



---

N E X T  
G E N E R A T I O N  
W E A L T H M A N A G E M E N T

---

10700 Research Drive, Suite 150 • Milwaukee, WI 53226  
Phone: (414) 257-4248 • Fax: (414) 751-5180  
Website: [www.ngwealth.com](http://www.ngwealth.com)

## FIRM BROCHURE

(Part 2A of Form ADV)

March 29, 2019

This Brochure provides important information about the qualifications and business practices of Next Generation Wealth Management, Inc. If you have any questions about the contents of this Brochure, please contact us at: (414) 257-4248, or by email at: [jkralovec@ngwealth.com](mailto:jkralovec@ngwealth.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission, any state securities authority, or other governmental agency.

Next Generation Wealth Management, Inc. is a registered investment adviser. Registration as an Investment Adviser does not imply a certain level of skill or training.

Additional information about Next Generation Wealth Management, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## Item 2      Material Changes

---

The Material Changes section of this brochure will be updated annually, or when material changes occur since the previous release of the Firm Brochure. If there are any material changes to an adviser's brochure, the adviser is required to notify you, and provide you with a description of the material changes.

There are no material changes made to our Form ADV Part 2A since our March 29, 2018 annual update filing.



## Item 3 Table of Contents

---

Item 1	Cover Page .....	i
Item 2	Material Changes .....	ii
Item 3	Table of Contents .....	iii
Item 4	Advisory Business.....	1
Item 5	Fees and Compensation.....	6
Item 6	Performance-Based Fees and Side-By-Side Management.....	7
Item 7	Types of Clients .....	7
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss .....	8
Item 9	Disciplinary Information .....	9
Item 10	Other Financial Industry Activities and Affiliations.....	9
Item 11	Code of Ethics.....	10
Item 12	Brokerage Practices .....	11
Item 13	Review of Accounts .....	12
Item 14	Client Referrals and Other Compensation.....	13
Item 15	Custody.....	14
Item 16	Investment Discretion.....	15
Item 17	Voting Client Securities .....	15
Item 18	Financial Information.....	16
Item 19	Business Continuity Plan.....	16
Item 20	Information Security Program.....	17

## Item 4      Advisory Business

---

Next Generation Wealth Management, Inc. (“NG Wealth”) was founded in 2005 in Milwaukee, Wisconsin with the humble premise that advice should not be influenced by commissions. The firm has been committed to the fiduciary standard, a sophisticated investment platform, and a transparent fee structure from the beginning. NG Wealth was registered with the SEC as an Investment Adviser Firm in April 2008. We are an independent, fee only firm that provides personalized investment management, comprehensive financial planning, and advisory services to a variety of clients from middle-income to high net worth individuals with a range of needs including, but not limited to, retirement plans, trusts, estates, pension and profit sharing plans, charitable institutions, foundations and endowments. The table below outlines our comprehensive suite of services.

### Our Suite of Services

#### **Portfolio Customization**

- Custom Portfolio Management
- Adherence to target allocation
- Regular rebalancing
- Ongoing tax loss harvesting
- Low-cost investments
- Socially-responsible investing (ESG)
- Independent research
- Concentrated stock options

#### **Financial Planning**

- Cash flow management
- Employee benefit review
- Charitable gift planning
- Insurance analysis
- Social Security advisement
- Education planning
- Budget planning
- Debt reduction planning

#### **Retirement Solutions**

- Retirement income strategies
- IRA rollovers
- Roth IRA conversion
- Defined contribution plan
- Self-employed retirement plan
- Defined benefit/pension plan
- Deferred compensation

#### **Estate Planning / Strategy**

- Titling of assets
- Gifting strategies
- Charitable planning
- Coordination with Estate attorney
- Medicaid planning

#### **Tax Analysis, Location & Optimization**

- Analysis of current tax picture
- Coordination with CPA
- Capital gain generating assets in tax deferred accounts
- Income generating assets in taxable accounts
- Tax management
- Annual capital gain analysis

#### **Alternative Investment**

- Private Equity / Venture Capital / Hedge Fund

#### **Ongoing Communication**

- Timely market updates
- Investment commentary / white papers
- In-person portfolio reviews
- Check-in phone calls
- Regular performance reports

