

**Part 2A of Form ADV: *Firm Brochure***

**Parsons Capital Management, LLC**

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This brochure provides information about the qualifications and business practices of Parsons Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 908-730-0011 or E-mail us at russ@parsonscapitalmanagement.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Parsons Capital Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 114494.

**Item 2     Material Changes**

We have no material changes to report since our last brochure filing.

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## Item 4     **Advisory Business**

Parsons Capital Management, LLC ("PCM") is an SEC-registered investment adviser with its principal place of business located in Lebanon, New Jersey. Parsons began conducting business in 2001.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- Russell J. Parsons, President, Chief Compliance Officer

PCM offers the following advisory services to our clients:

### **INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary, limited discretionary or non-discretionary basis. Clients are requested to refer to PCM's investment management agreement for further information on our discretionary authority. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Mutual fund shares
- Exchange traded funds (ETFs)
- Equity securities
- Corporate debt securities
- Commercial paper
- Certificates of deposit
- Municipal securities
- United States government securities

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

PCM will allocate the client's assets among various investments taking into consideration the overall management style selected by the client. The mutual funds will be selected on the basis of any or all of the following criteria:

- the fund's performance history
- the industry sector in which the fund invests
- the track record of the fund's manager
- the fund's investment objectives
- the fund's management style and philosophy; and
- the fund's management fee structure.

### **FINANCIAL PLANNING**

We provide financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicare and elder law.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

Typically the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided. Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

### **CONSULTING SERVICES**

Clients can also receive investment advice on a more focused basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. We also provide specific consultation and administrative services regarding investment and financial concerns of the client.

Consulting recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

### **AMOUNT OF MANAGED ASSETS**

As of 12/31/2013, we were actively managing \$157,984,000 of clients' assets on a discretionary basis and \$0 of clients' assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **INDIVIDUAL PORTFOLIO MANAGEMENT**

The annual fee for portfolio management services will be charged as a percentage of assets under management, typically ranging from 0.50% to 2.00%, depending on the size, nature, and complexity of the client account. PCM will quote a specific fee to each client prior to the execution of the advisory agreement. PCM requires a minimum account size of \$100,000 for this service, although this may be negotiable under certain circumstances.

Clients will be invoiced in arrears or have their account directly debited at the end of each calendar quarter based upon the asset value (market or fair market value in the absence of market value), of the client's account at quarter-end. PCM will not directly debit any client account without receiving written authorization from the client.

### **FINANCIAL PLANNING**

Our Financial Planning and Consulting service fee is calculated and charged on an hourly basis at the rate of \$150 per hour. An estimate for total hours will be determined at the start of the advisory relationship. A retainer may be requested upon completion of PCM's fact-finding

session with the client, however, advance payment will never exceed \$500 for work that will not be completed within six months. The balance will be due upon completion of the plan or consulting service.

PCM's financial planning and consulting fees will be determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

If a Financial Planning or Consulting services client implements investment recommendations by engaging PCM for Portfolio Management services, PCM may, at its discretion, waive, discount, or adjust Financial Planning/Consulting services fees for Portfolio Management services fees.

### **ADDITIONAL COMPENSATION**

The principal executive officer of PCM is separately licensed as a registered representative of Purshe Kaplan Sterling Investments (hereinafter "PKSI"), a FINRA member broker dealer. This individual may also be an insurance agent or broker for one or more insurance companies. As such, this individual, in his separate capacity as a registered representative and/or insurance agent or broker, will be able to effect securities transactions and/or purchase insurance products for clients. As a result, this individual will receive separate, yet customary compensation (i.e., commissions, 12b-1 fees or other sales-related forms of compensation). This individual may spend as much as 5% of his time on these related activities.

A conflict of interest exists between the this individual, and those of the advisory clients, creating an incentive for him to recommend investment products based on the compensation received through PKSI or various insurance companies, rather than on a client's needs. However, clients are under no obligation to act upon any recommendations of this individual or to effect any transactions through him if they decide to follow the recommendations. The principal executive officer of PCM does not limit his recommendations to products offered by PKSI, with all consulting and financial planning advice provided being of a generic nature.

### **GENERAL INFORMATION**

**Limited Negotiability of Advisory Fees:** Although PCM has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

**Termination of the Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

**Mutual Fund Fees:** All fees paid to PCM advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**Additional Fees and Expenses:** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

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

PCM does not charge performance-based fees.

