

Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page

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This brochure provides information about the qualifications and business practices of Abacus Wealth Partners, LLC. If you have any questions about the contents of this brochure, please contact us at 215-656-4280. 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 Abacus Wealth Partners, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

In 2010, the U.S. Securities and Exchange Commission adopted amendments to Part 2 of Form ADV. This brochure is our initial filing in response to those amendments. As a result, this brochure contains information and statements that are materially different from our previous Part 2 of Form ADV, which was last filed in March 2011. In future filings, this section of the brochure will summarize material

changes that have been made to the brochure since our last delivery or posting of this document on the SEC's public disclosure website (IAPD) www.adviserinfo.sec.gov.

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Item 4

Advisory Business

Abacus Wealth Partners, LLC (“Abacus”) is an investment advisor that was formed in 2004 by combining the business operations of Abacus Wealth Management, LLC and Sherman Financial, **Inc.** Abacus Wealth Management and Sherman Financial each own controlling interests of Abacus of 43%. Abacus Wealth Management, in operation since 1997, is 100% owned by our President, Brenton W. Kessel. Sherman Financial, in operation since 1987, is 100% owned by our Chief Executive Officer, Spencer D. Sherman. As with the predecessor firms, Abacus is an investment advisor that specializes in financial planning. Financial planning is the long-term process of wisely managing your finances so you can achieve your goals and dreams, while at the same time negotiating the financial barriers that inevitably arise in every stage of life. Financial planning starts with goal setting, and depending on your goals, the following areas may be addressed:

Goal setting – Goal setting begins with what we refer to as Personal Goals Discovery, a one-to-two hour meeting in which we learn about the goals that will be central to your financial plan. We then collect all the financial data that we need to analyze how much you should earn, spend and save to reach your most important goals.

Retirement planning – Nearly all clients include retirement as one of their financial goals. An “Enough for Life Report,” which is a lifetime cash-flow projection, is created to analyze when and under what other circumstances that retirement can be achieved. This includes projections of investment returns, taxes, types of retirement accounts, spending and income as well as values of assets and paying down of liabilities.

Estate planning – in conjunction with your estate planning attorney, we help analyze and suggest the most appropriate estate planning techniques and tools. The analysis incorporates the income needs of dependents, philanthropic goals, business transition and trust management.

Insurance – We advise you on the proper amount and type of insurance for your needs by comparing lifetime and disability income needs to your assets. This advice can cover life, disability, property, automobile, earthquake, hurricane, long-term-care and umbrella liability insurance. We may direct you to no-load and low-load insurance products that may not be available through typical insurance agents. Abacus doesn’t sell any insurance or receive commissions for referrals to insurance brokers.

Philanthropic giving – Abacus advises on tax-appropriate vehicles to accomplish your philanthropic objectives, as well as which assets make the most sense to use for funding such a vehicle.

Other planning services – We may advise you on funding college accounts, real estate issues, business transition planning and family meeting coordination

Investments – In order to determine a client's risk exposure, Abacus gathers required information through in-depth personal or telephone interviews. Information gathered includes your current financial status, future goals and attitudes towards risk. Related documents supplied by you are reviewed and a written report may be prepared. Should you choose to implement the recommendations contained in the plan, Abacus suggests you work closely with your attorney, accountant, insurance agent, and/or discount brokerage firm. Implementation of financial plan recommendation is entirely at your discretion. Financial plans may be provided for interlocking families or family groups. In this situation, Abacus may produce several individual plans and/or one comprehensive plan that ties together the individual plans.

Abacus also provides advice on non-securities matters. Generally, this is in connection with the rendering of retirement plan selection, business planning, estate planning, real estate planning, insurance and/or annuity advice. Financial plan recommendations are not limited to any specific product or service offered by a broker/dealer or insurance company.

