

# Rebalance Inc. Client Brochure and Privacy Policy

*This brochure provides information about the qualifications and business practices of Rebalance, Inc. as well as its Privacy Policy. If you have any questions about the contents of this brochure, please feel free to contact us at 650-396-3900 or by email at: [mtuchman@rebalance-ira.com](mailto:mtuchman@rebalance-ira.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 Rebalance, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Rebalance, Inc.'s CRD number is: 158242.*

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*Registration does not imply a certain level of skill or training.*

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## Item 2: Material Changes

Rebalance, Inc. has no material changes to report since the Annual ADV Amendment filed on March 14, 2016.

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## **Item 4: Advisory Business**

Rebalance, Inc. is a Corporation organized in the state of California. Rebalance, Inc. was formed in June 2011 and has been in business since August 2011, and the principal owners are Scott David Puritz and Mitchell Jay Tuchman.

Rebalance, Inc. (hereinafter “RBI”) offers ongoing portfolio management services for taxable and tax-deferred retirement accounts, primarily all kinds of IRAs (including but not limited to roll-over, Traditional, Roth, SEP, Inherited). RBI reviews each client’s retirement goals including: age, time to retirement, investment experience and risk tolerance levels and then recommends an appropriate model portfolio that we feel is appropriate for the client. Our investment services may include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Portfolio rebalancing
- Fund selection
- Portfolio monitoring

RBI helps clients optimize how their IRA is invested based upon a proper asset allocation, encourages yearly contributions, advises on the best IRA for their situation, assists with special situations like 401k rollovers and inherited IRAs.

RBI requires discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are calculated for each client using an internal “diagnostic” which is both quantitative and qualitative, and the recommended portfolio and goals are documented in Exhibit A of the Investment Advisory Agreement which is given and agreed to by each client.

RBI limits its security selection to a small universe of Exchange Traded Funds (ETFs) and generally invests client’s savings into one of six model portfolios. These models are comprised of four (4) to ten (10) ETFs representing domestic and international equities, fixed income and real estate investment trusts. The model portfolios are:

- Income
- Diversified Income
- Balanced Income
- Balanced Growth
- Diversified Growth
- Growth

Clients may not impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

### **Personalized Wealth Management.**

In addition to our core business, RBI's Managing Director Mitchell Tuchman offers a highly personalized service limited to approximately twenty (20) clients. Services provided by Mr. Tuchman may include financial planning, asset allocation, and investment management services. RBI manages some or all of the client's capital in the context of the client's full financial picture. RBI does not market Wealth Management Services and these clients generally execute a different Investment Advisory Agreement than the one used for the Rebalance IRA Service (above).

RBI prefers, but does not limit its security selection to Exchange Traded Funds (ETFs), and may in certain cases utilize or oversee the use of mutual funds, equities, bonds, fixed income, debt securities, private equity, CTA, venture capital, hedge funds, and government securities. RBI may use other securities as well to help diversify a portfolio when applicable.

Specific client financial plans and their implementation are dependent upon each client's current situation (income, tax levels, and risk tolerance levels). RBI constructs a client-specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. RBI DOES NOT participate in any wrap fee programs.

RBI has approximately \$403,000,000 under discretionary authority as of July 14, 2016.

## **Item 5: Fees and Compensation**

Rebalance IRA fees are 0.50% per year based upon total assets under management per account. RBI has a minimum compensation of \$500 per year per account. In certain cases, where a client has multiple IRA accounts (for example a Roth and a Traditional IRA), RBI may treat those accounts as one for purposes of satisfying the imposed minimum compensation. These amounts are paid quarterly in advance based upon the account value as of the last day of the prior quarter. There is also a one-time set-up charge of \$250 for each account, which may be waived at RBI's discretion. For an account opened intra-quarter, compensation will be pro-rated. For existing accounts, there will be no charges on funds added during the quarter, nor adjustments made for funds withdrawn during the quarter. Fees will be deducted from the accounts. Fees begin from the date a new account has been activated through the purchase of one of our model portfolios.

The minimum \$250 one-time set-up charge is paid in advance and is non-refundable, unless Client terminates this advisory contract within 5 business days of signing. Fees will be returned within fourteen days to the client via check, return to credit card or deposited back into client's account.

