

## Form ADV Part 2A Disclosure Brochure

### Item 1 – Cover Page

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This brochure provides information about the qualifications and business practices of Wealth Management Associates, Inc. If you have any questions about the contents of this brochure, please contact David R. Hess at 856-424-2350. 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 Wealth Management Associates, Inc. is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for our name Wealth Management, Inc. or for our firm CRD number **117606**.

\*Registration as an investment advisor does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

The last annual update of this Disclosure Brochure was made in April 2019. Since our last annual update, the following changes have been made to this disclosure brochure:

- In November 2020, the firm added information related to the use of third party investment platforms. Please refer to Item 4 – Advisory Business for more specific information.

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on January 31 so you will receive the summary of material changes, if any, no later than May 31 each year. At that time we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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## Item 4 – Advisory Business

Wealth Management Associates, Inc. (WMA) has been an investment advisor registered with New Jersey and Pennsylvania, and due to an increase in the assets managed by the firm we have now become eligible to change our primary regulatory authority to the U.S. Securities and Exchange Commission and is a corporation formed under the laws of the state of New Jersey.

- James B. Johnson, III is the President and Managing Director of Wealth Management Associates, Inc.
- WMA has been registered as an investment advisor since March 5, 1999.

### General Description of Primary Advisory Services

Following are brief descriptions of our primary advisory services. More detailed descriptions of our advisory services are provided in *Item 5 – Fees and Compensation* so that clients and prospective clients can review the description of services and description of fees in a side-by-side manner.

**Financial Planning Services** – We provide advisory services in the form of financial planning services. Financial planning services do not involve the active management of client accounts, but instead focuses on a client's overall financial situation. Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. The role of a financial planner is to find ways to help the client understand his/her overall financial situation and help the client set financial objectives.

**Asset Management Services** – We provide advisory services in the form of asset management services. Asset management services involve providing clients with continuous and on-going supervision over client accounts. This means that we will continuously monitor a client's account and make trades in client accounts when necessary.

**Qualified Plan Services** -- We provide advisory services to qualified retirement plan accounts established with outside custodians.

**Referral of Third-Party Money Managers** – We provide advisory services by referring clients to outside, or unaffiliated, money managers that are registered or exempt from registration as investment advisors. Third-party money managers are responsible for continuously monitoring client accounts and making trades in client accounts when necessary.

**Seminars** -- Associated persons of WMA may present seminars.

### Limits Advice to Certain Types of Investments

WMA provides investment advice on the following types of investments:

- Exchange-listed securities (i.e. stocks)
- Securities traded over-the-counter (i.e. stocks)
- Foreign Issues
- Warrants
- Corporate debt securities (other than commercial paper)

- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States government securities
- Options contracts on securities

WMA does not provide advice on foreign issues, hedge funds and other types of private (i.e. non-registered) securities.

When providing asset management services, we typically construct each client's account holdings using fixed income investments, annuities, mutual funds and equities to build diversified portfolios. It is not our typical investment strategy to attempt to time the market but we may increase cash holdings modestly as deemed appropriate, based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations. *(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)*

### **Tailor Advisory Services to Individual Needs of Clients**

Our services are always provided based on the individual needs of each client. This means, for example, that you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with each client on a one-on-one basis through interviews and questionnaires to determine the client's investment objectives and suitability information.

### **Client Assets Managed by WMA**

The amount of client's assets managed by WMA under fee-based arrangements was \$428,156,571.00 as of January 31, 2020. Approximately \$419,606,267.00 of these assets are managed on a discretionary basis and approximately \$8,550,304.00 are managed on a non-discretionary basis. *Please refer to Item 10 of this Disclosure Brochure for a description of the Outside Business Activities and Other Affiliations of WMA.*

### **Item 5 – Fees and Compensation**

In addition to the information provide in *Item 4 – Advisory Business*, this section provides additional details regarding our firm's advisory services along with descriptions of each service's fees and compensation arrangements.

### **Financial Planning**

WMA offers comprehensive financial planning services to clients. Our associated persons will meet with the client to determine the client's needs, goals and objectives. Upon completion of the initial information and data gathering session, our associated persons will prepare and present a comprehensive financial plan to the client. In addition to preparing comprehensive financial plans, we also offer consultation

services which can include assisting clients with settlement of estates. Our associated persons will meet with the client to determine the level of financial planning service that should be provided to the client. Fees for financial plans can be charged on either a fixed or hourly basis, and the client and our associated persons will together determine which fee option best suits the client's needs. Both fixed and hourly fees are negotiable depending upon the complexity of the client's financial situation, the relationship of the client to the advisor and the actual services provided. Fixed fees normally range from \$100 to \$25,000 while the hourly rate will not exceed \$150 per hour. Fees will be determined and disclosed to you prior to services being provided. If billed on an hourly basis, our associated persons will provide you with an estimate of the hours needed to complete the requested services. However, you will be billed for the actual time expended on the requested services. Whether fees are billed on a fixed or hourly rate, a retainer fee of \$100 may be charged to you at the time the initial contract is signed. The remainder of the fees will be due and payable upon completion of services.

In some cases, you may choose to contract with us for consultation services rather than having a comprehensive financial plan prepared. These consultations can be on any topic of interest to the client and will be billed at a rate of up to \$150 per hour, depending upon the person providing the consultation and the complexity of the client's situation. Our associated persons and the client will jointly estimate the number of consultations needed. If the consultation service is completed in one meeting, the fee will be due upon completion of the meeting. If more than one meeting is anticipated, a retainer of \$100 may be due at the time the client agreement is signed, with the remainder due upon completion of the consultation services.