#### **Data Aggregation**

- NGW Connect setup
- Electronic Reporting

We recognize that each client situation is unique, and uniquely structured. As a result, we strive to be optimally sensitive to each client’s individual financial goals, objectives, and risk tolerance. We at NG



Wealth take pride in providing sound customized solutions, and these are crafted by taking a consultative approach with the client, which may include:

- Active Asset Allocation Strategies
- Socially Responsible Investment Strategies
- Determination of Financial Goals and Objectives
- Coordination with Professional Advisers
- Development of an Investment Policy Statement
- Investment Manager Evaluation and Selection
- Implementation of Investment Strategies and Ongoing Monitoring and Review
- Risk and Suitability Assessment
- Tax Management Strategies
- Initial and Ongoing Financial Planning Services:
  - Financial Cash Flow Analysis
  - Retirement Planning
  - Charitable Giving
  - Distribution Planning
  - Education Funding Strategies
  - Insurance / Risk Management Planning
  - Trust and Estate Planning

### **Our Philosophy**

Our investment philosophy focuses on wealth preservation and risk-adjusted returns on investment through active asset allocation, tax efficient strategies, and global diversification across asset classes / investment styles. We recognize that no single investment strategy will adequately address each client's unique needs. As a result, we employ an approach that merges client-specific goals with our core beliefs, such as global diversification and adherence to long-term thinking.

NG Wealth considers various types of securities and non-affiliated investment managers (separate account managers and hedge funds) in determining how to achieve a client's personal investment goals and objectives. We recommend asset allocation plans and, pursuant to a power of attorney, will allocate applicable percentages of client assets to various investment strategies to implement the asset allocation plans. (Please see Item 8, Investment Strategies for more detail.).

Clients always reserve the right to impose restrictions on investing in certain securities or types of securities.

### **Wrap Fee Programs**

NG Wealth does not participate in any wrap fee programs.

## **Comprehensive Wealth Management & Financial Planning**

Comprehensive wealth management and financial planning involves more than just investing your hard-earned savings, it requires considerable forethought when it comes to balancing a long-term successful plan to achieve your unique goals. Over the course of the relationship, each of our clients will have the opportunity to consult with NG Wealth and discuss:

- Financial opportunities
- Short- and long-term financial goals
- Tolerance for various levels of risk
- Annual savings objectives
- Asset protection
- College funding
- Retirement planning
- Projected investment returns
- Projected income streams
- Cash-flow projections
- Tax planning
- Current and future spending
- Retirement plan distribution options
- Pension
- Social Security and Medicare election decisions
- Estate planning
- Charitable giving, along with other financial considerations

Depending on situational complexities, the timing of the consult generally will occur during the financial planning process, and then during the delivery of a financial plan. The consult results in a comprehensive evaluation of the client's current and future state, which is arrived at through the analysis of currently-known variables to predict cash flows, asset values and withdrawal plans. This serves as the foundation of the formal plan, and sets the cadence for plan implementation and monitoring. The services we recommend will be dependent on the client's current financial situation, goals and objectives, and strategies for achieving those goals. They may include, but are not limited to:

- Net worth statements
- Cash flow statements
- Review of investment accounts, including reviewing asset allocation and providing repositioning recommendations
- Strategic tax planning
- Review of retirement accounts and plans including recommendations
- Review of insurance policies and recommendations for changes if necessary
- Retirement scenarios
- Estate planning review and recommendations
- Charitable giving strategies
- Education planning with funding recommendations

Detailed investment advice and specific recommendations are provided as part of a financial plan, as are implementation, monitoring and ongoing investment management (unless otherwise agreed upon).

