True Wealth's sole discretion, we may charge a lesser investment management fee and/or reduce or waive its annual/quarterly minimum fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, the dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). The annual fee will be based upon various objective and subjective factors, including, but not limited to, the amount of the assets placed under True Wealth's direct management, the amount of the assets placed under True Wealth's advisement (assets that are generally managed directly by the client or by other investment professionals engaged by the client) for which True Wealth provides review/monitoring services, but does not have trading authority, the complexity of the engagement, and the level and scope of the overall investment advisory services to be rendered. *See also* Fee Differential discussion above.

Prior to engaging True Wealth to provide planning or consulting services, clients are generally required to enter into an *Investment Advisory Agreement* with True Wealth setting forth the terms and conditions of the engagement (including termination). A one-time financial planning fee of \$2,100 to \$10,000 is generally required upon engaging True Wealth's services in this regard. In no instance will True Wealth charge \$1,200 or more, more than six months in advance.

At the exclusive discretion of True Wealth Design, tax return preparation and filing services may be included for certain clients (generally those with a minimum of \$1,000,000 under True Wealth's management) as part of their annual fee for Wealth Management Services.

At the exclusive discretion of True Wealth Design, estate planning services, provided by a licensed attorney separate from True Wealth Design, may be included for certain clients (generally those with a minimum of \$1,000,000 under True Wealth's management) as part of their annual fee for Wealth Management Services.

In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of True Wealth), True Wealth may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client, which the client can then accept or reject prior to extraordinary services being rendered.

#### **HELD-AWAY ASSETS**

True Wealth implements investment advice on behalf of certain clients in held-away accounts that are maintained at independent third-party custodians. These held-away accounts are often 401(k) accounts, 529

plans and other assets that are not held at our primary custodians.

### **TAX, ACCOUNTING & BUSINESS CONSULTING SERVICES (STAND-ALONE)**

True Wealth offers tax, accounting, and business consulting services. Clients needing these services may utilize our team of tax professionals and CPAs but are not obligated to do so. If you utilize True Wealth for these services, you will typically enter into a separate engagement letter and pay a separate fee in addition to the fees paid for investment advisory or other services. This creates a conflict of interest and a financial incentive for True Wealth to recommend that you retain us for such tax, accounting, and/or business consulting services. Please Note: True Wealth is not a certified public accounting (CPA) firm.

### **BUSINESS RETIREMENT PLAN SERVICES**

True Wealth provides discretionary and/or non-discretionary pension consulting services, pursuant to which it assists sponsors of self-directed retirement plans with the selection and/or monitoring of investment alternatives (generally open-end mutual funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. In addition, to the extent requested by the plan sponsor, True Wealth shall also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. The terms and conditions of the engagement shall generally be set forth in a *Retirement Plan Consulting Agreement* between True Wealth and the plan sponsor. Generally, True Wealth charges an up-front flat fee equal to 1.00% of the retirement plan's assets, or a minimum fee of \$2,100, for initial plan consulting services. True Wealth's fee for continued retirement plan consulting services is negotiable, but retirement plan assets are generally included for purposes of calculating a client household's overall asset-based fee.

### **OTHER INFORMATION**

Private Investments: To the extent a client is invested into a private investment that is recommended and/or overseen by True Wealth, our asset-based fee shall be applied to the value of such private investments as determined either by (i) the greater of the private investment's value as reported by the private investment's sponsor or the called capital, or (ii) the value determined by the custodian that maintains the private investment's assets.

Fee Payment: Clients may elect to have True Wealth's advisory fees deducted from their custodial account. Both True Wealth's *Investment Advisory Agreement* and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of True Wealth's investment advisory fee and to directly remit that management fee to True Wealth. In the limited event that True Wealth bills the client directly, payment is due upon receipt of True Wealth's invoice.

