

# Lake Tahoe Wealth Management, Inc.



## LAKE TAHOE WEALTH MANAGEMENT

### Form ADV Part 2A - Disclosure Brochure

**Effective: March 19, 2024**

This Brochure provides information about the qualifications and business practices of Lake Tahoe Wealth Management, Inc. ("Lake Tahoe Wealth Management"). If you have any questions about the contents of this Brochure, please contact us at 1-855-515-5896 (LTWM), Option 1.

Lake Tahoe Wealth Management is a registered investment advisor registered with the United States Securities and Exchange Commission. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an Investment Advisor does not imply any specific level of skill or training. The oral and written communications of an Advisor provide you with information about which you determine to hire or retain an Advisor. Additional information about Lake Tahoe Wealth Management and its advisory persons are available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov) by searching our firm name or our CRD# 166173.

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## 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 March 31, 2023, we have the following material changes to report.

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## Item 4 Advisory Business

### A. Firm Information

Lake Tahoe Wealth Management, Inc. ("Lake Tahoe Wealth Management") provides holistic financial planning and investment management services to individuals, families, businesses, trusts, and retirement plans. Lake Tahoe Wealth Management is a Registered Investment Advisor with the United States Securities and Exchange Commission (SEC). Lake Tahoe Wealth Management is a domestic corporation formed under the laws of the State of Nevada that conducts business in the State of Nevada and other states. Lake Tahoe Wealth Management is owned by Debbie S. Grose and Timothy Sallade. Debbie S. Grose is Chief Executive Officer and Timothy Sallade is the Chief Investment Officer of our firm.

### B. Advisory Services Offered

#### Wealth Management Advisory Services

Lake Tahoe Wealth Management is a wealth management firm that offers integrated financial planning and investment management services. Lake Tahoe Wealth Management has developed a client service model that includes discovery, solution creation, implementation, and monitoring components. Upon entering into an advisory agreement, Lake Tahoe Wealth Management will begin the process with client discovery. Lake Tahoe Wealth Management seeks to learn about a Client's goals and objectives, values and beliefs, family dynamics, risk tolerance, risk perception, risk capacity, and as much additional financial and non-financial information as possible in order to develop a financial plan and portfolio strategy that is tailored to help the client meet their life goals. Wealth Management services include Financial Planning and Investment/Portfolio Management Services.

#### Financial Planning Services

Financial planning is a process, not an event, and that process unfolds over the course of the client relationship. Services may include a review of a Client's net worth (assets and liabilities), objectives, risk tolerance, risk capacity, cash flow and expenses. Numerous analyses may be provided such as income tax analysis, retirement planning and probability analysis, employee and fringe benefit analysis, education funding, estate planning review, and risk management analysis. Our service begins with a formal discovery process designed to help facilitate our understanding of the Client's current financial and subjective information. Lake Tahoe Wealth Management assesses the Client's goals, objectives, time horizon, and other factors to compare where the Client is today in relation to the attainment of their stated goals. A series of analyses, policies, and recommendations are developed to facilitate the attainment of the Client's desired life vision, based on what is truly important to the Client. After Discovery, analyses that make up a written Comprehensive Financial Plan are prepared to assess the Client's situation, along with various alternatives for consideration. The Client will receive education about the alternative options in order to help them make informed choices about their future. Once the Client has chosen their path, we assist with the implementation of the recommendations that are accepted and agreed to by the Client. After implementation, we move into monitoring and updating the plan as necessary.

#### Asset Management Services

Lake Tahoe Wealth Management provides continuous, active management of Client investment portfolios. Based on the information provided by the client and our observations from the Discovery Process, Lake Tahoe Wealth Management will provide the Client with an Investment Policy Statement ("IPS") that summarizes the Client's portfolio targets and objectives. Working within these agreed upon

investment policies, Lake Tahoe Wealth Management will implement this target portfolio using specific securities as Lake Tahoe Wealth Management deems appropriate at the time. Adherence to this target portfolio will be monitored on an ongoing and regular basis for rebalancing needs. The overall investment policies, capital market assumptions, and target portfolios will be reviewed periodically by the Investment Committee. If the account under Lake Tahoe Wealth Management is a non-discretionary account, the client must place the recommended trades. This is often the case with Client employer-sponsored retirement plans, 529 plans, variable annuities, etc.

#### Employer-Sponsored Qualified and Non-Qualified Retirement Plan Services

Lake Tahoe Wealth Management will work with business owners to develop, design, and implement a retirement plan for their employees. Lake Tahoe Wealth Management provides objective advice to plan sponsors and senior management regarding issues involving plan options, wealth accumulation strategies for employees, and participant education. Lake Tahoe Wealth Management will provide fiduciary asset management services to retirement plans.

#### Foundation and Endowment Fiduciary Services

Lake Tahoe Wealth Management will provide fiduciary asset management services to Foundations and Endowments. Lake Tahoe Wealth Management will work with the Directors and Boards of Foundations and Endowments to identify goals that integrate the relationship between endowment policy and the investment policies. Investment policies will be developed to incorporate appropriate asset allocation, including ascertaining risk tolerance, defining a time horizon, identifying appropriate asset classes and rebalancing guidelines, and assisting in defining the duties of all involved parties.

