

## **Firm Brochure**

(Part 2A of Form ADV)



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**March 24, 2016**

This Brochure provides information about the qualifications and business practices of Blue Chip Partners, Inc. ("Blue Chip Partners"). If you have any questions about the contents of this Brochure, please contact us at 248-848-1111 or by email at [rsteinberg@bluechippartners.com](mailto:rsteinberg@bluechippartners.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 Blue Chip Partners also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

# Material Changes

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## Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure. This brochure is the annual updating amendment dated March 24, 2016. The last annual updating amendment was dated March 20, 2015.

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## Material Changes Since the Last Update

There have been no material changes to Blue Chip Partners' Part 2A of Form ADV ("Firm Brochure") since our annual update on March 20, 2015.

This Firm Brochure, dated March 24, 2016, has been prepared according to the U.S. Securities and Exchange Commission's disclosure requirements.

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## Full Brochure Available

Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Robert Steinberg, Chief Compliance Officer, at 248-848-1111 (phone) or [rsteinberg@bluechippartners.com](mailto:rsteinberg@bluechippartners.com) (email). Our Brochure is also available on our web site [www.bluechippartners.com](http://www.bluechippartners.com) by selecting the "Client Resources" tab, then "Forms/Useful Links" and "Firm Brochure Part 2A of Form ADV (updated March 24, 2016)."

# Table of Contents

<b>Material Changes.....</b>	<b>i</b>
Annual Update .....	i
Material Changes Since the Last Update.....	i
Full Brochure Available .....	i
<b>Advisory Business .....</b>	<b>1</b>
Firm Description.....	1
Principal Owners.....	1
Types of Advisory Services.....	1
Assets Under Management .....	2
Tailored Relationships .....	2
Types of Agreements.....	3
Financial Planning Agreements .....	3
Investment Advisory Agreements .....	3
Termination of Agreement .....	8
<b>Fees and Compensation .....</b>	<b>9</b>
Description .....	9
Fee Billing .....	10
Mutual Fund Fees and Expense Ratios .....	11
Other Fees .....	11
Conflicts of Interest .....	12
<b>Performance-Based Fees and Side-by-Side Management .....</b>	<b>13</b>
Sharing of Capital Gains .....	13
Side-by-Side Management .....	13
<b>Types of Clients.....</b>	<b>13</b>
Description .....	13
Account Minimums.....	13
<b>Methods of Analysis, Investment Strategies and Risk of Loss.....</b>	<b>13</b>
Methods of Analysis.....	13
Investment Strategies .....	14
Risk of Loss .....	15
<b>Disciplinary Information .....</b>	<b>16</b>
Legal and Disciplinary.....	16

<b>Other Financial Industry Activities and Affiliations .....</b>	<b>16</b>
Financial Industry Activities.....	16
Affiliations .....	16
<b>Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....</b>	<b>16</b>
Code of Ethics .....	16
Participation or Interest in Client Transactions.....	17
Personal Trading.....	17
<b>Brokerage Practices.....</b>	<b>17</b>
Selecting Brokerage Firms.....	17
Best Execution .....	17
Soft Dollars .....	18
Order Aggregation .....	18
<b>Review of Accounts .....</b>	<b>18</b>
Periodic Reviews .....	18
Review Triggers .....	18
Regular Reports.....	19
<b>Client Referrals and Other Compensation .....</b>	<b>19</b>
Incoming Referrals.....	19
Referrals Out .....	19
Other Compensation.....	19
<b>Custody.....</b>	<b>20</b>
Account Statements.....	20
Portfolio Summary Reports.....	20
<b>Investment Discretion.....</b>	<b>21</b>
Authority for Trading/Limited Power of Attorney .....	21
<b>Voting Client Securities .....</b>	<b>21</b>
Proxy Votes .....	21
<b>Financial Information .....</b>	<b>21</b>
Financial Condition .....	21
<b>Disaster Recovery Plan .....</b>	<b>21</b>
General .....	21
Disasters.....	21
Alternate Offices .....	22

Loss of Key Personnel .....	22
<b>Information Security Program.....</b>	<b>22</b>
Information Security .....	22
Privacy Notice .....	22

# Advisory Business

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## Firm Description

Blue Chip Partners, Inc. ("Blue Chip Partners"), is a private corporation headquartered in Farmington Hills, Michigan. The firm was established in June 2004, and operated under the name Steinberg Planning and Investment Management, Ltd. until January 1, 2010, when the corporation's name was changed to Blue Chip Partners, Inc.

Blue Chip Partners provides fee-based financial planning and investment management services to individuals, trusts, small businesses, estates, and pension and profit sharing plans. Advice is provided through personal consultations and may include determination of financial objectives, identification of financial weakness, investment management, retirement planning, estate planning, tax planning, education funding, and insurance review.

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## Principal Owners

Robert K. Steinberg is a 35% stockholder. Cynthia F. Steinberg is a 35% stockholder. Daniel E. Seder is a 30% stockholder.

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## Types of Advisory Services

### Core Services

Blue Chip Partners' core services include Financial Planning and Portfolio Management. Financial Planning services are available on a comprehensive basis or limited basis. Portfolio Management services consist of structuring, executing and monitoring ongoing investment recommendations. While many clients utilize both services, they can be mutually exclusive.

### Financial Planning

Blue Chip Partners' Financial Planning process takes a comprehensive approach to identifying any weaknesses in your financial situation.

We conduct a detailed review of five areas that are the foundation of your financial situation:

- Taxes – We incorporate your tax returns in our investment analysis with an eye towards finding overlooked tax savings opportunities.
- Investments – We evaluate your current portfolio paying special attention to whether it is appropriately diversified and truly reflects your ability to accept risk.
- Estate Plan – We review your plan with a focus on modifications that may be advisable due to changes in family circumstances and tax laws.
- Insurance – We research whether coverage is adequate and whether there are opportunities to lower overall cost.
- Retirement – We focus on defining the amount of income needed in retirement and developing a tax-efficient cash flow strategy.

### *Discovery Meeting*

Our process begins with a series of questions designed to help us gain an appreciation of "your world". During the "Discovery Meeting" we will strive to learn as much as possible about your family, career, retirement plans, investment experience, and core concerns. We ask that you bring specific documents to the meeting.

At the conclusion of our Discovery Meeting, we are usually able to quote a fixed-fee for the preparation of your Financial Plan. We have found that the fixed-fee approach, compared to the traditional hourly approach used by most professionals, encourages more detailed, open communication. Fees vary based on the complexity of your individual circumstances. All fees will be fully disclosed during your free, no-obligation Discovery Meeting.

### **Portfolio Management**

Blue Chip Partners' Portfolio Management services are fee-based and include structuring, executing and ongoing monitoring of your portfolio. Under our highly personalized process, you will have a one-on-one relationship with a primary Investment Advisor Representative (Advisor) who is responsible for the daily management of your portfolio. Your primary Advisor will maintain regular contact with you, including the coordination of face-to-face meetings, and will be available to respond to your questions as they arise. You will also have a secondary Advisor who is familiar with your personal situation.

