

# **Lutz Financial**

SEC File Number: 801 – 62093

## **ADV Part 2A, Firm Brochure**

**Dated: March 29, 2018**

Contact: James P. Boulay, Chief Compliance Officer  
13616 California Street, Suite 300  
Omaha, Nebraska 68154  
[www.lutzfinancial.com](http://www.lutzfinancial.com)

This brochure provides information about the qualifications and business practices of Lutz Financial. If you have any questions about the contents of this brochure, please contact us at (402) 827-2300 or [jboulay@lutzfinancial.com](mailto:jboulay@lutzfinancial.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 Lutz Financial also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References herein to Lutz Financial as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

## **Item 2           Material Changes**

There have been no material changes to this brochure since Lutz Financial's most recent annual amendment on March 23, 2017.

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#### **Item 4            Advisory Business**

- A. Lutz Financial is a limited liability company formed on February 2, 2000 in the State of Nebraska. Lutz Financial first registered as an investment adviser in June 2003. Lutz Financial is principally owned by Ectart, LLC. James P. Boulay is Lutz Financial's Managing Member and Chief Compliance Officer.
- B. As discussed below, Lutz Financial offers to its clients pension consulting and investment advisory services, and to the extent specifically requested by a client, financial planning and related consulting services.

##### **INVESTMENT ADVISORY SERVICES**

Clients can engage Lutz Financial to provide discretionary or non-discretionary investment advisory services. Lutz Financial's annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under Lutz Financial's management. Prior to engaging Lutz Financial to provide investment advisory services, clients are required to enter into an Investment Advisory Agreement with Lutz Financial setting forth the terms and conditions of the engagement.

Lutz Financial provides investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objectives. Thereafter, Lutz Financial will allocate or recommend that the client allocate investment assets consistent with their designated investment objectives. Lutz Financial primarily recommends or uses various mutual funds (including the mutual funds sponsored by Dimensional Fund Advisors ("DFA")), individual bonds, exchange-traded funds ("ETFs"), in managing client accounts, based on the investment objectives of each client.

Lutz Financial's annual investment advisory fee includes investment advisory services, and, to the extent specifically requested by the client, financial planning and consulting services. In the event that the client requires extraordinary planning or consultation services (to be determined in the sole discretion of Lutz Financial), Lutz Financial reserves the right to charge for these additional services, the dollar amount of which will be mutually agreed upon by both parties.

##### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent requested by a client, Lutz Financial may provide financial planning or consulting services (including on investment and non-investment related matters, such as estate planning and insurance planning) on a stand-alone separate fee basis. Prior to engaging Lutz Financial to provide planning or consulting services, clients are generally required to enter into a Financial Planning and Consulting Agreement with Lutz Financial setting forth the terms and conditions of the engagement. If requested by the client, Lutz Financial may recommend the services of other professionals for implementation purposes, including the accounting services of Lutz Financial's affiliate, Lutz & Company, PC (See additional information about this affiliation at Item 10.C). The client is under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation from Lutz Financial. **Please Note:** If the client engages any recommended professional, and a dispute arises thereafter relative to such engagement,

the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify Lutz Financial if there is ever any change in their financial situation or investment objectives so that Lutz Financial can review, and if applicable, revise its previous recommendations or services.

### **RETIREMENT PLAN CONSULTING SERVICES**

Lutz Financial offers fiduciary and non-fiduciary consulting services, on a discretionary or non-discretionary *fee* basis, to defined contribution, defined benefit and non-qualified plans. All qualified plan client accounts are regulated under the Employee Retirement Income Securities Act ("ERISA"). Lutz Financial will provide discretionary, non-discretionary, fiduciary and non-fiduciary advisory services to the sponsors of the defined contribution, defined benefit, and nonqualified deferred compensation plans, considering each plan's stated objective, liquidity needs, and stated policies and guidelines. Lutz Financial employs an initial and ongoing screening process based upon various quantitative and qualitative factors, including performance and costs.

Lutz Financial may be engaged to provide the following services (collectively, "Services") to a company, plan or plan participant during the term of an engagement.

