



**Item 1 – COVER PAGE**

FORM ADV PART 2A\* BROCHURE  
and  
FORM ADV PART 2B\* BROCHURE SUPPLEMENT

March 2020

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\*This brochure provides information about the qualifications and business practices of Taddei, Ludwig & Associates, Inc. If you have any questions about the contents of this brochure, please contact the Firm's Chief Compliance Officer, Diane McCracken, at telephone 415-482-1561 or [compliance@tlfinancial.com](mailto:compliance@tlfinancial.com). The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state authority.

This Brochure provides information upon which a prospective client may determine whether or not to hire our Firm. You are encouraged to review this Brochure and Supplements regarding the Firm's associates for information on the qualifications of the Firm and its employees. The use of the term "registered investment advisor" and description of Taddei, Ludwig & Associates, Inc. and/or our associates as "registered" does not imply a certain level of skill or training.

Additional information about Taddei, Ludwig & Associates, Inc. is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

## **Item 2 - MATERIAL CHANGES FROM PRIOR FORM ADV 2A**

This updated Form ADV Part 2A contains the following changes from the prior version:

- Update to disclosure regarding regulatory assets under management at Part 2A, Item 4.
- Updates to professional biographies at Part 2B.

## **Item 3 - TABLE OF CONTENTS**

ITEM 1 – COVER PAGE .....	1
ITEM 2 - MATERIAL CHANGES FROM PRIOR FORM ADV 2A .....	2
ITEM 4 - ADVISORY BUSINESS .....	3
ITEM 5 - FEES AND COMPENSATION .....	9
ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....	12
ITEM 7 - TYPES OF CLIENTS.....	12
ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES, RISK OF LOSS .....	13
ITEM 9 - DISCIPLINARY INFORMATION .....	15
ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	15
ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	16
ITEM 12 - BROKERAGE PRACTICES .....	16
ITEM 13 - REVIEW OF ACCOUNTS.....	19
ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION .....	20
ITEM 15 - CUSTODY .....	20
ITEM 16 - INVESTMENT DISCRETION .....	21
ITEM 17 - VOTING CLIENT SECURITIES .....	21
ITEM 18 - FINANCIAL INFORMATION .....	21
ITEM 19 – ADDITIONAL DISCLOSURES .....	21
FORM ADV PART 2B BROCHURE SUPPLEMENT .....	23
KIRK M. LUDWIG, CHFC®, CFP® .....	24
MATTHEW F. TADDEI, CLU®, CHFC®, CFP® .....	25

DIANE MCCRACKEN, CHFC®, C(K)P®, AIF® .....	26
JACK NIXON, CHFC® .....	27
JOHN F. HAMMOND, CLU®, CHFC®.....	29
MEGHAN NELSON, CFP®.....	30
NICO F. SAFRIT, CFP®.....	31
INDEX OF ERISA RELATED DISCLOSURES .....	34

#### **Item 4 - ADVISORY BUSINESS**

Registration Status –	Registered with the SEC in January 2010 <sup>1</sup>
Principal Owners –	Kirk M. Ludwig Matthew F. Taddei Diane McCracken
Assets Under Management – (as of December 31, 2019)	Discretionary Assets – \$365,487,932 Non-discretionary Assets – \$14,787,505 Total Assets - \$380,275,437

#### **ADVISORY SERVICES**

Taddei, Ludwig & Associates, Inc. (hereafter, “TLA” the “Firm” or “Advisor”) is an independent registered investment advisor<sup>2</sup> providing personalized confidential financial planning, financial consulting and investment management services to individuals, trusts, estates, small- to mid-size businesses, non-profits, and endowments. In addition, the Firm provides comprehensive investment management and pension consulting services to pension and profit-sharing plans, defined benefit plans and non-qualified plans.

Depending upon the nature of the engagement, our services include, among others, financial goal setting, risk assessment, strategic asset allocation and the selection and management of securities and investments, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning. We offer our services on both a discretionary basis or, when appropriate for specialized assets, on a non-discretionary basis.

