



## **Part 2A of Form ADV Firm Brochure**

December 8, 2020

### **Ruedi Wealth Management, Inc.**

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This brochure provides information about the qualifications and business practices of RWM Management, Inc. If you have any questions about the contents of this brochure, please contact us at 217-356-1400 or email [info@ruediwealth.com](mailto:info@ruediwealth.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any State regulatory authority. Registration with the SEC or State Regulatory Authority does not imply a certain level of skill or expertise.

Additional information about RWM Management, Inc., is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

This Firm Brochure is our disclosure document prepared per regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

Since the date of our last update on November 6, 2020, we have the following material changes:

1. We are adding XY Tax Solutions as a provider for tax preparation for our clients. See Items 4 and 5 for more information.

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## **Item 4: Advisory Business**

### **Overview**

Ruedi Wealth Management, Inc. ("RWM" and/or "the firm") is an SEC registered Illinois corporation. RWM has been offering investment advisory and financial planning services since September 2014. The firm is principally owned by Paul A. Ruedi.

RWM offers two different service models for its clients:

1. A traditional in-person investment advisory model where RWM performs in-person client meetings with an advisor for clients with \$250,000 or more of investable assets.
2. A digital platform that performs automated account management, called RWM Co-Pilot, provided through the Betterment for Advisors online service. Clients can invest via the platform, and receive financial advice from a RWM financial advisor via phone and video conference.

### **Investment Advisory Services**

RWM's investment advisory services consist of the ongoing management of client accounts on a discretionary basis (in rare instances, we may provide investment advisory services on a non-discretionary basis). Once the client's objectives are determined, RWM makes recommendations regarding the asset allocation of their accounts. We also perform an evaluation of the client's current investment holdings and make recommendations, if appropriate, to bring the client's current investments into alignment with his or her agreed-upon target asset allocation. We will allow reasonable restrictions concerning the management of your account - for example, restricting the type, or amount, of security to be purchased in the portfolio.

Once the account has been invested in accordance with the recommended asset allocation, RWM monitors the client portfolio on an ongoing basis and may periodically rebalance to maintain the target asset allocation for the account. In addition, RWM will periodically meet with the client to discuss any changes in the client's financial circumstances, investment objectives, and risk tolerance, and may adjust the initial recommendations as deemed appropriate.

### **Financial Planning Services**

Financial Planning Services consists of the identification of the client's lifetime financial goals, development of a financial plan, and assistance with the implementation of the plan recommendations. The contents of the financial plan vary based on the client's individual needs and circumstances, but may include advice related to the following areas: (1) retirement funding, (2) investments, (3) insurance, (4) estate planning, (5) education funding, and/or (6) tax planning. Financial planning services are offered to our in-person investment advisory service clients at no additional cost.

Under the RWM Co-Pilot model, clients will have access to a robust digital platform that provides goals-based investment advice, along with phone and video conferencing access to a financial advisor at RWM. The digital platform is provided on a sub-advisory basis through Betterment LLC via their wrap fee program. Financial planning services are offered to our RWM Co-Pilot digital advisory clients as part of the monthly subscription charge.

In some instances, RWM may provide financial planning on a standalone basis and charge a fee for these services. In the event a client hires RWM for standalone financial planning services, it is the client's responsibility to implement the financial planning and investment recommendations.

### **Client Assets Under Management**

As of November 16, 2020, RWM has \$250,129,748 in discretionary assets under management and \$16,631,888 in non-discretionary assets under management, for a total of \$266,761,636 in total assets under management.

### **Tax Preparation and Tax Planning**

We offer tax preparation services to our ongoing financial planning clients and our investment management clients to assist with the filing of federal and state tax returns for individuals, trusts, and businesses. Tax preparation and tax planning are not available as stand-alone services.

The fees associated with tax preparation and tax planning services are separate and in addition to your ongoing financial planning or advisory fees and are disclosed in item 5.

We will utilize the services of XY Tax Solutions "XYTS", a third-party accounting and tax planning firm, to facilitate the preparation and filing of your tax return and we will work with you and XYTS to gather the necessary information as part of this service. If the client also engages us for Tax Planning Services, XYTS's licensed CPAs will work with the client to also conduct research and answer tax-related questions to help the client adequately plan through certain transactions and financial changes so that they can fully understand any tax consequences or opportunities for savings in the future.