#### *Investment Custodians*

Client portfolios are generally held at Raymond James & Associates, Inc. As a qualified custodian, Raymond James & Associates, Inc. provides your monthly or quarterly account statement, secure internet access to your account information and year-end tax information. Raymond James & Associates, Inc., ("RJA") Member NYSE/SIPC, is a subsidiary of Raymond James Financial, Inc., ("RJFS") Member FINRA/SIPC (NYSE-RJF), a Florida-based diversified holding company providing financial services to individuals, corporations and municipalities through its subsidiary companies. For the purposes of your understanding in this brochure, Raymond James Financial, Inc.'s three principal wholly-owned subsidiaries (broker/dealer Raymond James & Associates, Inc., Raymond James Financial Services, Inc., and Raymond James Ltd.) will be collectively referred to as "Raymond James".

Retirement plan accounts offered by your employer are held by the qualified custodian selected by the retirement plan sponsor.

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## **Assets Under Management**

As of December 31, 2015, Blue Chip Partners manages approximately \$304,243,000 in assets: Approximately \$287,198,000 is managed on a discretionary basis and \$17,045,000 is managed on a non-discretionary basis.

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## **Tailored Relationships**

Advisory services are tailored to your individual needs.

If you decide to engage Blue Chip Partners to provide investment advisory services, your Advisor will make recommendations on the type of account and investment strategy to be used in the management of your portfolio. The construction of your portfolio generally begins with the selection of an asset allocation model to best match your investment objectives and willingness to accept risk. The model may be customized and you may impose restrictions on investing in certain securities or types of securities.

Blue Chip Partners obtains substantial information about your financial circumstances, investment objectives and risk tolerance, among other things, through an in-depth interview and information gathering process. As part of the Raymond James account opening process, you will complete a Raymond James New Account Agreement that will specifically indicate your investment objectives, time horizon and experience level.

An Investment Policy Statement that reflects your stated goals and objectives generally will be created for and adopted by you. The Investment Policy Statement summarizes your investor profile, circumstances, any special needs, and identifies the general investment strategy to be used in the management of your account(s).

You should understand that the general and specific advice and recommendations made to individual clients will vary depending on each client's individual circumstances, and that the advice and recommendations provided to a particular client may be different from that provided to you. For example, the individual securities purchased for your portfolio may vary from those purchased for other clients, depending on our subjective evaluation of the relative attractiveness of a security at any given time.

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## **Types of Agreements**

The following agreements define the typical client relationships.

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### **Financial Planning Agreements**

#### **Comprehensive Planning Services Agreement**

Blue Chip Partners' Comprehensive Planning Services Agreement is designed to help you with some or all aspects of financial planning. The Agreement will detail the services to be provided and set forth a fixed financial planning fee. The Comprehensive Financial Plan may include, but is not limited to: a net worth statement; a cash flow statement; a review of retirement and investment accounts; a review of insurance policies; strategic tax planning; one or more retirement scenarios; estate planning and recommendations; and education funding planning. The fee for Comprehensive Financial Planning Services will vary significantly based upon the time and complexity of services. Fees can range from \$500 to more than \$5,000. The fee is due upon completion and delivery of the financial plan. Fees are negotiable.

#### **Annual Retainer Service Agreement**

On occasion, financial planning services may be provided under an Annual Retainer Service Agreement. For example, you may desire ongoing financial planning consultations beyond the scope of a Comprehensive Financial Plan. Under this agreement you will pay a predetermined fee for all financial planning services to be provided for the year. Specific services will vary from year to year depending on your personal circumstances. The fee may range from \$350 to more than \$5,000 per year. Fees are billed quarterly or annually in arrears. Fees are negotiable.

#### **Hourly Financial Planning Services Agreement**

Financial planning services are also offered under an Hourly Financial Planning Services Agreement. Rates for hourly consulting will range from \$150 to \$350 per hour depending on the Advisor's qualifications and the nature of the service to be provided. The fees for hourly consulting services will generally be invoiced after services are completed. Fees are negotiable.

Detailed investment advice and specific recommendations may be provided as part of a financial plan. Implementation of the recommendations is at your discretion. You may decide to enter into an Investment Advisory Agreement with Blue Chip Partners prior to, during or at the conclusion of your Financial Planning Agreement. In some cases, if you decide to enter into an Investment Advisory Agreement with Blue Chip Partners, we may agree to credit your Financial Planning fees against your Investment Advisory Fees.

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### **Investment Advisory Agreements**

Our Investment Advisory Agreements detail the services to be provided, set forth the investment advisory fee, disclose any processing charges or other fees, and indicate whether investment services are discretionary or non-discretionary. A definition of discretionary and non-discretionary services is found under "Investment Discretion" on Page 21.

Agreements may not be assigned without your written consent.



Blue Chip Partners' generally utilizes two advisory accounts offered by Raymond James. For these accounts the Investment Advisory Agreement documents are provided by Raymond James and serve as the advisory contract between you and Blue Chip Partners. Fees vary from account to account and are dependent on the type of account, size of the account and level of service provided:

- Investment Management Program for Advisory Clients (IMPAC) Investment Advisory Agreement. (Raymond James Form #1388 – Discretionary; Raymond James Form #1387 – Non-Discretionary).
- Passport Investment Adviser Client Agreement (Raymond James Form #1364 - Discretionary; Raymond James Form # 1354 – Non-Discretionary).

. Under the agreements:

- Blue Chip Partners provides you with ongoing investment advisory services including portfolio reviews and recommendations. Raymond James provides custodial, brokerage and securities clearing services for your accounts. Raymond James does not act as investment adviser on your account.
- Blue Chip Partners provides a written Quarterly Portfolio Review and invoice to clients under the IMPAC Investment Advisory Agreement. Clients in the Passport program receive a written quarterly report from Raymond James.
- You agree to compensate Blue Chip Partners for investment advisory services on an annual fee basis (paid quarterly) at the rate agreed upon in the Investment Advisory Agreement. For purposes of calculating and assessing asset-based fees, Blue Chip Partners uses an Account Value which may be different than the asset value as reported on statements provided by Raymond James, or other custodians, to clients. The Account Value is defined as the total absolute value of the billable securities in the Account with no offset for any margin balances. Please see Page 18, "Review of Accounts" for details on the account valuation methodology employed when calculating fees. Investments included in the asset value of your account for the purpose of calculating the fee are referred to as "Fee Investments". These investments generally include open-end mutual funds offered with no sales commission or load, publicly traded closed-end mutual funds, common and preferred stocks, American Depositary Receipts, options contracts (limited to covered calls and purchases to hedge), real estate investment trusts, corporate bonds, U.S. Government and Government Agency bonds, mortgage-backed and municipal bonds, and cash and cash equivalents (subject to the "Cash Rule", described below). In some cases we may agree to exclude cash and/or specific assets from billing. Any other investment may, from time to time, be designated as a Fee Investment.
- In Passport accounts, if cash or securities, or a combination thereof, amounting to at least \$100,000 are deposited to or withdrawn from your account on an individual business day, Raymond James may: (i) assess asset-based fees based on the value of the assets on the date of deposit for the pro rata number of days remaining in the quarter, or (ii) refund prepaid asset-based fees based on the value of the assets on the date of withdrawal for the pro rata number of days remaining in the quarter. Notwithstanding the above \$100,000 adjustment threshold, Raymond James reserves the right, in its sole discretion, to process or not process fee adjustments when the source and destination of deposits and withdrawals involve a client's other fee-based advisory accounts.
- Cash Rule: Blue Chip Partners generally assesses advisory fees on cash sweep balances ("cash") held in accounts, provided the cash balance does not exceed 20% of the total account value. If the cash balance is greater than 20% of the Account