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<sup>1</sup> Taddei, Ludwig & Associates, Inc., (TLA) was founded in 1989 and incorporated in 2007 and previously offered advisory services through AXA Advisors (1989-2007) and Cambridge Investment Research Inc. (2007-2010).

<sup>2</sup> “Registration” means only that the Firm meets the minimum requirements for registration as an investment advisor and does not imply a certain level of skill or training or that the SEC or other regulator guarantees the quality of our services or recommends them.

Typically, TLA's individually managed clients retain the Firm to provide comprehensive financial planning and investment management services in a single engagement. We do offer separate financial planning, financial consulting and/or investment management services on a stand-alone basis in which case the client will execute an agreement restricted to those specific services required.

### **Fiduciary Status**

TLA is a fiduciary under applicable federal regulations and as a fiduciary the Firm is obligated to provide services and advice that are in the best interest of each client.

### **FINANCIAL PLANNING AND FINANCIAL CONSULTING SERVICES**

TLA provides comprehensive financial planning or project-specific financial consultations services on either fixed fee basis or an hourly fee basis. TLA's financial planning/consulting services may include a financial review and analysis of some or all of the following areas:

- Determining Current Net Worth
- Determining Financial Goals And Objectives
- Cash Flow Management Review
- Review of Current Investments and Asset Allocation Review
- Cost Audit of Current Investments
- Strategic Tax Analysis
- Retirement Plan Analysis
- Estate Plan Review or Development
- Review of Insurance Needs
- Education Funding Analysis
- Compensation benefits analysis of company options, warrants, restricted stock
- Major Purchase Analysis Mortgage and Refinance Evaluation
- Charitable (or social capital) Planning
- Opinion on Current Investment Strategy/Advisors
- Other financial or investment analysis

Detailed investment advice and specific recommendations are provided as part of a financial plan. Implementation of any financial plan or investment strategy recommendations is at the discretion of the client. After delivery of a financial plan, future face-to-face meetings may be scheduled as necessary for up to six months. Follow-up implementation of financial plan recommendations is billed separately at the Firm's current rate.

In performing its services, TLA is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is authorized to rely on such information as provided. Clients must promptly notify us of any change in their financial situation or investment objectives that would necessitate a review or revision by our advisors of the client's portfolio and/or financial plan.

### **INVESTMENT MANAGEMENT SERVICES**

Our investment management services are tailored to each client's specific risk tolerance, time horizon, liquidity requirements, and resilience to market volatility. While we strive to create sustainable long-term investment strategies, we review and adjust asset allocations and risk exposure as required by changes in market and client circumstances. The Firm's portfolio manager gathers information about each client's individual financial condition and investment goals through personal consultations, questionnaires, and document review. On the basis of this information, the Firm designs an individualized asset allocation strategy based on a client's

earning capacity, savings, investment history, tax issues, retirement horizon, education and legacy planning, and any other matters that a client deems important.

Depending upon the client's preferences, we offer the following investment management services:

- Creation of an asset allocation strategy;
- Recommendation of specific securities for investment;
- Execution of securities transactions on behalf of clients through designated custodians and executing broker-dealers;
- Monitoring and rebalancing client account holdings; and
- Periodic account performance reporting.

A client may make additions to and withdrawals from the client's custodial account at any time, subject to the Firm's right to terminate an account if the amount of assets drops below our account size minimum. Clients may withdraw account assets with notice to the Firm, subject to the usual and customary securities settlement procedures. However, we design client portfolios as long-term investments and caution our clients that asset withdrawals may impair the achievement of the client's investment objectives.

Additions to an account may be in cash or securities provided that our portfolio managers may decline to accept particular securities into a client's account or may recommend that the security be liquidated if it is inconsistent with the Firm's investment strategy or the client's investment objectives. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

Unless provided in connection with the financial planning services described above, clients engaging TLA to provide investment management services will generally be required to enter into a separate written agreement with TLA setting forth the terms and conditions of the engagement and describing the scope of the services to be provided.