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

### **Traditional In-Person Investment Advisory Model - Investment Advisory Fees & Financial Planning Fees**

Compensation to the firm for traditional investment advisory services (i.e. not the RWM Co-Pilot model) will be calculated in accordance with the terms of the investment advisory services agreement. RWM's investment advisory services basic fee schedule is calculated based upon the client's assets under management as follows:

<u>Account Value</u>	<u>Annual Fee Rate</u>
Assets up to \$999,999	1.00%
Assets between \$1 million and \$2,999,999	0.75%
Assets between \$3 million and \$4,999,999	0.50%
Assets above \$5 million	0.25%

These fees are computed on a "blended rate" basis. For example, an account of \$2,000,000 will be charged 0.88% per year. (1.00% on the first \$1,000,000 and 0.75% on the next \$1,000,000).

Fees are paid on a quarterly basis in arrears. Fees are generally withdrawn from client accounts by the account custodian at the end of each quarter, but clients may request to be billed directly. For contributions and distributions made during a quarter, the fees will be prorated based on the number of days remaining in the quarter.

We recommend reviewing your custodial statements to verify the accuracy of your fee as the custodian is not responsible for doing so. Please contact us to inform us of any discrepancies or ask questions related to your custodial statement.

Financial planning services are offered to our traditional in-person investment advisory service clients at no additional cost.

### **RWM Co-Pilot Digital Advisory Model - Investment Advisory Fees & Financial Planning Fees**

1% of Assets Under Management, if applicable, with a minimum \$85 monthly fee. Compensation to the firm for RWM Co-Pilot will be calculated in accordance with the terms of the RWM Co-Pilot agreement. RWM's Co-Pilot basic fee schedule is calculated based upon the client's assets under management as follows:

<u>Fee Component:</u>	<u>Annual Fee Rate</u>
RWM Fee	0.75% on all assets
Sub-Advisor Fee	0.25% on assets up to \$2 million
Sub-Advisor Fee	0.15% on assets over \$2 million

Management fees are calculated quarterly in arrears on the average daily market value of the assets in the account during the quarter. Client authorizes RWM and Sub-Advisor to instruct custodian to deduct management fees directly from the account. Client will be responsible for verifying the accuracy of the fee calculation as the custodian will not do so.

The \$85 monthly charge will be billed to clients in arrears via AdvicePay, which is a secure payment gateway designed specifically for advisors and their clients. Payments can be made via ACH payment from a bank account, or by credit card.

Financial planning services are offered to our RWM Co-Pilot digital advisory clients as part of the monthly minimum fee.

In the event a client hires RWM for hourly, as-needed financial advice, RWM charges \$250/hour, for blocks of one hour at a time.

Clients that hired RWM prior to the implementation of the current fee schedule may be billed according to fee schedules that were in place at the time of their agreement and, therefore, may differ from the schedule listed above. RWM may, in its discretion, make exceptions to the fee schedule and waive fees in whole or in part in certain circumstances.

### **Termination of Services**

A client investment advisory agreement may be canceled at any time by either party upon written notice. Upon termination, any earned, unpaid fees will be due and payable.

### **Additional Fees and Expenses**

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds, exchange-traded funds, broker-dealers, and custodians retained by clients. Fees and expenses associated with exchange-traded funds and mutual funds are listed in their prospectus. Clients are advised to read these materials carefully before investing. Fees charged by the custodian (e.g. trading fees, wire transfer fees, overnight check fees, etc.) can be found on the custodian's website or by calling the custodian. RWM receives only investment advisory and financial planning fees and does not receive any other fees described in the preceding section.

### **Tax Preparation & Tax Planning Fees**

XYTS will bill you directly for Tax Preparation and Planning Services. Their fees will be reviewed and agreed to in your agreement with them at the start of the engagement.

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

RWM does not charge performance-based fees (fees based on the capital gains or capital appreciation of the client assets). RWM does not engage in side-by-side management.