In performing any of our services, Lake Tahoe Wealth Management trusts that the Client will provide accurate and timely information. Lake Tahoe Wealth Management will not be obligated to verify any information received from the Client or from the Client's other professionals for purposes of implementing the strategy. The Client is under no obligation to engage the services of any such recommended professional. Clients are free to accept or reject any recommendation from Lake Tahoe Wealth Management. Clients are advised that it remains their responsibility to promptly notify Lake Tahoe Wealth Management if there is ever any change in their financial situation during the ongoing financial planning process, including any change to investment objectives, risk tolerance, investment time horizon, and any investment policies, guidelines or reasonable restrictions. Non-discretionary accounts, individual securities, and portfolio restrictions are only allowed with express approval from the Chief Executive Officer, Chief Investment Officer, and Chief Compliance Officer.

#### Test Drive Educational Sessions

We charge a flat fee in advance for our educational, virtual session. The fee will vary based the topic chosen, content provided, and length of the educational session. The fee will be refunded if you cancel at least 48 hours in advance. Payments may be made via Stripe or PayPal.

With each of these standalone TestDrive sessions you get a personalized assessment of your current situation for the selected area (portfolio, tax, or retirement readiness) and a 45-minute call with one of our experienced CFP® practitioners. During the call, your specific situation will be reviewed, key planning considerations will be discussed, and your questions will be answered\* (within the scope of the service and selected area). Please note, these services are educational in nature and no advice will be given. Rather the focus is on financial literacy and experiencing our service and expertise.

## 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 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 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.

### **C. Client Account Management**

Prior to engaging Lake Tahoe Wealth Management to provide investment advisory services, the Client is required to enter into an investment management agreement with Lake Tahoe Wealth Management setting forth the terms and conditions of the engagement and the services to be provided. Lake Tahoe Wealth Management will work with each Client to determine and understand their unique circumstances, including their financial objectives, risk tolerance, time horizon, liquidity needs, and tax situation.

Lake Tahoe Wealth Management will then formulate a long-term asset allocation strategy that specifies the percentage of assets to be invested between equity, fixed-income securities and money market funds. This strategy will be outlined in a mutually agreed upon and suitable written Investment Policy Statement that reflects the Client's circumstances and guides us in designing an investment strategy for each Client. With these strategic guidelines in place Lake Tahoe Wealth Management will construct a portfolio utilizing mutual funds and/or exchange-traded funds (ETFs). Although Lake Tahoe Wealth Management prefers to achieve broad diversification in a given asset class through the use of mutual funds and ETFs, some clients may hold individual securities, such as stocks or bonds in their portfolio. Lake Tahoe Wealth Management will not hold derivatives or futures contracts in client portfolios. Portfolio management is provided on discretionary basis unless otherwise noted and a non-discretionary investment management agreement is executed. Lake Tahoe Wealth Management will use the services of a discount broker-dealer to provide account custodial services and to effect trades. All portfolios are actively rebalanced as necessary upon Lake Tahoe Wealth Management review. More or less frequent rebalancing (and, consequently, trading) may be required depending upon macroeconomic, market, or asset class/sector factors.

If Lake Tahoe Wealth Management does not have discretionary authority over an account, it will be the client's responsibility to place trades. Lake Tahoe Wealth Management will proactively perform analysis and recommend trades to clients who provide Lake Tahoe Wealth Management with the account data, either using account aggregation software (read-only) or paper statements. Lake Tahoe Wealth Management prefers the use of account aggregation software in order to retrieve daily position and account balance information. Under no circumstance will Lake Tahoe Wealth Management take "custody" of client accounts. Lake Tahoe Wealth Management will not at any time ask clients for their user names, passwords, or gain access to non-discretionary accounts. Typical Client accounts that fall into this category are: employer-sponsored retirement accounts, 529 Plans, variable life insurance policies, and variable annuities. Lake Tahoe Wealth Management provides this service in order to ensure its advice to clients is reflective of their entire financial circumstances.

Please see Item 12 for details regarding our Brokerage Practices.

#### **D. Wrap Fee Programs**

Lake Tahoe Wealth Management does not manage any proprietary wrap fee programs.

#### **E. Assets Under Management**

As of January 30, 2024, Lake Tahoe Wealth Management manages the following assets:

Discretionary Assets	\$168,242,212
Non-Discretionary Assets	\$23,337,297
Total	\$191,579,509

### **Item 5 Fees and Compensation**

The following paragraphs detail the fee structure and compensation methodology for our services. Each Client shall sign an Advisory Agreement that details the responsibilities of Lake Tahoe Wealth Management and the Client.