#### **Advisor Does Not Provide Comprehensive Tax or Accounting Services**

In providing investment management services, TLA's decisions and recommendations may include the consideration of the possible alternative tax consequences incidental to such decisions and recommendations. However the Firm does not undertake to provide comprehensive tax or accounting services. Although we may prepare reports to assist our clients with the preparation of tax returns, such reports do not represent the advice or approval of tax professionals. We advise clients to consult a tax professional in order to determine the tax and accounting consequences of investments in their accounts.

#### **BUSINESS CONSULTING SERVICES**

TLA consults with business owners on areas of their business such as key employee retention, succession planning, legacy planning, how to transition the business to family or key employees and how to protect the business against the risk of the owner's premature death or disability. TLA also provides financial and insurance consultation for family law attorneys and individuals in pre-divorce, trial, and post-divorce situations. Scope of services includes financial modeling and projections, analysis and advice on life, disability, and long-term care insurance, and general financial planning advice.

## **PENSION AND PROFIT-SHARING PLAN AND PENSION CONSULTING SERVICES**

TLA provides comprehensive qualified and non-qualified retirement plan consulting, investment advice and fiduciary due diligence services, employee and investment education, asset allocation services, plan service provider proposal and vendor research and analysis, and plan design guidance to individuals, qualified and non-qualified retirement plan sponsors, and business entities.

We offer pension consulting services designed to assist plan sponsors in meeting their management and fiduciary obligations to participants under the Employee Retirement Income Securities Act ("ERISA"). In addition, in providing portfolio management services to plans, we offer to act as an ERISA 3(38) investment manager. Pursuant to adopted regulations of the U.S. Department of Labor under ERISA Section 408(b)(2), we provide the plan representative (the person who has the authority to engage us as an investment adviser to the plan ) with a written statement of the services we provide, the compensation we receive for providing those services, and our status as a fiduciary as defined in ERISA Section 3(21).

### **Employer Sponsored Plan Services include:**

#### **Investment Advice (Plan Level)**

TLA provides research and analysis with regard to investment advice and fiduciary due diligence services for the client plan. We also provide research and analysis that covers the investment products of several qualified and non-qualified retirement plan providers. The goal of the investment due diligence process is to establish a logical, technical, and comprehensive process that is consistently employed in the selection and ongoing monitoring of funds for plan sponsors and individuals, accompanied by an investment policy statement (for plan sponsors only), that defines the process utilized to recommend the investments to plan sponsors and individuals.

The Firm may employ many different calculations, processes, and screening techniques to arrive at specific recommended individual investments within the array of investments offered by each investment provider that is being analyzed, including but not limited to the following:

- Investment analysis by asset class (domestic equity, international equity, income, hybrid/managed accounts), including market capitalization (small, medium, and large), and investment objective (value, blend, and growth orientation);
- Performance relative to other investments in the same asset class;
- Investment performance relative to benchmark performance for the same asset class;
- Percentile ranking of investment performance for the same asset class;
- Style-based analysis to determine the impact of an investment being managed differently than its stated investment objective (which is usually a combination of the stated market capitalization category and investment objective category);
- Macro screens to eliminate long term underperforming investments, funds with total managed assets of less than the minimum threshold deemed to be adequate by TLA;
- Review of Upside and Downside capture, to estimate upside potential and downside risk of each investment;
- Common objective risk and return statistical measurements, such as Sharpe ratio, Treynor ratio, standard deviation, alpha, and betas;
- Common statistically relevant manager value measurements such as information ratio and tracking error;
- R-squared, correlation coefficients, and other statistically relevant information;
- Short- and long-term historical analysis with any of the above measurements;
- Financial strength, stability, and reputation of the investment provider, and individual investments offered by and through the investment provider;

- Tenure and experience of investment management personnel;
- Investment philosophy, process, and style; and
- Investment fees.

The Firm evaluates the client's existing Investment Policy Statement and provides recommendations that are consistent with the client's fiduciary obligations, if applicable, under ERISA Section 404(c).