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

RWM offers its investment services to various types of clients, including individuals and high-net-worth individuals, trusts and estates, pension and profit sharing plans, charitable organizations, and corporations. There is no asset minimum for RWM Co-Pilot clients, and a \$250,000 minimum level of assets for our traditional in-person investment advisory clients. RWM, in its sole discretion, may waive the required minimum asset

level.

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

### **Methods of Analysis**

When developing client portfolios, we consider long term historical returns, standard deviations, and correlations of various assets classes. When selecting investments to fulfill a client allocation, RWM considers a combination of factors including: diversification, costs, style purity, trading cost efficiency, and exposure to risk premiums such as size, value, profitability (for equity securities) and maturity and credit risk (for fixed income). Advice given to clients with the same investment objectives may differ due to differences in individual circumstances or restrictions set by the client.

### **Investment Strategies**

RWM uses a “buy-and-hold” investment approach, utilizing passively managed mutual funds and exchange-traded funds (ETFs). We develop diversified portfolios designed to capture the returns of various asset classes such as large company stocks, small company stocks, value stocks, international stocks, emerging market stocks, and real estate securities while attempting to minimize expenses, trading costs, and taxes.

Occasionally, RWM may purchase securities for shorter-term needs. An example where this may arise is “tax-loss harvesting” where a replacement security is purchased with the intention of being sold (and reinvested in the original investment) once the wash sale period has passed.

### **Risk of Loss**

Clients should understand that investing in any securities involves the risk of loss. RWM recommends the use of open-end mutual funds and exchange-traded funds (ETFs), which involve a variety of risks described below.

#### **Equity Mutual Funds and ETFs**

All mutual funds and ETFs are subject to the risks of their underlying investments which may include a variety of asset classes and are subject to potential declines in value. International and Emerging market mutual funds are subject to additional risks such as greater volatility, currency risk, political risk, policies that limit or restrict foreign investment, reduced liquidity, and fewer market regulations.

#### **Fixed Income Mutual Funds and ETFs**

Fixed income mutual funds and ETFs are subject to the risks of their underlying investments. These risks include potential loss due to increases in interest rates or payment defaults.



## **Item 9: Disciplinary Information**

RWM is required to disclose any legal or disciplinary events for ten years following the event's resolution that are material to a client or prospective client's evaluation of our advisory business or the integrity of our management. RWM has nothing to disclose for this item.

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

RWM is not engaged in any other financial industry activities, does not have any financial industry affiliations, and does not receive compensation from non-clients in connection with providing financial advice to clients.

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

### **Code of Ethics Description**

In accordance with the Advisers Act, RWM has adopted policies and procedures designed to detect and prevent insider trading. In addition, RWM has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of the firm's advisory and access persons. The Code also imposes certain reporting obligations on persons' subject to the Code. The Code and applicable securities transactions are monitored by the Chief Compliance Officer of the firm. RWM will send clients a copy of its Code of Ethics upon written request.

RWM has policies and procedures in place to ensure that the interests of its clients are given preference over those of the firm and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

### **Employee Trading**

Because RWM primarily utilizes open-end mutual funds, employee trading generally does not materially impact client accounts. RWM, its employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may purchase the same securities as are purchased for clients in accordance with its Code of Ethics policies and procedures. They also may affect securities transactions for their own accounts that differ from those recommended or effected for the firm's clients. It is RWM's policy to place the clients' interests above those of the firm and its employees.

## Item 12: Brokerage Practices

### The Custodians We Use

We do not maintain custody of your assets, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15-Custody, below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker dealer. We use two custodians:

1. Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. Occasionally, clients may direct RWM to use a particular broker-dealer (other than Schwab) to execute portfolio transactions for their accounts. Clients who designate the use of a particular broker-dealer should be aware that they will lose any benefits derived from our ability to negotiate with Charles Schwab.
2. MTG, LLC dba Betterment Securities (“Betterment Securities”), a registered broker-dealer and member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Betterment Securities. Betterment Securities will hold your assets in a brokerage account and buy and sell securities when we and/or you instruct them to. While we recommend that you use Betterment Securities as custodian/broker, you will decide whether to do so and will open your account with Betterment Securities by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. If you do not wish to place your assets with Betterment Securities, then we cannot manage your account on Betterment for Advisors (defined below).