## Our Six-Step Planning Process

- 1. Defining Goals, Needs, and Objectives:** The client and NG Wealth work cooperatively to define the goals, needs, and objectives through meetings, phone calls, questionnaires, etc. We may also uncover additional needs and objectives for the Client during the review process.
- 2. Gathering and Providing Appropriate Data:** The client is responsible for providing the necessary information. We may also request information from the client's other professional advisors, such as a tax preparer or attorney, provided the client has signed the appropriate Information Authorization Form.
- 3. Analyzing the Data:** NG Wealth will use a variety of tools and knowledge to analyze the client data, and create financial statements, projections, and recommendations for the client.
- 4. Providing Recommendations:** NG Wealth will provide written recommendations to the client based on the needs identified in step 1.
- 5. Implement the Recommendations:** The client understands that they have sole responsibility for determining whether or not to implement any recommendations made by us in the financial plan. There is no requirement that the client implements any of our recommendations, or otherwise conducts business through us.
- 6. Monitor Progress:** The client, either directly or by way of a Financial Advisor, should monitor the progress toward meeting the established goals, needs, and objectives, including providing updates to the financial plan as needed. The client is ultimately responsible for tracking progress toward meeting their established goals, and informing a financial advisor such as NG Wealth to update their financial plan when needed.

NG Wealth does not serve as an attorney, accountant, or insurance agency, and no portion of our services should be construed as such. Accordingly, NG Wealth does not prepare estate planning documents, tax returns or sell insurance products. To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance etc.). The Client is under no obligation to engage the services of professionals we may recommend.

## Fees

NG Wealth does not charge an additional fee for a financial plan for a client paying an asset-based fee (see Fees and Compensation) unless otherwise agreed upon by the client.

NG Wealth also provides financial planning services for an hourly fee of \$250. Clients billed at the hourly rate do not receive ongoing financial plan updates or investment management services unless otherwise agreed upon by NG Wealth and the client.

## Tailored Relationships and Client Imposed Restrictions

NG Wealth tailors its advisor services to the individual needs of each of its clients. Information NG Wealth considers for this process would include: the client's financial condition, investment objectives, tolerance to risk, investment timeframe, liquidity needs and tax status. Any recommendations will be based on information provided to us by the client, which will be retained in the client's secured electronic file, and updated as needed.



The integrity of the information rests with the client, who is responsible for informing NG Wealth of any material changes that could impact the plan. The status of information is addressed during client reviews that take place throughout the year. NG Wealth performs advisory services for other clients and as the advisory services are tailored to the unique goals and objectives of each client, it may give or take actions in other client's accounts that may differ significantly to the timing or nature of the actions it takes in other client's account(s). Clients are free to impose restrictions on the management of their account(s)—e.g., restricting the type or amount of a security to be purchased in the portfolio.

### **Periodicals and Publications**

NG Wealth may distribute reports, newsletters, white papers, articles or other articles of interest to clients and prospective clients through various means, such as U.S. mail, email, social media, or posting the content on its website. NG Wealth does not charge any fee for any periodical or publication or other public presentations.

### **Assets Under Management**

NG Wealth assets under management as of March 22, 2019:

<i>U.S. Dollar Amount</i>	
Discretionary:	\$304,293,300
Non-Discretionary:	\$3,041,766
Total:	\$307,335,66

### **Principal Owners**

- David A. Massart
- David A. Braaten

### **ERISA / IRC Fiduciary Acknowledgment**

If the client is: (i) a retirement plan ("Plan") organized under the Employee Retirement Income Security Act of 1974 ("ERISA"); (ii) a participant or beneficiary of a Plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code, with authority to direct the investment of assets in his or her Plan account or to take a distribution; (iii) the beneficial owner of an Individual Retirement Account ("IRA") acting on behalf of the IRA; or (iv) a Retail Fiduciary with respect to a plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code, then the firm represents that it and its representatives are fiduciaries under ERISA or the Internal Revenue Code, or both, with respect to any investment advice provided by the firm or its representatives, or with respect to any investment recommendations regarding an ERISA Plan or participant or beneficiary account.

### **Retirement Rollovers-Potential for Conflict of Interest**

A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options):

1. Leave the money in the former employer's plan, if permitted;



2. Roll over the assets to the new employer's plan, if one is available and rollovers are permitted;
3. Roll over to an Individual Retirement Account ("IRA");
4. Cash out the account value (which could, depending upon the client's age, result in adverse tax consequences).

If NG Wealth recommends that a client roll over their retirement plan assets into an account to be managed by the firm, such a recommendation creates a conflict of interest. NG Wealth will earn new (or increase its current) compensation as a result of the rollover. No client is under any obligation to rollover retirement plan assets to an account managed by NG Wealth. NG Wealth's Chief Compliance Officer, Jeffrey Kralovec, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.