Value as of the last business day of the quarter (the “valuation date”), we will bill on the full cash balance provided cash did not comprise greater than 20% of the billable account value for three consecutive quarterly valuation dates. If the cash balance exceeded 20% of the cash balance for three consecutive quarterly valuation dates, the amount in excess of 20% is excluded from billing. For example, an account that held 30% of the account value for three consecutive billing valuation dates (March 31st, June 30th and September 30th) would have the amount in excess of 20% excluded from the Account Value in which advisory fees are applied. For simplicity of illustration, assuming an account was valued at \$100,000 for all three quarterly billing periods, with \$30,000 held in cash, the September 30th valuation date would exclude \$10,000 of the cash from the Account Value when assessing the advisory fee. If you participate in the IMPAC program and have one or more related accounts, you may authorize the 20% threshold be applied to the aggregate household cash value for fee purposes, not to each individual account as is done in Passport. This fee billing provision (or “Cash Rule”) is intended to equitably assess advisory fees to your assets for which an ongoing advisory service is being provided, and the exclusion of excess cash from the advisory fee is intended to benefit your holding substantial cash balances (as a percentage of the total individual account value) for an extended period of time. However, this provision may pose a financial disincentive to your Advisor, as cash will not be included in the asset-based fee charged to the account.

- Certain securities may be held in a IMPAC or Passport account and designated “Administrative-Only” assets. For example, your Advisor may make an arrangement with you to hold a security that they did not recommend or you wish to hold for an extended period of time and do not wish for your Advisor to sell for the foreseeable future. In such cases your Advisor may elect to waive the advisory fee on this security, but allow it to be held in the advisory account. Alternatively, we may determine that certain securities may be held in an advisory account but are not eligible for the advisory fee (such as mutual funds purchased with a front-end sales charge through Raymond James within the last two years). Such designated assets will not be assessed an advisory fee. In Passport accounts, Administrative-Only assets will, however, be included in the account value when calculating applicable asset-based advisory fee rates.
- The asset-based fees associated with the IMPAC and Passport account programs include all execution and clearing charges except: (1) certain dealer-markups and odd lot differentials, transfer taxes, exchange fees mandated by the Securities and Exchanges Act of 1934 and any other charges imposed by law with regard to any transactions in the account; and (2) offering concessions and related fees for purchases of public offerings of securities as more fully disclosed in the prospectus.
- Additionally, for IMPAC and Passport accounts there is a nominal Processing Fee for the execution of each trade, as follows:

SECURITY TYPE	PROCESSING FEE
Exchange Traded Equities: Listed and OTC (common & preferred)	\$9.95
Open End Mutual Funds (applicable to purchases only)*	
Participating Funds	Waived
Partner Funds	\$30.00
Non-Partner Funds	\$40.00
Closed End and Exchange Traded Funds	\$9.95
Real Estate Investment Trusts/Unit Investment Trusts	\$9.95
Options Contracts	\$30.00
Bonds: Government, Corporate, Municipal and Mortgage-Backed	\$30.00

\*Select fund companies have agreed to pay administrative fees to Raymond James in consideration for Raymond James' waiver of the \$30 Processing Fee assessed on certain IMPAC and Passport account mutual fund purchases ("Participating Funds"). Select fund companies have agreed to pay marketing service and support fees to Raymond James ("Partner Funds"). Blue Chip Partners does not receive any part of these payments. "Non-Partner Funds" do not participate in Raymond James' Education and Marketing Support program. Effective January 1, 2015, the above Processing Fees will be applied to purchases of Partner and Non-Partner Funds. ERISA Plan and SIMPLE IRA accounts will be charged \$30 for Partner and Non-Partner Fund purchases. Please note that funds may change their Participating, Partner or Non-Partner status at any time. For a list of fund companies that have agreed to pay Raymond James administrative and marketing service/support fees for eligible purchases of Participating Funds or Partner Funds, please visit: [raymondjames.com/disclosure\\_mutual\\_funds\\_co.htm](http://raymondjames.com/disclosure_mutual_funds_co.htm). You may also request a hardcopy of these lists by phone at 248-848-1111 or by sending a written request to Blue Chip Partners at 37525 Enterprise Ct., Farmington Hills, MI 48331.

- In addition to the foregoing Processing Fee, you will incur a charge in the amount of \$5.95 per transaction for handling charges. You may also incur charges for other account services provided by RJA not directly related to the execution and clearing of transactions including, but not limited to, IRA custodial fees, safekeeping fees, fees for legal or courtesy transfers of securities, and interest charges on margin loans.

#### **Additional Disclosures about the IMPAC and Passport Accounts**

Your related accounts in the IMPAC or Passport programs may be aggregated for advisory fee purposes, so that each account may pay a fee that is discounted on the basis of the total of all related accounts. Related accounts may include those of your spouse and your minor-age children. While Blue Chip Partners will attempt to identify related accounts it is your responsibility to notify us of all related accounts for purposes of qualifying for an aggregated account fee discount.

The total cost to you of each of the services provided through the IMPAC and Passport programs, if purchased separately, could be more or less than the costs of each respective program. Cost factors that you should consider include your ability to:

- Obtain the services provided within the programs separately,

- Invest and rebalance the selected mutual funds without the payment of a sales charge, and
- Obtain performance reporting comparable to those provided within each program.

When making cost comparisons, you should be aware that the combination of multiple mutual fund investments, advisory services, and custodial and brokerage services available through each program may not be available separately or may require multiple accounts, documentation and fees. If an account is actively traded or you otherwise may not qualify for reduced sales charges for fund purchases, the fees may be less expensive than separately paying the sales charges and advisory fees. If an account is not actively traded or you otherwise would qualify for reduced sales charges, the fees in these programs may be more expensive than if utilized separately.

Your Advisor in most cases has a financial incentive to recommend a fee-based advisory program rather than recommending that you pay separately for investment advisory services, brokerage, performance reporting and other services. The portion of the annual advisory fee paid to your Advisor may be more than the Advisor would receive under an alternative program offering or if you paid for these services separately. Your Advisor may have a financial incentive to recommend a particular account or program over another. Advisors do not receive a financial incentive to recommend and sell proprietary mutual funds versus non-proprietary funds.

Blue Chip Partners believes the charges and fees offered within each fee-based program are competitive with alternative programs available through other firms and/or investment sources, yet makes no guarantee that the aggregate cost of a particular program is lower than what may be available elsewhere.

#### **Disclosures about Raymond James Investment of Cash Reserves**

Raymond James has established a system in which cash reserves “sweep” daily to and from your investment account to cover purchases or to allow excess cash balances to immediately begin earning interest, subject to certain minimum balances. The account in which these cash reserves are held is considered your sweep account. Available sweep options include the Raymond James Bank Deposit Program (“RJBDP”), the Client Interest Program (“CIP”) sponsored by Raymond James, and a proprietary class of money market funds (the “Eagle Class - JP Morgan Money Market Funds”) of the JP Morgan Prime Money Market Fund and JP Morgan Tax Free Money Market Fund, managed by J.P. Morgan Investment Management, Inc. (“J.P. Morgan”) and offered by Eagle. You may select RJBDP, CIP, the Eagle Class - JP Morgan Money Market Funds, or any combination thereof.

