

**PART 2A OF FORM ADV: FIRM BROCHURE**



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**This Brochure provides information about the qualifications and business practices of BrightPlan LLC (“BrightPlan”). If you have any questions about the contents of this Brochure, please contact us at [info@brightplan.com](mailto:info@brightplan.com) or by telephone at (408) 933-6188. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority, and references in this Brochure to BrightPlan as a “registered investment adviser” are not intended to imply a certain level of skill or training.**

**Additional information about BrightPlan is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## ITEM 2 – MATERIAL CHANGES

The following material changes have been made since our last annual amendment dated March 27, 2019:

- **Item 4 – Advisory Business** has been updated to reflect current regulatory assets under management.

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## ITEM 4 – ADVISORY BUSINESS

### A. General Description of Advisory Firm

BrightPlan LLC (“BrightPlan”) is a digital Registered Investment Advisor that offers a comprehensive financial wellness platform (“Financial Wellness”) that includes education, goals based planning, investment advice and an automated, digital wealth management service that helps people achieve their goals through goals-based planning, automated investing and active tracking of progress. BrightPlan is led by a team of experienced Silicon Valley executives and technology innovators with extensive software and industry expertise. BrightPlan is a Delaware limited liability company formed in 2015 and is a wholly owned subsidiary of the Prumentum Group, Inc. (“Prumentum”). Prumentum combines transformational digital capabilities with access to financial advisors to make wealth management accessible to everyone, regardless of net worth. Prumentum’s ultimate principal owners are Marthin De Beer (CEO) and Robert Wallace.

BrightPlan is focused on the Financial Wellness market. Employers are recognizing that employee financial stress is impacting their bottom line. Stressed employees are less productive, miss more work, are less engaged and more likely to leave their jobs. Many employers are looking to Financial Wellness programs that provide education and tools to help employees adopt positive financial behaviors to manage their finances, achieve their long-term financial goals and help protect against key financial risks. BrightPlan works with employers who provide it as a benefit for employees. Employees who chose to invest through BrightPlan pay an additional fee based on assets under management.

BrightPlan is certified by the Centre for Fiduciary Excellence, LLC (“CEFEX”) as having met their standards for Fiduciary Practices for Investment Advisors. We are the first digital advisory firm to successfully complete CEFEX’s certification process. This certification helps provide reasonable assurance to investors that we demonstrate adherence to the industry’s best fiduciary practices.

The CEFEX assessment process is used to determine whether an advisor meets the global fiduciary standard of excellence (the “Fiduciary Standard”) as defined by the *Prudent Practices of Investment Advisors (U.S. Edition)* handbook published by Fiduciary 360 (fi360) (the “Handbook”). CEFEX is a subsidiary of fi360, which is comprised of educators, technologists, writers, trainers and regulatory experts whose aim is to promote widespread adoption of the Fiduciary Standard.

The issuance of a Certificate of Registration and mark by CEFEX following the conclusion of the assessment process signifies that the investment advisor is generally meeting the Fiduciary Standard for the matters and for the time period covered by the certificate, subject to the limitations on scope expressed on the certificate. This certification is valid for twelve months. BrightPlan was first certified in 2017 and was re-certified in 2018 and 2019.

## **B. Summary of Advisory Services Offered**

BrightPlan's mission is to help everyone achieve their life and financial goals. When you build a plan tailored to your unique aspirations and dreams, you can make better financial decisions. And better financial decisions can improve your probability of long-term success.

BrightPlan works with employers who wish to offer the BrightPlan Planning service as a Financial Wellness benefit to their US employees.

BrightPlan uses patented, proprietary technology to provide digital financial planning and investment services through its website at [www.brightplan.com](http://www.brightplan.com) and through its mobile application.

BrightPlan's service provides clients:

- The digital BrightPlan Financial Wellness Coach™ to help clients align their life and financial goals
- An overview of their personal finances including net worth, spending analysis, budgeting, debt reduction and cash flow tracking
- Investment portfolio recommendations based on their unique goals and risk tolerance
- Ongoing monitoring of the plan to help clients stay on track
- Education on financial topics, including managing personal finance, money and investing
- Access to a human financial advisor from Plancorp, LLC, an investment adviser affiliated with BrightPlan, as described in Items 10 and 14 of this Brochure.
- Optional: Automated saving and investment portfolio management

When clients prepare life and financial plans using the BrightPlan automated tools, each goal receives its own investment plan. Clients may choose to either apply BrightPlan's investment recommendations on their own in external accounts as a Planning Only client, or have BrightPlan automate investing for them as a Planning and Investing client in BrightPlan discretionary accounts.