## **Item 5      Fees and Compensation**

---

NG Wealth bases its fees on a percentage of assets under management ("asset-based fee"), hourly charges, and fixed fees depending on the client's agreement. NG Wealth may negotiate their fees.

In most cases clients are charged an asset-based fee. Our annual fee generally ranges from 0.25% to 1.25% of assets under management. Fees charged may vary depending upon account size, asset allocation (e.g., fixed income versus equity), complexity of investment strategies, and client service requirements. The specific manner in which fees are charged is established in a client's written agreement with NG Wealth.

Part of the advisory fee each Client pays is used by NG Wealth to offset the costs of providing portfolio accounting, modeling and rebalancing services, technology platforms, compliance, back office and operational support, billing and reporting services. We do not charge other fees, such as acceptance, termination fees, or annual account fees.

Clients may incur certain charges imposed by custodians, brokers, third-party investment managers and other third parties such as fees charged by managers, custodial fees, 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 a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to NG Wealth's fee, and NG Wealth does not receive any portion of these commissions, fees, and costs.

### **Fee Billing**

Our fee is billed quarterly in arrears, meaning that we invoice the client after the three-month billing period has ended, unless otherwise agreed upon by the client, in which case our fee is billed quarterly in advance. For the purpose of calculating the fee in arrears, we take the average balance of every day end market value of assets under management in the billing period ("daily average balance"). For the purpose of calculating the fee in advance, the fee is based on the market value of the assets under management at the end of the preceding quarter. The custodian will deliver directly to the client an account statement, at least quarter, showing all investment and transaction activity for the period, including fee disbursements from the account.



Fees are usually deducted from a designated client account; however, clients may elect to be billed directly. The client provides written authorization in advance to direct debiting of their account and fees. These fees are usually collected within the first few days of the start of a new quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Client advisory fees for assets managed by outside investment managers may be calculated and invoiced in different ways. Each outside investment manager typically submits an invoice to the client's custodian, and the fee is deducted from the client's account with their authorization.

Clients may terminate their advisory agreement with NG Wealth upon a 30-day written notice to the firm. We reserve the right to waive written policy notice. In addition, the advisory agreement may be terminated during the five (5) business days following execution of the agreement. Termination of an advisory agreement by the client will not affect transactions NG Wealth or sub-advisors have initiated on the client's behalf prior to the effective date of such termination.

We reserve the right to adjust or waive minimum account sizes, and to adjust fees to reflect factors determined by NG Wealth to be material. Fees are subject to change with a minimum of 30-day notice. Also, we may terminate the investment advisory agreement at any time by giving a 30-day notice.

### **Portfolio Valuation**

NG Wealth uses information from the client's custodian as its main pricing source for valuing client portfolios, whether for fee billing or investment performance calculation purposes. Prices of securities we routinely recommend to clients are widely available through financial publications, and do not generally require us to independently determine a value.

In the event a security is not priced, we also employ a third-party pricing service designed to provide assurance the prices we use for fee billing and investment performance calculation purposes are accurate.

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

NG Wealth does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of, the assets of a client).

## **Item 7 Types of Clients**

NG Wealth provides investment advice and financial planning services to a variety of clients including individuals, families, businesses, trusts, estates, charitable organizations, partnerships, and corporations who wish to pursue long-term goals based on our investment philosophy.

We generally require a minimum account balance of \$250,000, but reserve the right to adjust or waive minimum account sizes.

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

### **Methods of Analysis**

NG Wealth may employ fundamental, technical, or cyclical analysis of securities and passive or tactical allocation strategies in providing investment advice to clients. In doing so, we may use research and other materials prepared by independent, unaffiliated third-parties, financial newspapers and magazines, inspections of corporate activities, corporate rating services and annual reports, prospectuses, filings with the US Securities & Exchange Commission, company press releases, information posted on the internet, and similar informative materials. We may also consult with other investment managers and industry professionals about the investments and investment strategies being considered. We will also use software we have licensed from outside vendors to create financial plans, account reports, asset allocation models, portfolio analysis, net worth statements, historical investment reports, and similar client reports.

