

# **Carpenter, Claydon Advisors, Inc.**

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

This brochure provides information about the qualifications and business practices of Carpenter, Claydon Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at (407) 843-0316. 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 Carpenter, Claydon Advisors, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Carpenter, Claydon Advisors, Inc. is 143516.

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

## Item 2 Material Changes

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

Since the filing of our last annual updating amendment dated February 25, 2023, we have the following material change to report:

- We have amended Item 12, *Brokerage Practices*, to disclose that as of September 2023, we are using the brokerage and custodial services of Charles Schwab & Co., Inc. ("Schwab"), a registered broker/dealer, member SIPC.

If you would like a current copy of our brochure at any time free of charge, please contact us at 557 N. Wymore Road, Suite 201, Maitland, Florida 32751 or (407) 843-0316.

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## Item 4 Advisory Business

### Description of Services and Fees

Carpenter, Claydon Advisors, Inc. is a registered investment adviser based in Maitland, Florida. We are organized as a sub-Chapter S corporation under the laws of the State of Florida. We have been providing investment advisory services since 2007. Deborah Claydon is our sole owner. Currently, we offer the following investment advisory services, which are personalized to each individual client:

- **Financial Planning and Consulting Services**
- **Portfolio Management Services**
- **Asset Allocation and Portfolio Monitoring/Review Services**
- **Pension Consulting Services**

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

#### *Financial Planning Services*

We offer broad-based, modular, and consultative financial planning services. Financial planning will typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. If you retain our firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. Once we specify those long-term objectives (both financial and non-financial), we will develop shorter-term, targeted objectives. Once we review and analyze the information you provide to our firm and the data derived from our financial planning software, we will review with you the financial projections, designed to help you evaluate your capacity to meet your stated financial goals and objectives. In limited circumstances, you may only require advice on a single aspect of the management of your financial resources. In these instances, we offer financial plans in a modular format and/or general consulting services that address only those specific areas of interest or concern.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to our firm. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

Our fee for financial planning services will be based on either a fixed fee, typically ranging between \$1,000 and \$10,000, or an hourly fee of \$300. These fees may be negotiated based on the complexity and scope of the engagement and your individual circumstances. An estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the time/cost could potentially exceed the initial estimate. In such cases, we will notify you and may request that you approve the additional fee. Typically, financial planning fees will be due upon presentation of the plan. However, other fee payment arrangements may be negotiated. For example, particularly complex

plans may require prepayment of a portion of the estimated fee for services. For lengthy engagements, interim payments may be requested. For hourly consulting services in which a plan is not presented, the fee will typically be payable upon completion of the consultation.

Applicable fees, fee payment arrangements, and the terms of the engagement will be clearly set forth in the client agreement executed between you and our firm prior to services being rendered. In no circumstance will we require prepayment of a fee more than six months in advance and in excess of \$1,200.

Financial planning services are generally based on an annual term. On-going financial planning services, which will include meetings to review your progress towards stated goals, asset performance and re-balancing, and review of third-party advisers (if applicable), are available upon delivery of the financial plan. The financial plan is used to assist us in organizing your financial information and determining the scope of services that are most suitable for your specific financial situation and investment needs.

Upon completion of the financial plan, we will provide implementation services, as described more fully below. As requested, we may recommend other professional advisers, e.g. accountants, independent trustees/trust companies, or legal counsel, among others. However, we will not be compensated for such referrals. We may also work in conjunction with your other professional advisers. Under such arrangements, we will act as a project manager to coordinate the work of the appropriate parties in a manner consistent with your objectives.

Fees and terms for subsequent years will be negotiated on a case-by-case basis, and a new financial planning agreement will be executed between you and our firm. The annual fee will be negotiable based on the scope of the subsequent engagement. Such fees are typically payable quarterly in arrears as invoiced; however, other fee-paying arrangements may be negotiated on a case-by-case basis for subsequent engagements.

Updates to a financial plan that would be considered extraordinary in nature would not be included under the retainer service. These updates will be provided at your request and for an additional fee. Extraordinary research or analysis may involve additional costs, which will be negotiated on an individual basis in advance of such additional services rendered.

You may terminate a financial planning agreement within five business days after the date when all parties have signed the agreement without penalty. Any pre-paid fees will be returned to you. After this five-day period, either party may terminate the agreement upon written notice to the other. If a deposit has been collected by us, a pro rata refund will be sent to you. Conversely, you may incur a pro rata charge for bona fide financial planning and/or consulting services rendered prior to such termination.