**Employee (Participant) Investment Education.** TLA provides group employee enrollment, re-enrollment, and investment education support. The goal of this process is to help employees make educated and informed choices about the plan and investment allocation under the investment education guidelines set forth by the U.S. Department of Labor. Meetings are offered on an annual, semi-annual, quarterly, or as requested.

**Employee (Participant) Investment Advice and/or Asset Allocation Models.** TLA assists plan participants in finding the asset mix which is most likely to meet their investment objectives within acceptable risk parameters. Asset class sub-types can include domestic large cap value equity, domestic large cap growth equity, domestic mid-cap value equity, domestic mid-cap growth equity, domestic small cap value equity, domestic small cap growth equity, international equity, core fixed income, short term fixed income, high yield fixed income, and other appropriate asset classes and investments.

**Qualified/ Non-Qualified Plan Design Review.** The Firm provides in-depth plan reviews that include an analysis of relevant design features, including: age and length of service eligibility requirements; vesting; forfeitures; employer matching contribution formulas; entry and re-entry dates; and other pertinent design features.

**Qualified/Non-Qualified Retirement Plan Proposal Vendor Research and Analysis.** TLA assists clients with the selection of a plan provider or providers based on detailed research and analysis of several vendors. The vendor review process includes an evaluation of administrative, recordkeeping, compliance, and employee communications services, administrative and investment-related fees, and an investment overview that incorporates a very similar analysis to the investment due diligence process described above.

**Newsletters.** Periodic employer newsletters may include industry and marketplace updates, plan design and compliance suggestions, and legislative updates.

**Management of Conversion Process.** TLA is to help facilitate plan conversion. Included in this process is providing sample letters and correspondence related to the plan conversion and monitoring the action items identified in the Plan Sponsor Conversion Checklist.

**Fiduciary Plan Review.** The Fiduciary Plan Review™ includes a compliance checklist, plan design analysis, and other related analysis designed to address plan compliance and efficiency. This document typically includes a list of action items and suggestions, based on plan demographics and a discussion between Client's plan fiduciaries and 401(k) Advisors.

**404(c) Audit.** TLA provides a comprehensive checklist of the latest industry accepted standards with respect to 404(c) compliance and works with each client to facilitate completion of the checklist. The responsible party for addressing and verifying each item will either be the plan provider, the client, or in some instances TLA will provide the research and analysis.

**Fiduciary Role under ERISA.** For those services stated under Investment Advice (Plan Level), TLA acknowledges that it is a fiduciary with respect to the Plan under Section 3(21)(A)(ii) of ERISA as amended and, as such, is a co-fiduciary with the trustee(s) of the client's plan solely with respect to (a) the provision of investment education of the employer and/or plan participants (depending on the specific advisory services provided); (b) the periodic reporting on, and analysis of, the investment options available under the plan; and (c) the provision of advice to the trustee(s) regarding the elimination or addition of investment options available under the plan; provided, however, that the trustee(s) acknowledge and agree that the trustee(s) have the final and conclusive responsibility for the investment options selected to be available under the plan. TLA is not responsible for investment decisions made by the plan participants with respect to the investment of their accounts.

**Reports to Client.** For those services stated under Employee (Participant) Investment Education, Employee (Participant) Investment Advice, and Other Investment Advisory Services (Third Party Money Managers) based on the results of the periodic (quarterly or semi-annual) analysis, TLA may recommend changes to the core group of investment recommendations offered by one or more of the investment managers included in the analysis. As such, TLA will provide plan fiduciaries with a periodic report that includes fund rankings in each category.

**Custody of Plan and Participant Assets.** All assets in Client's account shall be held for safekeeping with a designated custodian as selected by the Client. TLA shall not act as Custodian for any assets in the Client's account and shall not take possession of cash and/or securities of the Client's account. TLA shall not be liable to Client for any act, conduct or omission by Custodian. TLA is only authorized or empowered to issue instructions to Custodian or to request information about the Account from Custodian for the limited purpose of managing the asset allocation of the Models. TLA shall have no other discretion or control in regards to Custodian instruction.