NG Wealth may use an investment advisory board comprised of outside investment professionals. NG Wealth's use of an advisory board is to provide advice on general economic, asset allocation and portfolio construction. The advisory board is not paid by NG Wealth or its clients, and does not have access to client account information; however, members of the advisory board may have sub-adviser relationships with NG Wealth's clients or may be a client of NG Wealth.

### **Investment Strategies**

NG Wealth will make specific investment recommendations through a six-step investment process with an emphasis on asset allocation, investment selection / evaluation and portfolio risk management. Through our investment process a customized, global diversified investment portfolio is designed utilizing multiple "asset classes" or types of investments including: open-end mutual funds, exchange traded funds ("ETF's), separate account managers (equities and fixed income) and hedge funds.

The investment strategy for each client is based upon their unique goals and objectives which are discussed during client consultations. The client or NG Wealth may change these goals and objectives at any time.

### **General Risks**

NG Wealth does not offer any products or services that guarantee rates of return on investments for any time period to any client. All clients assume the risk that investment returns may be negative or below the rates of return of other investment advisers, market indices or investment products.

### **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a

security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

#### Cybersecurity Risk

We rely on information technology and electronic communications to conduct business, which subjects us and our clients to the risk of cyber incidents. While we have controls we believe are reasonably designed to protect against cyber incidents resulting in unauthorized access to confidential information or business disruptions, not all cyber incidents are preventable. Should a cyber incident occur, it would likely have a negative impact on our firm and its clients.

## Item 9 Disciplinary Information

NG Wealth has no disciplinary information applicable to this Item.

## Item 10 Other Financial Industry Activities and Affiliations

NG Wealth is an independent investment advisory firm and is not actively engaged in a business other than providing investment advisory services. The firm is not engaged in other financial industry activities, nor has other affiliations.

Mr. David Massart, the President of NG Wealth, serves as a trustee of the Managed Portfolio Series Trust and the ETF Series Solutions Trust (the “Trust”), a Delaware statutory trust that is registered with the SEC as an open-end management investment company, and as a director for each series fund in the Trust (each a “Fund”). The Trust and the Funds are related persons of NG Wealth based on the fact that Mr. Massart serves as the President of NG Wealth, as a trustee of the Trust, and as a director for each fund.

## Item 11 Code of Ethics

---

NG Wealth has adopted a Code of Ethics for all supervised persons of the firm describing the high standard of business conduct, and fiduciary duty to clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at NG Wealth must acknowledge the terms of the Code of Ethics annually, or as amended.

As a fiduciary, NG Wealth has a duty of utmost good faith to act solely in the best interests of each of our clients, which in turn places a high standard on our conduct and integrity. This fiduciary duty is the core principal underlying our Code of Ethics, and represents the expected basis of all our dealings with clients. All employees are required to adhere to NG Wealth's Code of Ethics and Personal Trading Policy (the "Code"), which includes standards of conduct the firm expects of employees. NG Wealth believes the ideals of honesty, integrity and trust should be the minimum requirements of professional conduct for employees. The following core principles are specifically addressed within the Code:

- Employees are expected to comply with Federal Securities Laws as well as applicable State of Wisconsin securities laws. Strict adherence to NG Wealth’s compliance policy manual and instructions provided by the President will assist employees in complying with this important requirement;
- The interests of clients should be placed ahead of those of NG Wealth and employees.
- Employees are expected to conduct their personal securities transactions in accordance with this policy and employees will strive to avoid any actual or appearance of a conflict of interest;
- Non-public inside information shall not be used when trading either in personal accounts or on behalf of NG Wealth’s clients;
- Employees shall not take inappropriate advantage of their position with NG Wealth;
- Employees shall avoid any actual or potential conflict of interest with any NG Wealth client in all personal securities transactions;
- Diligence and care shall be taken in maintaining and protecting nonpublic information concerning NG Wealth’s clients; and
- NG Wealth will strive to foster a healthy culture of compliance.

As NG Wealth generally does not have knowledge of individual trades placed by its sub-advisers on a daily basis, it is possible for NG Wealth employees to purchase or sell securities within their personal accounts at the same time as (or immediately prior to or after) such securities are being purchased or sold by the sub-adviser.