Abacus chooses investments based on its investment philosophy, which is grounded in investment research. Abacus believes the markets are generally efficient and that stock picking and market timing cause dramatic underperformance for most managers. Abacus believes traditional index funds have significant benefits that include discipline, low turnover, reduced costs, diversification and lack of subjectivity, all of which have been shown to add significantly to investment returns. However, typical index funds also have drawbacks, including higher costs in certain asset classes, and a rigid necessity to follow a brand-name index that can lead to less than optimal trade executions. Abacus generally utilizes passive institutional funds that are not available to the general public, and which capture the benefits of indexing while avoiding its drawbacks. These passive institutional funds serve as the core investment recommendations. Abacus' core investment portfolios include exposure to equities and alternatives such as commodities. The sector allocations are most often accomplished through the selection of appropriate mutual funds.

For clients with significant investment assets and who are accredited investors, clients may also have the opportunity to invest in private investments. Private investments are investments which are not publicly traded and which are often illiquid. Private investments are often attractive investment opportunities because they capitalize on one or more market inefficiencies. Market inefficiencies can lead to above average investment returns. Market inefficiencies can be caused by the illiquid nature of the market, significant barriers to entry to the market and/or a lack of transparent pricing. Abacus applies environmental sustainability screens to certain mutual fund investment it manages for clients. Clients with significant investment assets may choose to have their investments screened by various social criteria. Abacus works with an institutional investment advisor to implement these social screenings.

With the exception of private investments, socially screened investments, and some fixed income investments, Abacus generally does not provide investment recommendations for individual securities.

Abacus provides Investment Advisory Services, defined as giving continuous advice to a client and/or making investments for a client based on the individual needs of the client. Abacus provides this service to individuals, pensions and profit sharing plans, trusts, estates, charitable organizations, and corporations. After determining your current financial situation, financial goals, and attitude toward risk, Abacus will design a portfolio based on your individual situation and will then manage your account on a discretionary and/or non-discretionary basis.

As of December 31, 2010, Abacus has \$622,579,000 in assets under management. \$620,860,000 of these assets are managed on a discretionary basis, and \$1,719,000 are managed on a non-discretionary basis.

Item 5 Fees and Compensation

Abacus generally charges a fee based on a percentage of its clients' assets under management. Clients are invoiced in advance at the beginning of each calendar quarter based on the clients' account values as of the close of the preceding quarter. Fees are usually deducted from the client accounts unless Abacus agrees otherwise. Fees are subject to negotiation at Abacus's discretion. The following is Abacus' current standard fee schedule:

The **annual percentage based fee** structure is as follows:

For the first \$3,000,000 of assets under management	1.00%
For the next \$2,000,000 in assets (\$3 to 5 million)	.75%
For the next \$10,000,000 in assets (\$5 to 15 million)	.50%
For over \$15,000,000 in assets under management	.25%

Accounts of spouses and other family members may be combined in applying the above fee grid. Minimum quarterly fees may apply depending upon the investment assets and financial planning needs of the client.

Private, illiquid investments, which are not subject to the above fee grid, are billed at the rate of 2% per year.

If a client owns investment real estate, and would like Abacus to provide specific real estate-related recommendations for those properties, the value of the client's equity in their investment real estate will be excluded from the above fee grid and an agreed upon flat fee will be billed. If a client requires extra planning services in anticipation of the sale of a property, additional fees will apply. An estimate of the time required and total fees to be incurred will be discussed with the client in advance of the engagement.

If a client's investment management fees are less than \$10,000 per year, the client will likely be charged additional fees for financial planning services. Such fees are typically charged on an hourly or retainer

basis, depending upon the specific nature of the engagement. Hourly fees usually range from \$150 to \$300 per hour.

If the investment advisory relationship is terminated, any fees that have been paid, but unearned, will be refunded to the client on a pro-rata basis.