Custodian & Brokerage Fees: As discussed below, unless the client directs otherwise or an individual client's circumstances require, True Wealth shall generally recommend that Shareholders Service Group, LLC ("SSG"), Fidelity Brokerage Services LLC ("Fidelity"), or Charles Schwab & Co., Inc. ("Schwab") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). From time to time, small portions of positions will be sold to bring the cash account balance to the level required for automatic deduction of fees. It is understood that the payment of these fees will reduce the total investment return. In no instance does True Wealth Design, nor its representatives accept compensation from the sale of securities or other investment products.

**Mutual Fund Fees:** In addition to True Wealth's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and ETF purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). Some funds also offer "I" or "Institutional, Advisor" classes of shares that are not usually available to the general public. These types of shares offer clients internal costs reduced from those of "public" shares. When deemed to be in clients' best interest, True Wealth Design strives to purchase these lower-cost shares, if they are available and comparable to "public" shares. In no instance does True Wealth Design receive any portion of mutual fund fees, costs, or any "soft-dollar" benefits from any mutual fund.

**Limited Prepayment of Fees.** Advance payments will never exceed \$1,200 for work that will not be completed within six months.

**Termination:** The *Investment Advisory Agreement* between True Wealth and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, True Wealth shall refund the prorated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

#### **IRA Rollover Considerations**

As part of our investment advisory services to you, 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 will manage on your behalf. 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 agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on your needs. 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 us.

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:

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.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage, here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities or previously closed funds.

2. Your current plan may have lower fees than our fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. Our strategy may have a higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer some form of financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
  - a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed at any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.

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

Neither True Wealth nor any supervised person of True Wealth accept performance-based fees.

## Item 7 Types of Clients

True Wealth Design provides services to individuals, business entities, trusts, estates, charitable organizations, and pension and profit-sharing plans. True Wealth Design does not have a minimum asset requirement to become a client; however, we generally recommend a minimum portfolio size of \$100,000 for our investment advisory service. We also may impose minimum fees as described above.



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

True Wealth Design uses a structured process of constructing asset-allocation-based portfolios and then selecting investments to fulfill the asset allocation targets. Several methods of analysis, as well as research produced by other firms and academics, may be used. Some of these methods include modern portfolio theory, asset pricing theory, valuation methodologies, expected return forecasts, asset correlation, market technicals, and other science-based financial research.

True Wealth Design utilizes several strategies in an effort to affect the net investment results of our portfolios. We use strategies that are designed to diversify investment risk, manage portfolio volatility, manage performance risk over time, manage erosion from taxes, manage erosion from expenses and manage sustainable income distributions. We continually evaluate our investment strategies against current research data available and work to improve our portfolios and financial strategies.

We generally use the following strategies:

- **ASSET ALLOCATION STRATEGY.** Asset allocation is constructing portfolios with different asset classes that have a history of differing and partially offsetting volatility patterns. We use portfolios that spread investment risk over multiple asset classes. We utilize classes such as domestic equities, international equities, domestic fixed income, international fixed income, and several alternative asset classes as well as subsets of these broad asset classes. If the asset classes are well combined, the overall portfolio volatility may be reduced relative to the expected return, increasing portfolio efficiency.
- **ASSET CLASS DIVERSIFICATION.** We choose to broadly diversify each asset class in our portfolios across the broad market represented by the asset class while placing greater emphasis on science-based dimensions of higher expected returns. In special circumstances, individual stock or fund holdings with large, unrealized capital gains may be incorporated into the client's asset allocation and used as a substitute for a preferred holding.
- **TOLERANCE-BASED REBALANCING.** All individual portfolio assets are checked against allocation models on a daily basis. If an individual asset within a portfolio is out of tolerance, the asset is manually reviewed for an opportunity to rebalance the portfolio. This daily attention aims to capitalize on market volatility and realize a rebalancing bonus to client accounts while controlling for risk.
- **ASSET LOCATION STRATEGY.** To manage the net after-tax total return over time, we can unify multiple accounts of differing tax structures and manage them under one portfolio model. By matching the individual asset tax characteristics with a complimentary account type from a tax perspective, net after-tax returns may be improved. As a simplified example; if the portfolio model is 50% bonds and 50% stocks, then the bonds may be placed in an IRA because the bond interest is taxed as ordinary income and IRA distributions are also taxed as ordinary income. The stocks may be placed in a taxable or trust account because long-term stock gains or qualified dividends may be taxed at lower long-term capital gain tax rates when in a taxable account. If the stocks were placed in the IRA, then the long-term stock gains and qualified dividends would be taxed at typically higher ordinary income tax rates. We have created an asset-ranked, tax-grouping system to direct assets to an appropriate tax structure and to rebalance the overall portfolio model across multiple tax structures.
- **INSTITUTIONAL CLASS INVESTMENTS.** In an effort to control investment expenses and fees, we look for and use lower-cost institutional solutions, compared to retail solutions, whenever we identify institutional investment strategies appropriate for our portfolios.