If you select the RJBDP option you are responsible for monitoring the total amount of deposits held at each Bank in order to determine the extent of FDIC insurance coverage available. Raymond James is not responsible for any insured or uninsured portion of your deposits at any of the Banks.

Raymond James Bank and the interest rate it offers may differ from the yield on the Eagle Class - JP Morgan Money Market Funds and CIP, but Raymond James Bank generally earns more than the interest it pays on such balances. The Eagle Class - JP Morgan Money Market Funds are offered by Eagle through an agreement with J.P. Morgan. Under the agreement, Eagle, Eagle Fund Services, Inc. and Eagle Fund Distributors, Inc. (together, the “Eagle Affiliates”), and Raymond James and its affiliate RJFS are compensated by the Eagle Class - JP Morgan Money Market Funds and J.P. Morgan for, among other things, distribution costs, shareholder record-keeping activities, and the coordination and administration of the funds. Raymond James generally earns a higher rate of interest on CIP balances than the interest rate it pays on such balances. The income earned by the Eagle Affiliates and Raymond James is in addition to the asset-based fees that Raymond James receives from these accounts.

Cash balances arising from the sale of securities, redemptions of debt securities, dividend and interest payments and funds received from clients are transferred automatically on a daily basis to your cash sweep account. When securities are sold, funds are deposited on the day after settlement date. Funds placed in your account by personal check usually will not be transferred to the sweep account until the second business day following the day that the deposit is credited to your investment account. Due to the foregoing practices, Raymond James may obtain federal funds prior to the date that deposits are credited to the your investment account and thus may realize some benefit because of the delay in transferring such funds to their interest-bearing cash sweep account.

Raymond James may change cash investment options at any time by providing you with thirty (30) days advance notice of such a change.

For further information, please refer to "The Raymond James Cash Sweep Programs" brochure, a copy of which is available from your Advisor, or you may visit the Raymond James public website: [http://www.raymond-james.com/cash\\_sweep.htm](http://www.raymond-james.com/cash_sweep.htm).

### **Margin Interest**

You will be charged interest on any credit extended to you or maintained on your behalf by Raymond James for the purpose of purchasing, carrying or trading in any security or otherwise. The particular margin interest rate will vary with the size of the average debit balance.

### **Other Advisory Account Agreements**

For accounts that cannot be held at Raymond James (for example; retirement plan accounts offered by your employer) Blue Chip Partners offers clients a discretionary or non-discretionary asset monitoring service under an agreement direct with Blue Chip Partners. This agreement provides monitoring of investments and quarterly written investment performance reviews and may include securities transaction services provided under a limited power of attorney agreement if permitted by the custodian.

For non-Raymond James accounts, in lieu of providing us with duplicate paper monthly statements, you may authorize ByAllAccounts, a third-party data aggregation service, to provide Blue Chip Partners with daily electronic securities holdings and transaction data. Blue Chip Partners will not have access to your accounts and you will not provide personal account log-in information to Blue Chip Partners. In lieu of monthly statements, the information collected from ByAllAccounts will serve as the basis for analysis, reporting and billing for these accounts.

For non-Raymond James retirement accounts, you and/or the custodian will determine where cash reserves are held and transaction fees will be determined and assessed by the retirement plan custodian used by your employer according to the terms of your employer's agreement with the custodian. Such transaction fees will be in addition to advisory fees charged by Blue Chip Partners. You should review and understand the transaction fees that may be charged by your retirement plan custodian prior to entering into an advisory agreement with Blue Chip Partners for your retirement plan account.

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## **Termination of Agreement**

### **Financial Planning Agreement Termination**

Financial Planning Agreements may be terminated by you or Blue Chip Partners at any time by providing a written notice to the other party. There is no penalty for terminating the agreement. Under the Comprehensive Financial Planning Service Agreement, once paid, fees are not refundable. Under Hourly or Retainer Agreements, you will remain obligated for any fees incurred up to the date of termination.

Blue Chip Partners reserves the right to terminate any financial planning agreement where a client has willfully concealed or has refused to provide pertinent information about financial situations that are, in Blue Chip Partners' judgment, necessary to provide proper financial advice.

#### **Investment Advisory Agreement Termination**

Investment Advisory Agreements may be terminated by you or Blue Chip Partners at any time by providing a written notice to the other party. In some cases a verbal termination notice may be accepted from the client by Blue Chip Partners and will be accepted as of the date confirmed to the client in writing by Blue Chip Partners. There is no penalty for terminating the account. You will be charged a prorated fee based on the number of days the account was managed during the current quarter. If you made an advance payment, Blue Chip Partners will refund any unearned portion of the advance payment.

In the case of IMPAC and Passport Agreements, transaction processing charges paid to Raymond James are not subject to refund in the event of a termination of an Agreement because they will be incurred at the time a service is performed. All fees due under the agreement at termination will be deducted from your account before assets are delivered from your account. Termination of the agreement will not affect your liability or responsibility with regard to transactions initiated prior to or after termination, and you agree to be responsible for any commissions, fees or expenses prior to or after termination. Upon termination, any transaction effected subsequent to termination will be assessed a customary brokerage commission based on Raymond James' standard commission schedule.

## **Fees and Compensation**

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### **Description**

Blue Chip Partners bases its fees on a percentage of assets under management, fixed fees, or hourly charges.

#### **Financial Planning Fees**

Financial Plans are priced according to the type of services to be provided and degree of complexity associated with the client's situation. The fee for Comprehensive Financial Planning Services will range from \$500 to more than \$5,000. Fees under an Annual Retainer Service Agreement may range from \$350 to more than \$5,000 per year. Rates for hourly consulting will range from \$150 to \$350 per hour depending on the Investment Advisor's qualifications and the nature of the service to be provided. Fees are negotiable.

#### **Investment Advisory Fees**

Investment Advisory fees are asset-based and vary from program to program. Fees generally range from 0.50% of assets to 1.25% of assets and are dependent on the type of account, size of the account and level of service provided. Fees are negotiable. In addition to advisory fees you may incur brokerage, transaction or other costs charged by your custodian. Blue Chip Partners does receive any portion of these fees.

Client relationships may exist where the fees are higher or lower than your fee schedule. Blue Chip Partners, in its sole discretion, may charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with you, etc.).

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## **Fee Billing**

### **Billing for Financial Planning Services**

Fees for financial planning services provided under a Comprehensive Financial Planning Services Agreement will be billed upon the delivery of the financial plan.

Under an Annual Retainer Service Agreement you will pay a predetermined fee per year for financial planning services provided. The services provided and annual fee will vary. Fees will be billed quarterly or annually in arrears.

Fees for financial planning services provided under an Hourly Agreement are generally billed after services are completed.

