

# **PARTNERSINWEALTH, INC.**

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Houston, TX 77005

713-964-4028

[www.partnersinwealth.com](http://www.partnersinwealth.com)

March 29, 2020



## **Form ADV - Part 2A**

This Brochure provides information about the qualifications and business practices of PartnersInWealth, Inc. If you have any questions about the contents of this Brochure, or would like to request a copy, please contact us at 713-964-4028 or [info@partnersinwealth.com](mailto:info@partnersinwealth.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

PartnersInWealth, Inc. is a registered investment advisor. Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of an Advisor provide you with information about which you determine to hire or retain an Advisor.

Additional information about PartnersInWealth, Inc. is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with PartnersInWealth, Inc. who are registered, or are required to be registered, as investment advisor representatives of PartnersInWealth, Inc.

## **Item 2 – Material Changes**

The following changes have been made from the March 21, 2019 version of the PartnersInWealth, Inc. ADV Part 2A & 2B:

### **1. Updated Item 4**

Assets Under Management (AUM) as of December 31, 2019: \$376,782,599.

Discretionary : \$248,229,366

Non-Discretionary : \$128,553,233

### **2. Updated Brochure Supplement: removal of Jaison J. Ipe, Suzanne C. Knobel, and Aurora Margarita Barcenas qualifications.**

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#### **Item 4 – Advisory Business**

PartnersInWealth, Inc. is a fee only financial advisory firm for high net worth individuals. PartnersInWealth, Inc. is located in Houston, TX and was founded in 2000. The members and owners of PartnersInWealth, Inc. are James R. Waters, Susan E. Waters, and Jeffrey E. Riley.

PartnersInWealth, Inc. spends approximately 80% of its time on comprehensive financial planning services and 20% on investment supervisory services.

Fees for the above-mentioned services are based on one of the following: percentage of net worth or percentage of assets under management.

Advisor provides investment advisory services and furnishes advice to Clients on matters not involving securities as part of a financial planning process.

The fees charged by the Advisor are in addition to fees and other expenses charged by third parties. These fees include, but are not limited to, transaction fees and management fees imposed by mutual funds.

Clients may instruct PartnersInWealth, Inc. to restrict investment in certain securities or types of securities.

Assets Under Management (AUM) as of December 31, 2019: \$376,782,599.

Discretionary	:	\$248,229,366
Non-Discretionary	:	\$128,553,233

## **Item 5 – Fees and Compensation**

PartnersInWealth, Inc. fees are quoted on an individual basis and will be documented in the agreement between PartnersInWealth, Inc and the client. Clients with the same net worth may be charged different fees based on their specific financial situation.

Our compensation for planning services do not include legal, tax, or other professional services that may be necessary to implement your financial plan. Additionally, the client may pay the internal operating expenses imposed by mutual funds. These fees are not shared with PartnersInWealth, Inc and are compensation directly to the mutual fund.

Fees for wealth management services range from 0.67% to 0.30% and are based on a percentage of the clients' net worth under management. The minimum Service Fee for any quarter will be two thousand five hundred dollars (\$2,500.00).

The fee is payable quarterly in arrears and is based on the total net worth of the client on the last day of the respective billing period. The fee will be prorated based on the number of days that the account was open during the respective period.

Fees are deducted directly from the account(s) unless otherwise agreed to in advance by PartnersInWealth, Inc. and the client.

Older client relationships may be subject to different fee schedules or minimum quarterly fees.

### **Termination of Services:**

The Client may terminate the relationship at any time with a notice of termination. The notice of termination should be mailed to PartnersInWealth, Inc., 3400 Bissonnet St, Suite 145, Houston, Texas 77005. In the event of termination, the fee due to PartnersInWealth, Inc. shall be prorated and shall be based on the latest valuation of the assets as of the date the termination notice was received.

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

PartnersInWealth, Inc. does not manage any performance-based accounts and, as such,

neither our firm nor any of our advisory personnel receive performance-based fees.

## **Item 7 – Types of Clients**

PartnersInWealth, Inc. provides investment advice to individuals, high net worth individuals, trusts, estates, and corporate business entities.

While the Advisor provides investment supervisory services, manages investment advisory accounts, and holds itself out as providing financial planning or some similarly termed services, it does not impose a minimum dollar value of assets or other conditions for starting or maintaining an investment account.