- DIRECT STOCK STRATEGY (SMART DESIGN DIRECT). True Wealth's "Smart Design Direct" stock strategy applies similar principles utilized in institutional class investments we choose but without the management fee of the fund company. We adhere to our core asset allocation and asset class diversification strategies while benefiting from reduced management fees, fractional share trading, low or no commissions, tax-loss harvesting, and tax-loss carryforward. In an effort to achieve these benefits, TWD builds stock portfolios for clients without paying a third-party money manager to select stocks and maintain allocations.

True Wealth Design primarily allocates client investment assets among mutual funds, ETFs, or interval funds but may also use various individual equity and fixed income securities, and structured notes on a discretionary and non-discretionary basis in accordance with the client's designated investment objective(s). Private pooled investments such as debt funds, real estate funds and private equity funds (collectively, "Private Investment Funds") may also be utilized. True Wealth Design primarily invests for relatively long time horizons, normally for a year or more. However, market developments could cause True Wealth Design to sell securities more quickly.

After the asset allocation policy is established, security analysis is conducted to assist with the investment selection process to fulfill the asset allocation. Analysis varies depending on the security in question.

- For mutual funds, interval funds, and ETFs the analysis generally includes a review of:

- The fund's management team
- The fund's historical risk and return characteristics
- The fund's exposure to sectors and individual issuers
- The fund's fee structure
- The fund's management style
- The fund's investment philosophy
- The fund's total assets under management
- The fund's style consistency
- The fund's risk-adjusted performance relative to peers
- The fund's liquidity and liquidity of underlying fund assets
- The fund's regulatory oversight
- Any other factors considered relevant.

- For stocks and bonds the analysis generally includes a review of:

- Valuation
- Profitability
- Risk (beta and standard deviation)
- Assets and liabilities as well as material changes
- Dividends and buybacks vs. equity and debt issuance
- Momentum
- Analysts' consensus price targets
- Bankruptcy risk
- Earnings manipulation risk
- Trading liquidity
- Size (market capitalization and revenues)
- Any other factors considered relevant

- For bonds the analysis generally includes a review of:

- Credit quality

- Price
- Yield
- Maturity
- Duration
- Inflation
- Callability
- Any other factors considered relevant

Investment Risk Disclosure: Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by True Wealth) will be profitable or equal any specific performance level(s). True Wealth's methods of analysis and investment strategies do not present any unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis True Wealth must have access to current/new market information. True Wealth has no control over the dissemination rate of market information; therefore, unbeknownst to True Wealth, certain analyses may be compiled with outdated market information, severely limiting the value of True Wealth's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities. Investing for the long term means that a client's account will be exposed to short-term fluctuations in the market and the behavioral impulse to make trading decisions based on such short-term market fluctuations. True Wealth does not condone short-term trading in an attempt to "time" the market, and instead coaches clients to remain committed to their financial goals. However, investing for the long term can expose clients to risks borne out of changes to interest rates, inflation, general economic conditions, market cycles, geopolitical shifts, and regulatory changes.