**Pooled Qualified Retirement Plan Fiduciary Services:** Lutz Financial may be engaged to provide discretionary 3(38) investment management to clients regarding the investment management of pooled qualified retirement plans. Under this arrangement, Lutz Financial is appointed by the plan sponsor or trustee and accepts discretion over plan assets, while assuming full responsibility and liability for the fiduciary functions concerning decisions related to the plan assets. Lutz Financial's services shall include the following, to the extent requested and agreed upon, in writing:

- i. Making discretionary investment decisions for Plan assets
- ii. Developing an investment policy statement
- iii. Creating periodic investment reports to aid in monitoring investments
- iv. Attending periodic meetings with the client to discuss reports
- v. Analyzing and recommending service providers
- vi. Reviewing and conducting due diligence relating to manager and fund selections
- vii. Attending meetings with custodian or record-keeper on matters pertaining to the plan investments
- viii. Participating in periodic committee meetings (or as often as the committee deems necessary)
- ix. Participating in additional sub-committee meetings as requested with members and outside advisors

**Defined Contribution Plan and Defined Benefit Plan Fiduciary Services:** Lutz Financial may be engaged to provide non-discretionary 3(21)(a)(ii) investment advice to clients regarding asset classes and investment alternatives available to the client in accordance with its investment policies and objectives and to the extent written policies and objectives have been brought to the attention of Lutz Financial. When Lutz Financial is engaged in this capacity, the client shall have final decision-making authority regarding the selection, retention, removal and addition of investment options. Lutz Financial will not maintain discretionary authority or control, whatsoever, with respect to the plan or the plan participant accounts maintained by the plan. Lutz Financial will provide services only to the extent it receives necessary and timely cooperation from the company,

including but not limited to meetings, telephone calls, production of documents, coordination of services and company decision-making assistance. Lutz Financial's services shall include the following, to the extent requested and agreed upon, in writing:

- i. Assisting in selecting investment options
- ii. Assisting in the development of an investment policy statement
- iii. Providing periodic investment reports to aid in monitoring investment options
- iv. Attending periodic meetings with the client to discuss reports
- v. Assisting with the selection of qualified default investment alternatives
- vi. Analyzing and recommending service providers
- vii. Assisting with review and due diligence relating to manager and fund selections
- viii. Attending meetings with custodian or record-keeper on matters pertaining to the plan investments
- ix. Participating in periodic committee meetings (or as often as the committee deems necessary)
- x. Participating in additional sub-committee meetings as requested with members and outside advisors
- xi. Assisting with investment fund mapping and analytical support as requested

Clients must acknowledge that Lutz Financial has no responsibility to provide any services related to the following types of assets: employer securities; ESOP Plans, real estate (except for real estate funds and publicly traded REITs); voting proxies, stock brokerage accounts or mutual fund windows; participant loans; non-publicly traded partnership interests; other non-publicly traded securities or property (other than collective trusts and similar vehicles); or other hard-to-value or illiquid securities or property (collectively, "Unmanaged Assets").

Defined Contribution, Defined Benefit Plan Non-Fiduciary Services: Lutz Financial may be engaged to provide non-discretionary, non-fiduciary services. When Lutz Financial is engaged in this capacity, the client shall have final decision-making authority regarding the selection, retention, removal, modification or addition of all advisor non-fiduciary recommendations. Lutz Financial's services shall also include the following, to the extent requested and agreed upon, in writing:

- i. Monitoring and supporting governances
- ii. Assisting with plan administration and vendor management
- iii. Supporting participant communication and education program
- iv. Providing benchmark studies and searches
- v. Assisting with implementation and conversions
- vi. Analyzing client's service provider reports

## **MISCELLANEOUS**

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** As indicated above, to the extent requested by the client, Lutz Financial may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Lutz Financial does not serve as a law firm or accounting firm, and no portion of its services should be construed as legal or accounting services. Accordingly, Lutz Financial does not prepare estate planning documents or tax returns. To the extent requested by a client, Lutz Financial may recommend the services of other professionals for certain non-investment

implementation purposes (i.e. attorneys, accountants, insurance agents, etc.), including Lutz Financial's affiliate, Lutz & Company, PC (See additional information about this affiliation at Item 10.C). The client is under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation from Lutz Financial and/or its representatives. **Please Note:** If the client engages any recommended unaffiliated professional, and a dispute arises thereafter relative to that engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Lutz Financial's Chief Compliance Officer, James P. Boulay, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Use of Certain Mutual Funds and ETFs:** While Lutz Financial may recommend allocating investment assets to mutual funds that are not available directly to the public, Lutz Financial may also recommend that clients allocate investment assets to publically-available mutual funds and ETFs that the client could obtain without engaging Lutz Financial as an investment adviser. However, if a client or prospective client determines to allocate investment assets to publically-available mutual funds and ETFs without engaging Lutz Financial as an investment adviser, the client or prospective client would not receive the benefit of Lutz Financial's initial and ongoing investment advisory services. Mutual funds, such as those sponsored by DFA, are generally only available through registered investment advisers. Lutz Financial may allocate client investment assets to DFA mutual funds. Therefore, upon the termination of Lutz Financial's services to a client, restrictions regarding transferability and/or additional purchases of, or reallocation among DFA funds will apply. If a client determines to sell DFA mutual funds, they will be subject to tax consequences if the DFA funds are held in taxable accounts. **Lutz Financial's Chief Compliance Officer, James P. Boulay, remains available to address any questions that a client or prospective client may have regarding the above.**