Client may terminate this Agreement at any time by providing five days' written notice to Adviser. A pro-rata refund of management fees will be returned to the Client for any unearned fees during a quarter after the termination request has been received. Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, ETF fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by RBI. Please see Item 12 of this brochure regarding broker/custodian.

### **Personalized Wealth Management.**

RBI's Managing Director Mitchell Tuchman offers a highly personalized service limited to approximately twenty (20) clients for a fee that is either a quarterly retainer or a percentage of total assets under management, neither of which exceed 0.6% of assets under management or assets supervised. These fees are negotiable depending upon the needs of the client and complexity of the situation and the final fee schedule is included in the separate Investment Advisory Agreement. Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in arrears, and clients may terminate their contracts with five days' written notice. In special situations, advisory fees may also be invoiced and billed directly to the client quarterly in arrears. Because fees are charged in arrears, no refund policy is necessary. Clients may terminate their accounts without penalty within 5 business days of signing the advisory contract.

Neither RBI nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

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

RBI does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

RBI generally provides investment advice and/or management supervisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ 401(k) and other retirement plans

There is an account minimum, \$100,000, which may be waived by the investment advisor, based on the needs of the client and the complexity of the situation.

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

### ***Methods of Analysis***

**Asset Allocation** is a top-down investment strategy that focuses on general movements in the market rather than on performance of individual securities. The rise and fall of certain securities may not react according to predicted trends. Other factors such as risk tolerance, market timing, portfolio size, investment expenses, etc. may also affect the portfolio performance.

### ***Rebalance IRA***

RBI recommends one of six basic portfolios. These portfolios are made up of publicly traded ETFs. All portfolios have a target of keeping 1% in cash. In rare cases, a client may have moved a non-tradeable security or securities where it would be detrimental to the client to sell when investing in one the six portfolios. In these rare circumstances, RBI will leave these securities in place until such time that the sale of the securities is possible. The risks are correlated with the risks of the global equity and bond markets because the ETFs RBI recommends are broad market indices.

### ***Wealth Management Services***

Personalized wealth management clients have all or a portion of their portfolios using an asset allocation strategy with ETFs where it is possible. In other cases, for example where highly appreciated stock is held in a taxable account, or where a client wishes to hold existing positions, RBI may leverage existing client positions in order to accomplish the asset allocation strategy agreed upon with the client.

### ***Investment Strategies***

RBI uses a predominant long term rebalancing strategy designed to capture market rates of both return and risk. RBI generally seeks investment strategies where risk is in line with that of the general domestic and/or international equity and fixed income markets.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

Neither RBI nor its representatives are a registered representative of a broker dealer nor have a pending application to become a broker dealer.

Neither RBI nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

Mitchell Jay Tuchman is the Managing Member of Rebalance, Inc. a SEC registered investment advisory firm. Mr. Tuchman also is the General Partner to Net Market Partners, L.P., a venture capital fund formed in 2000, that has been passively liquidating assets and returning client capital since 2008. Rebalance, Inc. clients will not be solicited to invest or participate in any way with Net Market Partners, L.P. Rebalance Inc. always acts in the best interest of the client.

RBI does not utilize nor select other advisors or third party managers. All assets are managed by RBI management.

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

RBI has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

RBI does not recommend that clients buy or sell any security in which a related person to RBI or RBI has a material financial interest.

From time to time, representatives of RBI may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of RBI to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. RBI always will transact client's transactions before its own transactions when similar securities are being bought or sold.

## **Item 12: Brokerage Practices**

RBI receives research, products, or other services from its broker/dealer or another third-party in connection with client securities transactions (“soft dollar benefits”). There is no incentive for RBI to direct clients to either Schwab or Fidelity as the client custodian. RBI believes that the execution practices and levels are equal at Schwab and Fidelity.

RBI receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party. RBI does require that clients have either a Schwab or Fidelity account in order for RBI to execute transactions.

RBI maintains the ability to block trade purchases across accounts, particularly during calendar rebalancing. Block trading may benefit a large group of clients by providing RBI the ability to purchase larger blocks resulting in smaller transaction costs to the client.

## **Item 13: Reviews of Accounts**

Rebalance IRA model portfolios are reviewed periodically by an Investment Advisory Board made up of Mitchell Tuchman (Managing Director), Scott Puritz (Managing Director), Burton Malkiel, Charles Ellis and Jay Vivian. Such reviews are to determine that the composition of the model portfolios is achieving the expected goals in line with performance of broad indices of similar risk profile.