*We offer a variety of services to you for the implementation of your financial plan as explained below.*

#### *Portfolio Management Services*

We offer discretionary and non-discretionary portfolio management services. Our investment advice is tailored to meet our clients' needs and investment objectives. As part of our portfolio management services, we may customize an investment portfolio for you in accordance with your risk tolerance and investing objectives. Once we construct an investment portfolio for you, we will monitor your portfolio's performance on an ongoing basis, and will re-balance the portfolio as required by changes in market conditions and in your financial circumstances.

### *Asset Allocation and Portfolio Monitoring/Review Services*

We may provide asset allocation and/or portfolio monitoring/review services on a non-discretionary basis. Such services are offered for the purposes of re-balancing your portfolio or for monitoring and/or processing client initiated transactions. These services will be provided on a non-continuous pre-determined periodic basis, such as monthly, quarterly, semi-annually, or annually. The frequency of the services provided will be agreed upon between us and will be detailed in the client agreement. Such services may include a review of your existing portfolio with asset allocation recommendations, a review/evaluation of recommendations made by other advisory professionals for suitability, management and/or monitoring of a participant's investments in a 401(k) plan, or on-going portfolio monitoring services.

### *Portfolio Management and Asset Allocation Fees*

Our fee for portfolio management services is based on a percentage of the assets in your account and is set forth in the following annual fee schedule:

**Annual Fee Schedule**

<b>Assets Under Management</b>	<b>Annual Fee</b>	<b>Fee @ Top</b>	<b>Blended Rate @ Top</b>
\$0 - \$500,000*	1.00%	\$5,000	1.000%
On the Next \$500,001 - \$1,000,000	0.75%	\$8,750	0.875%
On the Next \$1,000,001 - \$2,000,000	0.50%	\$13,750	0.688%
On the Next \$2,000,001 - \$5,000,000	0.30%	\$22,750	0.455%
On the Next \$5,000,001 - \$10,000,000	0.20%	\$33,750	0.328%
On the Next \$10,000,001 - \$20,000,000	0.10%	\$42,750	0.214%

Our annual portfolio management fee is billed and payable, quarterly in arrears, based on the balance at end of billing period.

If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. The fee is negotiable based on the complexity of the client's individual circumstances and the scope of the engagement, including the number of services selected. Such terms and fees will be detailed in the written advisory agreement.

Typically, we require a minimum account size of \$500,000. However, at our discretion we may waive or reduce these minimums. Additionally, at our discretion we may allow related accounts (i.e. accounts for spouses, minor children, etc.) to be aggregated for purposes of meeting the previously stated minimums or for determining the supervisory or management fee.

We will invoice you directly for the payment of fees or payment of fees will be made by the qualified custodian holding your funds and securities provided you give written authorization permitting the fees to be paid directly from your account(s). We will not have access to your funds for payment of fees

without your consent in writing. Further, the qualified custodian agrees to deliver a monthly or quarterly account statement directly to you showing all disbursements from the account. You are encouraged to review their account statements for accuracy. We will receive a duplicate copy of or will have electronic access to statements delivered to you.

#### *Termination of Portfolio Management and Asset Allocation Fees*

If the disclosure brochure - Part II of the Form ADV - is not delivered to you, at least 48 hours prior to entering into an agreement for services, you may terminate the agreement for services within five business days of execution without penalty. If you have received, the disclosure documents 48 hours in advance, or if the five-day grace period has expired, either party may terminate the agreement upon 30 days written notice to the other. The fee will be pro-rated for the quarter in which the cancellation notice was given. As fees are payable in arrears, refunds are not applicable.

#### *Pension Consulting Services*

We will provide pension consulting and/or investment management services to employee benefit plans, the plan sponsors and fiduciaries (collectively, the "client") based upon the needs of the plan as communicated by the client or, if requested, as determined by us. In general, we will provide fiduciary and non-fiduciary services which may include an existing plan review, formation of the investment policy statement, recommendation or selection of investment options for the plan, asset allocation advice, investment performance monitoring, ongoing consulting, and/or communication and education services where we will assist the client in providing meaningful information regarding the retirement plan to its participants. The specific services to be performed will be detailed in the services agreement with the client. Additionally, we may assist the client in setting up a relationship with a third party administrator and processing enrollment forms. However, we will not be the "plan administrator" as defined in ERISA and shall not have discretion over the administration of the plan or the plan assets. Services involving plan participants will be limited to educational and general, impersonal advice. The scope of these services, the fees, and the terms of the agreement for these services will be negotiated on a case-by-case basis with each client. We may be compensated based on a percentage of the assets in the plan, a fixed fee, an hourly fee, or a combination of fee arrangements based on the complexity of the plan and the agreement with the client. In any case, we will not have access to client funds for payment of fees without written consent by the client. The terms regarding payment of fees, termination, and refund will clearly set forth in the agreement executed between the client and us.