#### **TERMINATION OF AGREEMENT**

Clients or the Firm may terminate the relationship upon written notice to other party. The Firm does not assess any fees related to termination but will be entitled to all management fees earned up to the date of termination. Any earned investment management fees owed to the Firm will be billed to the client, or where authorized, deducted from the client's account, on a pro rata basis determined on the amount of time expired in the billing period. Any unearned prepaid management fees will be refunded to the client. Any unearned prepaid financial planning or financial consultation fees will be refunded to the client. Any unpaid financial planning or consultation fees will be billed to the client for immediate payment or deducted from the client's retainer.

TLA reserves the right to stop work on any account that is more than 60 days overdue. In addition, TLA reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in TLA's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 60 days.

For new clients of the Firm, if a copy of this Form ADV Part 2A disclosure statement was not delivered to the client 48 hours or more before the client enters into a written advisory contract with Advisor, then the client has the right to terminate the contract without penalty within five (5) business days after entering into the contract. A contract is considered entered into when all parties to the contract have signed the contract. If the client terminates the contract on this basis, all fees paid by the client will be refunded however, any transaction costs imposed by an



executing broker or custodian for establishing the custodial account or for trades occurring during those five days are non-refundable.

## **Item 5 - FEES AND COMPENSATION**

### **FINANCIAL PLANNING AND FINANCIAL CONSULTING FEES**

The fixed fee for a financial plan is predicated upon the facts known at the start of the engagement. The fee typically ranges from \$4,000 to \$10,000 depending on the complexity and scope for comprehensive plans and is negotiable for limited scope plans. Since financial planning is a discovery process, situations occur wherein the client is unaware of certain financial exposures or predicaments. In the event that the client's situation is substantially different than disclosed at the initial meeting, a revised fee will be provided for mutual agreement. The client must approve the change of scope in advance of the additional work being performed when a fee increase is necessary.

Hourly fees for financial planning or financial consultations are \$400 per hour.

Estimated financial planning and financial consultation fees are paid in advance.

The initial financial planning fee is separate from and in addition to the annual investment management fee. However, ongoing financial planning services are included in ongoing annual investment management fees.

Financial planning and consulting fees do not include the fees a client incurs for other professionals (i.e. personal attorney, independent investment advisor, or accountant) in connection with the financial planning or consultation.

### **INVESTMENT MANAGEMENT FEES**

For its investment management clients, TLA charges a fee based on a percentage of the market value of the investments held in each client's account. Assets in the account are included in the fee assessment unless specifically identified in writing for exclusion. The annual management fee is prorated and billed every three months, in advance, meaning that the fee is paid before each quarterly billing period begins. The Firm has established a minimum \$8,000 annual investment management fee per client relationship.

The management fee is computed on the last day of the prior billing period by determining the market value of the account using the following guidelines: (a) for marketable securities: the current market price provided by custodian; (b) for securities for which there exists no active market (such as real estate, gas and oil, or other illiquid securities), by using such information as TLA shall in good faith deem relevant to determine the value thereof, or in the absence of such information, at cost; and (c) for cash or equivalents, at dollar value.

Unless otherwise negotiated between the Firm and the client, the annual fee is calculated according to the following standard fee schedule:

<b>Value of Account Assets</b>	<b>Annual Fee Rate</b>
On the first \$100,000	1.35 %
On the next \$400,000	1.15 %
On the next \$500,000	0.85 %

On the next \$2,000,000	0.60 %
On amounts over \$3,000,000	0.30 %
Minimum Annual Fee	\$8,000

Clients customarily authorize TLA to deduct its investment advisory fee directly from their custodial account. Under limited circumstances, TLA or the individual Investment Advisor Representative agree to pay ticket charges on household accounts of \$500,000 or more under management. This authorization is granted under the terms of the client's signed investment management agreement and the client's instructions to the custodian. It is the client's responsibility to verify the accuracy of the fee calculation, as the custodian will not determine whether the fee is properly calculated.