### **Billing for Investment Advisory Services**

Investment advisory fees are billed quarterly, in advance or arrears, as noted in your Investment Advisory Agreement, and are based upon the billable asset value of your account at the end of each quarter. Advance billing means that you are invoiced before the three-month billing period has begun, calculated on the prior quarter-end value of the billable assets in your account. Arrears billing means that you are invoiced after the three-month billing period has ended, based on the quarter-end value of the billable assets in your account. In the case of advance billing agreements, when the account is opened, the asset-based fee is billed for the remainder of the current billing period and is based upon the initial contribution. Thereafter, the quarterly asset-based fee paid in advance is based on the account asset value on the last business day of the previous calendar quarter. Fees will be prorated for partial periods, based on the number of days services were provided in the quarter.

Under the terms of your agreement, you generally authorize Blue Chip Partners and Raymond James to deduct advisory fees from your Raymond James account, or in the case of IMPAC or non-Raymond James accounts, you may pay by check. You must consent in advance to direct debiting of your investment accounts. Fee payments for tax-qualified accounts, such as IRAs, may be deducted from taxable accounts with the same owner. For example, fees for your IRA account may be deducted from your individual, joint or trust account. All Raymond James' IMPAC and Passport account advisory fees paid by you from Raymond James accounts are reported on your monthly or quarterly statements produced by Raymond James and show the amount of the asset-based fee, and period on which the fee was calculated. Fees for non-Raymond James accounts that have been authorized by you to be deducted from Raymond James accounts are reported on your monthly or quarterly Raymond James statements as "Investment Advisory Fee" and will show the amount of your advisory fee and the billing period. If you choose to pay IMPAC program fees by check you are required to provide Blue Chip Partners with a check made payable to Raymond James. Blue Chip Partners will submit the check to Raymond James who will process the payment and pay the amount to Blue Chip Partners. If you choose to pay non-Raymond James account fees by check, you will pay the advisory fee directly to Blue Chip Partners. If you select the check method of fee payment your advisory fee will not be reported on your monthly or quarterly statements provided by Raymond James and the rates-of-return reported for your portfolio on Raymond James statements will be gross of fees. The rate-of-return on your Blue Chip Partners reports will always be net of fees.

Please see the information provided under "Advisory Business – Investment Advisory Agreements" beginning on Page 3 for a description of how fees are calculated for each type of account. Payment in full is expected upon invoice presentation.

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## Mutual Fund Fees and Expense Ratios

Certain open-end mutual funds that may be acquired by you will assess management fees, also called an internal expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.50% for their services. In addition to assessing management fees, mutual funds may internally assess a distribution fee pursuant to section 12(b)-1 of the Investment Company Act of 1940, or an administrative or service fee ("trail"). Such fees are included in the calculation of operating expenses of a mutual fund and are disclosed in the fund prospectus.

If you are charged 12(b)-1 fees, sometimes referred to as trail commissions, by mutual fund investments held in Raymond James accounts and on which Blue Chip Partners is also receiving investment advisory fees, these 12(b)-1 fees are fully refunded to your account by Raymond James and are reported on the monthly or quarterly statements issued by Raymond James.

If you are charged 12(b)-1 fees by mutual fund investments held in an employer-sponsored retirement account under an advisory agreement with Blue Chip Partners but not held at Raymond James, you should understand these fees are in addition to fees paid by you to Blue Chip Partners. Blue Chip Partners does not share in these 12(b)-1 fees.

You should understand that the annual advisory fees charged in the Passport and IMPAC programs are in addition to the management fees and operating expenses charged by open-end, closed-end and exchange-traded funds. To the extent that you intend to hold fund shares for an extended period of time, it may be more economical for you to purchase fund shares outside of these programs. You may be able to purchase mutual funds directly from their respective fund families without incurring the Blue Chip Partners' advisory fee. When purchasing directly from fund families, you may incur a front or back-end sales charge.

You should also understand that the shares of certain mutual funds offered in these programs may impose short-term trading charges (typically 1%-2% of the amount originally invested) for redemptions generally made within short periods of time. These short-term charges are imposed by the funds to deter "market timers" who trade actively in fund shares. You should consider these short-term trading charges when selecting the program and/or mutual funds in which they invest. These charges, as well as operating expenses and management fees, may increase the overall cost to you by 1%-2% (or more). More information is available in each fund's prospectus.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted. All mutual fund fees and expenses are fully described in the fund's prospectus.

All fees paid to Blue Chip Partners are separate and distinct from the fees and expenses charged by mutual funds. These fees are in addition to the advisory fees paid by you to Blue Chip Partners. Mutual funds pay advisory fees to their managers and as such these fees are indirectly charged to all holders of the mutual fund shares. If you have mutual funds in your portfolio, you are effectively paying both Blue Chip Partners and the mutual fund manager for the management of the assets.

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## Other Fees

You should be aware that exchange traded funds ("ETFs") incur a separate management fee, typically 0.10%-0.50% of the fund's assets annually (although individual ETFs may have higher or lower expense ratios), which is assessed by the fund directly and factored into the fund share price. This management fee is in addition to the ongoing advisory fee assessed by Blue Chip Partners. Information on each ETF's internal expenses is available in the ETF prospectus, which is available upon request.



Certain no-load variable annuities may be offered in the IMPAC and Passport programs and may be charged an advisory fee. The annual advisory fees charged for these no-load variable annuities are in addition to the management fees and operating expenses charged by the insurance companies offering these products.

You should also understand that more sophisticated investments such as short sells and margins may be offered in the IMPAC and Passport programs. Fees for advice and execution on these securities are based on the total asset value of the account. While a negative amount may show on a client's statement for a margined security as the result of a lower net market value, the amount of the fee is based on the absolute market value. This could create a conflict of interest where your Advisor has an incentive to encourage the use of margin to create a higher market value and therefore receive a higher fee. The use of margin may also result in interest charges in addition to all other fees and expenses associated with the security involved.

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## **Conflicts of Interest**

Blue Chip Partners' Advisors are Registered Representatives of Broker/Dealer Raymond James Financial Services, Inc., member FINRA/SIPC, which is a wholly owned subsidiary of Raymond James Financial, Inc. In most cases, securities transaction services are provided through Raymond James. Blue Chip Partners is solely responsible for the advisory and financial planning services provided to its clients and these services are provided separately and independently of Raymond James. Advisors are also licensed to sell life, health and disability insurance through various insurance companies. In these capacities, Advisors may recommend securities, insurance or other products and receive commissions. Thus a conflict of interest exists between the interests of the Advisors and those of advisory clients.

Robert K. Steinberg is a licensed attorney (Michigan). As an attorney, Mr. Steinberg may provide legal services to clients of Blue Chip Partners. Mr. Steinberg's time spent acting in the capacity of attorney is minimal. It is anticipated that the scope of legal services will generally be limited to estate planning. This may create a conflict of interest since Mr. Steinberg may make certain recommendations when providing legal services (for example, purchase life insurance to pay estate taxes) that, if implemented through Mr. Steinberg in his capacity as a Registered Principal of Raymond James or as an agent of various insurance companies, would result in him receiving a commission. A conflict of interest may also arise as a result of Mr. Steinberg's representation of other clients. In this case, the conflict of interest may be so severe as to preclude Mr. Steinberg from providing legal advice in any capacity. Conflicts of interest will be disclosed to you if they should occur.