#### **A. Fees for Financial Planning and Investment Advisory Services**

Financial Planning and Investment Advisory Fees - Lake Tahoe Wealth Management generally charges a single fee for its financial planning and investment advisory services. Those engaging the firm for asset management services only, for any reason, will pay the same fee. Typically, fees are a fixed percentage of the assets under management (discretionary and non-discretionary). Client fees will generally adhere to the following table:

<b>Assets</b>	<b>Annual Fee</b>
\$0 - \$2,500,000	1.00%
\$2,500,000-\$5,000,000	0.75%
\$5,000,000 - \$10,000,000	0.50%
\$10,000,000 and above	0.25%

Lake Tahoe Wealth Management has a minimum fee of \$175 per month (\$2,100 per year) but has no minimum relationship or size requirements. In some instances, Lake Tahoe Wealth Management may deem it necessary, at the start of a client relationship to perform a comprehensive analysis of the client's financial situation. We will charge a Project Based Fee for this analysis. The fee will be negotiated with the client based on factors such as but not limited to: complexity of the Client's situation, scope of the engagement, meetings with other professionals, travel expenses, reports and preparation of documents, research, account transfers and administrative tasks. The minimum fee and or the setup fee can be waived at the CEO's sole discretion. The maximum fee is \$100,000 per year. Please refer to your agreement for additional information regarding your fees and payment options.

Lake Tahoe Wealth Management also provides standalone financial planning services for a fixed fee, the fee may range from \$1,500 annually (billed quarterly) and \$100,000 per year (billed quarterly). This service is not ongoing. The minimum fee can be waived at the CEO's discretion.

For discretionary accounts, the fee is calculated and disclosed in detail on an invoice that is provided to the Custodian and the Client. The fee is deducted directly from the client's account with the Custodian, if the Client has provided written authority to do so.

For non-discretionary accounts, discretionary accounts where billing authority is not granted, and financial planning only engagements, the fee is calculated and disclosed in detail on an invoice that is provided to the Client. The Client can choose to have their fee deducted from a Lake Tahoe Wealth Management managed discretionary account, the Client can pay their fee by fund transfer from a bank account to Lake Tahoe Wealth Management (implemented by the Client), or by a check written to Lake Tahoe Wealth Management, Inc.. The fee is due at the time of invoice or notice.

## **B. Employer-Sponsored Qualified & Non-Qualified Retirement Plan Services**

Employer-Sponsored Qualified & Non-Qualified Retirement Plan Services Advisory Fees –Typically, fees are a fixed percentage of the assets under management (discretionary and non-discretionary). Client fees will generally adhere to the following table:

<b>Assets</b>	<b>Annual Fee</b>
\$0 -\$2,500,000	0.50%
\$2,500,000-\$5,000,000	0.375%
\$5,000,000 - \$10,000,000	0.25%
\$10,000,000 and above	0.125%

Lake Tahoe Wealth Management has a minimum fee of \$175 per month (\$2,100 per year), but has no minimum relationship or size requirements. This minimum fee can be waived at the CEO's sole discretion. The maximum fee is \$100,000 per year.

For discretionary accounts, the fee is calculated and disclosed in detail on an invoice that is provided to the Custodian and the Client. If the fee is deducted directly from the client's account with the Custodian, the Client has provided written authority to do so.

## **C. Fixed Fees for Financial Planning, Business Succession Planning, and Tax Planning**

At the discretion of Lake Tahoe Wealth Management's CEO, a client may be engaged on a fixed fee basis.



**Hourly Based Fee** - The specific manner in which financial planning, succession planning, and tax planning is established in the Client's written agreement with us. Case-by-case retainer fees are negotiated to respond to the volume and complexity of ongoing work based on hourly billing rates and the expected time our staff will spend on the work being performed. At no time will the retainer exceed \$1,200, and we will not collect advance fees for services to be performed six months or more in advance. Hourly fees range from \$100 to \$300 per hour depending on the staffing requirements and details of the engagement. Our fees are due and payable upon the Client's receipt of our invoice. Upon termination of the Client Service Agreement, any unused retainer credit is refunded based on either the passage of time or utilization of hours, depending on the terms of the engagement.

**Project Based Fee** - In certain circumstances, Lake Tahoe Wealth Management may charge a flat fee based on a project. Prior to engaging Lake Tahoe Wealth Management on a project-fee basis, Lake Tahoe Wealth Management will provide an estimate of hours necessary to complete a project to the Client. At no time will the retainer exceed \$1,200, and we will not collect advance fees for services to be performed six months or more in advance. During the engagement, if Lake Tahoe Wealth Management discovers that the scope of the engagement needs to change based on information that was not known prior to the first Engagement Letter, work on the current engagement will cease. A new Engagement Letter outlining the updated scope of the engagement will be agreed upon by Lake Tahoe Wealth Management and the Client prior to continuing with the project.

We require that you pay 50% of the fee in advance and the remaining portion upon the completion of the services rendered. Fees may be negotiable at the sole discretion of Lake Tahoe Wealth Management's CEO. Please refer to your agreement for additional information regarding your fees and payment options.

#### **D. Test Drive Educational Sessions**

Lake Tahoe Wealth Management charges a flat fee, in advance, at the time you sign-up for the session. Payments will be made via credit card. Fees are as follows:

- \$295 – Portfolio Review

  - Allocation, Factor & Sector Exposure, Attribution Analysis, Risk Return Analysis, Expense Ratio. Requires upload of account statements.
- \$295 – Income Tax planning – Accumulation or Retirement Income Planning

  - Key Figures: marginal tax bracket, capital gains tax bracket, effective tax bracket, safe harbor amount, credit and deduction planning opportunities, Medicare B/D premiums information. Requires upload of prior year tax return.
- \$495 - Retirement Readiness

  - A big picture assessment of your retirement readiness. Requires information input about your retirement assets, income sources, and liabilities.