**Retirement Rollovers- 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): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). Lutz Financial's representatives will not make any recommendations to clients about whether they should roll over their retirement plan assets into an account to be managed by Lutz Financial. However, Lutz Financial and its representatives may provide general information and education about this important decision. **No client is under any obligation to roll over retirement plan assets to an account managed by Lutz Financial. Lutz Financial's Chief Compliance Officer, James P. Boulay, remains available to address any questions that a client or prospective client may have regarding the conflict of interest presented by a client's decision to rollover their account to an individual retirement account to be managed by Lutz Financial.**

**Non-Discretionary Service Limitations.** Clients that determine to engage Lutz Financial on a non-discretionary investment advisory basis **must be willing to accept** that Lutz Financial cannot effect any account transactions without obtaining prior consent to such transaction(s) from the client. In the event that Lutz Financial would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, Lutz Financial will be unable to

effect the account transaction(s) (as it would for its discretionary clients) without first obtaining the client's consent.

**Variable Annuities (1035 exchanges):** In limited circumstances, Lutz Financial may invest client assets in the investment sub-divisions of a variable annuity issued by Jefferson National. Lutz Financial does not purchase variable annuities for its clients on a commission basis. Rather, Lutz Financial recommends that clients owning variable annuities consider a 1035 exchange to Jefferson National, one of the nation's lowest cost, fee-only, variable annuity providers. By so doing, we seek to reduce the fees and expenses associated with commission-based annuities.

**Orion.** Lutz Financial may provide its clients with access to an online platform hosted by "Orion". The Orion platform allows a client to view their complete asset allocation, including those assets that Lutz Financial does not manage (the "Unmanaged Assets"). Lutz Financial does not provide investment management, monitoring, or implementation services for the Excluded Assets. Therefore, Lutz Financial shall not be responsible for the investment performance of the Excluded Assets. Rather, the client and/or their advisor(s) that maintain management authority for the Excluded Assets, and not Lutz Financial, shall be exclusively responsible for such investment performance. The client may choose to engage Lutz Financial to manage some or all of the Excluded Assets pursuant to the terms and conditions of an Investment Advisory Agreement between Lutz Financial and the client. The Orion platform also provides access to other types of information, including financial planning concepts, which should not be viewed as services, advice, or recommendations provided by Lutz Financial. Finally, Lutz Financial shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the Orion platform without Lutz Financial's assistance or oversight.

**Client Obligations.** In performing its services, Lutz Financial shall not be required to verify any information received from the client or from the client's other designated professionals, and is expressly authorized to rely thereon. It remains the client's responsibility to promptly notify Lutz Financial if there is ever any change in their financial situation or investment objectives so that Lutz Financial can review, and if applicable, revise its previous recommendations or services.

**Disclosure Statement.** A copy of Lutz Financial's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the Investment Advisory Agreement or Financial Planning and Consulting Agreement.

- C. Lutz Financial provides investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objectives. Thereafter, Lutz Financial will allocate or recommend that the client allocate investment assets consistent with their designated investment objectives. The client may impose reasonable restrictions, in writing, on Lutz Financial's services.
- D. Lutz Financial does not participate in a wrap fee program.
- E. As of December 31, 2017, Lutz Financial had \$[•] in assets under management on a discretionary basis and \$[•] in assets under management on a non-discretionary basis.

## **Item 5            Fees and Compensation**

- A. Clients can engage Lutz Financial to provide discretionary or non-discretionary investment advisory services in accordance with the fee schedules and descriptions of fees described below.