Commissions and transaction fees charged by Raymond James, while generally competitive, are not necessarily the lowest in the industry. You should understand that you have the option of purchasing investment products, insurance products and legal services recommended by Blue Chip Partners through other brokers, agents or attorneys who are not affiliated with Blue Chip Partners, Inc.

Blue Chip Partners addresses conflicts of interest with prospective clients during initial exploratory interviews and meetings. During these discussions and meetings, your Advisor will discuss alternative service and fee arrangements to you and explain the conflicts of interest inherent in entering into an advisory relationship with a Blue Chip Partners' Advisor who is also a Registered Representative, Licensed Insurance Agent and/or Attorney.

Before entering into a financial planning or investment advisory agreement with Blue Chip Partners, you will be required to read and sign a "Conflict of Interest Disclosure" document which describes Advisor conflicts of interest in detail. It is separate from your financial planning or investment advisory agreement.

A copy of this disclosure Brochure will be provided to you prior to entering into any financial planning or investment advisory agreement with Blue Chip Partners.

You are encouraged to read all applicable agreements and disclosure documents carefully before entering into any agreement with Blue Chip Partners.

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

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### **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities. Blue Chip Partners does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

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### **Side-by-Side Management**

Blue Chip Partners' Advisors also manage commission-based accounts for clients in their role as Registered Representatives of Raymond James. The financial backgrounds, risk tolerance and investment objectives for brokerage clients may be different from those of advisory clients. As such, Advisors may execute trades for brokerage clients that are in direct conflict to trades recommended for your advisory accounts. Additionally, clients in brokerage accounts may receive execution prices that may be higher or lower than advisory account execution prices.

## **Types of Clients**

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### **Description**

Blue Chip Partners generally provides investment advice to individuals, trusts, estates, corporations or business entities and pension and profit sharing plans.

Client relationships vary in scope and length of service.

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### **Account Minimums**

Blue Chip Partners' offers two investment advisory programs through Raymond James: IMPAC and Passport. The minimum account size for the IMPAC and Passport programs is \$25,000. Fees are negotiable regardless of account size.

Blue Chip Partners also offers advisory services for accounts held outside of Raymond James. The account minimum for non-Raymond James accounts is \$50,000.

Blue Chip Partners has the discretion to waive the account minimum. Accounts of less than the minimum required may be established if you anticipate you will add additional funds to your accounts within a reasonable time. The account minimum may be waived in consideration of related accounts owned by you or your family members. Other exceptions will apply to employees of Blue Chip Partners and their relatives, or relatives of existing clients.

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

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### **Methods of Analysis**

The main sources of information used by Blue Chip Partners include research provided by or available through Raymond James and its affiliates, Bloomberg L.P., Morningstar Inc. and

Standard & Poor's Financial Services, LLC. Other sources of information include financial publications, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, company press releases and on-line sources of information.

Security analysis methods may include fundamental analysis, technical analysis, and cyclical analysis.

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## Investment Strategies

The construction of your portfolio generally begins with the selection of an asset allocation model determined to best match your investment objectives and willingness to accept risks. Our models utilize varying percentage allocations to stock, bond and cash investments. Each model has a target "neutral" mix which may be periodically adjusted where we perceive there are opportunities to make a difference by overweighting or underweighting a particular asset class or sector of the market. The following neutral model compositions are offered:

- Aggressive Growth - 100% stock
- Growth - 80% stock, 20% bond/cash
- Growth and Income - 70% stock, 30% bond/cash
- Balanced with Growth – 60% stock, 40% bond/cash
- Balanced – 50% stock, 50% bond/cash
- Balanced with Income – 40% stock, 60% bond/cash
- Defensive - 30% stock, 70% bond/cash
- Custom models may be developed on an individualized basis

We will recommend individual stocks, index or actively managed mutual funds, exchange-traded funds (ETFs), bonds and other investments. Portfolios are generally globally diversified.

We generally offer two variations of the large cap equity allocation in our models. One variation is composed of mutual funds/ETFs and the other is composed primarily of individual dividend-paying stocks that have a history of consistently raising their dividend. The stocks used in the portfolio will change periodically, depending on our subjective evaluation of the relative attractiveness of a stock at any given time compared to other stocks with similar characteristics, and your personal situation. Therefore, the individual stocks held in your portfolio may vary from those held by other clients.

Your specific circumstances and requirements are carefully considered and reflected in the construction and maintenance of your individual portfolio. For example, a "legacy" position that may have a very low cost basis or that may have a particular attraction to you can be retained. Modest adjustments to reflect current income needs can also be individually addressed through the specific selection of dividend-paying equities or through adjustments to the stock/bond mix.

The actual allocation of your portfolio may deviate as a result of the capital appreciation or depreciation of the underlying investments in your portfolio, your contributions or withdrawals, or your specific circumstances and requirements. We will rebalance, or recommend you rebalance, your portfolio to the original target allocation periodically, based on economic and market conditions, and your individual circumstances.

Other strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions and covered option writing. Custom investment strategies are also offered.

Keep in mind that there is no assurance that any strategy will ultimately be profitable.

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## Risk of Loss

All investment programs carry the risk of loss and there is no guarantee that any investment strategy will meet its objective. Prior to entering into an agreement with Blue Chip Partners you should carefully consider that:

- Investing in securities involves risk of loss which you should be prepared to bear;
- Securities markets experience varying degrees of volatility;
- Over time the value of your assets may fluctuate and at any time be worth more or less than the amount you invested;
- Investments such as stocks and bonds are associated with higher investment risk and short-term investments such as money market or cash investments are associated with lower investment risk. You should invest only those assets that you will not need for current purposes. If you invest in stocks and bonds, the shorter your time frame, the more likely it is you will experience large fluctuations in value.

Our investment approach constantly keeps the risk of loss in mind. Depending on the types of securities that you invest in, you may face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Dividend Risk:** Dividends are not guaranteed and must be approved by a company's Board of Directors. A dividend investing strategy does not eliminate the risk of experiencing investment losses.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in

good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## **Disciplinary Information**

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### **Legal and Disciplinary**

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

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

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### **Financial Industry Activities**

Blue Chip Partners is not engaged in any business other than giving financial planning and investment advice. We do not sell products or services other than financial planning services or investment advice. Investment advice is the firm's primary business activity.

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### **Affiliations**

Blue Chip Partners has affiliations that are material to its advisory business or its clients with a broker-dealer, and a lawyer.

Advisor Robert K. Steinberg is a Registered Principal and Registered Representative of Broker/Dealer Raymond James Financial Services, Inc., member FINRA/SIPC, which is a wholly owned subsidiary of Raymond James Financial, Inc. Advisor Daniel E. Seder is a Registered Representative of Raymond James. Raymond James Financial Services, Inc. clears its securities transactions on a fully disclosed basis through Raymond James & Associates, Inc. (member NYSE) which is also a wholly owned subsidiary of Raymond James Financial, Inc. Blue Chip Partners is solely responsible for the advisory and financial planning services provided to its clients and as such these services are provided separately and independently of Raymond James. Advisors may recommend securities, insurance, or other products and receive commissions. Thus, a conflict of interest exists between the interests of the Advisors and those of the advisory clients.