Inflation risk is the risk that the value of a client's portfolio will not appreciate at least in an amount equal to inflation over time. General micro- and macro-economic conditions may also affect the value of the securities held in a client's portfolio, and general economic downturns can trigger corresponding losses across various asset classes and security types. Market cycles may cause overall volatility and fluctuations in a portfolio's value, and may increase the likelihood that securities are purchased when values are comparatively high and/or that securities are sold when values are comparatively low. Geopolitical shifts may result in market uncertainty, lowered expected returns, and general volatility in both domestic and international securities. Regulatory changes may have a negative impact on capital formation and increase the costs of doing business, and therefore result in decreased corporate profits and corresponding market values of securities.

Mutual Fund & ETF Risk: Investing in mutual funds does not guarantee a return on investment, and shareholders of a mutual fund may lose the principal that they've invested into a particular mutual fund. Mutual funds invest into underlying securities that comprise the mutual fund, and as such clients are exposed to the risks arising from such underlying securities. Mutual funds charge internal expenses to their shareholders (which can include management fees, administration fees, shareholder servicing fees, sales loads, redemption fees, and other fund fees and expenses, e.g.), and such internal expenses subtract from its potential for market appreciation. Shares of mutual funds may only be traded at their stated net asset value ("NAV"), calculated at the end of each day upon the market's close. Investing in ETFs bears similar risks and incurs similar costs to investing in mutual funds as described above. However, shares of an ETF may be traded like stocks on the open market and are not redeemable at an NAV. As such, the value of an ETF may fluctuate throughout the day and investors will be subject to the cost associated with the bid-ask spread (the difference between the price a buyer is willing to pay (bid) for an ETF and the seller's offering (asking) price). Clients are encouraged to carefully read the prospectus of any mutual fund or ETF to be purchased for investment to obtain a full understanding of its respective risks and costs.

**Common Stock Risk:** Investing in common stocks means that a client will be subject to the risks of the overall market as well as risks associated with the particular company or companies whose stock is owned. These risks can include, for example, changes in economic conditions, growth rates, profits, interest rates and the market's perception of these securities. Common stocks tend to be more volatile and more risky than certain other forms of investments, especially as compared to fixed income products like bonds.

**Bond Risk:** Investing in bonds means that a client will be subject to the market prices of such debt securities, which typically fluctuate depending on interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and rise when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk. Bonds are also subject to inflation risk, reinvestment risk, redemption risk, and valuation risk.

**Interval Fund Risk:** Interval Funds are registered under the Investment Company Act of 1940, as amended, which regulates mutual funds. Interval Funds, however, have limited liquidity, generally via quarterly offers to repurchase between 5% and 25% of its outstanding Common Shares at net asset value. Thus, Interval Funds may have extended periods of time before a position can be fully redeemed and Interval Funds may not be permitted to be transferred to non-advisory retail accounts.

**Private Investment Funds Risk:** Private Investment Funds are not registered under the Investment Company Act of 1940, as amended, which regulates mutual funds. Accordingly, activities of Private Investment Funds are subject to less regulation and supervision than a registered investment company (i.e., a mutual fund). On a non-discretionary basis, True Wealth Design recommends that certain, accredited clients consider allocating a portion of their investment assets to such Private Investment Funds. The terms and conditions for participation in Private Investment Funds, including management fees, conflicts of interest, and risk factors are detailed in the offering documents. Clients are under absolutely no obligation to consider or invest in Private Investment Funds. Private Investment Funds generally involve various risk factors, including, but not limited to, the potential for complete loss of principal, liquidity constraints, and lack of transparency. These risk factors are detailed in each investment's offering documents, which are provided to each prospective investor for review and consideration. Unlike other liquid investments that a client typically maintains, Private Investment Funds do not provide daily liquidity or pricing. Each prospective client investor would be required to complete a Subscription Agreement. Afterward, the client would have to establish that he or she is qualified for investment and acknowledge and accept the various risk factors that are associated with such an investment.

**Margin Risk:** Margin Transactions are securities transactions in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan. The risk is if the value of the shares drops sufficiently, the investor will be required to either deposit more cash into the account or sell a portion of the stock in order to maintain the margin requirements of the account. This is known as a "margin call." An investor's overall risk includes the amount of money invested plus the amount that was loaned to them.

## Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our firm and our management personnel have no reportable disciplinary events to disclose.

## Item 10 Other Financial Industry Activities and Affiliations

Neither True Wealth, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither True Wealth, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

Neither True Wealth, nor its management persons, have any relationship or arrangement with any related person 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
- lawyer or law firm
- pension consultant
- real estate broker or dealer
- sponsor or syndicator of limited partnerships

**Licensed Insurance Company.** True Wealth Design is also a licensed independent insurance brokerage agency. The insurance fees and services are separate and distinct from the advisory fees and services provided by the company.

**Licensed Insurance Agents.** Certain of True Wealth’s representatives are licensed insurance agents and from time to time will recommend the purchase of certain insurance-related products on a commission basis. Full disclosure of any first-year commissions received, which generally represent the majority of commission proceeds, will be made available at the client’s written request to maintain transparency.

### **Accountant or Accounting Firm**

True Wealth Design is also an IRS-Authorized, E-file Provider and provides tax and accounting services. Certain associated persons or executive officers of True Wealth are also accounting and tax professionals and are also separately licensed as a Certified Public Accountant or Enrolled Agent. Our advisory services are separate and distinct from the compensation paid for accounting or tax services.

**Conflict of Interest:** The recommendation by True Wealth’s representatives that a client purchase an insurance product presents a conflict of interest, as the receipt of commissions through True Wealth provide an incentive to recommend insurance products based on commissions received, rather than on a particular client’s need. To the extent True Wealth’s representatives recommend that a client retain True Wealth for tax preparation and tax filing services, the additional fees such client will pay for such tax preparation and filing services presents a conflict of interest. However, these conflicts DO NOT exclude True Wealth Design from having a duty at all times to act in the client’s best interest. Full disclosure of any first-year commissions received, which generally represent the majority of commission proceeds, will also be made available at the client’s written request to maintain transparency. No client is under any obligation to purchase any commission products from True Wealth’s representatives. Clients are reminded that they may purchase insurance products recommended by

True Wealth through other, non-affiliated insurance agents. Full disclosure of any additional tax preparation and tax filing fees will also be transparently disclosed to clients, and clients are under no obligation to retain us for their tax preparation and tax filing needs.

True Wealth does not recommend or select other investment advisers for its clients.

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

True Wealth maintains an investment policy relative to personal securities transactions. This investment policy is part of True Wealth's overall Code of Ethics, which serves to establish a standard of business conduct for all of True Wealth's supervised persons that is based upon fundamental principles of openness, integrity, honesty, and trust. A copy of the Code of Ethics is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, True Wealth also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by True Wealth or any person associated with True Wealth.

Neither True Wealth nor any related person of True Wealth recommends, buys, or sells for client accounts, securities in which True Wealth or any related person of True Wealth has a material financial interest.

From time to time, True Wealth or its related persons will invest in the same securities (or related securities such as warrants, options or futures) that True Wealth or a related person recommends to clients. This has the potential to create a conflict of interest because it affords True Wealth or its related persons the opportunity to profit from the investment recommendations made to clients. True Wealth's policies and procedures and code of ethics address this potential conflict of interest by prohibiting such trading by True Wealth or its related persons if it would be to the detriment of any client and by monitoring for compliance through the reporting and review of personal securities transactions. In all instances, True Wealth will act in the best interests of its clients.

From time to time, True Wealth or its related persons will buy or sell securities for client accounts at or about the same time that True Wealth or a related person buys or sells the same securities for its own (or the related person's own) account. This has the potential to create a conflict of interest because it affords True Wealth or its related persons the opportunity to trade either before or after the trade is made in client accounts, and profit as a result. True Wealth's policies and procedures and code of ethics address this potential conflict of interest by prohibiting such trading by True Wealth or its related persons if it would be to the detriment of any client and by monitoring for compliance through the reporting and review of personal securities transactions. In all instances, True Wealth will act in the best interests of its clients.