We will never require payment of more than \$1200 in fees more than six months in advance.

If the consultations include estate settlement activities, our associated persons may need to refer a portion of the services to outside professionals (i.e., attorneys, accountants, etc.) for additional assistance. Fees charged by outside professionals are separate and distinct from the fees charged by WMA.

Services terminate upon presentation of the financial plan to you and/or completion of the consultation services. Either party may terminate services at any time by notifying the other party. Termination will be effective upon receipt of notice of termination. If services are terminated within five business days of signing the client contract, services will be terminated without penalty. After the initial five business days, we will bill you on a prorated basis pursuant to the time and effort expended prior to receipt of notice of termination. Any unearned fees paid in advance will be refunded promptly.

### **Qualified Retirement Plan Services**

WMA offers retirement plan services to retirement plan sponsors and to individual participants in retirement plans. For a corporate sponsor of a retirement plan, our retirement plan services can include, but are not limited to, the following services:

#### Fiduciary Consulting Services

WMA provides the following Fiduciary Retirement Plan Consulting Services:

- Non-Discretionary Investment Advice. WMA provides general, non-discretionary investment advice regarding assets classes and investment options, consistent with your plan's investment policy statement.

- Investment Selection Services. WMA provides recommendations of investment options consistent with ERISA section 404(c).
- Investment Due Diligence Review. WMA provides periodic due diligence reviews of the plan's reports, investment options and recommendations.
- Investment Monitoring. WMA assists in monitoring investment options and will make recommendations to maintain or remove and replace investment options.

WMA acknowledges that in performing the Fiduciary Consulting Services described above that WMA is acting as a "fiduciary" as such term is defined under Section 3(21)(A)(ii) of Employee Retirement Income Security Act of 1974 ("ERISA") for purposes of providing non-discretionary investment advice only. WMA will act in a manner consistent with the requirements of a fiduciary under ERISA if, based upon the facts and circumstances, such services cause WMA to be a fiduciary as a matter of law. However, in providing the Fiduciary Consulting Services, WMA (a) has no responsibility and will not (i) exercise any discretionary authority or discretionary control respecting management of Client's retirement plan, (ii) exercise any authority or control respecting management or disposition of assets of Client's retirement plan, or (iii) have any discretionary authority or discretionary responsibility in the administration of Client's retirement plan or the interpretation of Client's retirement plan documents, (b) is not an "investment manager" as defined in Section 3(38) of ERISA and does not have the power to manage, acquire or dispose of any plan assets, and (c) is not the "Administrator" of Client's retirement plan as defined in ERISA.

#### Non-Fiduciary Services

Although an investment adviser is considered a fiduciary under the Investment Advisers Act of 1940 and required to meet the fiduciary duties as defined by the Advisers Act, the services listed here as non-fiduciary should not be considered fiduciary services for the purposes of ERISA since Advisor is not acting as a fiduciary to the Plan as the term "fiduciary" is defined in Section 3(21)(A)(ii) of ERISA. WMA provides clients with the following Non-Fiduciary Retirement Plan Services:

- Participant Education. WMA provides education services to plan participants about general investment principles and the investment alternatives available under the plan. WMA's assistance in participant investment education will be consistent with and within the scope of DOL Interpretive Bulletin 96-1. Education presentations will not take into account the individual circumstances of each participant and individual recommendations will not be provided unless otherwise agreed upon. Plan participants are responsible for implementing transactions in their own accounts.
- Participant Enrollment. WMA provides assistance with group enrollment meetings designed to increase retirement plan participation among employees and investment and financial understanding by the employees.
- Qualified Plan Development. WMA assists with the establishment of a qualified plan by working with you and a selected Third Party Administrator. If you have not already selected a Third Party Administrator, we shall assist you with the review and selection of a Third Party Administrator for the Plan.
- Due Diligence Review. WMA provides periodic due diligence reviews of your plan's fees and expenses and your plan's service providers.

The exact suite of services provided to a client will be listed and detailed in the Qualified Retirement Plan Agreement.

Retirement plan consulting services are not management services, and WMA does not serve as administrator or trustee of the plan. WMA does not act as custodian for any client account or have access to client funds or securities (with the exception of, some accounts, having written authorization from the client to deduct our fees). All recommendations of investment options and portfolios will be submitted to the client for the client's ultimate approval or rejection. WMA does not implement any transactions in a retirement plan or participant's account. For retirement plan consulting services, the retirement plan or the plan participant who elects to implement any recommendations made by us is solely responsible for implementing all transactions.

WMA will disclose, to the extent required by ERISA Regulation Section 2550.408b-2(c), to you any change to the information that we are required to disclose under ERISA Regulation Section 2550.408b-2(c)(1)(iv) as soon as practicable, but no later than sixty (60) days from the date on which we are informed of the change (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable).

In accordance with ERISA Regulation Section 2550.408b-2(c)(vi)(A), we will disclose within thirty (30) days following receipt of a written request from the responsible plan fiduciary or Plan Administrator (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable) all information related to the Qualified Retirement Plan Agreement and any compensation or fees received in connection with the Agreement that is required for the Plan to comply with the reporting and disclosure requirements of Title 1 of ERISA and the regulations, forms and schedules issued thereunder.

