



# FINANCIAL ARCHITECTS, INC. DBA STRAIGHT PATH WEALTH MANAGEMENT

## Form ADV Part 2 *Brochure Cover Page*

This brochure provides information about the qualifications and business practices of Financial Architects, Inc. and its dba Straight Path Wealth Management (SPWM). If you have any questions about the contents of this brochure, please contact us at: [matthew@straightpathwealth.com](mailto:matthew@straightpathwealth.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.

Straight Path Wealth Management is a Registered Investment Advisor. This does not imply a certain level or skill or training, nor any verification by the SEC. Additional information about Financial Architects, Inc. and Straight Path Wealth Management (SPWM) also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 2: MATERIAL CHANGES**

### **Material Changes since the Last Annual Update**

Item 4: The financial planning section was updated to represent our financial planning process more accurately.

Item 5: Updated fee schedule and financial planning fees to now include project-based fees and retainer fees. The hourly rate was increased to a maximum of \$500 an hour. Estate planning fees were lowered to be in line with current rates.

Item 8: Updated the potential investment vehicles utilized to include:

- Asset Backed Option Strategies: Naked calls may be utilized for a small select group of clients

Item 12 and Item 15: Updated our custodians to remove TD Ameritrade and add Charles Schwab, Altruist, and Lincoln Financial

### **DATE OF LAST ANNUAL UPDATE**

**February 16, 2023**

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## ITEM 4: ADVISORY BUSINESS

### Firm Description

Straight Path Wealth Management ("SPWM") provides comprehensive investment advisory services and financial planning for our clients. Financial Architects Inc. and its dba Straight Path Wealth Management is incorporated in the State of Michigan starting in 2002 and is registered as an independent investment advisory firm starting in 2009. Straight Path Wealth Management is majority owned by Matthew B. Boersen, CFA, CFP® and Victoria Buffum, EA.

### Our Services

#### *Investment Advisory*

We spend roughly 65% of our time providing investment advisory services to our clients. Our client's assets are diversified among various investments consisting primarily of:

- Exchange Traded Funds
- Individual securities with exposure to U.S. and foreign markets
- Mutual funds

Certain of these investments, at times, engage in short selling and the use of security backed option strategies. We actively manage these investments; certain securities may be held for less than 30 days while others may be held for a year or longer. Purchases and sales are executed based on our view of the markets, as developed from our review of publicly available fundamental and technical data, while considering your individual investment objectives. Our clients do not impose restrictions on certain securities or types of securities which may be used for their portfolios.

As of January 2024, we manage \$251,000,000 of client assets on a discretionary basis and \$21,000,000 of client assets on a non-discretionary basis.

### Financial Planning

In some cases, an estimated 50% of the time, our services shall involve the preparation of a financial plan, which, depending upon the client, can range from a targeted to a comprehensive financial plan. As part of this investment advisory service, the advisor may provide advice regarding specific investments, and / or may act in the capacity of a financial manager to a client. The process will involve, in part, the following: a) Understanding the client's personal and financial circumstances, b) Identifying and setting goals, c) Analyzing and evaluating the current status d) Developing recommendations and creating a plan, e) Presenting the plan, f) Implementing the recommendations, and g) Monitoring and updating the plan.

## Estate Planning

We offer Estate Planning services to our ongoing financial planning clients to assist with general information as it applies to reviews of existing plans, gathering information needed to provide outside firms in the creation of documents, and updating existing plans for clients. The fees associated with estate planning services are separate and in addition to your ongoing financial planning or advisory fees and are disclosed in Item 5.

## ITEM 5: FEES AND COMPENSATION

### STRAIGHT PATH | WEALTH MANAGEMENT Fees

Most clients pay an annual percentage fee for Investment Management and Supervisory Services charged in arrears based upon the average daily account balance of the account at the end of the previous billing period. Payment of Investment Management and Supervisory fees are generally made through a debit directly to the client's account by the qualified custodian holding the client's funds and securities. In some cases, the client may pay these fees directly to SPWM. All fees will be clearly disclosed on custodial statements. The client must consent in advance to direct debiting of their investment account(s) for the payment of fees. The fee schedule for our Investment Advisory Services is:

Average Daily Value of Client Account	Annual Fee (%)
\$0-250,000	1.50%
\$250,001-\$1,000,000	1.35%
for assets over \$1,000,000	1.35%

The client's specific billing terms and fees will be stipulated in the Investment Management Client Agreement and may differ from the above schedule. Depending on circumstances, such as a pending transfer of additional funds into the clients account, a client's fees may differ from the schedule above.