These accounts are regulated under the Employee Retirement Income Securities Act ("ERISA"). We will provide consulting services to the client as described above. If we are providing consulting services limited to recommendations of investment options and selection of investment managers or other service providers, the client must make the ultimate decision as to our recommendations. The client is free to seek independent advice about the appropriateness of any recommended services for the plan.

Plan participants who wish to engage us for individualized planning or management services regarding non-plan assets and the associated fees may do so by executing a separate agreement with us.

If the disclosure brochure - Part II of the Form ADV - is not delivered to the client, at least 48 hours prior to entering into the pension consulting agreement, the client may terminate the agreement for services within five business days of execution without penalty. If the client received the disclosure documents 48 hours in advance, or if the five-day grace period has expired, either party may terminate the pension consulting agreement upon written notice to the other. The plan will incur a pro rata charge for bona fide pension consulting services rendered prior to such termination. If applicable, any pre-paid, unearned fees will be promptly refunded to the client.

## **Types of Investments**

We primarily recommend mutual funds and exchange traded funds (ETFs). However, we offer advice on equity securities, corporate debt securities, certificates of deposit, municipal securities, other investment company securities, and US Government securities. Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

## **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 interest ahead of yours. Under this special rule's provisions, we must:

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

We may 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 manage \$275,849,316 in client assets on a non-discretionary basis and \$3,786,272 in client assets on a discretionary basis.

## **Item 5 Fees and Compensation**

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



## **Additional Fees and Expenses**

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

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Advisory Business* section above, and are not charged based on a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

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

In general, we require a minimum account size of \$500,000 to open and maintain an advisory account. At our discretion, we may waive these minimums. For example, we may waive the minimum, if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

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

No investment strategy or method of analysis can assure that any trade or investment will result in a profit. Furthermore, each client must understand that any trade or investment could result in a loss and that the value of any client portfolio could decline below the original investment.

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

While we primarily recommend mutual funds and exchange traded funds (ETFs), we generally recommend long-term purchases when providing investment advice to you. Long-term purchases are securities purchased with the expectation that the value of those securities will grow over a relatively long period, generally greater than one year. Long-term purchases may be affected by unforeseen long-term changes in the company in which you are invested or in the overall market.

We will not focus on quantitative or qualitative analysis of individual securities. Instead, we will advise you on how to allocate your assets among various classes of securities based on your risk tolerance, income needs, and tax sensitivity. In the case of retirement plan advice, we will focus on mutual fund or ETF selections available to your particular plan.

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO (First In First Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

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

### **Recommendation of Particular Types of Securities**

As disclosed under the "Advisory Business" section in this brochure, we advise on various types of securities. Except in the case of retirement plans restricted to investments in mutual funds and ETFs, we do not necessarily recommend one particular type of security over another, since each client has different needs and different tolerances for risk. Each type of security has its own unique set of associated risks. Risks can vary widely, even within the same type of securities. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it. However, you should be advised of the following risks when investing in securities, including mutual funds and ETFs.

Mutual funds and ETFs are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, ETFs, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e.,

equities) rather than balancing the fund with different types of securities. Additionally, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds charge such fees, which can also reduce returns. Mutual funds can also be "closed end" or "open end." So-called "open end" mutual funds continue to allow in new investors indefinitely, which can dilute other investors' interests. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds.

## **Item 9 Disciplinary Information**

Carpenter, Claydon Advisors, Inc. has been registered and providing investment advisory services since 2007. Neither our firm nor any of our Associated Persons has any reportable disciplinary information.

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

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

1. broker-dealer, municipal securities dealer, or government securities dealer or broker;
2. 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);
3. other investment adviser or financial planner;
4. futures commission merchant, commodity pool operator, or commodity trading adviser;
5. banking or thrift institution;
6. accountant or accounting firm;
7. lawyer or law firm;
8. insurance company or agency;
9. pension consultant;
10. real estate broker or dealer; and/or
11. sponsor or syndicator of limited partnerships.

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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

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

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

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

## **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

### **The custodians and brokers we use**

We do not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15—Custody, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian.

We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. Conflicts of interest associated with this arrangement are described below as well as in Item 14 (Client referrals and other compensation). You should consider these conflicts of interest when selecting your custodian.

We do not open the account for you, although we may assist you in doing so. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see "Your brokerage and custody costs").

For self-directed 401(k) plans, we maintain relationships with several broker-dealers.