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

The basic tenets under which the Advisor recommends investment strategies to clients are the following:

- The only acceptable risk is that which is effectively rewarded by potential returns.
- Markets work. For investment purposes, securities (i.e. stock, bonds, etc.) are priced accurately.
- The design of the portfolio as a whole is more important than the selection of any particular security.
- Diversification helps reduce unpredictability and risk.
- Stocks offer the potential for higher long-term investment returns than cash or bonds.
- Picking individual securities and timing the purchase or sale of investments in the attempt to “beat the market” are not practiced.

The Advisor analyzes securities based on relative performance, fund management expertise, cost, and tax efficiency. The main source of information used by the Advisor is research materials prepared by others.

The investment strategies used by the Advisor to implement any investment advice given to clients are long-term purchases (securities held at least a year), short-term purchases (securities sold within a year), and margin transactions. Investing in securities involves risk of loss that clients should be prepared to bear.

## **Item 9 – Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of PartnersInWealth, Inc. or the integrity of PartnersInWealth, Inc. management. PartnersInWealth, Inc. has no information applicable to this Item.

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

Advisor participates in the TD Ameritrade Institutional Services program, which is an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers independent advisor services, which include custody of securities, trade execution, and clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the program. Advisor may recommend TD Ameritrade to clients for custody and brokerage services. However, there is no direct link between Advisor's participation in the program and the investment advice it gives to its clients, although Advisor receives economic benefits through participation in the program.

## **Item 11 – Code of Ethics**

PartnersInWealth, Inc. has adopted a Code of Ethics pursuant to Rule 204A-1 under the Investment Advisers Act of 1940. To confirm their compliance with the Code's requirements, advisory personnel are required to submit annual holdings reports and quarterly reports of their personal securities transactions to our Chief Compliance Officer, James R. Waters, CFP, for review. Any client or prospective client may request a copy of the Firm's Code of Ethics, which will be provided at no cost.

The following basic principles guide all aspects of the Firm's business and represent the minimum requirements to which the Firm expects employees to adhere:

- Clients' interests come before employees' personal interests and before the Firm's interests.
- The Firm must fully disclose all material facts about conflicts of which it is aware between the Firm and its employees' interests on the one hand and client and the Firm's interests on the other.
- Employees must operate on the Firm's behalf and on their own behalf consistently with the Firm's disclosures and to manage the impacts of those

- conflicts.
- The Firm and its employees must not take inappropriate advantage of their positions of trust with or responsibility to clients.
- The Firm and its employees must always comply with all applicable securities laws.

### **Misuse of Nonpublic Information**

The Code of Ethics contains a policy against the use of nonpublic information in conducting business for the Firm. Employees may not convey nonpublic information nor depend upon it in placing personal securities trades.

### **Personal Securities Trading**

PartnersInWealth, Inc. or individuals associated with the Firm may buy, sell or hold in their personal accounts the same securities the Firm recommends to its clients. This creates a potential conflict of interest with the possibility of Firm personnel obtaining a better price than clients obtain. To mitigate this conflict, such trades may occur on the same day at the same time receiving average pricing or after the client with the client receiving the same or better pricing. The Firm does not allow front running.

### **Outside Business Activities**

Employees are required to report any outside business activities generating revenue. If any are deemed to be in conflict with clients, such conflicts will be fully disclosed.

## **Item 12 – Brokerage Practices**

### **Investment or Brokerage Discretion**

The ultimate decision as to the particular custodian used rests with the client. PartnersInWealth, Inc. recommends TD Ameritrade because of the services that this firm is able to provide to our clients, including their ability to provide duplicate confirmations and bundled duplicate statements; access to a trading desk serving program participants exclusively; access to block trading; the ability to have investment advisory fees deducted directly from client accounts; access to an electronic communication network for client order entry and account information; receipt of compliance publications; assistance with back-office operations; and access to mutual funds which generally require higher initial minimum investments or are generally available only to institutional investors. In addition, our firm has entered into an arrangement with TD Ameritrade whereby our clients who establish an account with this firm get access to institutional account services,

rather than retail services. Clients with access to institutional account services typically pay lower commissions and/or mark-ups on bond trades.

TD Ameritrade also provides various publications to our firm and advisory personnel, including, for example, invitations to TD Ameritrade sponsored events, such as conferences on practice management, regulatory compliance, marketing, etc.