### **Planning Only (Nondiscretionary Services)**

Nondiscretionary clients use BrightPlan's planning tools to discover their goals and receive a plan to reach them. By linking external savings, investment, employer-sponsored retirement plan, and other financial accounts, Planning Only clients can track their progress toward their goals over time. After linking accounts, Planning Only clients can also gain insights into their financial situation, including budgeting, the ability to monitor their net worth, cash flow, transactions, and investment strategy across their linked accounts.

Each plan also includes a BrightPlan recommended model portfolio. The client can elect to have BrightPlan implement this model (by becoming a Planning and Investing client as described below). Or the client can implement the model independently. Please note: in some cases the mutual funds recommended by BrightPlan may only be available through a registered investment advisor.

## **Planning and Investing (Discretionary Services)**

Clients who use the Planning and Investing service gain all of the benefits of planning for their goals, with the addition of automated investing. Through the BrightPlan website, clients can seamlessly open a BrightPlan discretionary account with TD Ameritrade Institutional (“TD Ameritrade”) and make one-time or ongoing cash contributions to their account(s). These contributions are invested in a model portfolio matched to each goal and the clients’ stated risk tolerance. BrightPlan’s Planning and Investing service also includes tax-loss harvesting as appropriate, for clients with at least \$50,000 invested through BrightPlan.

All clients may adjust their goals and plans on the website at any time.

### **C. Tailoring of Advisory Services and Client Imposed Restrictions**

Investment and financial planning advice is provided by BrightPlan’s proprietary software and algorithms, which were developed in collaboration with Plancorp, LLC, and are overseen and monitored by BrightPlan’s Investment Committee. When a client signs up for BrightPlan’s services through [www.brightplan.com](http://www.brightplan.com), the client will be required to input information about his or her finances, life, financial goals, and tolerance for risk. BrightPlan’s proprietary software and algorithms use this information to generate investment and financial planning advice, including portfolio recommendations.

For Planning Only and Planning and Investing clients, BrightPlan’s software and algorithms select one of several model portfolios comprised of mutual funds and/or exchange-traded funds (ETFs) that BrightPlan believes is most likely to help the client achieve the client’s goals, based on the information inputted by the client. BrightPlan’s Investment Committee oversees this process and has approved each potential model portfolio and the funds included in the portfolio. Please see Item 8 for additional information about the model portfolios. Please see Item 7 for additional information about how BrightPlan provides advisory services exclusively through its website using its proprietary, patent-pending software and algorithms.

BrightPlan’s Planning and Investing service is not for investors looking to actively manage and trade within their own accounts. Planning and Investing clients have the opportunity to impose certain allowable restrictions on the management of their accounts, and to change these restrictions, subject to BrightPlan’s acceptance of such restriction or change. Planning and Investing clients should call BrightPlan at the phone number on the cover of this Brochure if they would like to impose any restrictions on BrightPlan’s management of their accounts or change any existing restrictions. Clients must understand that certain investment restrictions will be inconsistent with the nature of BrightPlan’s portfolio management services to Planning and Investing clients, and that BrightPlan may reject a new client account, or terminate an existing client, if an investment restriction required by the client is fundamentally inconsistent with BrightPlan’s strategy or the nature or operation of the selected model portfolio.

If BrightPlan believes a client would benefit from working with a traditional financial advisor or be better served by having a more tailored investment plan, with traditional financial advice, then BrightPlan may refer the client to Plancorp, LLC, an investment adviser affiliated with BrightPlan, as described in Items 10 and 14 of this Brochure.

**Clients are strongly encouraged to consider their individual circumstances, risk tolerance and needs prior to following any BrightPlan generated recommendation.**

#### **D. Assets Under Management**

As of December 31, 2019, BrightPlan had regulatory assets under management of \$ 4,489,104, all on a discretionary basis.

### **ITEM 5 – FEES AND COMPENSATION**

#### **A. Fees and Compensation**

**Planning Fee:** BrightPlan works with employers to offer Financial Wellness programs, under which employers pay some or all of a negotiated fee on behalf of their employees (“Planning Fee”). BrightPlan also has direct clients who pay a monthly Planning Fee of \$20 each month, payable in advance and charged to the client’s credit card.