## Financial Planning Fees

The Financial Planning Services provided to the client will be charged on an hourly, retainer or project basis, negotiated between the client and the advisor. The fee is invoiced to the client or can be deducted from the client's account with written authorization from the client. The client may elect to terminate the arrangement by giving notice in writing and will be billed for services rendered up to that point. The advisor may charge up to the specified amount: **\$500 per hour**. Fees for Financial Planning Services are typically due

after the Plan and specified Services. Most financial plans are completed within 1 month of the start of the agreement.

## Estate Planning Fees

The fees for estate planning will be determined based on the complexity of the planning services needed. These fees will generally range from **\$750-\$1,000 per estate plan**. The fees may be negotiable in certain cases, will be agreed to at the start of the engagement, and are due at the end of the engagement. Clients are not required to utilize any third-party products or services that we may recommend, and they can receive similar services from other professionals at a similar or lower cost. These costs are primarily intended to cover the costs of the estate drafting by the outside, third-party that is contracted to work with Straight Path Wealth clients. As of January 2024, that is Encore Estate Plans.

## Termination

We may terminate the agreement with you at any time by providing you with written notice. Likewise, you may terminate the agreement at any time by providing us with written notice. If you are billed in arrears for our services, any outstanding amounts owed to us shall become immediately due and payable upon termination. If you rescind your agreement with us within 5 business days of its execution, no fees will be charged. Upon termination, we will have no obligation or take any action about the previously managed account and normal trading fees will apply.

## Other Investment Expenses

We do not receive compensation from mutual fund companies for client funds invested in their mutual funds; however, clients may pay mutual fund expenses associated with these investments. These expenses are deducted directly by the mutual fund companies. Additionally, transaction costs associated with the purchase and sales of securities will be debited from client accounts as they occur (further details regarding brokerage activities can be found in the section titled "Brokerage Practices").

## ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We do not charge performance-based fees or provide side-by-side management of assets.

## **ITEM 7: TYPES OF CLIENTS**

We generally provide investment management and supervisory services to individuals including high-net-worth individuals. In addition, we also advise on corporate retirement plans and for corporate investment accounts.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **METHODS OF ANALYSIS**

We use a combination of academic, fundamental, economic and technical analysis as a basis for our investment decisions.

Academic analysis looks at the strategies and investment philosophies that have excelled consistently over long historical periods. Through research reports, academic journals, industry publications, and in-house research we work to invest in a way that lines up with academic findings and standards.

Fundamental analysis looks at the overall stock market, asset classes and at times individual securities to determine both absolute and relative variations. This information helps develop our portfolios and the allocations to each area of the market.

Economic analysis is the evaluation of data on a worldwide, country, or sector level to determine overall growth projections and identify broad investment opportunities.

Technical analysis uses time and price and information to identify trends and possible behavioral moves in the market.

### **Investment Strategies and Risk of Loss**

We tailor our investment strategies to meet your investment objectives and risk profile; however, it is important for you to understand that losses may occur in individual securities, and substantial loss is possible, but that risk and losses will be considered at the aggregate portfolio level. We will adhere to the investment management style for which we are hired and will make reasonable efforts to control risks, recognizing that assuming risk is necessary to produce long-term results that are sufficient to meet the investment objectives.

We may periodically engage in market timing of equities during periods of increased economic uncertainty or when the market outlook shows a shift among asset classes. This can include day trading of individual stocks or ETF's during periods of volatility or sideways markets. In general, fixed- income/bond positions will be held to maturity,



although, in certain circumstances, bonds may be sold prior to maturity for various reasons (e.g. tender offers, tax-loss selling, before or after downgrade). For stocks or real estate investment trusts we may exit positions at any given time and reduce exposure below the initial target allocation as determined by your risk assessment and investment objectives, or to zero exposure if deemed appropriate. You need to understand that this may mean loss of opportunity in stocks and may result in under-performance of benchmarks with the stock portion of the portfolio. In addition, increased trading activity often results in additional transactions costs which will reduce the overall return in your portfolio.

## Portfolio Strategies

Portfolio strategies are selected based on your risk assessment and investment objectives. The following are common portfolio types:

### **CONSERVATIVE -**

For clients with a short investment time horizon or very low risk tolerance. This portfolio with seek to have minimal volatility and likely concentrate on income creation through bonds and conservative equity holdings. As a tradeoff for the lower volatility, the potential growth in the portfolio may be limited relative to the Moderate and Aggressive portfolio.