NG Wealth's employees may maintain accounts with sub-advisers that the firm recommends to clients, and these accounts may be managed in a similar manner as client accounts. NG Wealth has established procedures to help ensure it does not have access to each sub-adviser's security recommendations.

Mr. Massart, the President of NG Wealth, serves as a trustee of the Managed Portfolio Series Trust and the ETF Series Solution Trust (the "Trust"), a Delaware statutory trust that is registered with the SEC as an open-end management investment company, and as a director for each series fund in the Trust (each a "Fund"), (and received trustee/director fees associated with that service). The Trust and the Funds are related persons of NG Wealth based on the fact that Mr. Massart serves as the President of NG Wealth, as a trustee of the Trust, and as a director for each Fund. NG Wealth may, if appropriate and suitable for a client account, purchase shares of the funds for a client account.

You may request a copy of the firm's Code of Ethics, free of charge, by contacting Jeffrey W. Kralovec at: (414) 257-4248 or e-mail at: [jkralovec@ngwealth.com](mailto:jkralovec@ngwealth.com).

## **Item 12 Brokerage Practices**

---

### **Selection of Brokers**

To efficiently service our client accounts, NG Wealth has established our primary custodial and brokerage relationships with the following organizations: Schwab Institutional, a division of Charles Schwab & Co. and TD Ameritrade Institutional. Each is a *Qualified Custodian* as that term is used in the Act and in Investment Adviser Act Release No. 2176. NG Wealth is independently owned and operated and not affiliated with any custodian. Generally we do not have any direct investment or brokerage discretion with respect to client accounts.

NG Wealth considers the financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, and related factors in recommending broker-dealers or custodians to advisory clients.

The outside investment manager employed by NG Wealth determines, in most cases, which securities are bought or sold, the broker-dealer through which the securities are to be traded, and the commission rates at which transactions are effected.

NG Wealth generally expects outside investment managers to obtain best execution in placing our client trades. In order to achieve this, they may place trades through outside brokers, which may result in additional trading costs to the client. In addition, outside investment managers may pay a broker a commission in excess of that which another broker might have charged for effecting the same transaction, in recognition of the value of research services provided by the broker (known as a "soft dollar arrangement"). NG Wealth expects outside investment managers to ensure that all soft dollar arrangements comply with applicable law.

Clients with assets managed by outside investment managers are strongly encouraged to read their Firm Brochure (part 2A of Form ADV), disclosure statement for information regarding the trading, and brokerage practices.

As part of an overall asset allocation strategy, NG Wealth may, pursuant to a limited power of attorney granted to it, invest all or a portion of a client's portfolio in various no-load or load waived mutual funds.

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

NG Wealth does not accept soft dollar benefits. Schwab Institutional and TD Ameritrade Institutional provide NG Wealth standard technology and research services to service client accounts, including trading software and general economic commentary and analyses. All services provided by Schwab Institutional and TD Ameritrade Institutional are available to all participating advisors and may be used to service all of NG Wealth's accounts.

## **Trade Aggregation**

Due to the nature of the securities in which we actively trade (specifically, mutual funds and ETFs) and the firm's investment philosophy to consider each client's needs and objectives rather than managing client accounts to specific investment strategies, securities held in client accounts are generally traded on an individual basis, and are not "bunched" or "blocked" with other client trades.

From time to time, we may decide it is in the client's best interest to block an ETF trade. This will generally occur when we determine to buy or sell the ETF across all applicable client accounts. When executing block trades at more than one broker-dealer/custodian, we will rotate the trade order to ensure the clients are being treated fairly. If a block order is filled (full or partial fill) at several prices through multiple trades, an average price will be calculated for all trades executed by the broker for the block, and all participants in the block trade will receive the average price. Only trades executed within the block on the single day may be combined for purposes of calculating the average price. On the rare occasion where the firm receives a partial fill, it may be allocated on a pro rata basis, subject to rounding and reasonable efforts to minimize trading costs.