## Item 12 Brokerage Practices

In the event that a client requests that True Wealth recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct True Wealth to use a specific broker-dealer/custodian), True Wealth generally recommends that investment management accounts be maintained at SSG, Schwab, or Fidelity. Prior to engaging True Wealth to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with True Wealth setting forth the terms and conditions under which True Wealth shall manage the client's assets and a separate custodial/clearing agreement with each designated broker-dealer/custodian. We are not affiliated with the custodian and/or broker-dealer we recommend. The custodian or broker-dealer we recommend does not supervise True Wealth, its agents or activities.

Factors that True Wealth considers in recommending any other broker-dealer/custodian to clients include the historical relationship with True Wealth, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by True Wealth's clients shall comply with True Wealth's duty to seek best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where True Wealth determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although True Wealth will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, True Wealth's investment management fee. True Wealth's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

To the extent that True Wealth provides investment management services to its clients, the transactions for each client account generally will be effected independently unless True Wealth decides to purchase or sell the same securities for several clients at approximately the same time. True Wealth may (but is not obligated to) combine or "block trade" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among True Wealth's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. True Wealth shall not receive any additional compensation or remuneration as a result of such aggregation. Block trades do not apply to mutual funds or interval funds that receive end-of-day pricing.

### Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, from time to time True Wealth will receive from SSG, Schwab, or Fidelity (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist True Wealth to better monitor and service client accounts maintained at such institutions. Included within the support services that are made available to True Wealth are investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by True Wealth in

furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products received may assist True Wealth in managing and administering client accounts. Others do not directly provide such assistance, but rather assist True Wealth to manage and further develop its business enterprise. True Wealth's clients do not pay more for investment transactions effected and/or assets maintained at SSG, Schwab, or Fidelity as a result of this arrangement. There is no corresponding commitment made by True Wealth to SSG, Schwab, Fidelity or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

True Wealth does not engage in directed brokerage arrangements.

True Wealth participates in the Schwab Advisor Network for advisers ("SAN"). Disclosures on SAN are more fully discussed in *Item 14 Client Referrals and Other Compensation*.

## Item 13 Review of Accounts

For those clients to whom True Wealth provides investment supervisory services, account reviews are conducted on an ongoing basis by True Wealth's Principals and Chief Compliance Officer. All investment advisory clients are advised that it remains their responsibility to advise True Wealth of any changes in their investment objectives and/or financial situation. All clients (in person, by telephone or via web) are encouraged to review financial planning issues (to the extent applicable), investment objectives, and account performance with True Wealth on an annual basis.

True Wealth *may* conduct account reviews on other than a periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections, and client requests.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. True Wealth may also provide a written periodic report summarizing account activity and performance although the information contained in these reports is available on-demand through the True Wealth Client Portal.

## Item 14 Client Referrals and Other Compensation

As referenced in Item 12 above, True Wealth receives an indirect economic benefit from SSG, Fidelity, and Schwab. True Wealth, without cost (or at a discount), from time to time will receive support services and/or products from SSG, Fidelity, and Schwab.

True Wealth's clients do not pay more for investment transactions effected and/or assets maintained at SSG Fidelity, or Schwab as a result of this arrangement. There is no corresponding commitment made by True Wealth to SSG Schwab, Fidelity or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

If a client is introduced to True Wealth by either an unaffiliated or an affiliated promoter, contractual arrangements with such promoter call for True Wealth to pay certain promoters a referral fee in accordance with the requirements of Rule 206(4)-1 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from True Wealth's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to True Wealth by an unaffiliated promoter, the promoter, at the time of the solicitation or referral, shall disclose the nature of his/her/its promoter relationship and shall provide each prospective client with a copy of True Wealth's written Brochure, Relationship Summary, and appropriate disclosure regarding the terms of the arrangement between True Wealth and the promoter, including the compensation to be received by the promoter from True Wealth.