### **MODERATE -**

For clients with a medium investment time horizon or a balanced risk tolerance. By combining income producing investments like bonds, with equity holdings for growth, the moderate portfolio seeks to provide a sustainable return, that while still varying from year to year, will have less fluctuation than an aggressive portfolio and more growth than the conservative portfolio.

### **AGGRESSIVE –**

For clients with a long investment time horizon, generally exceeding 8 years, and for those with a high-risk tolerance. This strategy will use primarily equity-based investments to achieve long-term returns and growth. An emphasis will be placed on long-term growth, which will likely result in increased volatility in line with the general markets.

## Investment Vehicles

Investment of assets will generally be limited to investments in:

### **STOCKS/ EQUITIES (COMMON AND PREFERRED):**

Stocks/equities represent a share of ownership in a corporation. Stock returns are based on company's dividends and profits and how investors assess its potential for future profits. Historically, stocks have provided the highest returns over time, but stock prices fluctuate, sometimes dramatically, and investors can sustain substantial losses. There is no protection of principal and dividends can be reduced or eliminated also. Investors typically choose stocks for growth of capital, which can hopefully keep them

ahead of inflation over the long term. There is risk of substantial loss of principal in stocks.

### **EXCHANGE-TRADED FUNDS (ETFs):**

An ETF holds assets such as stocks, commodities, or bonds and trades at approximately the same price as the net asset value of its underlying assets over the course of the trading day. The main advantage of an ETF over individual stocks is that they provide diversification to a portfolio as we seek returns from a specific industry sector, asset class, or market index. Diversification helps limit the concentrated risks associated with individual securities.

The expense ratios of ETFs are generally lower versus active mutual funds and in some cases, even lower than index mutual funds. Also, ETFs often have lower trading costs versus actively managed funds, due to their low portfolio turnover. The ETF cost savings can be significant, especially for long-term investors. Investing in ETFs will usually result in a brokerage commission, but the savings from lower expense ratios can help to offset these transaction costs.

Like a stock, ETFs can be bought and sold during the trading day; thus, the price will fluctuate and may result in a price which exceeds the actual value of the underlying assets. Like a stock, prices fluctuate, sometimes dramatically, and investors can sustain substantial losses. There is no protection of principal.

### **MUTUAL FUNDS:**

A mutual fund is an investment vehicle that is made up of a pool of funds collected from many investors for investing in securities such as stocks, bonds, money market instruments and similar assets. Mutual funds are operated by money managers, who invest the fund's capital and attempt to produce capital gains and income for the fund's investors. A mutual fund's portfolio is structured and maintained to match the Investment objectives stated in its prospectus.

One of the main advantages of mutual funds is that they give small investors access to professionally managed, diversified portfolios of equities, bonds and other securities, which would be quite difficult (if not impossible) to create with a small amount of capital. Each shareholder participates proportionally in the gain or loss of the fund. Mutual fund units, or shares, are issued and can typically be purchased or redeemed as needed at the fund's current net asset value (NAV) per share.

The transaction costs to buy and sell mutual funds are often greater than the costs for individual stocks or ETFs. Most mutual funds are actively managed and usually carry higher expense ratios than an ETF which reduces the overall gain for the fund. Often mutual funds experience capital gains and dividends from the underlying securities which may trigger taxable events for investors. There is no protection of principal and

based on the underlying securities in the fund there may be risk of substantial loss of principal.

### **INDIVIDUAL BONDS:**

Bonds are IOUs issued by governments, agencies and corporations. Interest-rate changes directly affect prices and returns of bonds, but in general, bond prices fluctuate less than stocks. Investors typically choose bonds to receive income and to also diversify stock portfolios. There is risk of substantial loss of principal in bonds.

#### **Credit Quality of Bonds:**

- **HIGH QUALITY:**  
Bonds that have a credit rating of AAA and AA are categorized as high quality.
- **MEDIUM QUALITY:**  
Bonds that have a credit rating of less than AA but greater than or equal to BBB- are considered medium quality.
- **LOW QUALITY:**  
Bonds that have a credit rating of less than BBB- are considered low quality.
- **BOND DURATION:**  
Short-term: 5 years or less
- **IMMEDIATE-TERM:**  
5 to 10 years
- **LONG-TERM:**  
10 years or longer

### **REAL ESTATE INVESTMENT TRUSTS:**

A real estate investment trust is a tax designation for a corporation investing in real estate that reduces or eliminates corporate income taxes. In return, REITs are required to distribute 90% of their income, which may be taxable, into the hands of the investors. There is risk of substantial loss of principal in real estate investment trusts.