## **Item 13    Review of Accounts**

---

### **Nature and Frequency of Reviews**

NG Wealth provides an initial investment review for all new clients. The initial review provides the basis for the scope of the advisory relationship and services provided. Typically the initial investment review covers investment goals and objectives, risk tolerance, cash flow needs, time horizon and other factors deemed relevant to the establishment of the client's investment portfolio. NG Wealth and the client may establish an investment policy statement to memorialize the strategy to be used to manage the client's account in a written statement of investment policies and objectives.

Client accounts are reviewed regularly by senior management of NG Wealth, and ongoing client reviews are done at least annually. The meeting frequency can be determined by the client or other factors such as significant market / economic events, changes in individual client circumstances, requests by our clients, or other important events which may cause more frequent reviews.

We generally consider rebalancing client portfolios on a quarterly basis. We review the outside investment manager's role in managing a client portfolio on a regular basis, but no less frequently than quarterly.

### **Client Reports**

Below is a list of reports clients may receive with a brief description.



- **Account Statements:** The Client's independent custodian provides account statements directly to the client no less frequently than quarterly. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by NG Wealth. The reports will include a description of all the activity in the account during the preceding quarter, including all transactions made on behalf of the account, all contributions and withdrawals made by the Client, all fees and expenses charged to the account and the value of the account at the beginning and end of the period.
- **Performance Reports ("Portfolio Overview"):** NG Wealth reports to the client on a quarterly basis, or at some other interval agreed upon, with the client a portfolio summary ("Portfolio Overview"), which is generated from our portfolio management / performance reporting software. The report provides information on contributions and withdrawals in the client's investment portfolio, and the performance of the client's portfolio is measured against appropriate benchmarks (including benchmarks selected by the client). All performance data calculated incorporates security prices provided by the client's independent custodian or third party pricing services. Clients are *strongly* urged to review the quarterly reports provided by NG Wealth against their account statements and transaction confirmations they receive directly from their custodian for any inaccuracies.
- **Net Worth Statements:** Depending on the scope of the advisory services relationship, clients may receive a net worth statement generated from our client relationship management system annually at a minimum. Net worth statements contain approximations of bank account balances provided by the client, as well as the value of primary residence and other hard-to-price real estate. The net worth statements are used for long-term financial planning where the precise values of assets are not material to the financial planning tasks.
- **Market Commentary:** NG Wealth provides general market commentary, and commentary on specific events affecting the market and economy.

## Item 14 Client Referrals and Other Compensation

---

Next Generation Wealth Management, Inc. may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our Firm Brochure), and a separate disclosure statement that includes the following information:

- The Solicitor's name and relationship with our firm
- The fact that the Solicitor is being paid a referral fee
- The amount of the fee
- Whether the fee paid by the client will be greater than our stated fee to compensate the Solicitor
- The client must acknowledge in writing this arrangement

It is NG Wealth's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

## Item 15 Custody

---

NG Wealth does not maintain custody of client assets, except as a consequence of our ability to withdraw our advisory fee directly from client accounts, and our ability to direct transactions to third parties contingent upon a signed standing letter of authorization from a client and certain other requirements being met. We have written authority from these clients to engage in these transactions and comply with the appropriate regulatory guidance. This can include the authority to direct client requests, utilizing standing instructions, for wire transfer of funds for first-party money movement and third-party money movement (checks and/or journals, ACH, Fed-wires).

The firm has elected to meet the SEC's seven conditions to avoid the surprise custody exam, as outlined below:

1. The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
2. The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
3. The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
4. The client has the ability to terminate or change the instruction to the client's qualified custodian.
5. The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
6. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.
7. The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.

In addition, all transactions are fully disclosed on quarterly client account statements sent directly by the qualified custodian. We encourage clients to review carefully these statements, and compare such official custodial records to the account statements that we provide to you. The custodian's statement is the official record of the account. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. We also maintain policies and procedures designed to provide reasonable assurance that our client's qualified custodian is sending monthly and quarterly statements to our clients, and that we do not inadvertently obtain further custody over client assets. We have no affiliated qualified custodians.

## Item 16 Investment Discretion

---

### Discretionary Authority for Trading

NG Wealth accepts discretionary authority to manage securities accounts, and to hire and fire outside investment managers on behalf of clients upon signing the appropriate custodian limited power of attorney form. As such, NG Wealth has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

Discretionary trading authority facilitates placing trades in client accounts on their behalf so that we may promptly implement the client investment policies, and the ongoing investment management of client portfolios. The discretionary nature of the advisory relationship alone does not permit NG Wealth, its employees, or any advisor to take custody of and Client funds or securities.