If we make an unintentional error or omission in disclosing the information required under ERISA Regulation Section 2550.408b-2(c)(1)(iv) or (vi), we will disclose to you the correct information as soon as practicable, but no later than thirty (30) days from the date on which we learn of such error or omission.

For retirement plan sponsors, we charge an annual fee of at a rate between 10 (.10%) and 150 (1.50%) basis points. This fee is negotiable based upon the complexity of the plan, the size of the plan assets, the relationship of the client to the advisor and the actual services requested.

For retirement plan sponsor clients, fees are billed in arrears (at the end of the billing period) on a quarterly calendar basis and calculated based on the average daily balance of the plan as of the last business day of the quarterly billing period.

Fee invoices will be sent directly to the retirement plan sponsor client and due upon receipt of the billing notice.

Either party may terminate services by providing written notice of termination to the other party. If services are terminated within five business days of signing the client agreement, services are terminated without penalty. Any prepaid but unearned fees are promptly refunded to the client at the effective date of termination.

WMA does not reasonably expect to receive any other compensation, direct or indirect, for its retirement plan services. If WMA receives any other compensation for such services, we will (i) offset that



compensation against our stated fees, and (ii) will disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

### Seminars

Our associated persons may also provide seminars that are general in nature in areas such as financial planning, retirement planning and estate planning. No fees will be charged for these seminars.

### Wealth Management Associates Asset Management Services

We provide asset management services, which involves WMA providing you with continuous and ongoing supervision over your accounts. In providing asset management services, WMA will continuously monitor your account and make trades in your accounts when necessary. Your account will be managed by Wealth Management Associates based on your financial situation, investment objectives and risk tolerance. Wealth Management Associates will actively monitor your account and will make management recommendations and decisions regarding buying, selling, reinvesting or holding securities, cash or other investments.

We recommend that your assets to be allocated to the Wealth Management Associates Asset Management Services Program be maintained in a brokerage account with Fidelity Brokerage Services LLC (Fidelity), an SEC registered broker/dealer and member NYSE/SIPC. Fidelity is the qualified custodian for all accounts established through the Wealth Management Associates Asset Management Services Program. See **Item 12, Brokerage Practices**, for additional discussion on our recommendation and use of Fidelity. You will appoint WMA as your investment adviser of record on specified accounts. Your account will consist only of separate account(s) held by the qualified custodian under your name.

**WMA does not act as custodian and does not have direct access to your funds and securities except to have advisory fees deducted from your account with your prior written authorization.**

The qualified custodian will maintain physical custody of all funds and securities of your Account, and you will retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) for your account.

You will authorize us to have trading authorization on your account and we will provide management services. You will authorize either discretionary or non-discretionary management in your agreement for the Wealth Management Associates Asset Management Services. If you have authorized us to provide management services on a discretionary basis, we make all decisions to buy, sell or hold securities, cash or other investments in your managed account in our sole discretion without consulting with you before making any transactions. You must provide us with written authorization to exercise this discretionary authority, and you can place reasonable restrictions and limitations on our discretionary authority. See **Item 16, Investment Discretion**, for additional discussion on discretionary authority.

Fees for our asset management services are charged based on a percentage of assets under management, billed in arrears (at the end of the billing period) on a monthly calendar basis and calculated based on the average daily balance of your account for the billing period.

The total annual investment advisory fee charged to Client by WMA is comprised of 2 fee components: 1) an advisory fee; and 2) a management fee. The advisory fee is determined by the Client and the Client's investment adviser representative (IAR) and will typically range between 0.3% and 2.40%. However, at the discretion of Wealth Management Associates, the total annual investment advisory fee may be reduced or waived for certain clients based upon the relationship of the client with Wealth Management

Associates or its investment adviser representatives (for example, for accounts of employees of Wealth Management Associates, or of immediate family members of an investment adviser representative of Wealth Management Associates).

The advisory fee is determined based on the complexity of the services provided, the composition of your account, the amount of assets under management, and your relationship with WMA. It is typical that larger, less active portfolios will have a lower asset management fee.

The management fee component of the total annual investment advisory fee is set based on the portfolio allocation used for your account. The management fee component of the total annual investment advisory fee is compensation to WMA for WMA's provision of research, monitoring, asset allocation, performance reporting, and account servicing. Your Investment Advisor Representative will receive a portion of the asset management fees charged. The management fee component of the total annual investment advisory fee is charged pursuant to the following fee schedule:

**Short Term Fixed Income**

0.15% flat rate fee for all balances

**Fixed Income – Tax Free**

0.30% for first \$1 million  
0.25% for the next \$4 million  
0.20% flat for entire balance over \$5 million

**Fixed Income**

0.40% for first \$1 million  
0.35% for the next \$4 million  
0.30% flat for entire balance over \$5 million

**Total Return – Income**

0.50% for first \$1 million  
0.45% for the next \$4 million  
0.40% flat for entire balance over \$5 million

**Total Return – Growth**

0.60% for first \$1 million  
0.55% for the next \$4 million  
0.50% flat for entire balance over \$5 million

WMA recommends a minimum household opening size of \$200,000 for participation in the Wealth Management Associates Asset Management Services.

The only compensation received by Wealth Management Associates for asset management services is the annual fee as specified in the client's advisory services agreement. Wealth Management Associates receives no other forms of compensation in connection with providing asset management services.

Wealth Management Associates believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, Wealth Management Associates' annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to compensation of Wealth Management Associates, you will incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses).