### How We Select Custodians

We seek to use a custodian/broker that will hold your assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. We consider a wide range of factors including:

- Combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for client accounts)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of investment products made available (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)
- Availability of investment research and tools that assist us in making investment

decisions

- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- Reputation, financial strength, and stability of the provider
- Their prior service to us and our clients
- Availability of other products and services that benefit us, as discussed below (see "Products and services available to us from Schwab")

### **Schwab Products and Services Available to RWM**

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us.

### **Schwab's Other Products and Services**

Schwab also makes available to RWM other products and services that benefit RWM but may not directly benefit you or your account. Many of these products and services assist us in managing and administering our clients' accounts. Schwab also makes available to RWM its managing and administering software and other technology that:

- Provide access to client account data (such as trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide research, pricing, and other market data
- Facilitate payment of RWM's fees from its clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

Schwab also offers other services intended to help RWM manage and further develop its business enterprise. These services may include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-

party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

### **RWM's Interest in Schwab's Services**

These services may create an incentive to use Schwab as the custodian of our client assets, which is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/custodians") and not Schwab's services that benefit only us.

### **Betterment for Advisors Products and Services**

Betterment Securities serves as broker-dealer to Betterment for Advisors, an investment and advice platform serving independent investment advisory firms like us ("Betterment for Advisors"). Betterment for Advisors also makes available various support services which may not be available to Betterment's retail customers. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Betterment for Advisors' support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. The following is a more detailed description of Betterment for Advisors' support services:

1. **SERVICES THAT BENEFIT YOU.** Betterment for Advisors includes access to a globally diversified, low-cost portfolio of ETFs, execution of securities transactions, and custody of client assets through Betterment Securities. In addition, a series of model portfolios created by third-party providers are also available on the platform. Betterment Securities' services described in this paragraph generally benefit you and your account.
2. **SERVICES THAT MAY NOT DIRECTLY BENEFIT YOU.** Betterment for Advisors also makes available to us other products and services that benefit us, but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts, such as software and technology that may:
  - Assist with back-office functions, recordkeeping, and client reporting of our clients' accounts.
  - Provide access to client account data (such as duplicate trade confirmations and account statements).
  - Provide pricing and other market data.
3. **SERVICES THAT GENERALLY BENEFIT ONLY US.** By using Betterment for Advisors, we may be offered other services intended to help us manage and further develop our business enterprise. These services include:

- Consulting (including through webinars) on technology and business needs.
- Access to publications and conferences on practice management and business succession.

## **RWM's Interest In Betterment Securities' Services**

The availability of these services from Betterment for Advisors benefits us because we do not have to produce or purchase them. In addition, we do not have to pay for Betterment Securities' services. We may have an incentive to recommend that you maintain your account with Betterment Securities, based on our interest in receiving Betterment for Advisors and Betterment Securities' services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Betterment Securities as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Betterment Securities' services (see "How we select custodians") and not Betterment for Advisors and Betterment Securities' services that benefit only us or that may not directly benefit you.

## **Betterment's Brokerage And Custody Costs**

For our clients' accounts that Betterment Securities maintains, Betterment Securities does not charge you separately for custody/brokerage services, but is compensated as part of the Betterment for Advisors platform fee, which is charged for a suite of platform services, including custody, brokerage, and sub-advisory services provided by Betterment and access to the Betterment for Advisors platform. The platform fee is an asset-based fee charged as a percentage of assets in your Betterment account. Clients utilizing the Betterment for Advisors platform may pay a higher aggregate fee than if the investment management, brokerage and other platform services are purchased separately. Nonetheless, for those Clients participating in the Betterment for Advisors platform, we have determined that having Betterment Securities execute trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How we select custodians").

## **Best Execution**

All security transactions will be effected through the client's custodian unless as otherwise directed by the client. RWM will follow a process to ensure that it is seeking to obtain the most favorable execution. The analysis of execution quality involves several factors, both qualitative and quantitative. These factors include, but are not limited to, the financial strength, reputation and stability of the broker, the ability to effect prompt and reliable executions, the availability of the broker to stand ready to effect

transactions of varying degrees of difficulty in the future, the efficiency of error resolution, clearance and settlement, online access to computerized data regarding customer accounts, availability, comprehensiveness, and frequency of brokerage and research services, commission rates, and related matters involved in the receipt of brokerage services. Consequently, while RWM seeks competitive rates, lower commission rates may be available elsewhere.