### **How we select brokers/custodians**

We seek to recommend a custodian/broker that will hold your assets and execute transactions. When considering whether the terms that Schwab provides are, overall, most advantageous to you when compared with other available providers and their services, we consider a wide range of factors, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds ("ETFs", etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices

- Reputation, financial strength, security, and stability
- Prior service to us and our clients
- Availability of other products and services that benefit us, as discussed below (see "Products and services available to us from Schwab")

### **Your brokerage and trading costs**

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, many mutual funds, and U.S. exchange-listed equities and ETFs) may not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab's Cash Features Program.

We are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. Although we are not required to execute all trade through Schwab, we have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How we select brokers/ custodians"). By using another broker or dealer you may pay lower transaction costs.

### **Products and services available to us from Schwab**

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like ours. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through our firm. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services are generally available at no charge to us. Following is a more detailed description of Schwab's support services:

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

### **Services that may not directly benefit you**

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. These products may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms, and are not considered to be paid for with soft dollars. However, you should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)

- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, record keeping, and client reporting

**Services that generally benefit only us.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting and support

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or pays all or a part of a third party's fees. Schwab also provides us with other benefits, such as occasional business entertainment of our personnel. If you did not maintain your account with Schwab, we would be required to pay for these services from our own resources.

### **Our interest in Schwab's services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. The fact that we receive these benefits from Schwab is an incentive for us to recommend the use of Schwab rather than making such decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that taken in the aggregate, our recommendation of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/custodians") and not Schwab's services that benefit only us.

### **Research and Other Soft Dollar Benefits**

We do not have any soft dollar arrangements

### **Brokerage for Client Referrals**

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

### **Directed Brokerage**

We routinely recommend that you direct our firm to execute transactions through broker/dealer with which we have established a business relationship. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage.

### **Block Trades**

We do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (the practice of combining multiple orders for shares of the same securities is commonly referred to as "block trading"). Accordingly, you may pay different prices for the same securities transactions than other clients pay. Furthermore, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than other clients.



## Item 13 Review of Accounts

### *Portfolio Management & Retainer Clients*

Deborah W. Claydon will monitor client accounts on a continuous basis to ensure the advisory services provided are consistent with your investment needs and objectives.

### *Asset Allocation Accounts*

We will review asset allocation accounts periodically, however we recommend a formal account review with you on an annual basis or more often upon client request. Triggering factors that may stimulate a review include, but are not limited to, significant market corrections, large deposits, or withdrawals from an account or your request for an additional review.

You will receive reports and statements directly from your account custodians at least quarterly.

### *Financial Planning*

Financial planning clients will be provided reviews of, and updates to, their financial plan and the plan's implementation in accordance with the provisions set forth in the signed agreement for services. If you have contracted with us for "one-time-only" financial planning services and you do not implement the financial plan through us, additional consultations, reviews, and/or updates to existing plans may be subject to our then current hourly rate. Triggering factors that would stimulate the review of a financial plan are known changes in your financial situation and upon request.

## Item 14 Client Referrals and Other Compensation

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. We benefit from the products and services provided because the cost of these services would otherwise be borne directly by us, and this creates a conflict. You should consider these conflicts of interest when selecting a custodian. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12—Brokerage Practices).

## Item 15 Custody

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

### **Standing Letter of Authorization**

Our firm, or persons associated with our firm, may effect fund transfers from client accounts to one or more third parties designated, in writing, by the client without obtaining written client consent for each separate, individual transaction as long as the client has provided us with written authorization to do

so. Such written authorization is known as a Standing Letter of Authorization. An adviser with authority to conduct such third party fund transfers has limited custody of the client's assets in any related accounts.

However, we do not have to obtain a surprise annual audit, as we otherwise would be required to by reason of having custody, as long as we meet the following criteria:

1. You provide a written, signed instruction to the qualified custodian that includes the third party's name and address or account number at a custodian;
2. You authorize us in writing to direct transfers to the third party either on a specified schedule or from time to time;
3. Your qualified custodian verifies your authorization (e.g., signature review) and provides a transfer of funds notice to you promptly after each transfer;
4. You can terminate or change the instruction;
5. We have no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party;
6. We maintain records showing that the third party is not a related party to us nor located at the same address as us; and
7. Your qualified custodian sends you, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

We hereby confirm that we meet the above criteria.

## **Item 16 Investment Discretion**

You may grant our firm discretion through execution of our discretionary management agreement, a power of attorney, and/or trading authorization forms with the account custodian. Our discretion is limited to the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

## **Item 17 Voting Client Securities**

### **Proxy Voting**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares applicable securities, you are responsible for exercising your right to vote as a shareholder.

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



## Item 18 Financial Information

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

## Item 19 Requirements for State Registered Investment Advisers

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

## Item 20 Additional Information

### Your Privacy

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

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

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

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

### Trade Errors

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

### Class Action Lawsuits

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

## **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 our firm.

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 higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 72.
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 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.