## **Item 7 Types of Clients**

PCM provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- Pension and profit sharing plans
- Trusts, estates or charitable organizations
- Corporations or other business entities

There is a minimum account size of \$100,000 required for Portfolio Management services. Please refer to Item 5 of this disclosure brochure for more information.



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

### **Our Investment Philosophies and Strategies.**

**Generally.** PCM draws upon expansive academic research, investment information, and its own proprietary analysis to provide innovative and comprehensive fiduciary wealth management and investment advisory services. PCM periodically monitors clients' portfolios, recommends a strategic asset allocation, recommends specific investments, and suggests changes when appropriate. PCM also suggests trading in clients' portfolios utilizing a disciplined approach to rebalancing (in order to maintain asset class exposures within desired risk tolerances, subject to variances permitted for tax planning or other reasons). PCM manages mutual fund and fixed income portfolios on either a discretionary or non-discretionary basis.

**Methods of Analysis.** In designing investment plans for clients, PCM will rely on information supplied by the client and the client's other professional advisors pertaining to the client's financial situation, objectives, time horizon and risk tolerance. This information becomes the basis for the strategic asset allocation plan which PCM believes best meets the client's long term stated goals. The investment plan which sets forth the strategic asset allocation provides for investment in those asset classes which PCM believes (based on historical data and PCM's proprietary analysis) will possess attractive combinations of return, risk, and correlation over the long term.

PCM adheres to the findings of a great deal of academic research, which states that strategic asset allocation is determinative of the majority of the expected long-term gross returns of investor's portfolios. Furthermore, PCM's selection of asset classes is driven by research into global asset classes by such academics as Professor Eugene Fama, Sr. of the University of Chicago Booth Graduate School of Business and the Center of Research in Security Prices, Professor Kenneth French of Dartmouth College and many other academics and researchers. In connection therewith, PCM's investment advice is based upon long-term investment strategies incorporating the principles of Modern Portfolio Theory. PCM emphasizes the utilization of several different asset classes as part of an investor's portfolio, as this has been shown to effect a reduction in portfolio volatility (i.e., the standard deviation of returns) over long periods of time. PCM allocates and diversifies the client's assets among various asset classes and then among individual investments, following the investment policy agreed to by the client. PCM's investment approach is firmly rooted in the belief that markets are efficient and that investors' returns are determined principally by asset allocation decisions. PCM focuses on developing globally diversified portfolios, principally through the use of passively managed stock mutual funds and ETF's.

**Sources of Information.** PCM's investment analysis is based upon a number of factors including those derived from commercially available software technology, securities rating services, general economic and market and financial information, due diligence reviews, and specific investment analyses that clients may request. PCM's main sources of information include commercially available investment information and evaluation services, financial newspapers and journals, academic white papers, periodicals, as well as prospectuses, statements of additional information, and other issuer-prepared information. PCM also attends various investment and financial planning conferences.

**Types of Investments.** PCM will typically create a portfolio of no-load stock and bond mutual funds. PCM primarily recommends portfolios consisting of passively managed mutual funds and ETF's offered by the Vanguard Funds. Vanguard mutual funds and ETF's offer broad diversification and most are structured for low turnover, so as to substantially lessen the often-substantial transaction costs incurred by funds as they trade securities within the fund.

Some investment portfolios may also include individual fixed income investments (bonds, C.D.'s, etc.). For clients with a substantial fixed income allocation, PCM generally recommends a combination of bond funds and individual fixed income investments, with actual investments dependent upon PCM's views of the risk/return relationship for various forms of fixed income investments or bond funds. PCM will typically request discretionary authority from clients to manage individual fixed income assets, as such may be necessary to enable PCM to purchase or sell such assets in a timely manner at quoted prices.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

**Risk of Loss.** Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

## **Item 9 Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

The principal executive officer of PCM is a registered representative of Purshe Kaplan Sterling Investments ("PKSI"), a securities broker-dealer and a member of FINRA. In addition, this individual is also a licensed insurance agent. This individual may receive compensation for his activities as a registered representative or insurance agent. This individual may spend approximately 5% of his time on these activities. More information about these relationships is discussed in Item 5 of this Brochure.