**Management Fee:** Planning and Investing clients with assets managed by BrightPlan pay an additional fee at the annual rate of 0.40% of the market value of the assets managed by BrightPlan (the “Management Fee”). The Management Fee is calculated and paid monthly, in arrears, based on the month-end balance of the client’s account(s) managed by BrightPlan. The Management Fee is in addition to, and does not replace, the Planning Fee for these clients. BrightPlan reserves the right to reduce, waive, or suspend any fee or any part thereof for any period for any client at its sole discretion.

Clients should review Item 5.C. below, which describes other fees, not charged by BrightPlan, that clients should expect to incur from third parties.

#### **B. Fee Calculation and Deduction**

For Planning and Investing clients the 0.40% annual Management Fee is calculated by multiplying the prior month-end closing balance of the client’s account(s) by 0.40% divided by 12, or approximately 0.03%. For example, a client with accounts managed by BrightPlan valued at \$100,000 at the end of the previous month would be charged a Management Fee of \$33.33 for that month (in addition to the Planning Fee).

Management Fees will be deducted by the account custodian directly from a client’s account(s), typically by the tenth business day of the following month in accordance with BrightPlan’s contract with the client (the “Investment Advisory Agreement”). As mentioned above, the Planning Fee is paid by a client’s employer or charged to a client’s credit card each month in advance.

Should a client cancel their service at some point during the month, they will be assessed a pro-rated Management Fee based upon the number of days in that month that they are a Planning and Investing client. Clients should read the Fees section of the Investment Advisory Agreement for additional information.

### **C. Other Fees and Expenses**

BrightPlan's Planning Fee and Management Fee do not include any custodial or brokerage expenses that a client's custodian or broker may charge. Planning and Investing clients enter into a separate agreement with TD Ameritrade to provide custodial and brokerage services to the client's account for a single, asset-based annual fee. BrightPlan receives no portion of this fee charged by TD Ameritrade, and TD Ameritrade's fee is separate from, and in addition to, BrightPlan's Planning Fee and Management Fee. Please see Item 12 of this Brochure for additional information about TD Ameritrade and this arrangement.

Planning Only clients will typically pay transaction and/or custodial expenses in connection with implementing any of BrightPlan's securities recommendations, in addition to the Planning Fee paid to BrightPlan. These transaction and/or custodial expenses vary and are based on the client's agreement with their account custodian and/or broker-dealer.

The mutual funds and/or ETFs in which a client's assets are invested charge their own separate management fees and bear other expenses, as described in each fund's prospectus. BrightPlan receives no portion of these fund fees, and these fees are separate from, and in addition to, BrightPlan's Planning Fee and Management Fee.

## **ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

BrightPlan does not charge performance-based fees.

## **ITEM 7 – TYPES OF CLIENTS**

BrightPlan targets employers who are seeking to provide high-quality advisory services available to employees who might not otherwise have access. Clients are not required to have a certain amount of investment experience or sophistication. Any client may create goals, receive an investment plan, and track progress toward goals with BrightPlan on a nondiscretionary basis with no account minimums. Planning and Investing clients are required to open an account with TD Ameritrade and deposit at least \$500 cash into the account.

Clients evaluating BrightPlan's software-based financial advisor services should be aware that their relationship with BrightPlan is likely to be different from the "traditional" investment advisor relationship in several respects:

1. BrightPlan is a software-based financial advisor, which means each client will conduct a relationship with BrightPlan on an electronic basis. Under the terms of the Investment Advisory Agreement, each client agrees to receive all account information and account documents (including this Brochure), and any updates or changes to the same, through BrightPlan's website and electronic communications.



2. To provide its investment and financial planning services, BrightPlan requires each client to provide BrightPlan with certain information through BrightPlan's website, including specific information about the client's investing profile such as financial situation, risk tolerance, investment experience, and investment objectives.
3. When creating its recommendations, BrightPlan's proprietary software and algorithms use solely the information inputted by the client through the BrightPlan website to generate investment and financial planning advice, including portfolio recommendations, for the client. While clients are encouraged to link outside accounts to their BrightPlan profile, the BrightPlan software and algorithms will not consider information from these accounts (such as any securities or cash positions in these accounts) when making investment recommendations.
4. Although BrightPlan contacts its clients periodically, clients must promptly update the financial and other information they previously inputted through BrightPlan's website if any of this information changes. A client's failure to timely update this information could materially impact the quality and applicability of BrightPlan's advice and recommendations.
5. While the software and algorithms used to generate investment and financial planning advice are overseen, monitored and updated by investment advisory personnel, BrightPlan clients will generally not interact directly with such investment advisory personnel.