Clients may bear additional fees, depending upon the specific investment vehicles managed in an account. These fees are not paid to Abacus, nor does Abacus share in these fees. Clients invested in mutual funds bear a proportionate amount of the annual operating expenses, including fund management fees. Abacus utilizes “no load” mutual fund in client accounts and predominantly utilizes institutional mutual funds which are characterized by management fees that are lower than those typically experience in retail funds. The custodians of clients’ accounts may assess transaction fees for the purchase and sale of certain mutual funds. In lieu of transaction fees, the custodian may charge asset-based fees, expressed as a percentage of the dollar value of securities held at the custodians. Clients invested in private investments incur management fees and sometimes, performance fees, otherwise known as carried interest. Fees vary from investment to investment and are determined by the investment sponsors.

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

Abacus serves as the sponsor and general partner for the Abacus Sustainable Fund. Abacus is entitled to collect management fees and performance fees from certain investors in this fund, in those instances where the investors are not clients of Abacus’ investment advisory and financial planning business. Performance fees are fees charged to only those investors when the Abacus Sustainable Fund attains certain predetermined performance metrics. Performance fees may incentivize Abacus to allocate favorable investments to this fund so Abacus can earn larger performance fees. The fund’s investment commitment period was May 2008 through 2009. Beyond the committed investments, which are no longer available, the fund only invests in mutual funds as liquidity vehicles.

Abacus manages investments for clients, itself, and its employees. Abacus and its employees may buy or sell securities identical to those recommended to customers for their personal accounts. Additionally, any related person may have an interest or position in certain securities which may also be recommended to clients.

Abacus has adopted a Code of Ethics as part of its overall policies and procedures. The Code provides that an employee may not take an investment opportunity from a client for an employee’s own portfolio, use his or her position to take advantage of available investments, engage in any securities transactions based on inside information, engage in front-running or participate in initial public offerings. For more information on our Code of Ethics, please read Item 11.

Item 7 Types of Clients

Abacus provides investment advice to individuals, high net worth individuals, couples, families, pensions and profit sharing plans, trusts, estates, charitable organizations, and corporations. Abacus also serves as the sponsor and general partner for one or more alternative investment vehicles, organized as limited partnerships or limited liability companies. Abacus generally requires a minimum investment of \$50,000, though the minimum can be waived at Abacus' discretion. The minimum fee is generally \$600 per year. Abacus' financial planning services are normally included in the clients' fee as long as the annual fee exceeds \$10,000, except for certain engagements related to real estate or other special projects.

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

Fundamental analysis serves as the foundation of Abacus' investment advice. Based on academic research, Abacus has adopted an asset class investing approach. Abacus looks at the performance of various asset classes over long periods of time to determine its sector allocations for its models. Abacus then chooses no load mutual funds to obtain the appropriate exposure to those asset classes. Abacus' investment approach is based on the assumption that the securities markets are generally efficient. Abacus does not engage in stock picking, believing that a well diversified portfolio will outperform an actively managed portfolio over most full market cycles. Abacus also does not engage in market timing, maintaining client allocations during all market cycles.

There are risks associated with investing. It is not possible to predict with any certainty whether markets will go up or down. By staying fully invested throughout all market cycles, investors may periodically experience significant losses, particularly if all sectors decrease in value at the same time, as happened during the liquidity crisis of 2008-2009. If a client responds emotionally to market downturns, the client may make their overall investment experience worse, especially if the client chooses to liquidate their investments or make drastic changes between investment strategies. If the client is uninvested when the market begins to turn upward, the client will miss out on opportunity to recoup their investment losses.

Abacus selects two globally diversified, environmentally screened index funds for most clients. These funds do not employ what's typically called "social screening," meaning they don't focus on issues like defense contractors, nuclear power, or alcohol manufacturing as reasons to decrease ownership of a company. If a client with significant assets is interested in additional social screening, Abacus works with an institutional manager, who also follows an asset class investing approach. Social screening reduces the potential investment opportunities, and therefore, may reduce the potential investment returns. Social screening with this institutional investment manager will result in the client being invested in substantially fewer securities than if the client were invested in the no load mutual funds Abacus normally recommends.