Clients should be aware that the receipt of additional compensation by PCM and/or its management person creates a conflict of interest that may impair the objectivity of our firm and this individual when making advisory recommendations. PCM endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employee to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employee;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

PCM and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

PCM's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [russ@parsonscapitalmanagement.com](mailto:russ@parsonscapitalmanagement.com), or by calling us at 908-730-0011.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

## **Item 12 Brokerage Practices**

PCM does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

### **DIRECTED BROKERAGE**

As our firm does not have the discretionary authority to determine the broker-dealer to be used or the commission rates to be paid, clients must direct us as to the broker-dealer to be used.

We currently require that our clients direct us to use Fidelity Brokerage Services, LLC. (hereinafter, "Fidelity"), an unaffiliated FINRA-registered broker dealer for the implementation of all portfolio transactions. We reserve the right to decline acceptance of any client account for which the client directs us to use a broker dealer other than Fidelity if we believe that this choice would hinder our fiduciary duty to the client and/or our ability to service the account. Not all advisers require their clients to direct brokerage.

Our firm participates in the Fidelity Institutional Wealth Services Program (hereinafter, "FIWS") sponsored by Fidelity Brokerage Services LLC (hereinafter, "Fidelity"), member NYSE/SIPC.

Clients in need of brokerage and custodial services will have Fidelity recommended to them. While there is no direct linkage between the investment advice given to clients and our firm's participation in the FIWS program, we receive economic benefits which would not be received if we did not give investment advice to clients. These benefits include:

- A dedicated trading desk that services FIWS participants exclusively;
- A dedicated service group and an account services manager dedicated to our firm's accounts;
- Access to a real-time order matching system;

- The ability to 'block' client trades and electronic download of trades, balances and positions;
- Access, for a fee, to an electronic interface with FIWS' software;
- Duplicate and batched client statements, confirmations and year-end summaries;
- The ability to have advisory fees directly debited from client accounts (in accordance with federal and state requirements);
- Availability of third-party research and technology;
- A quarterly newsletter;
- Access to Fidelity mutual funds and to AdvisorChannel.com (internet access to statements, confirmations and transfer of asset status);
- Access to Account View (through which clients may access their account information over the internet via our website), Access to over 350 mutual fund families and 4,500 mutual funds NOT affiliated with Fidelity, of which over 2,000 have no transaction fee, ability to have loads waived for our clients who invest in certain Fidelity loaded funds, when certain conditions are met and maintained and the ability to have custody fees waived (when negotiated by the adviser and allowed under certain circumstances).

The benefits we receive through participation in the FIWS program may depend upon the amount of transactions directed to, or amount of assets custodied by, Fidelity.

Participation in the FIWS program results a potential conflict of interest for our firm, as the receipt of the above benefits creates an incentive for us to recommend Fidelity to clients. Nonetheless, we have reviewed the services of Fidelity and recommend its services based on a number of factors. These factors include the professional services offered, commission rates, and the custodial platform provided to clients. While, based on our business model, we will not seek to exercise discretion to negotiate trades among various brokers on behalf of clients, we will, however, periodically attempt to negotiate lower commission rates for our clients with Fidelity.

### **Block Trading**

As a matter of policy and practice, PCM does not generally block client trades and, therefore, we implement client transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, our clients may not receive volume discounts available to advisers who block client trades.

## **Item 13 Review of Accounts**

### **INDIVIDUAL PORTFOLIO MANAGEMENT**

**REVIEWS:** While the underlying securities within Individual Portfolio Management services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

**REPORTS:** Clients will receive monthly statements and confirmations of transactions directly from their broker-dealer. PCM will not provide regular reports to clients.

## **FINANCIAL PLANNING/CONSULTING SERVICES**

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning/Consulting clients unless otherwise contracted for.

**REPORTS:** Financial Planning/Consulting clients will receive reports as contracted for at the inception of the advisory relationship.

All accounts are reviewed by Russell J. Parsons, President and Chief Compliance Officer of PCM.

### **Item 14 Client Referrals and Other Compensation**

#### **CLIENT REFERRALS**

PCM does not compensate any person for client referrals.

#### **OTHER COMPENSATION**

Our firm and/or our officers and representatives are eligible to receive incentive awards (including prizes such as trips or bonuses) for recommending certain types of insurance policies or other investment products that we recommend.

While we endeavor at all times to put the interest of our clients first as part of our fiduciary duty, the possibility of receiving incentive awards creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

### **Item 15 Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure our advisory fees may be directly debited client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

**Item 16 Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

**Item 17 Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm 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. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

**Item 18 Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. PCM has no additional financial circumstances to report. PCM has not been the subject of a bankruptcy petition at any time during the past ten years.