Although the schedules and description of fees set forth below are Lutz Financial's standard fees, its fees remain negotiable. In addition, Lutz Financial reserves the right to charge different fees to clients based upon various objective and subjective factors. These factors include, but are not limited to, the amount of the assets placed under Lutz Financial's management or supervision, the level and scope of the overall investment services to be rendered and the complexity of the engagement. As a result, Lutz Financial's clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall financial planning and/or consulting services to be rendered. The services to be provided by Lutz Financial to any particular client could be available from other advisers at a higher or lower fee. All clients and prospective clients should be guided accordingly.

### **INVESTMENT ADVISORY SERVICES**

Lutz Financial's annual investment advisory fee for discretionary or non-discretionary investment advisory services shall be based upon a percentage (%) of the market value and type of assets placed under Lutz Financial's management based on the following fee schedule:

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
First \$1,000,000	1.00%
Next \$1,000,000	0.75%
Next \$3,000,000	0.50%
Next \$5,000,000	0.35%
Over \$10,000,000	0.25%

Lutz Financial's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. Lutz Financial's fees are negotiable.

### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent specifically requested by a client, Lutz Financial may determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Lutz Financial's planning and consulting fees are negotiable, but generally range from \$2,000 to \$5,000 on a fixed fee basis, and from \$100 to \$350 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

### **RETIREMENT PLAN CONSULTING**

Lutz Financial offers retirement plan consulting services, on a discretionary or non-discretionary *fee* basis, to defined contribution, defined benefit and non-qualified plans. Generally, Lutz Financial's advisory fees are payable quarterly in advance. However, Lutz Financial may also charge fees according to other agreed upon methods with each retirement plan client. Lutz Financial's fee for advisory services may be based on a



percentage of assets under advisement, an agreed upon fixed fee or determined on an hourly rate basis, subject to a written agreement between the parties.

- B. Clients may elect to have Lutz Financial's advisory fees deducted from their custodial account. Both Lutz Financial's Investment Advisory Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for Lutz Financial's investment advisory fee and pay the fee to Lutz Financial in compliance with regulatory procedures. In the limited event that Lutz Financial bills the client directly, payment is due upon receipt of Lutz Financial's invoice. Lutz Financial will generally deduct fees or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, Lutz Financial shall generally recommend that Charles Schwab and Co., Inc. ("Schwab") TD Ameritrade, Inc. ("TD"), and Jefferson National Life Insurance Company ("Jefferson National") (collectively, the "Custodians"), as applicable, to serve as the broker-dealer/custodian for client investment advisory assets. The Custodians charge brokerage commissions and transaction fees for effecting securities transactions. In addition to Lutz Financial's investment advisory fee, brokerage commissions and transaction fees, clients will also pay certain fees and expenses as shareholders of mutual funds and ETFs, which are borne by all shareholders (e.g., management fees and other fund expenses). If Lutz Financial determines that it would be beneficial to the client, individual transactions may be effected through broker-dealers with whom Lutz Financial and/or the client have entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through the Custodians (in which event, the client shall incur both the transaction fee charged by the executing broker-dealer and a "tradeaway" fee charged by the Custodians).
- D. Lutz Financial does not generally require an annual minimum fee or asset level for investment advisory services. However, Lutz Financial, in its sole discretion, may charge a lesser investment advisory fee or charge a flat fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

The *Investment Advisory Agreement* between Lutz Financial and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, Lutz Financial shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. Neither Lutz Financial, nor its representatives accept compensation from the sale of securities or other investment products.

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

Neither Lutz Financial nor any supervised person of Lutz Financial accepts performance-based fees.

## **Item 7            Types of Clients**

Lutz Financial's clients shall generally include individuals, high net worth individuals, retirement plans, charitable organizations, and business entities. Lutz Financial does not generally require an annual minimum fee or asset level for investment advisory services.

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

A. Lutz Financial may utilize the following methods of security analysis:

- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)

Lutz Financial may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)

**Please Note: Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Lutz Financial) will be profitable or equal any specific performance level(s).

B. Lutz Financial's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis Lutz Financial must have access to current/new market information. Lutz Financial has no control over the dissemination rate of market information; therefore, unbeknownst to Lutz Financial, certain analyses may be compiled with outdated market information, severely limiting the value of Lutz Financial's analysis.

Lutz Financial's primary investment strategies - Long Term Purchases and Short Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

C. Lutz Financial primarily recommends or uses various mutual funds (including the mutual funds sponsored by DFA), individual bonds, ETFs, in managing client accounts, based on the investment objectives of each client.

## Item 9            Disciplinary Information

Lutz Financial has not been the subject of any disciplinary actions.

## Item 10           Other Financial Industry Activities and Affiliations

- A. Neither Lutz Financial, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither Lutz Financial, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing
- C. **Licensed Insurance Agent.** Certain investment adviser representatives, in their individual capacity, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. Mr. Boulay may be engaged in his individual capacity to effect insurance transactions on a commission basis.

**Conflict of Interest:** As of the date of this Brochure, no investment adviser representative of Lutz Financial or Lutz Financial has accepted any commissions. The recommendation by an investment adviser representative that a client purchase an insurance commission product presents a conflict of interest. The recommendation to purchase an insurance commission product is a conflict because the receipt of commissions or fees may provide an incentive for the recommendation rather than a particular client's need. No client is under any obligation to purchase any commission products from any Lutz Financial investment adviser representative. Clients are reminded that they may purchase insurance products recommended by Lutz Financial through other, non-affiliated insurance agents. **Lutz Financial's Chief Compliance Officer, James P. Boulay, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Certified Public Accounting Firm.** Lutz Financial's majority member (74%) is Ectart, LLC ("*Ectart*"). *Ectart* is owned by the individual shareholders of Lutz & Company, PC ("*Lutz*"), a certified public accounting firm principally located in Omaha, Nebraska. The individual shareholders of *Lutz* are certified public accountants and devote the substantial majority of their professional time to accounting-related services. Lutz Financial and *Lutz* share the same principal place of business. To the extent that *Lutz* provides accounting and/or tax preparation services to any clients, including clients of Lutz Financial, all such services shall be performed by *Lutz*, in its individual professional capacity, independent of Lutz Financial, for which services Lutz Financial shall not receive any portion of the fees charged by *Lutz*, referral or otherwise.

It is expected that the members of *Lutz*, solely incidental to their respective practices as Certified Public Accountants with *Lutz*, shall recommend Lutz Financial's services to certain of *Lutz*'s clients. Although *Lutz* shall not receive referral fees from Lutz Financial, *Lutz* shall be entitled to receive distributions relative to its ownership interest in *Ectart*, the majority member of Lutz Financial. Neither *Lutz*, nor any shareholder of *Lutz*, is involved in providing investment advice on behalf of Lutz Financial, nor does *Lutz* or any other shareholder of *Lutz*, hold itself/himself/herself out as providing advisory services on behalf of Lutz Financial.

**Lutz Financial's Chief Compliance Officer, James P. Boulay, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create. Please Note: No client of Lutz Financial is required to engage Lutz's services.**

- D. Lutz Financial does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. Lutz Financial maintains an investment policy relative to personal securities transactions. This investment policy is part of Lutz Financial's overall Code of Ethics, which serves to establish a standard of business conduct for all of Lutz Financial's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, Lutz Financial also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Lutz Financial or any person associated with Lutz Financial.

- B. Neither Lutz Financial nor any related person of Lutz Financial recommends, buys, or sells for client accounts, securities in which Lutz Financial or any related person of Lutz Financial has a material financial interest.
- C. Lutz Financial and/or representatives of Lutz Financial *may* buy or sell securities that are also recommended to clients. This practice may create a situation where Lutz Financial and/or representatives of Lutz Financial are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Lutz Financial did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of Lutz Financial's clients) and other potentially abusive practices.

Lutz Financial has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Lutz Financial's "Access Persons". Lutz Financial's securities transaction policy requires that an Access Person of Lutz Financial must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date Lutz Financial selects.

- D. Lutz Financial and/or representatives of Lutz Financial *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice

creates a situation where Lutz Financial and/or representatives of Lutz Financial are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above in Item 11.C, Lutz Financial has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Lutz Financial's Access Persons.

## **Item 12 Brokerage Practices**

- A. In the event that the client requests that Lutz Financial recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Lutz Financial to use a specific broker-dealer/custodian), Lutz Financial generally recommends that investment advisory accounts be maintained at *Schwab* and/or *TD*. Prior to engaging Lutz Financial to provide investment advisory services, the client will be required to enter into a formal *Investment Advisory Agreement* with Lutz Financial setting forth the terms and conditions under which Lutz Financial shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Lutz Financial considers in recommending *Schwab* and/or *TD* (or any other broker-dealer/custodian to clients) (collectively, the "Custodians") include historical relationship with Lutz Financial, financial strength, reputation, execution capabilities, pricing, research, and service. The Custodians enable Lutz Financial to obtain many no-load mutual funds without transaction charges and other no-load and load waived funds at nominal transaction charges. The Custodians charge commission rates, which are generally considered discounted from customary retail commission rates. Although the commissions and/or transaction fees paid by Lutz Financial's clients shall comply with Lutz Financial's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Lutz Financial determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Lutz Financial will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Lutz Financial's investment advisory fee. Lutz Financial's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

### **1. Non-Soft Dollar Research and Additional Benefits**

Lutz Financial receives from the Custodians (and potentially other broker-dealers, custodians, investment platforms, unaffiliated investment managers, vendors, or fund sponsors, including DFA) free or discounted support services and products. Certain of these products and services assist Lutz Financial to better monitor and service client accounts maintained at these institutions. The support services that Lutz Financial obtains can include investment-related research; pricing information and market data; compliance or practice management-related publications; discounted or

free attendance at conferences, educational or social events; or other products used by Lutz Financial to further its investment management business operations.

Certain of the support services or products received may assist Lutz Financial in managing and administering client accounts. Others do not directly provide this assistance, but rather assist Lutz Financial to manage and further develop its business enterprise.

Lutz Financial's clients do not pay more for investment transactions effected or assets maintained at the Custodians because of these arrangements. There is no corresponding commitment made by Lutz Financial to any broker-dealer or custodian or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products because of the above arrangements.

**Lutz Financial's Chief Compliance Officer, James P. Boulay, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

2. Lutz Financial does not receive referrals from broker-dealers.
3. Lutz Financial does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Lutz Financial will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Lutz Financial. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs Lutz Financial to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Lutz Financial. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

**Lutz Financial's Chief Compliance Officer, James P. Boulay, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that Lutz Financial provides investment advisory services to its clients, the transactions for each client account generally will be effected independently, unless Lutz Financial decides to purchase or sell the same securities for several clients at approximately the same time. Lutz Financial may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission

rates or to allocate equitably among Lutz Financial's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Lutz Financial shall not receive any additional compensation or remuneration as a result of such aggregation.

### **Item 13      Review of Accounts**

- A. For those clients to whom Lutz Financial provides investment supervisory services, account reviews are conducted on an ongoing basis by Lutz Financial's Managing Member, James P. Boulay and/or representatives, Justin B. Vossen, Nick Hall, Joe Hefflinger, and Chris Wagner. All investment supervisory and financial planning clients are advised that it remains their responsibility to advise Lutz Financial of any changes in their investment objectives and/or financial situation. All clients (in person or telephonically) are encouraged to review financial planning issues, investment objectives and account performance with Lutz Financial on an annual basis, as applicable.

There will likely be extended periods of time when Lutz Financial determines that changes to a client's portfolio are not necessary. However, clients remain responsible for payment of their advisory fees and for determining whether the services of Lutz Financial are still warranted.

- B. Lutz Financial *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. In most instances, Lutz Financial also provides written quarterly reports summarizing account activity and performance.

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

- A. As referenced in Item 12.A.1 above, Lutz Financial receives economic benefits from certain Custodians.
- B. Lutz Financial does not compensate, directly or indirectly, any person, other than its representatives, for client referrals.

### **Item 15      Custody**

Lutz Financial shall have the ability to have its advisory fee for each client debited by the custodian. Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian for the client accounts. Those clients to whom Lutz Financial provides investment supervisory services will also receive a quarterly report from Lutz Financial summarizing account activity and performance.

**Please Note:** To the extent that Lutz Financial provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Lutz Financial with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of Lutz Financial's advisory fee calculation.

## **Item 16 Investment Discretion**

The client can determine to engage Lutz Financial to provide investment advisory services on a discretionary basis. Prior to Lutz Financial assuming discretionary authority over a client's account, the client shall be required to execute *Investment Advisory Agreement*, naming Lutz Financial as the client's attorney and agent in fact, granting Lutz Financial full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage Lutz Financial on a discretionary basis may, at anytime, impose restrictions, **in writing**, on Lutz Financial's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Lutz Financial's use of margin, etc).

## **Item 17 Voting Client Securities**

- A. Lutz Financial does not vote client proxies. 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.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Lutz Financial to discuss any questions they may have with a particular solicitation.

## **Item 18 Financial Information**

- A. Lutz Financial does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. Lutz Financial is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Lutz Financial has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: Lutz Financial's Chief Compliance Officer, James P. Boulay, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**