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **A. Methods of Analysis and Investment Strategies**

As described in Items 4 and 7, BrightPlan provides clients with automated financial planning and investment advice via its website. For Planning Only and Planning and Investing (discretionary) clients, BrightPlan's proprietary software uses the information inputted by the client through BrightPlan's website to recommend a particular investment portfolio model for each of the client's goals.

BrightPlan has engaged Plancorp, LLC ("Plancorp"), a sub-adviser from the Prumentum Group and affiliate of BrightPlan, to provide and manage the investment portfolio models and to manage each Planning and Investing client account in accordance with the selected model. Plancorp's Co-Chief Investment Officers also serve as BrightPlan's Co-Chief Investment Officers.

Clients are strongly encouraged to conduct their own analysis and to consider their own individual circumstances, risk tolerance and needs prior to following any BrightPlan recommendation, including before investing in accordance with any recommended model portfolio. The fact that a model portfolio is recommended by BrightPlan cannot be interpreted as a guarantee of future performance. Investing in securities involves risk of loss that clients should be prepared to bear.

### **Model Portfolios:**

The investment philosophy underlying each model portfolio is grounded in Modern Portfolio Theory, which refers to the process of attempting to maximize return for any level of risk in a portfolio. This risk-reward optimization is accomplished through diversification across asset classes and within asset classes for both equities and fixed-income.

For Planning Only and Planning and Investing clients, BrightPlan uses its goals-based investment strategy software to recommend the investment portfolio model that BrightPlan believes is best suited for each client and that client's goals. In making these recommendations, BrightPlan's automated software considers the information that the client has provided through BrightPlan's website about the client's goal time horizon, withdrawal timeframe, and risk tolerance.

Plancorp, our sub-advisor, uses a passive asset management style of investing and, thus, recommends no-load mutual funds and exchange traded funds (ETFs) for BrightPlan model portfolios. Our model portfolios currently do not invest client assets in individual stocks, bonds or actively managed mutual funds.

The mutual funds and ETFs in BrightPlan's model portfolios invest primarily in some or all of the following types of securities:

- U.S. stocks of any market capitalization (small-, mid- and large-cap companies)
- Foreign stocks, including emerging markets
- Fixed income securities
- U.S. Government and Government Agency Securities
- Real estate investment trusts ("REITs") (domestic and foreign)
- Corporate debt securities and certificates of deposit
- Municipal securities

In constructing and managing the portfolio models, Plancorp seeks to control risk through investing in underlying funds that, when combined, provide:

- An allocation between equities and short-term high-quality fixed income, with higher allocations to fixed income with lower standard deviations for more conservative portfolio models; and
- Diversification between domestic and international equity asset classes and broad diversification of security holdings within each equity asset class.

To maintain target asset allocations, Plancorp reviews portfolio positions on at least a monthly basis and rebalances positions as Plancorp deems appropriate.

Information about each portfolio model is available to clients within the BrightPlan application.

### **Fund Selection:**

Plancorp uses academic-based research to analyze the mutual funds and ETFs it includes in each portfolio model.

The analyses include a review of the fund's total operating expenses, portfolio turnover, investment objective, adherence to asset class performance, and investment restrictions and limitations. At present, BrightPlan's model portfolios invest in a diversified mix of no-load mutual funds advised by Dimensional Fund Advisors LP or the Vanguard Group that have relatively low operating expenses, low portfolio turnover, below average capital gains distributions and a fundamental investment objective of investing primarily in a particular asset class.

BrightPlan model portfolios may include ETFs at times for client portfolios to maintain market exposure while rebalancing a client's portfolio.

Neither BrightPlan nor Plancorp receives any compensation or fees from any mutual fund or ETF. Neither BrightPlan nor Plancorp is contractually or otherwise committed to use any mutual fund or ETF and may use other funds as deemed suitable and appropriate for clients.

### **Tax-Loss Harvesting:**

Tax-loss harvesting is a strategy intended to help Planning and Investing clients potentially lower their federal income taxes while maintaining their accounts' expected risk and return profile. Tax-loss harvesting is only available for Planning and Investing (discretionary) clients with at least \$50,000 invested through BrightPlan, and the strategy will only consider the securities held and transactions executed in the client's account(s) for which BrightPlan has investment discretion.