#### Maintaining Assets at Other Custodians

As stated above, clients are free to choose their own custodian, so long as such custodian is a “qualified” custodian within meaning of the Investment Advisers Act of 1940. A client may therefore choose to use a custodian and, therefore, executing broker, that is not TD Ameritrade. Whether held at a recommended firm or other qualified custodian, our firm typically will execute client trades through such custodian, even though our advisory personnel might be able to obtain a more favorable net price and execution from another broker-dealer for the transaction.

#### Client-Directed Brokerage

As stated above, client securities transactions generally will be affected through each client’s qualified custodian or other broker selected by our advisory personnel pursuant to the discretionary brokerage authority given to us by our clients. Notwithstanding the foregoing, a client may direct us to purchase or sell securities through a particular brokerage firm even though we may be able to obtain a more favorable net price and execution from another broker-dealer.

Where the directed executing broker is not the client custodian, the custodian may require the client to establish a prime brokerage account before such client-directed brokerage transaction may be executed.

#### Brokerage for Client Referrals

PartnersInWealth, Inc. does not enter agreements with, or make commitments to, any broker/dealer that would bind us to compensate that broker/dealer with client commissions in return for client referrals. The Advisor has the authority to determine, without obtaining specific client consent, the securities to be bought or sold and the amount of the securities to be bought or sold.

#### **Additional Compensation**

Advisor participates in the TD Ameritrade Institutional Services program. Advisor receives economic benefits through its participation in the program. These benefits include: receipt of duplicate client confirmations; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access

to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and access to certain institutional money managers; and discounts on compliance, marketing, technology, and practice management products or services provided to Advisor by third party vendors. These benefits received by Advisor do not depend on the amount of brokerage transactions directed to TD Ameritrade. PartnersInWealth, Inc. does not participate in soft dollar benefits if offered by TD Ameritrade. PartnersInWealth, Inc participates in the Dimensional Fund Advisors program. These benefits include: Portfolio analysis, research, access to non-retail mutual funds, and educational and practice management services. These benefits received by Advisor do not depend on the amount of assets invested in Dimensional Fund Advisors funds.

Clients should be aware that the receipt of economic benefits by Advisor in and of itself creates a potential conflict of interest. However, as part of its fiduciary duty to clients, Advisor endeavors at all times to put the interest of its clients first.

### **Item 13 – Review of Accounts**

#### **Reviews**

Reviews of the accounts by the Advisor will be performed at least annually and according to our agreement with you. Additional reviews will be performed when cash flows into (deposited) or out of (withdrawal) of the accounts. Each review will consist of an evaluation of the diversification, appropriateness of each investment to the overall portfolio, and performance of the overall portfolio. Reviews will evaluate risk relative to each client's risk tolerance.

#### **Reviewers**

The reviewers will be James R. Waters and Jeffrey E. Riley.

#### **Reports**

Performance reports are provided to the clients four (4) times per year. Each report will cover the client's holdings, total amount of money invested in each investment, current dollar value of each investment, and overall time-weighted average rate of return for the account.

### **Item 14 –Referrals and other Compensation**

PartnersInWealth, Inc. participates in the TD Ameritrade Institutional program. While there is no direct link between our investment advice and participation in these

programs, our firm does receive economic benefits, which would not be received absent such participation, as discussed in more detail under Item 12.

### **Item 15 – Custody**

To execute client requests for assistance with asset transactions, PartnersInWealth, Inc. may operate under a standing letter of authorization from the client and may instruct custodians to move assets to third parties. In these cases, PartnersInWealth, Inc. may be deemed to have "custody" of client accounts within the meaning of the Custody Rule. As required by the Investment Adviser Custody Rule 206(4)-2(a)(4), PartnersInWealth, Inc. has contracted with an independent auditor to have an annual surprise exam of client assets to independently verify the client funds and securities.

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

PartnersInWealth, Inc. manages discretionary accounts where our advisory personnel determine the securities to be bought for the client accounts and implement those decisions directly. Clients with discretionary accounts give us such authority through the advisory agreement that the client signs with us. Non-qualified discretionary accounts are managed in accordance with the asset allocation agreed upon between the client and the Advisor. Qualified discretionary accounts typically are managed in accordance with the Investment Policy Statement. Clients may impose reasonable restrictions (in the Advisor's opinion) on our firm's management of these accounts.