The investment advisory fees for our asset management services will be deducted from your account and paid to Wealth Management Associates by the qualified custodian(s) of your account. You will authorize the qualified custodian of your account to deduct fees from your account and pay such fees to Wealth Management Associates.

All management fee calculations will be disclosed on the account statement you will receive from your qualified custodian. You should review your account statements received from the qualified custodian and verify that appropriate investment advisory fees are being deducted. The qualified custodian will not verify the accuracy of the investment advisory fees deducted.

The transaction ticket fees will be billed directly to the client's account by the qualified custodian. Wealth Management Associates will not receive any portion of such transaction ticket fees.

You may incur certain charges imposed by third parties other than Wealth Management Associates in connection with investments made through your account including, but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, IRA and qualified retirement plan fees, and other charges imposed by the qualified custodian of your account. Management fees charged by Wealth Management Associates are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of such fees and expenses is available in each investment company security's prospectus.

### **Unaffiliated Asset Management Platforms**

WMA has entered into agreements with third-party platform providers ("Platform Providers") through which we are able to provide Managed Account Services. Platform Managers for these services will conduct due diligence of any recommended Model Provider and monitor the performance of Model Provider with respect to the Model Provider's models and/or trade signals relative to appropriate peers and/or benchmarks.

Upon appointment as an investment adviser of the Account, the assigned Advisor of WMA will assist you in completing a Client profile questionnaire and review the information you provide. The assigned Advisor of WMA will provide recommendations to you to utilize a Platform Provider to provide models and trade signals for managing the Account or a portion of the assets of Account. The Advisor of WMA is only able to recommend portfolios which have been approved by the Platform Providers and WMA. Therefore, we have a conflict of interest because we do not recommend portfolios to you if not available through the platform.

Model Providers will implement the selected portfolio for the Account by acquiring the fund shares or investments that are represented in the selected model portfolios of the Provider. You will grant the Model Providers with the discretionary authority (in the sole discretion of Model Provider based upon the selected Model Provider's designated portfolio models and/or trade signals without first consulting with you to make all decisions to buy, sell or hold securities, cash or other investments for such portion of the

Account. You will also grant the Model Provider with the power and authority to carry out these decisions by giving instructions, on behalf of you, to brokers and dealers and the qualified custodian of the Account.

Services provided by Platform Provider and service provider(s) may include, but are not necessarily limited to, due diligence of the Model Providers, access to service provider's technology platform and/or assistance with data reconciliation, performance and/or position reporting, fee calculation and billing, marketing and presentation materials, database maintenance, quarterly performance evaluations, payable reports, web site administration, order entry, and other functions related to the administrative tasks of providing investment advisory services to the Account. Due to these arrangements, such service provider(s) will have access to the Account and/or your information

In addition to the investment advisory fee charged by WMA for Managed Account Services, the Platform Managers and Model Provider will each charge you a separate fee. The method and frequency utilized to charge advisory fees will vary dependent upon the Platform Manager and Model Provider selected. Clients should review the Platform Manager and Model Provider agreements for more specific information. Platform Manager will charge an additional annual fee and Model Provider will charge an additional annual fee of Account's value. You should refer to the Statement of Investment Selection signed by you and terms and conditions of the Platform Manager for the Platform Manager and Model Provider's fees. In addition, the Platform Provider may charge transaction execution fees, WMA will not receive any portion of transaction based fees. For a complete explanation of all fees and charges please refer to the Platform Provider and Model Manager agreements.

### **Third-Party Money Managers – Sub Advisors**

WMA offers advisory services by referring clients to third-party money managers or sub advisors offering asset management and other investment advisory services. The third-party managers/sub advisors are responsible for continuously monitoring client accounts and making trades in client accounts when necessary.

Third Party Managers/Sub-Advisor Asset Management Services fees can range up to 1% and are negotiated on a case by-case basis based on the asset size, and other variables. Fees may be lower on Sub-Advisory services than to other direct clients of WMA for similar levels of assets due to the limited scope of service and other factors under this type of relationship.

The actual fee charged to you will vary depending on the manager utilized.

The fees charged by WMA do not include the fees charged and collected by the unaffiliated to third-party money managers or sub advisors. Fees assessed by the third-party money manager or sub advisor are separate and in addition to the fees we charge. We strive to ensure that the combined fees charged by WMA and the unaffiliated investment advisers do not exceed industry standards. Each firm is separately responsible for calculating their fee and debiting their fee from your account.

Under this program, we assist you with identifying your risk tolerance and investment objectives. We recommend third-party money manager/sub advisor in relation to your stated investment objectives and risk tolerance, and you may select a recommended manager or model portfolio based upon your needs. You must enter into an agreement directly with the third-party money manager/sub advisor who provides your designated account with asset management services.

We are available to answer questions that you may have regarding your account and act as the communication conduit between you and the third-party money manager. The third-party money manager may take discretionary authority to determine the securities to be purchased and sold for your account. We do not have any trading authority with respect to your designated account managed by the third-party money manager/sub advisor.

Although we review the performance of numerous investment adviser firms, we enter into only a select number of relationships with firms that have agreed to our fee payment arrangement. Therefore, WMA has a conflict of interest in that it will only recommend third-party investment advisors that will agree to our joint compensation relationship with our clients.