For Planning and Investing clients, Plancorp will, from time to time and to the extent they deem appropriate, sell a security held by the client's discretionary account at a loss to offset potential capital gains from other sources and reinvest the proceeds of the sale in a security that Plancorp reasonably believe is not substantially similar (the "Tax-Loss Harvest Program"). ***The Tax-Loss Harvest Program is not intended as tax advice, and neither BrightPlan nor Plancorp make any representation that any particular tax savings or consequences will be obtained through the Tax-Loss Harvest Program.***

### **B. Risk Factors**

Investing in securities, including mutual funds and ETFs, involves risk of loss that clients should be prepared to bear. Client account returns will fluctuate, and you may lose money by investing in mutual funds and ETFs.

Below are some more specific risks of investing:

**Market Risk.** Clients should have a long-term perspective and be able to tolerate potentially sharp declines in market value. The prices of securities held by funds in which clients invest may decline in response to certain events taking place around the world, including those directly involving the companies whose securities are owned by the funds; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate and commodity price fluctuations.

**Management Risk.** Plancorp's investment approach may fail to produce the intended results. If Plancorp's perception of the performance of a specific asset class or fund is not realized in the

expected time frame, the overall performance of clients' portfolios may suffer. Diversification does not assure or guarantee better performance and cannot eliminate the risk of investment losses.

**Investment Company Risk.** Plancorp recommends and typically invests client assets in open-end mutual funds and, to a lesser extent, ETFs (collectively, "funds"). Investments in funds are subject to all of the risks of the underlying securities in which those funds invest (including those described below). In addition, the value of a client's investment in a fund will depend largely on the skill of the fund's adviser. They have no control over the investment strategies, policies or decisions of the funds they recommend and, in the event of dissatisfaction with such a fund, their only option would be to liquidate clients' investments in that fund. Client accounts invested in a fund will indirectly bear the fees and expenses payable directly by the fund, including management fees and operational expenses. Fund returns may be volatile, and clients can lose money by investing in funds. ETFs are subject to certain additional risks, including the risk that the market price of the shares of the ETF may trade at prices above or below its net asset value.

### **Risks Associated with Mutual Fund and ETF Holdings:**

Equity Risk. Equity securities tend to be more volatile than other investment choices. The value of a company's stock generally increases or decreases in value based on factors directly relating to that company, such as demand for the company's products or decisions by management. The value of a company's stock is also affected by other factors not directly affecting the company, such as general industry and market conditions. The value of a company's stock can be more volatile than the market as a whole. Small- and mid-cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product lines, financial resources, and less management experience than larger companies. Smaller companies may have a lower trading volume, which may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies. Investing in individual companies involves inherent risk.

Fixed Income Risk. The issuer of a fixed income security may be unable or unwilling to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation. If this occurs, or is perceived as likely to occur, the value of the fixed income security may fall significantly. In addition, if a rating agency gives a fixed income security a lower rating, the value of the security may decline because investors will demand a higher rate of return. As nominal interest rates rise, the value of fixed income securities is likely to decrease. This risk is especially high given the historically low interest rate environment in the United States. A nominal interest rate is the sum of a real interest rate and an expected inflation rate.

REIT Risk. REITs are subject to risks generally associated with investing in real estate, such as (i) possible declines in the value of real estate, (ii) adverse general and local economic conditions, (iii) possible lack of availability of mortgage funds, (iv) changes in interest rates, and (v) environmental problems. In addition, REITs are subject to certain other risks related specifically to their structure and focus such as: dependency upon management skills; limited diversification; the risks of locating and managing financing for projects; heavy cash flow dependency; possible default by borrowers; the costs and potential losses of self-liquidation of one or more holdings; the possibility of failing to maintain exemptions from securities registration; and, in many cases,

relatively small market capitalization, which may result in less market liquidity and greater price volatility.

**Foreign Securities Risk.** Foreign securities are subject to additional risks not typically associated with investments in domestic securities. These risks may include, among others, currency risk, country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability, currency devaluations and policies that have the effect of limiting or restricting foreign investment or the movement of assets), different trading practices, less government supervision, less publicly available information, limited trading markets and greater volatility. To the extent that underlying funds invest in issuers located in emerging markets, the risk may be heightened by political changes, changes in taxation, or currency controls that could adversely affect the values of these investments. Emerging markets have traditionally been more volatile than the markets of developed countries with more mature economies.

**Municipal Securities Risk.** Municipal securities carry certain different risks than those of corporate government- and bank-sponsored debt securities. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax-free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer are domiciled.