### **ASSET BACKED OPTIONS STRATEGIES:**

Options strategies may be utilized in certain accounts primarily to increase income and yield along with reduction of portfolio delta. All of the strategies will be asset backed strategies and have defined risk parameters. Historically options have been employed in a variety of ways. Options can dramatically increase risk and leverage or greatly decrease risk and volatility along with creating income.

### **CASH-EQUIVALENT INVESTMENTS:**

A cash investment is a very short-term IOU issued by a government, corporation, bank, or other financial institution. Using the interest payments from such IOUs, money market mutual funds provide income---most often, less than provided by bonds, while maintaining a stable price of \$1 a share. Investors typically rely on these types of investments to meet liquidity needs (withdrawal needs) and short-term goals. There is risk of loss due to inflation when investing in low- yielding cash-equivalent investments.

## **ITEM 9: DISCIPLINARY INFORMATION**

None of the advisors at Straight Path Wealth Management have had any criminal or civil actions relating to investment advice, or any SEC, regulatory, or self-regulatory proceedings against them.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **Steffen and Associates Inc.**

Steffen and Associates Inc. is a separate insurance agency that was part of a business purchase and is affiliated due to similar ownership. Steffen and Associates Inc. no longer places any insurance policies. It is owned by Matthew Boersen and Victoria Buffum.

### **Straight Path Tax and Accounting Solutions Inc**

Straight Path Tax and Accounting Solutions is an accounting firm of which Matthew Boersen and Victoria Buffum are employed and own. This firm is a separate legal entity and operates separately from Straight Path Wealth Management. It provides tax preparation to individual and small businesses as well as general accounting functions. While clients of both firms are free to use the other firm's service, there is no obligation or expectation to do so. Matthew Boersen and Victoria Buffum jointly own Straight Path Tax and Accounting Solutions Inc.

### **Other Affiliations**

Matthew B. Boersen, an advisor of SPWM, holds a license with the State of Michigan to sell the following insurance products: life, health, disability, variable and fixed annuities, and long-term care.

He sells these products independently from SPWM and is directly paid all commissions on products sold. He spends less than one percent of his time on this activity.

Matthew B. Boersen is a board director at CMA (Christian Mission Aid)

Matthew B. Boersen serves on the Board of Directors for The CFP Board

Other advisors may also be licensed as insurance agents independently of Straight Path Wealth Management. Their licenses are disclosed on their ADV Part 2B.

A potential conflict of interest could arise upon the completion of a financial plan which uncovers the need for an insurance product. Should this need be fulfilled by an advisor acting in the capacity of an insurance agent, a commission would be paid directly to the agent. When an advisor receives commission on a sale outside of Straight Path Wealth, that advisor must disclose the potential conflict to clients. The client is free to implement insurance-related needs with another agent.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION, OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

We will provide a copy of our Code of Ethics to you upon request. The Code of Ethics sets forth standards of conduct expected of advisory personnel and addresses conflicts of interest in the trading by advisory personnel of their accounts.

The Code of Ethics prohibits us and our employees from placing our interests ahead of your interests or in any way taking advantage of our position to the detriment of our clients. Employees' trading is subject to pre-clearance by Financial Architects Inc. and SPWM to avoid any conflicts. A violation of the Code of Ethics by an employee can result in a warning and eventually termination. We often invest our assets in the investments that we recommend to clients; however, we are prohibited from executing such trades in a manner that would conflict with or reduce the value of client trades.

## **ITEM 12: BROKERAGE PRACTICES**

We use Charles Schwab, Altruist, and Betterment Securities as the primary custodians for our client's assets. The majority of our client's securities transactions are brokered through Charles Schwab. Many of the exchange traded funds and mutual funds we use can be bought and sold with no fees or commissions. We feel the current fees are reasonable in relationship to the value of the brokerage, execution and other services provided by Charles Schwab and it is our duty to seek the best execution for client

trades. We do not receive compensation for any trades, commissions, or transaction fees charged by Charles Schwab.

When we make broad purchases or sales of securities across our client's portfolios we will aggregate the trades as a single block trade. This enables us to avoid conflicts of interest or showing favoritism among client accounts.