Clients are advised that there may be other managed programs not recommended by our firm, that are suitable for the client and that may be more or less costly than arrangements recommended by our firm. No guarantees can be made that a client's financial goals or objectives will be achieved by a third-party investment adviser recommended by our firm. Further, no guarantees of performance can ever be offered by our firm *(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more details.)*

Third-party managers and/or sub advisors generally have account minimum requirements that will vary among third-party money managers. Account minimums are generally higher on fixed income accounts than for equity based accounts. A complete description of the money manager's services, fee schedules and account minimums will be disclosed in the manager's disclosure brochure which will be provided to you prior to or at the time an agreement for services is executed and the account is established.

Under this program, you may incur additional charges including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, and IRA and qualified retirement plan fees.

We have a conflict of interest by only offering those third-party money managers that have agreed to our fee payment requirements and have met the conditions of our due diligence review. There may be other managers that may be suitable for you that may be more or less costly. No guarantees can be made that your financial goals or objectives will be achieved. Further, no guarantees of performance can be offered.

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

Item 6 is not applicable to this Disclosure Brochure because WMA does not charge or accept performance-based fees. Performance-based fees are fees based on a share of capital gains or capital appreciation of the assets held within a client's account.

## **Item 7 – Types of Clients**

WMA generally provides investment advice to the following types of clients:

- Individuals
- Banks or thrift institutions
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations

## **Minimum Investment Amounts Required**

As a general rule, WMA requires a minimum of \$50,000 to establish and maintain a managed account with the firm. All minimums are negotiable at the discretion of WMA.

Third-party money managers may have minimum account and minimum fee requirements in order to participate in their programs. Each-third party money manager will disclose its minimum account size and fees in its Form ADV Part 2A Disclosure Brochure.

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

### **Methods of Analysis**

WMA uses the following methods of analysis in formulating investment advice:

Charting - The set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

Fundamental - A method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

Technical - This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Model Allocation Programs - Model asset allocation portfolio programs, provided by various institutional investment managers and strategists, are used by WMA when managing client assets.

### **Investment Strategies**

#### **Use of Primary Method of Analysis or Strategy**

WMA's primary method of analysis or strategy is fundamental evaluation and asset allocation. Fundamental analysis takes a long-term approach to analyzing markets, often looking at data over a

number of years. The data reviewed is released over years (e.g., quarterly financial statements). Therefore, fundamental analysis could mean a gain is not realized until a security's market price rises to its "correct" value over the long run--perhaps several years. The less frequent trading practices of fundamental analysis could also have a positive or negative impact on a client's portfolio value, but the account managed based upon fundamental analysis will typically have lower brokerage and transaction costs than accounts managed using a method that uses more frequent trading. Unexpected market occurrences, and general market volatility are additional risk factors that affect the price of account assets managed using a fundamental evaluation and asset allocation strategy.

WMA's primary strategy involves long term investing, which is defined as holding investments at least a year. However, WMA may occasionally include frequent trading of securities. The frequent trading of securities may have a positive or negative impact on investment performance. Performance from active trading can be lowered due to an increase in brokerage and other transaction costs.

### **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who

depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of your investments will decrease.

### **Item 9 – Disciplinary Information**

Item 9 is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

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

WMA is **not** and does **not** have a related company that is a (1) broker/dealer, municipal securities dealer, government securities dealer or broker, (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), (3) other investment adviser or financial planner, (4) futures commission merchant, commodity pool operator, or commodity trading advisor, (5) banking or thrift institution, (6) accountant or accounting firm, (7) lawyer or law firm, (8) insurance company or agency, (9) real estate broker or dealer, or (10) sponsor or syndicator of limited partnerships.

We are an independent registered investment registered adviser and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure.

### **Registered Representative of a Broker-Dealer**

Our representatives are also registered representatives of Securities America, a securities broker-dealer. You may work with your investment adviser representative in his or her separate capacity as a registered representative of Securities America.

As a result of this relationship, Securities America may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about clients of {the investment adviser firm}, even if a client does not establish any account through Securities America. If



you would like a copy of the privacy policy of Securities America, please contact your investment adviser representative.

When acting in his or her separate capacity as a registered representative, your investment adviser representative may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to you. As such, your investment adviser representative may suggest that you implement investment advice by purchasing securities products through a commission-based brokerage account in addition to or in lieu of a fee-based investment-advisory account. This receipt of commissions creates an incentive to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as a registered representative of a securities broker-dealer. Consequently, the objectivity of the advice rendered to you could be biased.

You are under no obligation to use the services of our representatives in this separate capacity or to use Securities America and can select any broker/dealer you wish to implement securities transactions. If you select our representatives to implement securities transactions in their separate capacity as registered representatives, they must use Securities America. Prior to effecting any such transactions, you are required to enter into a new account agreement with Securities America. The commissions charged by Securities America may be higher or lower than those charged by other broker/dealers. In addition, the registered representatives may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that you maintain the mutual fund investment.

### **Forgivable Loans**

Investment Advisor Representatives of WMA have received loans from Securities America to assist WMA with transitioning its investment adviser representatives from their former broker-dealer to Securities America. Although the loan was intended to assist WMA and its representatives with transition costs, to the extent that the amount of the loan exceeds the costs of transition, loan recipients are not required to refund the unused portion to Securities America and may use the funds for other purposes. The loan was to be forgiven by Securities America based upon the amount of commissions and investment advisory fees charged by WMA while affiliated with Securities America during the term of the loan.