**U.S. Government Securities Risk.** Securities of U.S. government sponsored entities, such as Freddie Mac or Fannie Mae, are neither issued nor guaranteed by the U.S. government. It is possible that the U.S. government would not provide financial support to its agencies or instrumentalities if it is not required to do so by law. If a U.S. government agency or instrumentality in which an underlying fund invests defaults and the U.S. government does not stand behind the obligation, the value and yield of the security would be expected to fall.

**Tax-Loss Harvest Program Risk.** Planning and Investing (discretionary) clients must understand that there are a number of risks associated with the Tax-Loss Harvest Program, including the following:

- The effectiveness of the Tax-Loss Harvest Program to reduce a client's tax liabilities will depend on the client's entire financial and tax profile. This includes investments bought and sold for client accounts (or the accounts of client's spouse) that are not advised by BrightPlan. The success of the Tax-Loss Harvest Program depends on a client's recognition of capital gains in the same or a future tax period, and may be subject to limitations under applicable tax laws.
- The Tax-Loss Harvest Program will consider only those securities held and transactions executed in the client's account(s) for which BrightPlan has investment discretion, and not any securities owned by client or client's spouse through any other account. Transactions executed and securities held outside of the account(s) for which BrightPlan has investment discretion may affect whether a loss is successfully harvested and, if so, whether the loss may be used by the client to offset capital gains.
- The client, and not BrightPlan or Plancorp, is responsible for monitoring the client's other accounts (including accounts owned by the client's spouse) to ensure that securities

transactions in those accounts do not create a “wash sale” when coupled with securities bought and sold as part of the Tax-Loss Harvest Program. If a wash-sale transaction occurs, the Internal Revenue Service (“IRS”) may disallow or delay the loss for current income tax reporting purposes. A wash sale is when a security is sold for a client’s account (or an account of the client’s spouse) at a loss combined with the purchase of the same or a substantially similar security within 30 calendar days of that sale. Clients should review [IRS Publication 550](#) for additional information about the wash sale rule.

- The performance of any new security purchased as a result of the Tax Loss Harvest Program may be better or worse than the security sold for tax-loss harvesting purposes.
- ***Clients should consult with their own professional tax advisors about the consequences of the Tax-Loss Harvest Program in light of the client’s own circumstances and the impact on the client’s tax returns.*** The client and client’s tax advisor are responsible for how transactions in the client’s account(s) are reported to the IRS, and neither BrightPlan nor Plancorp assume responsibility for the tax consequences of any client transaction.
- The Tax-Loss Harvest Program may not be successful at reducing a client’s tax liabilities and may produce losses that exceed any tax benefits received by the client.

**Technology Risk.** BrightPlan uses its proprietary software system to analyze the information provided by a client and to make recommendations to the client based on the software’s analysis of that information. Technology and software malfunctions, programming inaccuracies, inadvertent system and human errors, and similar circumstances could impair the performance of BrightPlan’s systems, which may negatively impact the quality and applicability of BrightPlan’s recommendations to clients.

**Cybersecurity Risk.** BrightPlan depends on its computer and technological systems to provide investment recommendations, reporting, and other services to clients. These systems are vulnerable to information security, operational, and related risks resulting from third-party cyber-attacks and/or other technological malfunctions. Cyber-attacks may involve hackers and other unauthorized individuals gaining access to or misappropriating client information, stealing or corrupting data, releasing confidential information (including confidential client information) without authorization, preventing legitimate users from accessing their information or services through BrightPlan’s website, or causing other operational disruptions. Successful cyber-attacks against or technological breakdowns of BrightPlan, Plancorp, TD Ameritrade, or another service provider may adversely affect clients. For example, cyber-attacks may interfere with or prevent BrightPlan or Plancorp from executing transactions for discretionary client accounts, may cause the unauthorized release of client confidential information, and may prevent clients from accessing information about their account(s). While BrightPlan has security systems and business continuity plans intended to prevent or reduce the impact of such cyber-attacks and technological malfunctions, these systems and plans are subject to inherent limitations and may not be successful in preventing or reducing the impact of cyber-attacks or technological malfunctions.

## **ITEM 9 – DISCIPLINARY INFORMATION**

No material items to report.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

BrightPlan's parent company, Prumentum, also owns a controlling interest in Plancorp, an SEC-registered investment adviser. As described in Item 8 of this Brochure, BrightPlan has engaged Plancorp to provide model portfolios and to manage BrightPlan's discretionary client accounts in accordance with those model portfolios. In addition, BrightPlan and Plancorp share certain advisory personnel, including Co-Chief Investment Officers, Chief Compliance Officer and members of the BrightPlan Investment Committee. Certain BrightPlan executives are also members of the Plancorp Board of Managers. For more information about Plancorp, please review Plancorp's separate Form ADV, Part 2A Brochure, available at [Plancorp ADV](#).