Clients may impose any reasonable investment guidelines and restrictions on the management of their Account(s), or modify existing restrictions at any time. Investment guidelines and restrictions must be provided to NG Wealth in writing unless otherwise agreed upon.

### Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose. A client will sign a limited power of attorney prior to any trades being placed.

## Item 17 Voting Client Securities

---

### Proxy Voting

NG Wealth has adopted proxy voting policies and guidelines as part of its authority to manage investments, and votes all proxies for its investment advisory clients, unless a client gives written notification otherwise. These policies are designed to reasonably ensure that we vote proxies in the best interest of clients, and not in a way that places our interests above the clients.

As a general matter, we maintain a consistent voting position to similar proxy proposals made by various issuers, and on the same matter when securities are held by multiple client accounts. We generally support routine business matters unless such support is not in the best interests of the client. In such instances, issues will be reviewed on a case-by-case basis, and voted in the best interests of the client.

NG Wealth is responsible for identifying potential conflicts of interest between a proxy vote and a relationship that NG Wealth has with a company. As a matter of policy, NG Wealth will not be influenced by outside sources whose interests conflict with the interest of clients. Any material conflict of interest will be documented and resolved in the best interest of our clients. We retain a record of all proxies voted on behalf of clients. A copy of our Proxy Voting Guidelines and Procedures is available upon request. NG Wealth will also provide clients with voting information on proxies voted on behalf of their account by contacting us at (414) 257-4248.

## **Class Action Claims**

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. NG Wealth does not participate in class action lawsuits for clients. Rather, such decisions remain with the client or an entity designated by the client. We may assist in determining whether the client should pursue a particular class action lawsuit; however, the final determination of whether to participate, and the completion of any related documents are the client's responsibility.

## **Item 18    Financial Information**

---

Registered investment advisors are required in this item to provide clients with certain financial information or disclosures about their financial condition. NG Wealth does not have any financial issues that would impair its ability from meeting contractual commitments to clients, and has not been the subject of any bankruptcy petition.

A balance sheet is not required to be provided because NG Wealth does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, six months or more in advance.

## **Item 19    Business Continuity Plan**

---

### **General**

NG Wealth has a Business Continuity Plan in place to ensure the continuation of essential business operations in the event of natural or man-made disaster, a loss of communications or services, or key people. The Plan is analyzed, tested, and updated as necessary.

### **Disasters**

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan also covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

### **Alternate Offices**

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. NG Wealth's operating, trading, and communication systems are intentionally designed to be Internet-based so that they could be performed by personnel from remote locations. In practice, the telephones and other communication lines would be re-routed, and advisors and staff would work from home or the alternate office until such time as the main office was once again available. In the event of a disaster, NG Wealth would post a notice along with contact information on its website at [www.ngwealth.com](http://www.ngwealth.com); however, it is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

## Item 20 Information Security Program

---

### Information Security

NG Wealth maintains an information security program to reduce the risk that your personal and confidential information may be breached.

### Privacy Notice

NG Wealth is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from clients may include information about personal finances, health (to the extent that it is needed for the financial planning process), client transactions between the client and third parties, and information from consumer reporting agencies—e.g., credit reports. We use this information solely to help clients meet their personal financial goals.

With client permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom the client has established a relationship. Clients may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person.

With client permission, we share a limited amount of information about the client with their custodian and brokerage firm in order to service the account, and execute securities transactions on behalf of the client.

We maintain a secure office to ensure that client information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques, and authentication procedures in our computer environment.

We do not provide personal information about clients to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to personal information, including financial service companies, consultants, and auditors. Federal and State securities regulators may review our Company records and client personal records as permitted by law.

Personally-identifiable information about clients will be maintained for the duration of the NG Wealth-Client contract, and for the required period thereafter that stipulates records are required to be maintained by Federal and State securities laws. After that time, client information may be destroyed.

As required by law, we will notify clients in advance if our privacy policy is expected to change, and provide these changes to clients in writing.