The receipt of forgivable loans from Securities America presented a conflict of interest in that representatives receiving loans had a financial incentive to maintain a relationship with Securities America and continue recommending Securities America to clients until all loans are forgiven. To the extent that WMA or its representatives recommend a client use Securities America for such services, it is because WMA and its representatives believe that it is in the client's best interest to do so based on the quality and pricing of the execution, benefits of an integrated platform for brokerage and advisory accounts, and other services provided by Securities America and its affiliates. To further control for this conflict of interest, clients are not required to use Securities America and can use another WMA approved brokerage platform. WMA has systems in place to review representative managed accounts for suitability and best execution practices over the course of the advisory relationship.

### **Insurance Sales Activities**

You may work with your investment adviser representative in his or her separate capacity as an insurance agent. When acting in his or her separate capacity as an insurance agent, the investment

adviser representative may sell, for commissions, general disability insurance, life insurance, annuities, and other insurance products to you. As such, your investment adviser representative in his or her separate capacity as an insurance agent, may suggest that you implement recommendations of {the investment adviser firm} by purchasing disability insurance, life insurance, annuities, or other insurance products. This receipt of commissions creates an incentive for the representative to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as an insurance agent. Consequently, the advice rendered to you could be biased. You are under no obligation to implement any insurance or annuity transaction through your investment adviser representative.

### **Accounting Services**

William Heckman, an associated person of Wealth Management Associates, is a licensed CPA and the owner of Heckman & Laudeman. Clients needing assistance with tax preparation and/or account services may be referred to him but are not obligated to use his services.

David Laudeman, an associated person of Wealth Management Associates, is a licensed CPA and the owner of Heckman & Laudeman. Clients needing assistance with tax preparation and/or account services may be referred to him but are not obligated to use his services.

### **Third-Party Money Managers**

As described in *Item 4 – Advisory Business* and *Item 5 – Fees and Compensation*, WMA has formed relationships with independent, third-party money managers. We recommend clients work directly with third-party money managers. When we refer clients to a third-party money manager, we will receive a portion of the fee charged by the third-party money manager. Therefore, we have a conflict of interest in that we will only recommend third-party money managers that agree to compensate WMA by paying us a portion of the fees billed to the client's account managed by the third-party money manager.

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

### **Code of Ethics Summary**

An investment advisor is considered a fiduciary. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts. In addition, an investment advisor has a duty of utmost good faith to act solely in the best interest of each of its clients. We and our associated persons have a fiduciary duty to all clients. We have established a Code of Ethics that all associated persons must read. Associated persons must execute an acknowledgment agreeing that they understand and agree to comply with our Code of Ethics. The fiduciary duty of WMA and its associated persons to clients is considered the core underlying principle for our Code of Ethics and represents the expected basis for all associated persons' dealings with clients. We have the responsibility to make sure that the interests of clients are placed ahead of WMA's or our associated persons' investment interests. All associated persons will conduct business in an honest, ethical and fair manner. All associated persons will comply with all federal and state securities laws at all times. Full disclosure of all material facts and conflicts of interest will be provided to clients prior to services being conducted. All associated persons have a responsibility to avoid circumstances that might negatively affect or appear to affect the associated persons' duty of complete loyalty to their clients. This section is intended to be a summary description of our Code of Ethics. If you wish to review our Code of Ethics in its entirety, you may request a copy from

any of our associated persons and a copy will be provided to you within ten business days of our receipt of your request.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

We or our associated persons may buy or sell securities or have an interest or position in a security for our accounts in the same security that is also recommended to clients. We comply with *The Insider Trading and Securities Fraud Enforcement Act of 1988*. As these situations will represent a conflict of interest, it is our policy that no associated persons may prefer their own interest to that of any advisory client. No person employed by us may purchase or sell any security prior to a transaction or transactions being implemented for an advisory account. Associated persons may not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of their employment or association with WMA unless the information is also available to the investing public upon reasonable inquiry. We maintain a list of all securities holdings for us and all associated persons, which is reviewed on a regular basis by a principal of WMA. This log is available for client review upon request.

### **Item 12 – Brokerage Practices**

#### **Associated Persons Are Associated with Securities America, Inc. and Act as Independent Insurance Agents**

Our associated persons are registered representatives of SAI, a broker/dealer, member FINRA/SIPC. As registered representatives, they pay SAI monthly fees in addition to a share of the revenue they receive from brokerage, non-brokerage and fee-based business. For this remuneration to SAI, WMA and its associated persons receive back office support such as the processing of client paperwork to open, maintain and close client accounts as well as support in technology, computer security, product and investment manager due diligence and industry compliance supervision services. WMA does have access to research produced by SAI regarding mutual funds and third-party money managers. WMA may periodically review this information to supplement its own research in addition to research that it pays for independently. WMA has not entered into a soft dollar agreement with any broker/dealer. Other than as described above, WMA does not receive products or services other than execution from SAI in connection with client securities transactions. We do not receive client referrals from SAI nor any other broker-dealer or third party in exchange for recommending SAI, any other broker-dealer or third party.

You are under no obligation to act on financial planning recommendations provided by WMA. If WMA assists in the implementation of any recommendations, we are responsible to ensure that you receive the best execution possible.

Our associated persons are registered representatives of SAI, a full-service broker/dealer, member (FINRA/SIPC). Clients wishing to implement the advice of our associated persons are free to select any broker they wish and are so informed. If the clients wish to have our associated persons implement advice in their capacity as registered representatives, SAI will be used. SAI has a wide range of approved securities products for which SAI performs due diligence. SAI's registered representatives are required to adhere to these products when implementing securities transactions. When placing securities transactions through SAI in their capacity as registered representatives, they may earn sales commissions. Commissions charged for these products may be higher or lower than commissions clients may be able to obtain if transactions were implemented through another broker/dealer.