A client with significant assets may choose to invest in individual bonds rather than or in addition to investing in mutual fund bond portfolios. Abacus works with institutional bond managers to create

customized bond portfolios on behalf of Abacus' clients. Individual bonds may be chosen to reduce the client's potential tax consequences and/or to more closely match the interest payments and maturity of the bonds with the client's cash flow needs. By investing in individual bonds, rather than mutual fund bond portfolios, a client may be exposed to greater issuer risk due to the lower level of diversification.

Private equity or debt investments may be offered to accredited and qualified clients. Accredited clients are those clients whose net worth exceeds \$1 million, exclusive of the positive equity in their personal, primary residence or whose income exceeds \$200,000 per year. Qualified clients are those clients whose net worth exceeds \$1.5 million and who may be charged performance fees by the investment sponsors. Prospective investors must be sufficiently knowledgeable to evaluate the risks of the investment and must be able to bear the risk of investment loss. Abacus recommends private equity or debt investments in those sectors where Abacus believes the market is inefficient. Market inefficiencies can be caused by the illiquid nature of the market, significant barriers to entry to the market and/or a lack of transparent pricing. After identifying the market sector, Abacus reviews available investment opportunities. Abacus learns of the investment opportunities through its network of investment professionals, through conferences, or through its professional associations. Once opportunities have been identified, Abacus reviews the sponsors' offering and marketing materials, asks questions of the sponsors, and conducts background checks of certain key personnel. There are significant risks associated with investing in private equity or debt investments, including the reliance on a few key personnel at the investment sponsors, a lack of transparency in pricing the investments, a lack of marketability in the underlying investments, an absence of efficient pricing mechanisms for the underlying investments and importantly, the illiquid nature of the fund investment itself. Investing in private equity or debt investments often requires a long investment horizon, typically 7-10 years. Risks of the particular investments are found in the private offering memorandum, which should be read carefully before making an investment.

Item 9 **Disciplinary Information**

Abacus and its management personnel have not been involved in any legal or disciplinary events that need to be disclosed in this Form ADV.

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

Abacus and its management personnel are not registered and do not have pending applications to register as broker-dealers, futures commission merchants, or commodity pool operators.

Abacus recommends investments in the DFA Funds, managed by Dimensional Fund Advisers. Abacus obtains investment research from DFA and attends conferences and seminars sponsored by DFA, which could bias Abacus toward using DFA sponsored funds.

Abacus uses the accounting firm of Mann, Gelon, Glodney & Augenstein for its tax returns. Abacus refers clients to this accounting firm and receives referrals of clients from this accounting firm. Abacus does not receive referral fees from nor does it pay referral fees to Mann, Gelon, Glodney & Augenstein. Accordingly, this relationship does not create a conflict of interest. Nonetheless, clients that are referred to Mann, Gelon, Glodney & Augenstein are urged to independently evaluate the quality of their services.

Abacus is the general partner of a limited partnership it sponsors, Abacus Sustainable Fund, L.P. . Abacus is entitled to management and performance fees from the partnership, though it has chosen to waive those fees for any client of the Abacus Sustainable Fund who is also a client of Abacus' investment advisory and financial planning business. See Item 6 for further disclosures.

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

Abacus has adopted a Code of Ethics as part of its overall policies and procedures. The Code provides that an employee may not take an investment opportunity from a client for an employee's own portfolio, use his or her position to take advantage of available investments, engage in any securities transactions based on inside information, engage in front-running or participate in initial public offerings. To monitor trading in employees' accounts, Abacus has established the following policies:

- 1) Upon commencement of employment and on an annual basis thereafter, all employees must disclose all securities accounts and must sign a statement saying they are providing the firm with information relating to all securities transactions.
- 2) All employees must report their personal securities transactions on a quarterly basis, except for transactions in direct obligations of the United States, commercial paper, bank CD's, bankers acceptances, high quality short-term debt instruments and open end mutual funds.
- 3) Any employee that has not effected any relevant transactions during a quarter must submit a negative statement within 30 days of the end of the quarter.