Robert K. Steinberg is a licensed attorney (Michigan). Mr. Steinberg's time spent acting in the capacity of attorney is minimal. As an attorney, Mr. Steinberg may provide legal services to clients of Blue Chip Partners. It is anticipated that the scope of legal services will generally be limited to estate planning. Conflicts of interest will be disclosed to you.

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

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### **Code of Ethics**

The employees of Blue Chip Partners have committed to a Code of Ethics. A copy of the Code of Ethics is available and will be provided to clients and prospective clients upon request.

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## Participation or Interest in Client Transactions

Blue Chip Partners and its employees may buy or sell securities that are also held by clients. Employees comply with the provisions of the Blue Chip Partners Code of Ethics which requires that:

- The interests of all client accounts will at all times be placed first;
- All personal securities transactions will be conducted in such a manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility; and
- Employees must not take inappropriate advantage of their positions.

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## Personal Trading

The Chief Compliance Officer of Blue Chip Partners is Robert K. Steinberg. He reviews all employee trades each quarter. His trades are reviewed by another office compliance staff person. Cynthia F. Steinberg's personal trades are also reviewed by another office compliance staff person. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment.

## Brokerage Practices

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### Selecting Brokerage Firms

Blue Chip Partners' Advisors are Registered Representatives of Broker/Dealer Raymond James Financial Services, Inc., member FINRA/SIPC. Registered Representatives of Raymond James are subject to FINRA Conduct Rule 3040 that restricts them from conducting securities transactions away from Raymond James. Therefore clients are advised that with the exception of employer sponsored retirement plans (discussed below), Advisors are generally limited to conducting securities transactions through Raymond James. Blue Chip Partners believes Raymond James' transaction costs and fees are competitive with other brokerage firms, yet makes no guarantee that costs or fees are lower than what may be available elsewhere. Clients may utilize the broker dealer of their choice and have no obligation to purchase or sell securities through Raymond James. However, if the client does not use Raymond James, Blue Chip Partners may not be able to serve as Advisor to their account.

Some client accounts cannot be held at Raymond James (for example; retirement plan accounts provided by your employer). For this type of account Raymond James may permit Blue Chip Partners' Advisors to conduct securities transactions through the custodian selected by the retirement plan sponsor. For this type of account, Blue Chip Partners does not require or recommend particular custody or brokerage arrangements.

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### Best Execution

Raymond James is the primary custodian used by Blue Chip Partners. Blue Chip Partners relies on Raymond James to provide best execution through their regulatory obligation to seek best execution for all trades. Raymond James has adopted various procedures to implement industry standard best execution practices. Raymond James compiles best execution data and posts this information for review on its website, including a monthly review of 25 stocks with regard to market order timeliness and best execution. Blue Chip Partners believes Raymond James' execution is generally competitive based on our periodic review of the data they provide. Better executions may be available from other broker/dealers based on factors including volume, order flow and market making activity.

Blue Chip Partners reviews the execution of trades at Raymond James periodically. The review is documented in the Blue Chip Partners Best Execution file.

Trading fees charged by Raymond James are also reviewed on an ongoing basis. Blue Chip Partners does not receive any portion of the trading fees. Blue Chip Partners may also conduct trades through a qualified custodian selected by a client's employer and relies on these custodians to provide best execution through their regulatory obligation to seek best execution for all trades.

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## **Soft Dollars**

Blue Chip Partners does not receive soft dollar compensation as a result of its clients' account relationships at Raymond James or any other brokerage firm or custodian. Blue Chip Partners retains and compensates Raymond James to provide various custodial, transaction execution and administrative services for most client accounts. In exchange for this compensation, Raymond James provides Blue Chip Partners with access to securities and market research, software, planning tools, and marketing tools.

Robert K. Steinberg, in his role as Registered Principal of Raymond James, and for having achieved certain production levels with Raymond James, is reimbursed by Raymond James for a portion of the technology fees assessed him by Raymond James for Blue Chip Partners' employees' access to Raymond James Advisor's Resource Console, an on-line suite of systems used in the management of client accounts.

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## **Order Aggregation**

Although each account is individually managed, we may buy and sell the same securities for many advisory accounts simultaneously when applicable. We may aggregate a transaction in the same security for many clients for whom we have discretion to trade. If your trade is aggregated with other client accounts, you will receive the same price per share. Your Advisor may also aggregate his own trade in the same security with those of his clients, provided that the Advisor never receives preferential treatment in the trade execution. If different prices are paid for securities in aggregated transactions, each client in the transaction will typically receive the average price paid for the block of securities in the same aggregated transaction on that day.

A significant portion of trades are mutual funds where trade aggregation does not garner any client benefit.

# **Review of Accounts**

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## **Periodic Reviews**

Account reviews are performed quarterly by Advisors Robert K. Steinberg and Daniel E. Seder. Account reviews are performed more frequently when market conditions dictate.

On a monthly basis the rate of return for each client is reviewed on a summary report which details the rate of return for each client classified by investment model.

On a weekly basis, Advisors review detailed performance data on almost all of the individual securities and mutual funds held in client portfolios.

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## **Review Triggers**

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

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## Regular Reports

You will receive a written portfolio review quarterly that includes your account value, a performance summary and details of your current asset allocation. Other communications are provided on a periodic basis.

The account value on your quarterly report which is used to calculate your asset-based advisory fee may differ from the net value shown on the statement provided by your qualified custodian. There are several reasons for these values to differ:

1) Trade Date versus Settlement Date – The custodian statement values all securities and cash balances based upon trades not being completed until settlement date (when the money is due), while the value used for billing is derived from the performance system, which values all securities and cash balances based upon trade date (initiation of cost basis for performance and tax reporting purposes.) For example, if a recent buy in an account has executed, but not yet settled at quarter end, the trade will still show as a cash position on the brokerage statement. In contrast, the purchased security, and value, will show on Blue Chip Partners' reports and be used for performance and billing calculations.

2) Margin Balances – Because the brokerage statement reads like a balance sheet, short sells and margin purchases are reflected as liabilities. For example, if a client buys a security on margin, they will have to pay for that security eventually, so it is shown as a liability (negative value) on the custodial statement. The performance-related value does not view margins in this manner. While considered a liability on the brokerage statement, these “new” positions are relevant from a performance and billing perspective and are therefore included for performance and billing purposes. As a result, the use of margin may result in a discrepancy in terms of value between the custodial statement and performance/billing values.

## Client Referrals and Other Compensation

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### Incoming Referrals

Blue Chip Partners has been fortunate to receive many client referrals over the years. The referrals came from current clients, attorneys, accountants, employees, personal friends of employees and other similar sources.

In select cases the firm will compensate certain individuals for incoming client referrals. Any referral arrangement will be in accordance with Rule 206(4)–3 of the Investment Advisers Act of 1940, and referring parties are required to hold the NASAA Series 65 License (Uniform Investment Advisors Law). Prior to, or at the time of opening an account with the Adviser, the referring party shall deliver a copy of Blue Chip Partners' Firm Brochure to the Client. The Client and referring individual shall sign a disclosure form indicating the terms of the compensation arrangement, and the Adviser will receive a written acknowledgement from the Client of delivery of the Firm Brochure and the disclosure form. The referring party may deliver impersonal advisory services only and any compensation paid to a referring party shall not exceed 50% of the Adviser's fee and shall not increase the fee paid by the Client.