### **Soft Dollar Arrangements**

RWM does not receive any soft dollar benefits. We do not direct brokerage transactions to executing brokers for research and brokerage services.

### **Principal and Agency Trading**

RWM does not engage in principal or agency trading.

### **Order Aggregation**

Because RWM utilizes open-end mutual funds and ETFs, order aggregation would not benefit our clients. Thus, as a matter of policy and practice, we do not aggregate orders.

### **Allocation of Trades**

Because RWM utilizes open-end mutual funds and ETFs, we do not face the issue of partially filled orders or limited availability of investment opportunities. However, in the event an order is "partially filled," the allocation will be made in the best interests of all the clients involved in the order, considering all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, partially filled orders will be allocated on a pro-rata basis.

### **Betterment For Advisors' Trading Policy**

When using the Betterment for Advisors platform, we and you are subject to the trading policies and procedures established by Betterment. These policies and procedures limit our ability to control, among other things, the timing of the execution of certain trades (including in response to withdrawals, deposits, or asset allocation changes) within your account. You should not expect that trading on Betterment is instant, and, accordingly, you should be aware that Betterment does not permit you or us to control the specific time during a day that securities are bought or sold in your account (i.e., to "time the market"). Betterment describes its trading policies in Betterment LLC's Form ADV Part 2A. As detailed in that document, Betterment generally trades on the same business day as it receives instructions from you or us. However, transactions will be subject to processing delays in certain circumstances. In particular, orders initiated on non-business days and after markets close generally will not transact until the next business day. Betterment also maintains a general approach of not placing securities orders during approximately the first thirty minutes after the opening of any market session. Betterment also generally stops placing orders arising from allocation changes in existing portfolios approximately thirty minutes before the close of any market session.

Betterment continues placing orders associated with deposit and withdrawal requests until market close. Betterment maintains a general approach of not placing orders around the time of scheduled Federal Reserve interest rate announcements. Furthermore, Betterment may delay or manage trading in response to market instability. For further information, please consult Betterment LLC's Form ADV Part 2A.

### **Directed Brokerage**

RWM has discretionary authority to select the broker used by our clients. However, in rare circumstances, the client may direct RWM to use a particular broker-dealer to execute portfolio transactions for their accounts. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantages RWM derives from its ability to negotiate with brokers with which it has an established relationship. As a result, they may pay additional and/or higher fees elsewhere.

## **Item 13: Review of Accounts**

### **Review of Client Accounts**

Each investment advisor representative reviews accounts assigned to them and are overseen by Paul A. Ruedi. The frequency of reviews is determined based on the client's investment objectives, but reviews are conducted no less frequently than annually. More frequent reviews may also be triggered by a change in the client's financial circumstances, tax considerations, large deposits or withdrawals, or large purchases or sales.

### **Content and Frequency of Client Reports**

All clients receive standard account statements from the custodian of their accounts. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by RWM.

All investment advisory clients (i.e. non RWM Co-Pilot clients) receive quarterly performance reports from RWM (in addition to the statements from the custodian) that show their overall asset allocation, portfolio holdings, and rates of return. All investment advisory clients (i.e. non RWM Co-Pilot clients) will receive monthly statements from Schwab (unless they have no transactions in which case they will receive a quarterly statement).

All RWM Co-Pilot clients will receive statements electronically online on the Betterment platform, on a quarterly basis. Betterment also makes trade confirmations for securities transactions available for clients to review on the website on a transaction-by-transaction basis.