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

As a matter of firm policy and practice, PartnersInWealth, Inc. does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for all securities maintained in client portfolios.

PartnersInWealth, Inc. may provide advice to clients regarding the clients' voting of proxies.

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

Registered investment advisors are required in this Item to provide you with certain

financial information or disclosures about PartnersInWealth, Inc.'s financial condition.

PartnersInWealth, Inc. has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

# Part 2B of Form ADV

## Brochure Supplement



Form ADV Part 2B provides information about the PartnersInWealth, Inc. team. This document supplements the PartnersInWealth, Inc. Brochure. Please contact our office at 713-964-4028 or [info@partnersinwealth.com](mailto:info@partnersinwealth.com) if you did not receive PartnersInWealth, Inc.'s Brochure or if you have any questions about the contents of this supplement.

**James R. Waters, CFP®**  
PartnersInWealth, Inc.  
3400 Bissonnet, Suite 145, Houston, TX 77005  
713-964-4028

## **Educational Background and Business Experience**

James R. Waters, CFP®, born 1957

### Education

- Clarkson University, Potsdam, NY, B.S. Civil Engineering, 1980
- University of Houston, Houston, TX, MBA Finance, 1984
- Certified Financial Planner, CFP Board of Standards, 1987

Business Background for preceding 5 years:

- President & CEO, PartnersInWealth, Inc., Houston, TX, founded 2000

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning.
- Examination – Pass the comprehensive CFP® Certification Examination. The

examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances.

- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

### **Disciplinary Information**

No information is applicable to this Item.

### **Other Business Activities**

No information is applicable to this Item.

### **Additional Compensation**

No information is applicable to this Item.

### **Supervision**

James R. Waters is the Chief Compliance Officer & President of PartnersInWealth, Inc. He is not supervised by any employees of the firm. Mr. Waters can be reached at 713-964-4028.

**Jeffrey E. Riley, CLU, CFP®**  
PartnersInWealth, Inc.  
3400 Bissonnet, Suite 145, Houston, TX 77005  
713-964-4028

## **Educational Background and Business Experience**

Jeffrey E. Riley, CLU®, CFP®, born 1977

### **Education**

- Western Michigan University, Haworth College of Business, BBA, 2001
- Chartered Life Underwriter, 2011
- Certified Financial Planner, CFP Board of Standards, 2012

### **Business Background for preceding 5 years:**

- Certified Financial Planner, Prudential Financial, Portage, MI 2010-2015
- PersonalCFO, PartnersInWealth, Inc., Houston, TX, 2015

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The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and several other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

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- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies

and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances.

- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

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- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

Your Chartered Life Underwriter® has earned the premier credential in the insurance profession, representing eight or more comprehensive college-level courses covering all aspects of insurance planning, estate and retirement issues, taxation, business insurance, and risk management. For more than 80 years consumers have trusted this mark, which is conferred by The American College of Financial Services, a non-profit educator with the highest level of accreditation.

The average study time for the program is over 400 hours and can take years to earn. Each CLU® must also complete a minimum of 30 hours of continuing education every two years and meet extensive experience requirements, ensuring the knowledge you're counting on is both comprehensive and current.

Here are just a few of the many areas where a CLU® can assist you:

- Analyze your overall financial situation
- Determine the appropriate level of risk to assume
- Achieve financial security using a wide range of insurance and financial planning tools
- Better manage taxes for yourself, your business and your estate
- Plan for a secure retirement
- Safeguard your family business

Advisors with the CLU® designation are required to serve you with the highest level of professionalism. The authority to use the CLU® mark is granted by the Certification Committee

of the Board of Trustees of The American College, and that privilege is contingent on adherence to strict ethical guidelines.

CLU® advisors are required at all times to do the same for you that they would do for themselves in similar circumstances, the standard of knowledge and trust client's value.

### **Disciplinary Information**

No information is applicable to this Item.

### **Other Business Activities**

No information is applicable to this Item.

### **Additional Compensation**

No information is applicable to this Item.

### **Supervision**

Jeffrey E. Riley is supervised by James R. Waters, Chief Compliance Officer & President. Mr. Waters can be reached at 713-964-4028.