BrightPlan will from time to time recommend Plancorp to clients with accounts above a certain asset level who may benefit from Plancorp's more tailored investment management services. Plancorp will pay a fee to BrightPlan for each new client referred by BrightPlan. The payment of these fees and affiliation between BrightPlan and Plancorp represents a conflict of interest because BrightPlan has an incentive to refer clients to Plancorp and not to a different investment adviser that is unaffiliated with and pays no fees to BrightPlan. BrightPlan addresses this conflict by disclosing it in this Brochure and the Plancorp Brochure.

BrightPlan will also from time to time provide certain clients with the opportunity to discuss financial planning [and investing] matters directly with a Plancorp financial planning or wealth management team member. These opportunities will typically be made available periodically to clients that a) timely enroll in BrightPlan as part of a Financial Wellness program; b) meet an asset threshold; and/or c) have linked a certain value of outside accounts to their BrightPlan account.

## **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

BrightPlan has adopted a Code of Ethics (the "Code"), which is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 (the "Advisers Act"). The Code takes into account BrightPlan's status as a fiduciary and requires all BrightPlan employees to, among other things:

- place the interests of clients above their own interests;
- comply with applicable federal securities laws; and
- promptly report violations of the Code to BrightPlan's Chief Compliance Officer.

BrightPlan's employees may from time to time buy or sell securities for their personal accounts that are also recommended to, held by, or bought or sold on behalf of BrightPlan's clients. Potential conflicts of interest may arise in these situations to the extent that BrightPlan's employees are able to use their knowledge about pending or currently considered securities transactions for clients to profit personally. However, because BrightPlan invests client assets primarily in mutual funds, which price themselves daily at net asset value, BrightPlan believes that it is unlikely that an employee could benefit from his or her knowledge of client transactions. Regardless, to address potential conflicts, and as required by Rule 204A-1 of the Advisers Act, BrightPlan's Access

Persons, must provide BrightPlan's Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 days of hire. BrightPlan also requires its Access Persons to report their securities transactions on a quarterly basis thereafter and disclose their securities holdings on an annual basis.

The Code also includes insider trading policies and procedures designed to prevent the improper use of material, non-public information. BrightPlan and its personnel are prohibited from trading for their personal account, or recommending trading in, any securities while in possession of material, non-public information about such securities or their issuer, and from disclosing such information to any person not entitled to receive it.

BrightPlan, its employees and affiliates may at times give advice and take action in the performance of their duties for some clients or their own accounts that may differ from the advice given, or the timing or nature of actions taken, for other clients or for their proprietary or personal accounts.

Clients or prospective clients may obtain a copy of BrightPlan's Code by contacting the Chief Compliance Officer at [legal@brightplan.com](mailto:legal@brightplan.com).

## **ITEM 12 – BROKERAGE PRACTICES**

### **A. Planning and Investing (Discretionary) Clients: Directed Brokerage**

You are under no obligation to act on the recommendations of BrightPlan and are free to select any broker dealer or investment advisor you'd like. In other words, you are not required to work with us.

However, if you want to hire BrightPlan to manage your investments on a discretionary basis (*i.e.*, as a Planning and Investing client), you will be required to enter into a separate agreement with TD Ameritrade to create one or more accounts, and appoint TD Ameritrade to provide custodial and brokerage services for the account(s), at the time you enter into a discretionary Investment Advisory Agreement with BrightPlan. In addition, your discretionary Investment Advisory Agreement with BrightPlan authorizes and directs BrightPlan to place all trades for your TD Ameritrade account(s) through TD Ameritrade.

Not all investment advisers require clients to direct the adviser to use a particular broker-dealer for client transactions. By directing BrightPlan to use TD Ameritrade, BrightPlan is limited in its ability to negotiate best price and best execution for client transactions, and clients therefore may pay higher costs and receive less favorable execution than if BrightPlan were authorized to negotiate with other broker-dealers.

**Brokerage and Custodial Costs.** BrightPlan has negotiated with TD Ameritrade to provide client accounts with custodial and brokerage services for a single, asset-based annual fee of 0.08% of assets held with TD Ameritrade. This fee covers the costs of maintaining your account, unlimited trading, and quarterly electronic delivery of account statements. As such, TD Ameritrade will maintain your account and execute all securities transactions for your account without charging



separate commissions or other transaction-based fees. BrightPlan receives no portion of the annual fee charged by TD Ameritrade, and TD Ameritrade's fee is separate from, and in addition to, BrightPlan's fees described in Item 5. Please see your separate agreement with TD Ameritrade for more information about fees charged by TD Ameritrade.