#### **E. Other Fees and Expenses**

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses charged by others and which are paid by the Client. The Client may incur certain charges imposed by custodians, brokers, third party investments, and other third party activities such as fees charged by managers or custodians, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities

transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in each fund's prospectus. Such charges, fees, and commissions are exclusive of and in addition to our fees, and we do not receive any portion of these commissions, fees, and costs.

Clients will receive independent statements from the Custodian no less frequently than quarterly. It is the responsibility of the client to verify the accuracy of these fees as listed on the Custodian's brokerage statement as the Custodian does not assume this responsibility.

All securities held in a portfolio managed by Lake Tahoe Wealth Management will be independently valued by the Custodian. Lake Tahoe Wealth Management will not have the authority or responsibility to value portfolio securities.

Lower fees for comparable services may be available from other sources.

#### **F. Advance Payment of Fees and Termination**

**Advance Fees** - As noted, above, Lake Tahoe Wealth Management is compensated for its services in advance of each quarter for investment management services to be provided. Clients may request to terminate their Advisory Agreement with Lake Tahoe Wealth Management, in whole or in part, by providing advance written notice Lake Tahoe Wealth Management. The Client shall be responsible for investment advisory fees up to and including the effective date of termination. Lake Tahoe Wealth Management will refund any unearned, prepaid fees, based on the number of days remaining in the quarter from the day following the effective date of termination. In cases where Lake Tahoe Wealth Management has charged a project fee, the refund will equal the total fee less the total fee times number of hours logged into the project (in 15 minute increments) divided into the number of hours Lake Tahoe Wealth Management estimated as necessary to complete the project; as outlined in the Fixed Price Agreement.

**Termination** - Clients may request to terminate their Advisory Agreement with Lake Tahoe Wealth Management, in whole or in part, by providing advance written notice to Lake Tahoe Wealth Management. The Client shall be responsible for investment advisory fees up to and including the effective date of termination. Lake Tahoe Wealth Management will refund any unearned, prepaid fees, if any. The Client's Advisory Agreement with Lake Tahoe Wealth Management is non-transferable without Client's written approval. Clients may terminate the Advisory Agreement without penalty (full refund or no fees due) within 5 business days of signing the Agreement.

#### **G. Compensation for Sales of Securities**

Lake Tahoe Wealth Management does not receive commissions or any compensation for transactions in any Client account. As a fee-only advisor, Lake Tahoe Wealth Management is paid only on the advice and investment management provided to Clients based on the assets under management in the Client's account(s), financial planning fees, and business succession planning fees.

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

**Performance-based Fees** - Lake Tahoe Wealth Management does not charge performance-based fees for its investment advisory services. The fees charged by Lake Tahoe Wealth Management are described in Item 5 - Fees and Compensation and are not based upon the capital appreciation of the funds or securities held by any Client.

Side-by-side Management - Lake Tahoe Wealth Management does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options for its Clients.

## **Item 7 Types of Clients**

Lake Tahoe Wealth Management may provide services to a variety of client types. Clients may include:

- Individuals, Personal and Family Trusts, and Estates - Private investors, investing personal and family assets.
- Pension and Profit Sharing Plans - Generally organized as a trust, investing the pooled assets of plan participants. These plans can also be managed with individual separate accounts for each employee within the plan.
- Foundations and Endowments - Non-profit organizations that manage a pool of assets, and distribute funds according to a mandate or mission.
- Charitable Organizations - Non-profit organizations organized for a charitable purpose.
- Businesses and Corporations - Taxable entities organized for a specific business purpose, investing cash reserves.

The relative percentage each client type currently represents is available on Lake Tahoe Wealth Management Form ADV Part 1. The actual mix of types of Clients changes over time based upon market conditions, business plans and other factors. Lake Tahoe Wealth Management is committed to providing services to those who need help, regardless of legal or corporate status. Lake Tahoe Wealth Management does not have any requirements regarding opening or maintaining investment management accounts to become a client, such as minimum account size. There is a minimum monthly fee of \$175 per month, or \$2,100 per year for Financial Planning and Investment Advisory Services, and Employer-Sponsored Qualified & Non-Qualified Retirement Plan Services. Lake Tahoe Wealth Management's CEO reserves the right to waive the minimum fee in cases where warranted.

Lake Tahoe Wealth Management provides customized services to meet the unique needs of each Client. Additional details are contained in Item 4 - Advisory Services.

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

### **A. Methods of Analysis and Investment Strategies**

Lake Tahoe Wealth Management's approach to developing and managing investment portfolios is predicated upon certain fundamental assumptions with regard to the factors that most influence investment success. Among these factors are: asset allocation, value criteria, size criteria, company profitability, and fees and expenses. Lake Tahoe Wealth Management designs its portfolios to harness these factors and implements its strategy using Exchange Traded Funds and Mutual Funds.

Where Lake Tahoe Wealth Management invests its Client's assets with mutual funds and exchange traded funds, it selects fund managers who pursue investment approaches that are focused and are diversified among multiple asset classes, regions, industry sectors, and securities. In selecting mutual funds and exchange traded funds, Lake Tahoe Wealth Management considers both quantitative and qualitative factors including:

- The clarity of, and adherence to, viable investment policies,
- Relative return, risk, and correlation during various time periods and market cycles to the appropriate benchmark,
- Industry reputation,
- Experience and training of staff investment professionals,
- Risk management process,
- Portfolio management capabilities,
- Fee structure,
- Portfolio Turnover
- Any other factor deemed appropriate by Lake Tahoe Wealth Management's Investment Committee.

Lake Tahoe Wealth Management may use various databases of information in order to facilitate the due diligence process on each investment manager utilized by Lake Tahoe Wealth Management.

## **B. Investment Strategies**

Lake Tahoe Wealth Management structures strategically designed portfolios using the principles of Modern Portfolio Theory ("MPT"). MPT is an investment methodology that suggests that investors may benefit from having a portfolio of holdings invested in a variety of asset classes. To the extent that these asset classes are non-correlated, the portfolio will experience investment returns with reduced risk. Lake Tahoe Wealth Management uses balanced, diversified portfolios to reduce risk. The construction of Client investment portfolios is based on the premise that asset allocation models can be developed using historical performance data and academically tested assumptions about the future. This information can be used to optimize the risk-adjusted expected rate of return of a given portfolio. Lake Tahoe Wealth Management offers a selection of modeled portfolios that offer a range of equity and fixed income exposure levels.

All investment strategies come with risks. The risks of Modern Portfolio Theory and the investments that Lake Tahoe Wealth Management recommends are listed in detail in the next section.

Lake Tahoe Wealth Management's investment strategies do not involve frequent trading of securities.

## **C. Risk of Loss**

General Investment Risks - Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. Lake Tahoe Wealth Management will assist Clients in determining an appropriate strategy based on their tolerance and capacity for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

### **PRINCIPAL RISKS:**

Market Risk: Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities to rise or fall. Because the value of investments in a portfolio will fluctuate, there is a risk that you will lose money. The price of any security or the value of an entire asset class can decline for a variety of reasons outside of Lake Tahoe Wealth Management's control; including, but not limited to, changes in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, interest rates, regulatory changes, and domestic or foreign political, demographic, or social events. If a Client has a high allocation in a particular asset class it may negatively affect overall performance to the extent that

the asset class underperforms relative to other asset classes. Conversely, a low allocation to a particular asset class that outperforms other asset classes in a particular period will cause that portfolio to underperform relative to the outperforming asset class.

**Advisory Risk:** There is no guarantee that Lake Tahoe Wealth Management's judgment or investment decisions about particular securities or asset classes will necessarily produce the intended results. Lake Tahoe Wealth Management's judgment may prove to be incorrect, and a Client might not achieve his or her investment objectives. Lake Tahoe Wealth Management may also make future changes to the investing algorithms and advisory services that it provides. In addition it is possible that Clients or Lake Tahoe Wealth Management itself may experience computer equipment failure, loss of internet access, viruses, Trojan horses, or other events that may impair access to Lake Tahoe Wealth Management's software based advisory services.

**Volatility and Correlation Risk:** Clients should be aware that Lake Tahoe Wealth Management's asset selection process is based in part on a careful evaluation of past price performance and volatility in order to evaluate future probabilities. However, it is possible that different or unrelated asset classes may exhibit similar price changes in similar directions which may adversely affect a Client, and may become more acute in times of market upheaval or high volatility. **Past performance is no guarantee of future results, and any historical returns, expected returns, or probability projections may not reflect actual future performance.**

**Foreign Securities and Currencies Risk:** Foreign securities prices may decline or fluctuate because of: (a) economic or political actions of foreign governments, and/or (b) less regulated or liquid securities markets. Investors holding these securities may also be exposed to foreign currency risk (the possibility that foreign currency will fluctuate in value against the U.S. dollar or that a foreign government will convert, or be forced to convert, its currency to another currency, changing its value against the U.S. dollar).

**Foreign Government Debt Risk:** The risk that: (a) the governmental entity that controls the repayment of government debt may not be willing or able to repay the principal and/or to pay the interest when it becomes due, due to factors such as political considerations, the relative size of the governmental entity's debt position in relation to the economy, cash flow problems, insufficient foreign currency reserves, the failure to put in place economic reforms required by the International Monetary Fund or other multilateral agencies, and/or other national economic factors; (b) governments may default on their debt securities, which may require holders of such securities to participate in debt rescheduling; and (c) there is no legal or bankruptcy process by which defaulted government debt may be collected in whole or in part.

**Margin Transactions Risk:** a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan. 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.

**Securities Lending Risk:** Securities lending involves the risk that the borrower may fail to return the securities in a timely manner or at all. Mutual funds that we purchase may employ this strategy, and may lose money and there may be a delay in recovering the loaned securities. These funds could also lose money if it does not recover the securities and/or the value of the collateral falls, including the value of investments made with cash collateral. Securities lending also may have certain adverse tax consequences.

**Interest Rate Risk:** Fixed income securities are subject to interest rate risk because the prices of fixed income securities tend to move in the opposite direction of interest rates. When interest rates rise, fixed income security prices fall. When interest rates fall, fixed income security prices rise. In general, fixed income securities with longer maturities are more sensitive to these price changes.

**Credit Risk:** Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value, and thus, impact the portfolio's performance. Credit risk is greater for fixed income securities with ratings below investment grade (BB or below by Standard & Poor's Rating Group or Ba or below by Moody's Investors Service, Inc.). Fixed income securities that are below investment grade involve high credit risk and are considered speculative.

**Income Risk:** Income risk is the risk that falling interest rates will cause the portfolio's income to decline.

**Call Risk:** Call risk is the risk that during periods of falling interest rates, a bond issuer will call or repay a higher-yielding bond before its maturity date, forcing the Portfolio to reinvest in bonds with lower interest rates than the original obligations.

**Legislative and Tax Risk:** Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes to investment advisor or securities regulation; change in the U.S. government's guarantee of ultimate payment of principal and interest on certain government securities; and changes in the tax code that could affect interest income, income characterization, and/or tax reporting obligations (particularly for ETF securities dealing in natural resources).

**ETF Risks, including Net Asset Valuations and Tracking Error:** ETF performance may not exactly match the performance of the index or market benchmark that the ETF is designed to track because 1) the ETF will incur expenses and transaction costs not incurred by any applicable index or market benchmark; 2) certain securities comprising the index or market benchmark tracked by the ETF may, from time to time, temporarily be unavailable; and 3) supply and demand in the market for either the ETF and/or the securities held by the ETF may cause the ETF shares to trade at a premium or discount relative to the actual net asset value of the securities owned by the ETF. Certain ETF strategies from time to time may include the purchase of fixed income, commodities, foreign securities, American Depositary Receipts, and other securities for which expenses and commission rates could be higher than normally charged for ETFs, and for which market quotation or valuation may be limited or inaccurate.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's risk tolerance and capacity. ***Lake Tahoe Wealth Management shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform Lake Tahoe Wealth Management of any changes in financial condition, goals or other factors that may affect this analysis.***

A focus on long-term results could cause us to ignore or be less concerned with near-term economic or market events.



Investing in stocks, bonds, and other securities inherently involves a certain level of risk. No matter how well designed a portfolio is, it contains some potential for losing value. We therefore employ certain techniques in assisting you to manage that risk, such as:

- Investing in a variety of asset classes which react differently to the irregular, unpredictable up and down movements in the economy, both in the U.S. and internationally.
- Allocating assets across asset classes which react differently to the business cycle (an ongoing cycle of growth, decline, recession, and recovery in the economic activity of a particular economy), rather than relying completely on statistical measures of risk (like correlation).
- Constantly monitoring and attempting to reduce fees and expenses.

## **Item 9 Disciplinary Information**

Lake Tahoe Wealth Management and its advisory personnel value the trust that our Clients place in us. As we advise all Clients and prospective Clients to perform the requisite due diligence on any advisor or service provider with whom they partner. Background information is available on the Investment Advisor Public Disclosure website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

To review the firm information for Lake Tahoe Wealth Management, click Investment Advisor Search in the left navigation menu and enter, select the option for Investment Advisor Firm and enter 166173 (our firm's CRD number) in the field labeled.

"Firm IARD/CRD Number": This will provide access to Form ADV Parts 1 and 2. Item 11 of the ADV Part 1 lists legal and disciplinary questions.

There are no legal, regulatory or disciplinary events involving Lake Tahoe Wealth Management or any of its employees.

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

Lake Tahoe Wealth Management allocates a significant portion of our larger client accounts to Dimensional Fund Advisors (DFA) mutual funds. A potential conflict of interest exists because DFA provides Lake Tahoe Wealth Management with software and research. Lake Tahoe Wealth Management addresses this conflict of interest by holding all mutual funds and exchange traded funds we evaluate for inclusion in Client portfolios to the standards outlined in Item 8A on page 12. Access to software and research are not criteria for Mutual Fund or Exchange Traded Fund inclusion in our investment universe. However, Lake Tahoe Wealth Management will take advantage of any resource made available to us in order to fulfill our duty to Clients.

Lake Tahoe Wealth Management does 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. futures commission merchant, commodity pool operator, or commodity trading advisor.
4. banking or thrift institution.
5. accountant or accounting firm.
6. lawyer or law firm.
7. insurance company or agency.
8. pension consultant.

9. real estate broker or dealer.
10. sponsor or syndicator of limited partnerships.

Lake Tahoe Wealth Management nor any management person is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Lake Tahoe Wealth Management nor any management person is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

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

### **A. Code of Ethics**

Lake Tahoe Wealth Management has implemented a Code of Ethics that defines our fiduciary commitment to each Client. This Code of Ethics applies to all persons associated with Lake Tahoe Wealth Management. The Code of Ethics was developed to provide general ethical guidelines and specific instructions regarding our duties to our Clients. Lake Tahoe Wealth Management and its personnel owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of Lake Tahoe Wealth Management associates to adhere not only to the specific provisions of the Code but to the general principles that guide the Code. The Code of Ethics covers a range of topics that may include; general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code of Ethics, review and enforcement processes, amendments to Form ADV and supervisory procedures.

Lake Tahoe Wealth Management has written its Code of Ethics to meet and exceed regulatory standards. To request a copy of our Code of Ethics, please contact us at (855) 515-5896.

### **B. Recommendation of Securities Where Lake Tahoe Wealth Management, Inc. or related persons have a material financial interest**

Lake Tahoe Wealth Management does not recommend any security where Lake Tahoe Wealth Management, Inc. or related persons have a material financial interest.

### **C. Personal Trading and Conflicts of Interest**

Lake Tahoe Wealth Management allows our employees to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities we recommend (purchase or sell) to our Clients presents a potential conflict of interest that, as fiduciaries, we must disclose to our Clients and mitigate through policies and procedures. As an investor in the same securities as our Clients, Lake Tahoe Wealth Management's employees have an incentive to favor their own accounts. As noted above, we have adopted, consistent with Section 204A of the Investment Advisers Act of 1940, a Code of Ethics, which addresses insider trading (material non-public information controls) and personal securities reporting procedures. We have also adopted written policies and procedures to detect the misuse of material, non-public information. We may have an interest or position in certain securities, which may also be recommended to you. **At no time, will Lake Tahoe Wealth Management or any associated person of Lake Tahoe Wealth Management, transact in any security to the detriment of any Client.**



## D. Personal Trading While Trading For Clients

Lake Tahoe Wealth Management does allow our employees to engage in personal trading while trading for Clients, specifically the mutual funds and ETFs we recommend to Clients. Transactions in these securities have been pre-approved for trading by Lake Tahoe Wealth Management's Chief Compliance Officer based on the securities' liquidity profile and structural characteristics. Supervised Persons are only allowed to purchase the mutual funds and exchange traded funds that we recommend to Clients. This helps Supervised Persons avoid the potential for "front running" a stock trade or triggering an insider trading violation. Lake Tahoe Wealth Management monitors the securities transactions of all Supervised Persons and investigates any unusual patterns that it detects. Lake Tahoe Wealth Management also requires that all Supervised Persons report any violations of our Code of Ethics and/or our Policies and Procedures promptly to Lake Tahoe Wealth Management's Chief Compliance Officer.

Lake Tahoe Wealth Management is a **Fee-Only** advisor, who, in all circumstances, is compensated solely by the Client, with neither the advisor nor any related party receiving compensation that is contingent on the purchase or sale of any financial product. Lake Tahoe Wealth Management does not engage in any transactions where it has a financial interest, including, but not limited to commissionable securities transactions, buying securities from or selling securities to its Clients.

## Item 12 Brokerage Practices

### A. Recommendation of Custodian(s)

Lake Tahoe Wealth Management does not have discretionary authority to select the broker-dealer/custodian for custodial and execution services. The Client will select the broker-dealer or custodian (herein the "Custodian") to safeguard Client assets and authorize Lake Tahoe Wealth Management to direct trades to this Custodian as agreed in the Investment Advisory Agreement. Further, Lake Tahoe Wealth Management does not have the discretionary authority to negotiate commissions on behalf of our Clients on a trade-by-trade basis.

Where Lake Tahoe Wealth Management does not exercise discretion over the selection of the Custodian, it may recommend the custodian[s] to Clients for execution and/or custodial services. Clients are not obligated to use the recommended Custodian and will not incur any extra fee or cost associated with using a broker not recommended by Lake Tahoe Wealth Management.

Lake Tahoe Wealth Management may recommend a Custodian based on criteria such as, but not limited to, reasonableness of commissions charged to the Client, services made available to the Client, and location of the Custodian's offices. Lake Tahoe Wealth Management does not receive research services, other products, or compensation as a result of recommending a particular broker that may result in the Client paying higher commissions than those obtainable through other brokers.

Lake Tahoe Wealth Management typically recommends that Clients establish their brokerage account[s] at Institutional Services division of both Fidelity and Schwab . Fidelity and Schwab are independent and unaffiliated SEC-registered broker-dealer and FINRA member. Fidelity and Schwab offer independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Lake Tahoe Wealth Management receives some benefits from both the Fidelity and Schwab platforms such as research services. Lake Tahoe Wealth Management does not pay for these services through Fidelity and Schwab, which creates a conflict of interest in that the advisor who does not pay for these services has an incentive to recommend a broker-dealer based on its interests rather than the Client's interest.

The benefits Lake Tahoe Wealth Management receives from Fidelity and Schwab are also offered by other custodians. Any benefit Lake Tahoe Wealth Management receives from Fidelity and Schwab comes at no additional cost to our clients. Lake Tahoe Wealth Management considers a number of factors in selecting and/or recommending brokers and custodians for its Clients' accounts, including, but not limited to, execution capability, experience and financial stability, reputation, and the quality of services provided. Lake Tahoe Wealth Management is not affiliated with, or related to, Fidelity or Schwab. If a Client prefers a different Custodian, Lake Tahoe Wealth Management is happy to help the Client on a non-discretionary basis.

1. Soft Dollars - As a registered investment adviser, Lake Tahoe Wealth Management may have access to research products and services from your account custodian as referenced above. 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.
2. Brokerage Referrals - Lake Tahoe Wealth Management does not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research
3. Directed Brokerage - Clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. If you choose to direct our firm to use a particular broker, you should understand that this might prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.

## **B. Aggregating and Allocating Trades**

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the broker. Lake Tahoe Wealth Management will execute its transactions through an unaffiliated broker-dealer selected by the Client. Lake Tahoe Wealth Management may aggregate orders in a block trade or trades when securities are purchased or sold through the same broker-dealer for multiple (discretionary) accounts. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage particular Client accounts.

## Item 13 Review of Accounts

### Management Services (Wealth Management Advisory / Asset Management)

Debbie Grose (CEO, CIO, and COO/CFO) and/or Timothy Sallade (CIO) will be responsible for monitoring your managed accounts on an ongoing basis and conducting account reviews at least quarterly (and upon your request) to ensure that the advisory services provided to you are consistent with your stated investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to: contributions and withdrawals; year-end tax planning; market moving events; security specific events; and/or, changes in your risk/return objectives. You will receive at least quarterly statements from your account custodian(s). We may provide you with asset allocation and performance reports on a quarterly basis.

### Financial Planning Services

If you engage Lake Tahoe Wealth Management for the purpose of obtaining financial planning services, but not for the purpose of obtaining management services, any review and/or modification of your financial plan after the completion of our initial engagement will be conducted only upon your request. Each such review and/or modification will constitute a new and distinct engagement requiring the execution of a new advisory agreement, and services will be provided by Lake Tahoe Wealth Management at our then current hourly rate or negotiated fixed fee.

## Item 14 Client Referrals and Other Compensation

### **A. Compensation Received by Lake Tahoe Wealth Management**

Lake Tahoe Wealth Management is a Fee-Only advisor, who, in all circumstances, is compensated solely by the Client. Lake Tahoe Wealth Management does not receive commissions or other compensation from product sponsors, broker dealers or any un-related third party.

### **B. Client Referrals from Solicitors**

Lake Tahoe Wealth Management does not compensate any person for referring business to Lake Tahoe Wealth Management.

## Item 15 Custody

Your independent custodian will directly debit your account(s) for the payment of our advisory fees upon our instructions. We do not have physical custody of any of your funds and/or securities, but we do have constructive custody resulting from our ability to deduct our fee from the acting custodian. Your funds and securities will be held with a bank, broker-dealer, or other independent qualified custodian, such as Fidelity and Schwab. 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. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, please contact us directly at the telephone number on the cover page of this disclosure brochure.

## Item 16 Investment Discretion

Lake Tahoe Wealth Management generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by Lake Tahoe Wealth Management. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an Investment Policy Statement containing all applicable limitations to such authority. All discretionary trades made Lake Tahoe Wealth Management will be in accordance with each Client's investment objectives and goals.

In order to provide holistic and integrated wealth management services, Lake Tahoe Wealth Management does manage non-discretionary accounts as needed. Examples of these types of accounts are employer-sponsored retirement plans, 529 Plans, variable insurance policies, and variable annuity contracts. Lake Tahoe Wealth Management wants to avoid taking "custody" of these accounts; and often simply having access to these accounts (depending on what actions can be taken in the account with said access), can be construed by Regulators as "Custody". Although Lake Tahoe Wealth Management would like to have the ability to place the trades on behalf of the Client for their convenience, Lake Tahoe Wealth Management will not collect client user names or passwords, and will not perform any other action that will cause those accounts to be considered under Lake Tahoe Wealth Management's "custody". **It is important to note that in non-discretionary accounts, it is the Client's responsibility to place recommended trades in those accounts in a timely fashion. Lake Tahoe Wealth Management will not have access to these accounts, and therefore cannot make any changes in the account.**

## Item 17 Voting Client Securities

Lake Tahoe Wealth Management does not accept proxy voting responsibility for any Client. Therefore, although Lake Tahoe Wealth Management may provide investment advisory services relative to Client investment assets, 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, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Lake Tahoe Wealth Management and/or the Client shall correspondingly instruct the Custodian of the assets to forward to the client all proxies and shareholder communications relating to the client's investment assets.

If a Client does not understand a proxy question, the Client may contact Lake Tahoe Wealth Management in order to better understand the proxy question. While the Client may contact Lake Tahoe Wealth Management with questions, Lake Tahoe Wealth Management will not accept voting responsibility.

Clients will receive their proxies directly from their Custodian.

## Item 18 Financial Information

Neither Lake Tahoe Wealth Management, nor its management, has any adverse financial situations that would reasonably impair the ability of Lake Tahoe Wealth Management to meet all obligations to its Clients. Neither Lake Tahoe Wealth Management, nor any of its advisory persons, has been subject to a bankruptcy or financial compromise. Lake Tahoe Wealth Management is not required to deliver a balance sheet along with this brochure as the firm does not collect fees for services to be performed

six months or more in advance. Lake Tahoe Wealth Management charges fees for only the immediate quarter for which it will provide services. Please see Item 5 - Fees and Compensation for additional information.