Charles Schwab gives us access to professional grade research tools such as investment analyst reports, economic and market forecast commentary, portfolio analysis software and investment screeners. These services may be considered "Soft Dollar Benefits" because we do not pay a fee for the use of these services and products; however, these products and services are made available to us because we use Charles Schwab as a custodian and not because of achieving certain trading activities or costs in client accounts.

The benefits we receive from these products and services are used to service all our client's accounts. This may provide us with incentive to recommend Charles Schwab whose trading fees may be higher than those of another discount brokerage firm which does not provide these services or products.

In certain circumstances, we may also use another third-party custodian. Specifically, Nationwide Advisory, Lincoln Financial and Millennium Trust Company will custody certain assets for clients depending on the asset class of the investments.

## **ITEM 13: REVIEW OF ACCOUNTS**

Matthew Boersen or another advisor with Straight Path collectively review all accounts. Daily we monitor the securities in your account considering changing conditions. Annually we conduct an in-depth review of your account and we meet with you, in person if possible, to discuss the direction of your investments in meeting your current and future financial goals. At your request, we are happy to perform semiannual reviews which would follow the same format as our annual review.

Our custodian, Charles Schwab, will provide you with a monthly statement for your account; additionally, we send you a quarterly report which will detail the performance of your account.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

We engage independent solicitors to provide client referrals. If a client is referred to us by a solicitor, this practice is disclosed to the client in writing by the solicitor and we pay the solicitor out of its own funds— specifically, we generally pay the solicitor a portion of the advisory fees earned for managing the capital of the client or investor that was referred. The use of solicitors is strictly regulated under applicable federal and state law. Our policy is to fully comply with the requirements of Rule 206(4)-3, under the Investment Advisers Act of 1940, as amended, and similar state rules, as applicable.

We may receive client referrals from Zoe Financial, Inc through its participation in Zoe Advisor Network (ZAN). Zoe Financial, Inc is independent of and unaffiliated SPWM and there is no employee relationship between them. Zoe Financial established the Zoe Advisor Network as a means of referring individuals and other investors seeking fiduciary personal investment management services or financial planning services to independent investment advisors. Zoe Financial does not supervise SPWM and has no responsibility for SPWM's management of client portfolios or SPWM's other advice or services.

SPWM pays Zoe Financial an on-going fee for each successful client referral. This fee is usually a percentage of the advisory fee that the client pays SPWM ("Solicitation Fee"). We will not charge clients referred through Zoe Advisor Network any fees or costs higher than its standard fee schedule offered to its clients. For information regarding additional or other fees paid directly or indirectly to Zoe Financial Inc, please refer to the Zoe Financial Disclosure and Acknowledgement Form.

## **ITEM 15: CUSTODY**

Our policy requires that we do not accept custody of client funds. All checks are to be made out to our custodian, Charles Schwab or the respective custodian, and all funds are to be mailed directly to them.

As mentioned in the section "Review of Accounts" you will receive an account statement monthly from Charles Schwab and a quarterly account statement from us. We urge you to compare both statements for accuracy and report to us any discrepancies.

## **ITEM 16: INVESTMENT DISCRETION**

SPWM has discretionary authority to make all trades for its clients, and at its discretion selects the investments and the amounts to be invested considering client objectives. We do not intend to use leverage in accounts, unless specifically instructed to do so by the client. However, sometimes the mutual funds or ETF's which are held in your account may use leverage as described in their individual prospectus.

Once your investment factors are established, you will open a discretionary asset management account with Charles Schwab or another custodian, through which we will



monitor and purchase and/or sell securities on a discretionary basis. The application for this account will execute a limited power of attorney which will grant us limited authority over your account. We will be limited to making purchases and sales within the account.

In some limited cases, such as with 401(k) plans for which we serve as a 3(21) fiduciary SPWM does not hold discretionary control.

## **ITEM 17: VOTING CLIENT SECURITIES**

We do not have authority to vote client securities. You will receive voting proxies or other solicitations directly from Charles Schwab or the respective custodian. Should you have questions about a solicitation you may contact us directly through the contact information contained on the front of this brochure.

## **ITEM 18: FINANCIAL INFORMATION**

Our financial condition does not impair our ability to meet contractual commitments to clients.



# STRAIGHT PATH

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## WEALTH MANAGEMENT

**STRAIGHT PATH WEALTH MANAGEMENT**

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**STRAIGHT PATH WEALTH MANAGEMENT**

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