Our associated persons sell securities and insurance products, in their separate capacities as registered representatives and independent insurance agents, for sales commissions. Some of the advice offered by the associated persons involves investments in mutual fund products. Load and no-load mutual funds may pay annual distribution charges sometimes referred to as 12(b)-1 fees. Clients should be aware that these 12(b)-1 fees come from fund assets and, thus, indirectly from the client's assets. The receipt of these fees could represent an incentive for registered representatives to recommend funds with 12(b)-1 fees or higher 12(b)-1 fees over funds with no fees or lower fees, therefore creating a conflict of interest. However, 12(b)-1 fees are not paid to advisors on mutual fund positions held in managed accounts as a part of the advisory services conducted by the firm.

### **Recommendation of Fidelity for Wealth Management Associates Asset Management Services**

If you wish to implement our advice, you are free to select any broker/dealer or investment advisor you wish and are so informed. If you have contracted with WMA to assist you in implementing any recommendations, WMA has a duty to ensure that you receive the best execution possible. Best execution does not necessarily mean the lowest price but includes the overall services received from a broker/dealer.

If you have contracted for the Wealth Management Associates Asset Management Services, we have recommended that you establish a brokerage account at Fidelity Brokerage Services LLC (Fidelity). The Wealth Management Associates Asset Management Services are provided only for accounts that are custodied at Fidelity. Not all investment advisors require the use of a particular broker/dealer for the investment advisor's asset management services program.

Fidelity provides us with access to their institutional trading and custody services, which are typically not available to retail investors. The services from Fidelity include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Fidelity also makes available to us other products and services that benefit us but may not benefit our clients' accounts. Some of these other products and services assist us in managing and administering client accounts. These include software and other technology that:

- Provide access to client account data (such as trade confirmation and account statements)
- Facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts)
- Provide research, pricing information and other market data
- Facilitate payment of our fees from client accounts
- Assist with back-office functions, recordkeeping and client reporting.

Many of these services generally may be used to service all, or a substantial number, of our accounts, including accounts not maintained at Fidelity. Fidelity also makes available other services intended to help us manage and further develop our business. These services may include:

- Consulting, publications and conferences on practice management
- Information technology
- Business succession
- Regulatory compliance

- Marketing

In addition, Fidelity may make available, arrange and/or pay for these types of services rendered to us by an independent third party providing these services to us. As a fiduciary, we endeavor to act in your best interest. Our recommendation that you maintain your assets in accounts at Fidelity will be based in part on the benefit to us in the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Fidelity. This is a conflict of interest.

### **Handling Trade Errors**

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of WMA to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by WMA if the error was caused by the firm. If the error is caused by the broker-dealer, the broker-dealer will be responsible for handling the trade error. If an investment gain results from the correcting trade, the gain will remain in the client's account unless the same error involved other client account(s) that should also receive the gains and it is not permissible for all clients to retain the gain. We may also confer with a client to determine if the client should forego the gain (e.g., due to tax reasons).

We will never benefit or profit from trade errors.

### **Block Trading Policy**

Transactions implemented by us for your accounts are generally effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by our firm when we believe such action may prove advantageous to clients. When we aggregate client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among our firm's clients in proportion to the purchase and sale orders placed for each client account on any given day. When we determine to aggregate client orders for the purchase or sale of securities, including securities in which we may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* It should be noted, we do not receive any additional compensation or remuneration as a result of aggregation.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

Since financial planning services terminate upon presentation of the financial plan to the client and/or the completion of the consultation services, no ongoing reviews are performed for a financial planning client unless the client contracts for additional services offered through us and/or our associated persons. We recommend that clients have their financial situation reviewed at least annually. Clients may be required to execute a new client agreement and additional fees may be charged if additional services are requested.

Asset management client accounts will be reviewed at least quarterly, with the calendar being the trigger, unless changes in the client's financial situation or changes in market conditions trigger a more frequent review. Accounts at other money managers will be reviewed when reports and/or statements are received from the other money managers, which is usually quarterly. Each associated person is responsible for reviewing their own client accounts.

We urge you to compare performance reports you receive from WMA with account statements you receive directly from the custodian. Inquiries or concerns regarding your account including performance reports should be directed to WMA at 1-856-424-2350 or may be directed to your account custodian.

### **Statements and Reports**

At least quarterly, clients receive statements from the investment company, broker/dealer and/or money manager at which the client account is maintained. If there is no activity in the account, clients will receive statements no less than quarterly from the account custodian or clearing firm.

Clients participating in the Wealth Management Associates Asset Management Services receive performance reports from WMA at least annually.

Clients participating in the third party investment platforms will receive monthly account statements, transaction ledgers and quarterly reports showing the investment performance of their account from the platform provider.

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

We have established relationships with other investment advisors through which we act as a solicitor referring clients to the other investment advisors management programs.

We use the advisory, administrative and marketing services of SAA and SEI Investments, registered investment advisors, when managing client assets in the SEI Program. When doing so, SAA receives a portion of the fees charged to the client.

From time to time, we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made.

The only other compensation received from advisory services is the compensation of advisory fees charged for providing investment advisory services as described in Item 5 of this Disclosure Brochure. We receive no other forms of compensation in connection with providing investment advice.

### **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented. According to this definition, we do not have custody of client funds or securities.

### **Item 16 – Investment Discretion**

Upon receiving written authorization from the client, we or our associated persons may manage client assets on a limited discretionary basis. Such discretionary authority prohibits WMA and our associated persons from withdrawing funds and/or securities from the client account except where the client has provided written authority to have fees automatically deducted from the client's account by the custodian and paid directly to us. In addition, discretionary trading authority in SEI accounts is limited to no-load mutual funds.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, WMA will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

All clients have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. Clients may also place reasonable limitations on the discretionary power granted to our firm so long as the limitations are specifically set forth or included as an attachment to the client agreement.

When utilizing third party investment platforms, client will grant WMA discretionary authority (without first consulting with Client) to establish and/or terminate a relationship with a sub-adviser for purposes of managing the account or a portion of the account consistent with the risk tolerance and investment objective of the client and the terms contained in the third party investment platform agreement. Client will also grant the Sub-Adviser selected by WMA with the discretionary authority (in the sole discretion of the Sub-Adviser without first consulting with Client) to make all decisions to buy, sell or hold securities, cash or other investments for such portion of the Account managed by the Sub-Adviser. Client

will also grant the Sub-Adviser selected by WMA with the power and authority to carry out these decisions by giving instructions, on behalf of Client, to brokers and dealers and the qualified custodian(s) of the Account. Client authorizes WMA to provide a copy of our client agreement to the qualified custodian or any broker or dealer, through which transactions will be implemented on behalf of Client, as evidence of Sub-Adviser's authority under this Agreement.

### **Item 17 – Voting Client Securities**

WMA will not vote proxies on behalf of your account. While there are some investment advisors that will vote proxies and other corporate decisions on behalf of their clients, we have determined that taking on the responsibility for voting client securities does not add enough value to the services provided to clients to justify the additional compliance and regulatory costs associated with voting client securities.

Therefore, it is your responsibility to vote all proxies for securities held in accounts managed by WMA. You will receive proxies directly from your custodian or transfer agent and such documents will not be delivered by WMA. Although we do not vote client proxies, you may contact us if you have a question about a particular proxy.

### **Item 18 – Financial Information**

Item 18 is not applicable to this Disclosure Brochure. WMA does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.

### **Item 19 -- Customer Privacy Policy Notice**

This Privacy Policy Notice is from Wealth Management Associates, Inc. (WMA), a registered investment advisor in the business of providing investment advisory services to customers.

We are committed to safeguarding the confidential information of our clients and hold all personal information provided in the strictest confidence. Representatives of the firm may also be registered representatives of SAI, a registered broker/dealer not affiliated with the firm. The firm may also have relationships with other non-affiliated investment advisors, such as SAA, an affiliate of SAI, insurance companies, trust companies, custodians and other financial institution entities. Except as required or permitted by law, the firm does not share confidential information about clients with non-affiliated third parties. In the unlikely event there were to be a change in this fundamental policy that would permit additional disclosures of client's confidential information, the firm will provide written notice to clients, and clients will be given an opportunity to direct as to whether such disclosure is permissible.

### **AN IMPORTANT NOTICE CONCERNING CUSTOMERS' PRIVACY**

**Customer Information Collected.** We collect and develop personal information about clients and some of that information is non-public personal information (Customer Information). The essential purpose for collecting Customer Information is to provide and service the financial products and services clients



obtain from the firm. The categories of Customer Information collected depend upon the scope of the client's engagement with the firm and are generally described below. As an investment advisor, the firm collects and develops the client's Customer Information in order to provide investment advisory services. Customer Information collected includes:

- Information received from clients on financial inventories through consultation with the firm's representatives. This Customer Information may include personal and household information such as income, spending habits, investment objectives, financial goals, statements of account and other records concerning the client's financial condition and assets, together with information concerning employee benefits and retirement plan interests, wills, trusts, mortgages and tax returns.
- Information developed as part of financial plans, analyses or investment advisory services.
- Information concerning investment advisory account transactions.
- Information about client's financial products and services transactions with the firm.

**Data Security.** We restrict access to Customer Information to those associated persons who need the information to perform their job responsibilities within the firm. The firm maintains agreements, as well as physical, electronic and procedural securities measures that comply with federal regulations to safeguard the client's Customer Information.

**Use and Disclosure of Customer Information to Provide Customer Service for Client Accounts.** To administer, manage and service customer accounts, process transactions and provide related services for client accounts, it is necessary for us to provide access to Customer Information within the firm and to non-affiliated companies such as SAI, SAA, other investment advisors, other broker/dealers, trust companies, custodians and insurance companies. The firm may also provide Customer Information to outside parties as permitted by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.

**Former Clients.** If you close an account with us, the firm will continue to operate in accordance with the principles stated in the Notice.

**Requirements of Federal Law.** In November of 1999, Congress enacted the *Gramm-Leach-Bliley Act* (GLBA). The GLBA requires certain financial institutions, including broker/dealers and investment advisors, to protect the privacy of Customer Information. To the extent a financial institution discloses Customer Information to nonaffiliated third parties, other than as permitted or required by law, customers must be given the opportunity and means to opt out (or prevent) such disclosure. Please note that the firm does not disclose Customer Information to nonaffiliated third parties except as permitted or required by law (e. g., disclosures to service client accounts or to respond to subpoenas).