### **Schwab Advisor Network**

From time to time, we receive client referrals from Schwab through our participation in the Schwab Advisor Network ("SAN" or the "referral program"). In addition to meeting the minimum eligibility criteria for participation in SAN, we may have been selected to participate in SAN based on the amount and profitability to Schwab of the assets in, and trades placed for, client accounts maintained with Schwab. Schwab is a discount broker-dealer independent of, and unaffiliated with us; we do not have an employee or agency relationship with Schwab. Schwab has established the referral program as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisers. Schwab does not supervise us and has no responsibility for our management of your portfolios or our other advice or services. We pay Schwab an ongoing fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that you pay to us ("Solicitation Fee"). We will also pay Schwab the Solicitation Fee on any advisory fees received by us from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and who hire us on the recommendation of such referred client. We will not charge clients referred through SAN any fees or costs higher than our standard fee schedule offered to our clients or otherwise pass Solicitation Fees paid to Schwab to you. For information regarding additional or other fees paid directly or indirectly to Schwab, refer to the Schwab SAN Disclosure and Acknowledgment Form.

Our participation in SAN creates a conflict of interest. Schwab will most likely refer clients through SAN to investment advisers that encourage their clients to custody their assets at Schwab and whose client accounts are profitable to Schwab. Consequently, in order to obtain client referrals from Schwab, we may have an incentive to recommend to our clients that their assets under management with us be held in custody with Schwab and to place transactions for their accounts with Schwab. In addition, we have agreed not to solicit clients referred to us through SAN to transfer their accounts from Schwab or to establish brokerage or custody accounts at other custodians, except when our fiduciary duties require us to do so. Our participation in SAN does not diminish our duty to seek best execution of trades for client accounts.

True Wealths Chief Compliance Officer, Kevin Kroskey, remains available to address any questions that a client or prospective client may have regarding the above arrangements.

## Item 15 Custody

For clients that do not have their fees deducted directly from their account(s) and have not provided us with any standing letters of authorization to distribute funds from their account(s), True Wealth will not have any custody of client funds or securities.

For clients that have their fees deducted directly from their account(s) or that have provided us with discretion as to amount and timing of disbursements pursuant to a standing letter of authorization to disburse funds from their account(s), True Wealth will typically be deemed to have limited custody over such clients' funds or securities pursuant to the SEC's custody rule and subsequent guidance thereto. At no time will we accept full custody of client funds or securities in the capacity of a custodial broker-dealer, and at all times client accounts will be held by a third-party qualified custodian as described in Item 12, above.

Please Note: To the extent that True Wealth provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by True Wealth with the account statements received from the account custodian.

Please Also Note: The account custodian does not verify the accuracy of True Wealth's advisory fee calculation.

## Item 16 Investment Discretion

The client can determine to engage True Wealth to provide investment advisory services on a discretionary basis. Prior to True Wealth assuming discretionary authority over a client's account, the client shall be required to execute *Investment Advisory Agreement*, naming True Wealth as client's attorney and agent-in-fact, granting True Wealth full authority to buy, sell, or otherwise affect investment transactions involving the assets in the client's name found in the discretionary account. In all cases, however, this discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account(s).

Clients who engage True Wealth on a discretionary basis may, at any time, impose restrictions, in writing, on True Wealth's discretionary authority. (i.e., limit the types/amounts of particular securities purchased for their account, limit or proscribe True Wealth's use of margin, etc.).

### **Private Investment Funds**

On a non-discretionary basis, True Wealth Design recommends that certain accredited clients consider allocating a portion of their investment assets to certain Private Investment Funds. Each prospective client investor would be required to complete a Subscription Agreement. Afterward, the client would have to establish that he or she is qualified for investment and acknowledge and accept the various risk factors that are associated with such an investment.

## **Item 17 Voting Client Securities**

True Wealth does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, bankruptcy proceedings or other type events pertaining to the client's investment assets.

True Wealth will manage tender offers for interval funds utilized within the True Wealth model portfolios.

Clients will receive their proxies or other solicitations directly from their custodians. Clients may contact True Wealth to discuss any questions they may have with a particular solicitation.



## **Item 18 Financial Information**

True Wealth does not solicit fees of more than \$1,200 per client paid six months or more in advance.

True Wealth is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.

True Wealth has not been the subject of a bankruptcy petition.