Clients may obtain a copy of the Code of Ethics by providing Abacus with a request in writing.

Abacus is the general partner of a limited partnership it sponsors, Abacus Sustainable Fund, L.P. Abacus is entitled to management and performance fees from the partnership, though it has chosen to waive those fees for any client of Fund who is also a client of Abacus' investment advisory and financial planning business. See Item 6 for further disclosures.

Abacus manages investments for clients, itself, and its employees. Abacus and its employees may buy or sell securities identical to those recommended to customers for their personal accounts. Additionally, Abacus and its employees may have an interest or position in certain securities which may also be recommended to clients. A conflict of interest could arise if the security being bought or sold

was a small capitalization security or if it was thinly traded. In those circumstances, Abacus or its employees may benefit from front running clients, so that they would receive a more advantageous price than the client (s). Abacus has adopted a Code of Ethics, as described above, to address the conflicts of interest that may arise in connection with personal trading.

Item 12 **Brokerage Practices**

Abacus does not have authority to select the broker/dealer to be used for client transactions, but Abacus does recommend the use of particular broker/dealers. Each client designates one or more broker/dealers to be used for transactions. If more than one broker/dealer is chosen, the client must designate the circumstances under which each broker/dealer is to be used.

Abacus makes its recommendations based on the particular client circumstances, which may include client preferences, existing relationships, anticipated portfolio holdings, the anticipated size of the account, and the anticipated trading volume. The securities are held in the clients' accounts at the custodian chosen by the client.

Abacus periodically reviews the commissions and fees charged by broker/dealers to insure clients receive fair and reasonable transaction fees and security pricing. Upon review of these activities, Abacus may elect to cease to recommend a particular broker/dealer and may seek to terminate existing broker/dealer relationships.

Research and Other Soft Dollar Benefits

Abacus participates in the Institutional customer programs offered by TD Ameritrade Institutional and Schwab Institutional ("Custodians"), broker/dealers. They offer services which include the custody of securities, trade execution, and clearance and settlement of transactions. There is no direct link between Abacus' participation in the programs and the investment advice it gives to its clients, although Abacus receives economic benefits through its participation in the programs that are typically not available to retail investors. These benefits include the following products and services among others: research related products and tools; consulting services; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Abacus by third party vendors and contributions to non profit organizations. Custodians may also pay for business consulting and professional services received by Abacus' related persons and may also pay or reimburse expenses including meals and entertainment expenses for Abacus' personnel to attend conferences. Some of the products and services made available by Custodians through the program may benefit Abacus but may not benefit its client accounts. Other services made available by Custodians are intended to help Abacus manage and further develop its business enterprise. As part of its fiduciary duties to clients, Abacus endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Abacus or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Abacus' choice for custody and brokerage services.

Abacus considers a number of factors in recommending brokers and custodians at which to locate its client accounts, including, but not limited to, execution capability, experience and financial stability, reputation and the quality of services provided. While Abacus' policy is to seek best execution, Abacus may recommend brokers with relatively higher transaction costs than competitors if Abacus determines

in good faith that the cost is reasonable in relation to the value of brokerage and research services provided. In recommending TD AMERITRADE Institutional ("TD Ameritrade") as the broker and custodian for certain of its current and future client accounts, Abacus takes into consideration its arrangements with TD Ameritrade as to obtaining price discounts for TD Ameritrade's automatic portfolio rebalancing service for advisors known as "iRebal". The standard iRebal annual license fee applicable to Abacus is \$20,000. That fee is subject to specified reductions (and even complete waiver) if specified amounts of client taxable assets are either already on the TD Ameritrade platform or are committed to be placed on it. Specified taxable client assets either maintained on or committed to the TD Ameritrade platform will bring fee reductions of up to \$20,000 per year for three years or more. If Abacus does not maintain the relevant level of taxable assets on the TD Ameritrade, Abacus may be required to make a penalty fee payment to TD Ameritrade calculated on the basis of the shortfall.

As a result of this iRebal arrangement, the custody and maintenance of client accounts at TD Ameritrade will serve to benefit Abacus and most of its clients, many of whose assets are not held at TD Ameritrade.

Although Abacus believes that the products and services offered by TD Ameritrade are competitive in the market place for similar services offered by other broker-dealers or custodians, the arrangement with TD Ameritrade as to the iRebal service may affect Abacus' independent judgment in selecting or maintaining TD Ameritrade as a broker or custodian for client accounts.

Brokerage for Client Referrals

Abacus does not currently participate in the Custodian's brokerage referral programs though it may in the future.

Directed Brokerage

On rare occasion, an Abacus client may choose a custodian other than one recommended by Abacus. If a client chooses to use a different custodian, Abacus will be unable to negotiate the favorable pricing it has negotiated with its recommended Custodians, so that the client is likely to pay higher transaction costs and possibly not have access to Abacus' favored investment vehicles.

Trade Aggregation

Abacus may aggregate client brokerage orders when we recommend a transaction in the same security for multiple clients. This allows us to gain administrative efficiency, negotiate volume discounts, and minimize the disparities in trade execution price across client accounts. We have adopted policies and procedures designed to ensure that we allocate such trades among our clients on an equitable basis.

Item 13 Review of Accounts

All of our investment advisors review the investments applicable to all client accounts on an ongoing basis and then provide written reports of each client's account on a quarterly basis, unless circumstances (such as a material market, economic or political event, or a change in the client's individual circumstances) require a more frequent review. Factors affecting the frequency of the review include a particular client's needs and the nature of the services requested by the client.

Abacus provides regular written reports to clients on a quarterly basis. The frequency and contents of reports to clients will be determined by the client's needs and circumstances. These reports summarize the client's investments, financial situation and progress, and may include an update of their financial plan.

Item 14 **Client Referrals and Other Compensation**

Abacus compensates all employees for referring and securing new clients for the firm. Abacus also has solicitation arrangements with third parties to whom it pays referral fees. Fees are paid as a percentage of the fees earned on the accounts referred. The percentage paid and the duration of the payments varies.

Item 15 **Custody**

As discussed in Item 5, Abacus allows its clients to authorize their custodians to directly deposit our management fees. Due to this arrangement, Abacus may be considered to have limited custody of the assets of such accounts. Client's custodians will send written account statements on at least a quarterly basis. Clients should carefully review these statements. As discussed in Item 13, clients will also receive written account reports from Abacus on a quarterly basis. Clients are urged to compare the information in reports from Abacus to the account statements received from their custodians for discrepancies.

Abacus has custody of client funds with respect to the Abacus Sustainable Fund, L.P. An outside administrator prepares the quarterly statements sent to clients and an auditor performs an annual audit of the financial statements.

Item 16 **Investment Discretion**

Abacus is granted discretionary authority by the Client Agreement Letter signed with the client. Abacus is given the written authority to determine which securities and the amount of securities to be bought and sold. The investment and management of the client's portfolio is also governed by an Investment Policy Statement, which provides guidelines relative to the client's exposure to equities and fixed income. Any further limitations must be provided by the client in writing.

Item 17 **Voting Client Securities**

Abacus does not vote client proxies. Clients are solely responsible for voting their own proxies. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent. Abacus does not usually provide any advice relating to the voting of proxies.

Item 18**Financial Information**

Under this item, the nature or condition of some investment adviser's business require additional disclosures. Abacus does not have a financial condition that would impair our ability to meet contractual commitments to our clients.