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### Referrals Out

Blue Chip Partners does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

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### Other Compensation

Blue Chip Partners receives compensation from clients in the form of asset-based fees from accounts in Raymond James Passport and IMPAC programs and this compensation is



typically credited to Blue Chip Partners on a quarterly basis. Raymond James assesses an incremental quarterly Administrative Fee for IMPAC and Passport Program accounts that is based on the Advisors qualifying program assets, whereby higher gross client assets under management will generally result in a lower administrative fee. This fee arrangement represents a conflict of interest where an Advisor generally will have an incentive to recommend an asset-based fee account program rather than recommending an alternative product or service. Clients should be aware of such arrangements and should consult their Advisor for additional details regarding their compensation level in fee based-accounts.

In addition to the asset-based fee compensation we receive for providing advisory services, Advisors of our firm who are also registered representatives with RJFS earn commissions for transactional business in accordance with RJFS' published commission schedule. At the conclusion of each year, qualifying advisers are awarded membership in RJFS' recognition clubs. Qualification for the recognition clubs is based upon a combination of the annual production (both advisory and transactions), total client assets under administration with RJFS, and the professional certifications acquired through educational programs. When certain total production levels from combined advisory and commission relationships are attained at Raymond James by Advisors of Blue Chip Partners, Raymond James may reward them by paying for their attendance at Raymond James sponsored professional development conferences or other Raymond James sponsored trips. These rewards do not encourage the Advisors to recommend one type of client relationship or investment product over the other.

On occasion Advisors may receive direct or indirect reimbursement of marketing expenses from mutual fund companies for meals or entertainment for clients and their guests at activities such as client advisory board meetings, educational meetings, etc. These reimbursements provide a conflict of interest to clients in that the Advisors may have an incentive to recommend the investments of the sponsoring mutual fund companies. However, such reimbursements are not based on, or related to, any type of sales incentive program or intent and do not influence their recommendation of one investment product over another.

## **Custody**

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### **Account Statements**

Advisory fees are directly debited from clients' accounts as previously disclosed in the "Fee Billing – Billing for Investment Advisory Services" section of this Brochure. Blue Chip Partners does not have actual or constructive custody of client accounts. All client assets are held by qualified custodians.

On at least a quarterly basis, your custodian is required to send you a statement showing all transactions within the account during the reporting period, including the calculation of any advisory fee. It is important for you to carefully review your custodial statements to verify transaction activity in your account and to verify the accuracy of the fee calculation. You should contact us directly if you believe there may be an error in your statement. You may also contact your custodian.

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### **Portfolio Summary Reports**

Blue Chip Partners provides a Quarterly Portfolio Review report to clients in Raymond James' IMPAC advisory accounts and for advisory accounts held outside of Raymond James. Clients in Passport Investment Advisory Accounts receive quarterly reports from Raymond James. You should compare the quarterly reports you receive from Blue Chip Partners with the monthly or quarterly account statements you receive from the custodian of your accounts. Reports prepared by Blue Chip Partners contain a statement encouraging you to make this comparison.

# Investment Discretion

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## Authority for Trading/Limited Power of Attorney

Investment advisory services are available on a discretionary or non-discretionary basis.

- **Discretionary Accounts:** Blue Chip Partners accepts discretionary authority to manage securities accounts on behalf of clients. Our Discretionary Investment Advisory Agreements give your Advisor trading authority, which is authority to determine, without obtaining your specific consent, the securities to be bought or sold, and the amount of the securities to be bought and sold for your account. Discretionary accounts are almost always guided by an Investment Policy Statement executed by the client that documents their objectives, desired investment strategy and parameters of their stock/bond investment mix. Other than for the payment of advisory fees, your Advisor is not authorized to withdraw any monies or securities from your account.
- **Non-Discretionary Accounts:** Non-discretionary Investment Advisory Agreements require your Advisor to obtain your permission prior to executing each trade in your account. Other than for the payment of advisory fees, your Advisor is not authorized to withdraw any monies or securities from your account.

# Voting Client Securities

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## Proxy Votes

Blue Chip Partners does not vote proxies on securities. You are expected to vote your own proxies.

When you request assistance on voting proxies, Blue Chip Partners will provide recommendations to you. If a conflict of interest exists, it will be disclosed to you.

# Financial Information

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## Financial Condition

Blue Chip Partners does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

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

# Disaster Recovery Plan

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## General

Blue Chip Partners has a Disaster Recovery Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

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## Disasters

The Disaster Recovery Plan covers natural disasters such as snowstorms, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, fire, bomb

threat, nuclear emergency, chemical event, biological event, communications line outage, and Internet outage. Electronic files are backed up daily and archived offsite.

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### **Alternate Offices**

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. If a disaster dictates moving our office to an alternative location, it is our intention to contact all clients as soon as reasonably possible under the circumstances at the time.

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### **Loss of Key Personnel**

Robert K. Steinberg and Daniel E. Seder have a succession agreement in place in the event of either the serious disability or death of Robert K. Steinberg or Daniel E. Seder.

## **Information Security Program**

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### **Information Security**

Blue Chip Partners maintains an information security program to reduce the risk that your personal and confidential information may be breached.

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### **Privacy Notice**

#### **Your Privacy is Important to Us**

One of our top priorities is to make sure that we keep the information we have about you secure. We value our relationship with you. We work hard to preserve your privacy. The very nature of our relationship with you requires us to collect or share certain types of information about you. This privacy notice explains how we use potential, current and former customer information. Please read it carefully.

#### **What Personal Information Do We Have?**

We collect information, such as name, address, social security number, assets, income or employment status, that we need to provide the services you request and to administer your relationship with us. We may also collect health information as you authorize. We may collect information from:

- You during face-to-face meetings and telephone conversations;
- You when you complete an application, a fact-finder for financial planning, or other form;
- Your employer in connection with its sponsoring and administering of your retirement plan;
- Your business dealings with our broker-dealer (currently Raymond James); or
- Any product or service provider; if you approve our discussing or obtaining information on your behalf (for example, discussions with your tax preparer or attorney).

#### **How do we use your Personal Information?**

We use your personal information described above and may provide it to others:

- To perform services on your behalf;

- To process your requests and transactions; or
- To fulfill legal and regulatory requirements.

We use cloud-based internet software programs to store and manage client information, and to provide portfolio management and reporting services. Our use of these programs is subject to strict confidentiality agreements and strong security protection procedures to protect the security and confidentiality of client information.

We are required to share personal information with our broker-dealer, currently Raymond James. In other cases, we may disclose or report personal information in limited circumstances where we believe in good faith that disclosure is required or permitted under law. For example, we may be required to disclose personal information to cooperate with regulators or law enforcement authorities, to resolve consumer disputes, to perform credit/authentication checks, or for institutional risk control. All information will remain confidential.

### **Protecting the Confidentiality of Your Personal Information**

Employees of Blue Chip Partners have access to your personal information in order to provide products or services to you. Individuals who have access to your personal information are required to keep it strictly confidential. We maintain safeguards to protect your personal information, including Blue Chip Partners' Code of Ethics which all employees are required to review and acknowledge in writing annually. We will never sell your information.

We reserve the right to change this Privacy Policy at any time without prior notification. Please contact us at 248-848-1111 for additional information.