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

RWM has partnered with SmartAsset to receive client referrals through their SmartAdvisor online portal. Consumers complete the "Find a Financial Advisor" survey and provide their contact information. SmartAsset selects an Advisor in their program based on the geographical area, the investable asset ranges, and topics of expertise or experience of the Advisor. SmartAsset receives a flat fee from the Advisor(s) for providing the referral information, which is not dependent upon whether or not the consumer engages services with any Advisor. SmartAsset does not provide investment or tax advice. SmartAsset has not conducted any review of the quality or nature of services provided by the Advisors, and does not recommend, oversee, review, or endorse any Advisor. SmartAsset does not take responsibility for, and does not approve, endorse, review, recommend or guarantee claims made, services, securities or strategies mentioned, offered or recommended by any Advisor. Consumers are not obligated to hire or use the services of any Advisor they are matched with. SmartAsset will not be involved in the Advisor's services made to the consumer and SmartAsset does not receive any of the consumer's financial information. SmartAsset does not solicit clients on behalf of any Advisor and does not promote or endorse any Advisor or their investment strategies.

RWM has partnered with Ramsey Solutions to receive client referrals through their SmartVestor Pro online matching service. Consumers complete the "Find your SmartVestor Pros" survey and provide their contact information. Ramsey Solutions selects up to five advisors in their program based on the geographical area. RWM pays Ramsey Solutions a flat monthly fee for providing the referral information. This referral fee is paid solely on a lead basis and is not contingent on whether the prospective client becomes a client of RWM. If the prospective client engages RWM as their investment advisor, any investment advisory fee paid will not be affected in any way by the referral arrangement between RWM and Ramsey Solutions. Ramsey Solutions does not solicit clients on behalf of any Advisor and does not promote or endorse any Advisor or their investment strategies. Ramsey Solutions is not an agent, representative or affiliate of RWM, and Ramsey Solutions does not provide investment advice on behalf of RWM.

RWM receives a non-economic benefit from Betterment for Advisors and Betterment Securities in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Betterment Securities. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 Brokerage Practices). The availability to us of Betterment for Advisors' and Betterment Securities' products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.



## **Item 15: Custody**

RWM does not take custody of client assets; Schwab or Betterment Securities maintains actual custody of your assets. However, RWM does directly debit advisory fees from client accounts pursuant to client agreement, which is deemed to be a form of limited custody.

Clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances and portfolio holdings in their accounts.

1. Charles Schwab: statements will be sent to the email or postal mailing address you provided to Schwab. RWM urges its clients to compare the account balance(s) shown on the quarterly performance reports sent from us to the quarter-end balance(s) on their custodian's monthly statement. The custodian's statement is the official record of the account.
2. Betterment Securities: Your statements will be available for you to review on the activity section of your Betterment for Advisors account portal. You will also receive account statements directly from Betterment Securities at least quarterly at [www.bettermentsecurities.com](http://www.bettermentsecurities.com). You should carefully review those statements promptly.

## **Item 16: Investment Discretion**

Clients may grant a limited power of attorney to RWM with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In such cases, RWM will exercise full discretion as to the nature and type of securities to be purchased and sold and the amount of securities. Investment limitations may be designated by the client as outlined in the investment advisory agreement.

## **Item 17: Voting Client Securities**

Client accounts that are part of the RWM Co-Pilot digital advisory model will be voted by Betterment. Otherwise, RWM does not vote client proxies on behalf of its traditional in-person advisory clients. Therefore, clients maintain exclusive responsibility for: (1) voting proxies, and (2) acting on corporate actions pertaining to the client's investment assets. The client shall instruct the client's qualified custodian to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to

contact you by electronic mail, in which case, we would forward you any electronic solicitation to vote proxies.

## **Item 18: Financial Information**

RWM does not require the prepayment of fees of \$1200 or more, six months or more in advance, and as such is not required to file a balance sheet.

In April 2020, Ruedi Wealth Management received a Paycheck Protection Plan ("PPP") Loan through the Small Business Administration in conjunction with the relief afforded from the CARES Act during the COVID-19 Pandemic. As described in the program requirements, the loan provided to Ruedi Wealth Management is to be used to support the firm's payroll expenses and other expense items as allowed under the program which based on the parameters of the loan will then result in the loan being forgiven without a requirement for the firm to make any repayment. If the PPP loan proceeds are used in any manner other than allowed under the program, then the loan will convert to a standard loan which will require the firm to repay the loan proceeds in accordance with the firm's agreement with the lending financial institution. The firm has not suffered any interruption of service.