While we believe that TD Ameritrade provides high quality services at a competitive price, we cannot promise or guarantee that its platform is the least expensive in the industry. There may be other custodial and brokerage platforms and service providers with lower costs or that provide a similar level and quality of services for a similar cost. Clients should also be aware that TD Ameritrade's single, asset-based annual fee for both custodial and transaction-execution services is different than many traditional custodial and brokerage arrangements, which charge no annual fee but instead charge brokerage commissions and/or other transaction-related fees for every account trade. When considering the costs of having BrightPlan manage your account on a discretionary basis, you should consider BrightPlan's own fees, the fees and expenses of mutual funds and ETFs in which your account may be invested, and the annual fee charged by TD Ameritrade for custodial and brokerage services.

**Selection of TD Ameritrade.** BrightPlan recommends and requires discretionary clients to use TD Ameritrade as custodian and broker-dealer based on, among other things, TD Ameritrade's:

- reputation, financial strength and stability;
- transaction execution services along with asset custody services;
- capabilities to facilitate transfers to and from accounts;
- quality of services and the competitiveness of the price of those services;
- access to mutual funds and mutual fund share classes; and
- access to tools and services that assist BrightPlan and Plancorp in managing and administering clients' accounts (as discussed below).

**TD Ameritrade Services that Benefit BrightPlan.** TD Ameritrade provides BrightPlan with software and technology that:

- provides access to Planning and Investing client account data;
- facilitates trade execution;
- provides access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the aggregated trade order to multiple client accounts);
- provides pricing and other market data;
- facilitates deduction of BrightPlan's Management Fee directly from applicable client accounts (see Item 5 for a discussion of this fee);
- provides accesses to an electronic communications network for client order entry and account information; and
- assists with back-office functions, recordkeeping and client reporting.

## **B. Planning and Investing (Discretionary) Clients: Aggregation of Orders**

BrightPlan may at times aggregate orders in client accounts and allocate the securities accordingly when it believes this is in the best interests of clients.

### **ITEM 13 – REVIEW OF ACCOUNTS**

Through BrightPlan's website, clients can login to view real-time reporting information about their goal progress, account status, securities positions and balances, key statistics, and other information.

At least monthly, Plancorp reviews each discretionary account and determines whether to make adjustments to rebalance the account to match the target asset allocation of the applicable portfolio model. BrightPlan periodically contacts clients to remind them to review and update the profile information they previously provided through BrightPlan's website. Because BrightPlan's investment advice and recommendations, including the recommended model portfolio for Planning and Investing clients, are based on the financial and other information submitted by the client through BrightPlan's website, it is important for clients to update this information whenever it changes. A client's failure to timely update the information provided to BrightPlan could materially impact the quality and applicability of BrightPlan's advice and recommendations.

### **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

As discussed in Item 10, BrightPlan will from time to time recommend Plancorp to clients with accounts above a certain asset level who may benefit from Plancorp's more tailored investment management services. Plancorp will pay a fee to BrightPlan for each new client referred by BrightPlan. Please see Item 10 for information about the conflicts of interest this creates and how BrightPlan seeks to address these conflicts.

### **ITEM 15 – CUSTODY**

BrightPlan does not have custody of client funds or securities. BrightPlan Planning and Investing (discretionary) clients will receive account statements at least quarterly from their custodian, TD Ameritrade. Clients are encouraged to carefully review the account statements provided by TD Ameritrade and to compare these to any statements provided by BrightPlan.

### **ITEM 16 – INVESTMENT DISCRETION**

BrightPlan's Planning and Investing clients grant BrightPlan the discretionary authority to determine the securities to be bought and sold for their account(s) managed by BrightPlan. This discretionary authority is set forth in the client's Investment Advisory Agreement.

#### **ITEM 17 – VOTING CLIENT SECURITIES**

BrightPlan has no authority to and will not vote proxies, consent to corporate actions, or exercise similar rights with respect to securities held in client accounts. BrightPlan similarly has no authority to and will not take any action or provide any advice with respect to legal actions, including but not limited to class action lawsuits, involving securities held in client accounts. Rather, clients retain this authority with respect to securities held in their accounts.

#### **ITEM 18 – FINANCIAL INFORMATION**

BrightPlan is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients.