

# PIVOTAL PLANNING GROUP, LLC

ADV Part 2A, Brochure  
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**This Brochure provides information about the qualifications and business practices of Pivotal Planning Group, LLC. If you have any questions about the contents of this Brochure, please contact us at (516) 333-6565. 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 Pivotal Planning Group, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Pivotal Planning Group, LLC 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**

This Brochure has not been materially amended since the March 28, 2017 annual update filing. However, Pivotal Planning Group, LLC amended this Brochure to reflect a new wrap fee program offering and related disclosures. In addition, this Brochure has been amended at Item 5 to reflect a change in billing practices and at Item 12 to reflect benefits received from an unaffiliated qualified custodian.

**Pivotal Planning Group, LLC's Chief Compliance Officer, John Marchisotta, remains available to address any questions that a client or prospective client has about this Brochure.**

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

- A. Pivotal Planning Group, LLC (the “Registrant”) is a limited liability company formed in the State of New York. The Registrant became registered as an investment adviser in April 16, 2010. The Registrant is principally owned by Satty, Levine & Ciacco, CPAs and John Marchisotta. Mr. Marchisotta is also the Registrant’s Managing Member and Chief Compliance Officer.
- B. As discussed below, the Registrant offers to its clients investment advisory services, and to the extent requested by a client, financial planning and related consulting services.

#### **INVESTMENT ADVISORY SERVICES**

The client can engage the Registrant to provide discretionary investment advisory services on a fee basis. The Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Registrant’s management. Before engaging the Registrant to provide investment advisory services, clients are required to enter into an Investment Advisory Agreement with Registrant setting forth the terms and conditions of the engagement.

Registrant’s annual investment advisory fee includes investment advisory services, and, to the extent requested by a client, limited financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of the Registrant), the Registrant may determine to charge for such additional services pursuant to a stand-alone Financial Planning Agreement (see below).

To commence the investment advisory process, an investment adviser representative will first determine each client’s investment objectives and then allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. Once allocated, the Registrant provides ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives, and may periodically execute or recommend execution of account transactions based upon such reviews.

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

To the extent specifically requested by a client, the Registrant 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 separate fee basis. Registrant’s planning and consulting fees are negotiable, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a Financial Planning and Consulting Agreement with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes, including the Registrant’s representatives in their individual

capacities as accountants and licensed insurance agents. (See disclosure below at Item 10.C.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. Clients are responsible for promptly notifying the Registrant if there is ever any change in their financial situation or investment objectives so that the Registrant can review, and if necessary, revise its previous recommendations or services.

### **RETIREMENT PLAN SERVICES**

The Registrant also provides retirement plan consulting/management services, where it assists sponsors of self-directed retirement plans organized under the Employee Retirement Security Act of 1974 (“ERISA”). The terms and conditions of the engagement shall be set forth in a Retirement Plan Services Agreement between the Registrant and the plan sponsor.

To the extent that the plan sponsor engages the Registrant in an ERISA Section 3(21) capacity, the Registrant will assist with the selection and/or monitoring of investment options (generally open-end mutual funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. If the plan sponsor chooses to engage the Registrant in an ERISA Section 3(38) capacity, Registrant may provide the same services as described above, but may also: create specific asset allocation models that Registrant manages on a discretionary basis, which plan participants may choose in managing their individual retirement account; and/or modify the investment options made available to plan participants on a discretionary basis.

To the extent requested by the plan sponsor, the Registrant shall also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts.

### **MISCELLANEOUS**

**Limitations of Non-Investment Consulting/Implementation Services.** To the extent requested by the client, the Registrant may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither the Registrant, nor any of its representatives, serves as an attorney and no portion of the Registrant’s services should be construed as legal services. Accordingly, the Registrant and its representatives do not prepare estate planning documents. To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including the Registrant’s representatives in their separate licensed capacities as discussed in Item 10.C. below. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. Clients are responsible for promptly notifying the Registrant if there is ever any change in their financial situation or investment objectives so that the Registrant can review, and if necessary, revise its previous recommendations or services.

**Independent Managers.** The Registrant may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers ("Independent Manager(s)") included on SEI Private Trust Co.'s ("SEI's") platform. Any allocation or recommendation to allocate client's assets among any such independent management will be made in accordance with the client's designated investment objective(s). In such situations, the Independent Manager(s) shall have day-to-day responsibility for the active discretionary management of the allocated assets according to the terms and conditions of a separate agreement executed between the client and the Independent Manager. The Registrant shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors that the Registrant considers in recommending Independent Managers include the client's designated investment objectives, and the manager's management style, performance, reputation, financial strength, reporting capabilities, pricing structure, and published research. The investment management fees charged by the designated Independent Managers are in addition to Registrant's ongoing investment advisory fee, as described further in Item 5.C. below.

**Client Obligations.** The Registrant will not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely on the information in its possession. Clients are responsible for promptly notifying the Registrant if there is ever any change in their financial situation or investment objectives so that the Registrant can review, and if necessary, revise its previous recommendations or services.

**Retirement Plan Rollovers.** 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). If the Registrant recommends that a client roll over their retirement plan assets into an account to be managed by the Registrant, such a recommendation creates a conflict of interest if the Registrant will earn a new (or increase its current) advisory fee as a result of the rollover. To the extent that Registrant recommends that clients roll over assets from their retirement plan to an IRA managed by Registrant, then Registrant represents that it and its investment adviser representatives are fiduciaries under the ERISA, or the Internal Revenue Code, or both. **No client is under any obligation to roll over plan assets to an IRA managed by the Registrant or to engage the Registrant to monitor and/or manage the account while maintained at the client's employer. Registrant's Chief Compliance Officer, John Marchisotta, remains available to address any questions that a client or prospective client may have regarding its prospective engagement and the corresponding conflict of interest presented by such engagement.**

**ERISA / IRC Fiduciary Acknowledgment.** If the client is: (i) a retirement plan ("Plan") organized under 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 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 Registrant 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 Registrant or its representatives or with respect to any investment recommendations regarding an ERISA Plan or participant or beneficiary account.

**Use of Mutual Funds and ETFs:** While the Registrant may recommend allocating investment assets to mutual funds that are not available directly to the public, the Registrant may also recommend that clients allocate investment assets to publicly available mutual funds and ETFs that the client could obtain without engaging Registrant as an investment adviser. However, if a client or prospective client determines to purchase securities without engaging Registrant as an investment adviser, the client or prospective client would not receive the benefit of Registrant's initial and ongoing investment advisory services. Other mutual funds, such as those issued by Dimensional Fund Advisors ("DFA"), are generally only available through registered investment advisers. Registrant may invest in DFA mutual funds. Therefore, upon the termination of Registrant's services to a client, restrictions regarding transferability and/or additional purchases of, or reallocation among DFA funds will apply.

**ByAllAccounts.** In conjunction with the services provided by "ByAllAccounts," the Registrant may also provide periodic comprehensive reporting services, which can incorporate all of the client's investment assets including those investment assets that are not part of the assets managed by the Registrant (the "Excluded Assets"). The Registrant's service relative to the Excluded Assets is limited to reporting services only, which does not include investment implementation. Because the Registrant does not have trading authority for the Excluded Assets, to the extent applicable to the nature of the Excluded Assets (assets over which the client maintains trading authority vs. trading authority designated to another investment professional), the client (and/or the other investment professional), and not the Registrant, shall be exclusively responsible for directly implementing any recommendations relative to the Excluded Assets. The client and/or their other advisors that maintain trading authority, and not the Registrant, shall be exclusively responsible for the investment performance of the Excluded Assets. Without limiting the above, the Registrant shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that the Registrant provide non-discretionary investment management services (whereby the Registrant would have trading authority) with respect to the Excluded Assets, the client may engage the Registrant to do so pursuant to the terms and conditions of the Investment Advisory Agreement between the Registrant and the client.

- C. The Registrant shall provide 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 objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant's services.
- D. The Registrant offers a wrap-fee program to prospective and existing advisory clients. We are both the sponsor and investment manager to the program. A wrap-fee program is a type of investment program that provides clients with investment management and brokerage services for one all-inclusive fee. If you participate in our wrap fee program,

you will pay our firm a single fee, which covers our money management fees, certain transaction costs, and custodial and administrative costs. You are not charged separate fees for the respective components of the total services. We receive a portion of the wrap fee for our services after paying other service providers. The overall cost you will incur if you participate in our wrap fee program may be higher or lower than you might incur by separately purchasing the types of securities available in the program. The terms and conditions of a wrap program engagement are more fully discussed in Registrant's Wrap Fee Program Brochure

**Wrap Program-Conflict of Interest:** Because wrap program transaction fees and/or commissions are being paid by Registrant to the account custodian/broker-dealer, the Registrant could have an economic incentive to maximize its compensation by seeking to minimize the number of trades in the client's account. See separate Wrap Fee Program Brochure. In an attempt to mitigate or eliminate this conflict of interest, Registrant has determined to enter into an asset-based pricing arrangement with Charles Schwab & Co., Inc. ("Schwab"). Under an asset-based pricing arrangement, the amount that Registrant will pay to Schwab for account commission/transaction fees is based upon a percentage (%) of the market value of Registrant's wrap fee client accounts. This differs from transaction-based pricing, which assesses a separate commission/transaction fee for each transaction. Such asset-based pricing arrangement was instituted in an effort to counter Registrant's economic incentive to minimize trading in client wrap fee accounts by establishing a fixed cost for transactions regardless of the level of trading activity in wrap fee accounts. **Registrant's Chief Compliance Officer, John Marchisotta, remains available to address any questions that a client or prospective client may have regarding its prospective engagement and the corresponding conflict of interest presented by such engagement.**

- E. As of December 31, 2017, the Registrant had \$218,791,804 in assets under management on a discretionary basis.

## Item 5 Fees and Compensation

### A.

#### INVESTMENT ADVISORY SERVICES

If a client determines to engage the Registrant to provide discretionary investment advisory services on a negotiable fee basis, the Registrant's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the Registrant's management as follows:

<u>Market Value of Portfolio</u>	<u>Annual fee as % of Assets</u>
On the first \$250,000	1.50%
On the next \$250,000	1.25%
On the next \$500,000	1.00%
On the next \$4,000,000	0.75%
On amounts over \$5,000,000	0.50%

**HYPOTHETICAL EXAMPLE:** A client with a \$2 million household would be subject to a blended fee of approximately 0.97%, which is calculated as follows: 1.50% on the first

\$250,000, 1.25% on the next \$250,000, 1.00% on the next \$500,000 and 0.75% on the next \$1,000,000.

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

To the extent specifically requested by a client, the Registrant 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. Registrant's planning and consulting fees are negotiable, but generally range from \$1,000 to \$10,000 on a fixed fee basis or from \$200 to \$400 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 SERVICES**

Registrant's negotiable annual fee for retirement plan consulting or management services depends upon the scope and complexity of the services requested, which shall be based upon a percentage (%) of the market value of assets held by the plan. This fee generally ranges between negotiable and 0.60% of the market value of the plan assets as follows:

<u>Market Value of Plan Assets</u>	<u>3(21) Capacity</u> <u>Annual Fee % of Assets</u>	<u>3(38) Capacity*</u> <u>Annual Fee % of Assets</u>
\$2,000,000 to \$5,000,000	0.50%	0.60%
\$5,000,001 to \$10,000,000	0.40%	0.50%
\$10,000,001 to \$20,000,000	0.30%	0.40%
\$20,000,001 to \$50,000,000	0.25%	0.35%
\$50,000,001 and above	Negotiable	Negotiable

Registrant may also provide retirement plan services on a negotiable hourly-rate basis, which is generally \$200 per hour if performed by a Senior Consultant; or \$400 per hour if performed by a Partner/Director.

\*The above 3(38) fee schedule includes the cost of participant education. However, Registrant may outsource the participant education component to an unaffiliated third-party vendor, in which case the negotiable annual fee is reduced by a rate of between 0.01% and 0.20% of plan assets.

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's Investment Advisory Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/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, the Registrant shall generally recommend that Schwab serve as the broker-dealer/custodian for individual client (not retirement plan) investment management assets. As part of its wrap fee advisory program, Registrant absorbs the transaction costs associated with trading activity in client accounts. However, client accounts may invest in mutual funds (including money market funds) and ETFs that have



various internal fees and expenses (i.e. management fees), which are paid by these funds but ultimately borne by clients as a fund shareholder. These internal fees and expenses are in addition to the fees charged by the Registrant.

**Please Note:** Certain of Registrant's clients may currently maintain legacy custodial relationships with SEI Private Trust Co. ("SEI") and/or TD Ameritrade Institutional ("TDA"). Broker-dealers such as SEI and TDA will charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain mutual funds, commissions are charged for individual equity transactions, and mark-ups and mark-downs are charged for fixed income transactions). In addition, To the extent that clients use Independent Managers made available through SEI's platform, SEI will charge an additional fee, typically between 0.20%, and 1.25%, which varies based upon the services to be provided, the Independent Manager rendering the service and/or the amount of assets under management. When clients pay these additional fees to SEI, these fees also cover any commissions, transaction fees, markups or markdowns that a client would otherwise be required to pay.

- D. Registrant'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. Certain of Registrant's clients also maintain legacy fee arrangements which provide for billing in arrears, the terms of which are set forth in such clients' Investment Advisory Agreements. Any Investment Advisory Agreement between the Registrant 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. For clients who pay fees in advance, upon termination, the Registrant shall refund the account for the pro-rated portion of the advanced advisory fee based upon the number of days that services were provided during the billing quarter. For clients who pay fees in arrears, upon termination, the Registrant shall debit the account for the pro-rated portion of the fee due, based upon the number of days services were provided during the billing quarter.
- E. Neither the Registrant, 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 the Registrant nor any supervised person of the Registrant accepts performance-based fees.

## **Item 7            Types of Clients**

The Registrant's clients shall generally include individuals, high net worth individuals, business entities, pension and profit sharing plans, trusts, estates and charitable organizations. The Registrant does not generally require an annual minimum fee or asset level for investment advisory services, but generally imposes a \$2,000,000 minimum asset level requirement to provide retirement plan services. The Registrant, in its sole discretion, may reduce its minimum asset level requirement or charge a lesser investment management or consulting 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.).

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

- A. The Registrant may utilize the following methods of security analysis:
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)

The Registrant 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)

**Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear, including the complete loss of principal investment. 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 the Registrant) will be profitable or equal any specific performance level(s).

- B. The Registrant's method of analysis and investment strategy does not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant'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. Currently, the Registrant primarily allocates client investment assets among various open-ended mutual funds, individual equity securities (including exchange traded funds and preferred stocks), fixed income securities (including individual bonds and bond funds) and Independent Managers, on a discretionary basis in accordance with the client's designated investment objectives.

## **Item 9            Disciplinary Information**

The Registrant has not been the subject of a disciplinary action.

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

- A. Neither the Registrant, 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 the Registrant, 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. **Certified Public Accountant.** The Registrant is principally owned by Satty, Levine & Ciacco, P.C., (“SL&C”), a certified public accounting firm that shares office space and administrative personnel with the Registrant. Certain of the Registrant’s representatives also serve as certified public accountants with SL&C. To the extent that a client requires accounting advice and/or tax preparation services, the Registrant, if requested, will recommend the services of SL&C, all of which services shall be rendered independent of the Registrant pursuant to a separate agreement between the client and SL&C. The Registrant shall not receive any of the fees charged by SL&C, referral or otherwise.

The recommendation by Registrant’s representatives that a client utilize the accounting services SL&C presents a conflict of interest, as the indirect receipt of payment for accounting advice and/or tax preparation services may provide an incentive to recommend accounting advice and/or tax preparation services based on payments received, rather than on a particular client’s need. No client of the Registrant is required to engage SL&C for accounting services, and vice versa. **The Registrant’s Chief Compliance Officer, John Marchisotta, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest**

**Affiliated Insurance Agency/ Licensed Insurance Agents.** Pivotal Insurance Agency (“PIA”) is an affiliated licensed insurance agency. Certain of Registrant’s representatives are also licensed insurance agents of PIA. The recommendation by Registrant’s representatives that they engage PIA for insurance services would present a material conflict of interest. However, to eliminate this conflict of interest, Registrant has implemented a strict zero-tolerance policy prohibiting its representatives from recommending any insurance products on a commission basis to any of Registrant’s clients. Therefore, Registrant’s clients cannot engage Registrant’s representatives, even in a separate and individual capacity, to execute insurance commission transactions through PIA.

- D. The Registrant does not recommend or select other investment advisers for its clients for which it receives direct or indirect fees from the other investment adviser.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant’s overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant’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, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/or representatives of the Registrant may buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant 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 the Registrant 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 the Registrant’s clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant’s “Access Persons.” The Registrant’s securities transaction policy requires that Access Person of the Registrant 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. Furthermore, Access Persons must provide the Chief Compliance Officer with a quarterly transaction report, detail all trades in the Access Person’s account during the previous quarter; and on an annual basis, each Access Person must provide the Chief Compliance Officer with a written report of the Access Person’s current securities holdings.

- D. The Registrant and/or representatives of the Registrant may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant 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 11C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant’s Access Persons.

## **Item 12            Brokerage Practices**

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

Factors that the Registrant considers in recommending Schwab (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant'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 the Registrant 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 broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant 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, Registrant's investment management fee. The Registrant'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

Registrant receives from SEI, TDA, and/or Schwab (and potentially other broker-dealers, custodians, investment platforms, unaffiliated investment managers, vendors, or fund sponsors) free or discounted support services and products. Certain of these products and services assist the Registrant to better monitor and service client accounts maintained at these institutions. The support services that Registrant 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 Registrant to further its investment management business operations.

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

Registrant's clients do not pay more for investment transactions effected or assets maintained at SEI, TDA, and/or Schwab, or other broker-dealers and custodians, because of these arrangements. There is no corresponding commitment made by the Registrant 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.

**Please Note:** In addition to the benefits described above, Registrant will receive additional benefits as part of Registrant's process of transitioning client custodial relationships to Schwab. Pursuant to an agreement between Registrant and Schwab, Schwab has agreed to make payments on Registrant's behalf to a third-party vendor to cover certain costs associated with transitioning clients to Schwab's custodial platform. Under the terms of this agreement, the amount of such payments are dependent on the amount of assets transferred to Schwab, with a maximum of \$125,000 in total payments. In addition, Schwab has agreed to reimburse Registrant's clients up to an aggregate amount of \$40,000 to defray client-borne expenses associated with custodial account closing and transfer fees. As a result, Registrant has

a conflict of interest in recommending Schwab as a custodian, as the recommendation could be made on the basis of maximizing the value of these additional benefits, rather than on a particular client's needs.

**The Registrant's Chief Compliance Officer, John Marchisotta, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest such arrangement may create.**

2. The Registrant does not receive referrals from broker-dealers.

3. Directed Brokerage.

The Registrant 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 Registrant 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 Registrant. As a result, the 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.

In the event that the client directs Registrant 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 Registrant. Higher transaction costs adversely impact account performance. Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts. **The Registrant's Chief Compliance Officer, John Marchisotta, remains available to address any questions that a client or prospective client may have regarding the above arrangements.**

B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant 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 the Registrant'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. The Registrant 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 Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by Roger Ciacco and/or John Marchisotta. All

investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.

- B. The Registrant 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. The Registrant may also provide a written periodic report summarizing account activity and performance.

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

- A. Please review Item 12.A.1 above for a complete discussion on the economic benefits and support services that the Registrant receives from SEI, TDA, and/or Schwab.
- B. If a client is introduced to the Registrant by either a solicitor, Registrant may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any referral fee is paid solely from the Registrant's investment advisory fee, and will not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor will provide each prospective client with a copy of the current version of this Brochure and a separate written disclosure statement disclosing the terms of the arrangement between the Registrant and the solicitor, including the compensation to be paid by the Registrant to the solicitor.

#### **Item 15      Custody**

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. 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. The Registrant may also provide a written periodic report summarizing account activity and performance.

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

The Registrant engages in other practices and/or services on behalf of its clients that require disclosure at ADV Part 1, Item 9, which practices and/or services are subject to an annual surprise CPA examination in accordance with the requirements of Rule 206(4)-2 under the Investment Advisers Act of 1940.

## **Item 16 Investment Discretion**

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, client shall be required to execute an Investment Advisory Agreement, naming the Registrant as client's attorney and agent in fact, granting the Registrant 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 the Registrant on a discretionary basis may, at any time, impose restrictions, in writing, on the Registrant'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 the Registrant's use of margin, etc.).

## **Item 17 Voting Client Securities**

- A. The Registrant 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.

The Registrant will not be responsible and each client has the right and responsibility to take any action, and the right to initiate or pursue any legal proceeding with respect to transactions, securities or other investments held in the client's account or the issuers thereof.

## **Item 18 Financial Information**

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant 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. The Registrant has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: The Registrant's Chief Compliance Officer, John Marchisotta, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**