Investment Registered Advisors working for Rebalance IRA conduct a thorough review of every client’s financial situation to determine that the selected RBI model portfolio is in line with the client’s risk profile. This process takes place using information gathered during the “diagnostic” interview with the client. After the diagnostic session, the client confirms the model portfolio selected and executes an Investment Advisory Agreement. Regularly scheduled reviews with the client help determine if their risk profile has changed over time, which might necessitate a change in the recommended portfolio utilized for that client. Mitchell Tuchman supervises the Individual Registered Advisors working for Rebalance IRA and assists when needed in reviewing specific client situations.

Because RBI uses only Schwab and Fidelity as custodians, each client has direct access to view their account through the custodian’s website. In addition each client will receive, at least monthly from the custodian, a statement that details the client’s account including assets held, asset values and transactions in the account.

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

RBI does not receive any economic benefit, directly or indirectly from any third party for advice rendered to RBI clients. RBI does not directly or indirectly compensate any person who is not advisory personnel for client referrals.



### **Item 15: Custody**

RBI, with client written authority, has limited custody of client's assets through direct fee deduction of RBI's fees only. Clients will receive all required account statements and as required and they should carefully review those statements for accuracy.

### **Item 16: Investment Discretion**

For those client accounts where RBI provides ongoing investment management, the client has given RBI written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides RBI discretionary authority via a limited power of attorney in the Investment Advisory Agreement and in the contract between the client and the custodian.

### **Item 17: Voting Client Securities (Proxy Voting)**

RBI will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

### **Item 18: Financial Information**

RBI does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

Neither RBI nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

RBI has not been the subject of a bankruptcy petition in the last ten years.

# PRIVACY POLICY

Investment Advisers are required by law to inform their clients of their policies regarding privacy of client information. We are bound by professional standards of confidentiality that are even more stringent than those required by law. Federal law gives customers the right to limit some but not all sharing of personal information. It also requires us to tell you how we collect, share, and protect your personal information.

## TYPES OF NONPUBLIC PERSONAL INFORMATION (NPI) WE COLLECT

We collect nonpublic personal information about you that is either provided to us by you or obtained by us with your authorization. This can include but is not limited to your Social Security Number, Date of Birth, Banking Information and Financial Account Numbers and/or Balances, Sources of Income, Credit Card Numbers or other Information. When you are no longer our customer, we may continue to share your information only as described in this notice.

## PARTIES TO WHOM WE DISCLOSE INFORMATION

All Investment Advisers may need to share personal information to run their everyday business. In the section below, we list the typical reasons that we may share your personal information:

- For everyday business purposes – such as to process your transactions, maintain your account(s), or respond to court orders and legal investigations, or report to credit bureaus;
- For our marketing – to offer our products and services to you;
- For joint marketing with other financial companies;
- For our affiliates' everyday business purposes – information about your transactions and experiences;
- For non-affiliates to market to you.

Clients may opt out of sharing information for joint marketing to other financial companies, to our affiliates and to non-affiliates. If you are a new customer we may begin sharing your information on the day you sign our agreement. When you are no longer our customer, we may continue to share your information as described in this notice. However, you can contact us at any time to limit our sharing.

## PROTECTING THE CONFIDENTIALITY OF CURRENT AND FORMER CLIENT'S INFORMATION

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law, including computer safeguards and secured files and building.

## FEDERAL LAW GIVES YOU THE RIGHT TO LIMIT SHARING – OPTING OUT

Federal law allows you the right to limit the sharing of your NPI by “opting-out” of the following: sharing for affiliates' everyday business purposes – information about your creditworthiness; sharing with affiliates who use your information to market to you; or sharing with non-affiliates to market to you. State laws and individual companies may give you additional rights to limit sharing. Please notify us immediately at our address or telephone number if you choose to opt out of these types of sharing.

**DEFINITIONS:** Affiliates – companies related by common ownership or control. They can be financial and nonfinancial companies; Non-affiliates – companies not related by common ownership or control. They can be financial and nonfinancial companies; Joint marketing – a formal agreement between non-affiliated financial companies that together market financial products or services to you.

*Please call if you have any questions. Your privacy, our professional ethics, and the ability to provide you with quality financial services are very important to us*