At the discretion of the Firm, clients pay their fee directly to the Firm. Under this arrangement, payment is due upon client's receipt of our billing invoice.

Services provided for the above fees are for investment advice and periodic reporting of asset holdings, valuations and performance reviews. The client's investment management fee to the Firm is determined in accordance with the above standard fee structure, with exceptions negotiated on a case-by-case basis at our discretion. Any deviations from the fee structure are based on a number of factors including the nature and length of the client relationship, the services requested, account composition, the amount of work involved, the amount of assets placed under management and the attention needed to manage the account.

If assets are deposited into or withdrawn from a client's account after the inception of a billing period, and depending upon the timing or size of such withdrawal or deposit, the fee payable with respect to such assets will not necessarily be adjusted or prorated based on the number of days remaining in the billing period. Accounts initiated or terminated during a calendar month will be charged a prorated fee.

Advisor's investment strategy generally does not encourage clients to use margin account trading. Therefore, the decision as to whether to employ margin is left to the sole discretion of each client. To the extent that a client authorizes the use of margin, and margin is thereafter employed, the market value of the client's account and corresponding management fee payable to Advisor will increase as any margin balance will not be offset against the value of assets purchased on margin when Advisor calculates its advisory fee.

In certain cases, clients request that TLA purchase, maintain, or consolidate preexisting or other securities positions in custodial accounts maintained with the Firm, that are not consistent with the Firm's investment strategy. In such cases, TLA will not charge a management fee on such assets, with the specific understanding that these are non-managed assets for which client is responsible for determining the suitability of maintaining such a position. The Firm will not sell such securities without specific written instructions from the client.

### **General Fee Disclosure**

We believe our investment management fees are competitive with the fees charged by other investment advisors in the San Francisco Bay area for comparable services. However, comparable services are available from other sources for lower fees than those charged by TLA and in some cases, for fees that are higher than those charged by TLA.

We do not provide clients advice as to the tax deductibility of our advisory fees. Clients are directed to consult a tax professional to determine the potential tax deductibility of the payment of advisory fees.

### **Custodian and Brokerage Fees**

Custodians charge transaction fees on purchases or sales of certain mutual funds, exchange-traded funds and individual securities. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

### **Fund Disclosures**

Investment vehicles such as mutual funds, closed-end funds, exchange traded funds and alternative investment funds offer a wide range of objectives and strategies; the types of securities held by such funds vary widely depending upon the specific objectives and strategies of the vehicle. These investment vehicles incur brokerage and other expenses and their sponsors typically compensate themselves through fees charged directly to the fund. Clients indirectly pay for the expenses and advisory fees charged by the funds in which their assets are invested in addition to the advisory fee charged by TLA.

All investment company funds incur operating expenses in connection with the management of the fund. Investment funds pass some or all of these expenses through to their shareholders (the individual investors in the funds) in the form of management fees. The management fees charged vary from fund to fund. In addition, funds charge shareholders (individual investors in the funds) other types of fees such as early redemption or transaction fees. These charges also vary widely among funds. As a result, clients will still pay management fees and other, "indirect" fees and expenses as charged by each mutual fund (or other fund) in which they are invested.

Clients are provided a copy of a fund prospectus for each fund in which they invest by their custodian or by the fund sponsor rather than by TLA. As required by law, a prospectus represents the fund's complete disclosure of its management and fee structure. In addition, a fund's prospectus can be obtained directly from the fund.

### **Bond Disclosure**

Clients whose assets are invested in bonds purchased directly from an underwriter or on the secondary market may pay a sales credit or sales concession on the trade (in lieu of a sales commission). The client's custodian may also impose a fee on the transaction.

### **COMMISSION AND SALES FEE DISCLOSURES**

Some insurance and annuities investment products are available only on a commission or other sales fee basis. In order to allow TLA the widest possible selection of appropriate investment products for its clients, certain of the Firm's professional advisors are licensed to sell these insurance products where such products are in the best interest of the client. Where TLA or a TLA advisor is paid a sales commission or fee for placing its financial planning clients with one or more investments, the recommendation of these investments might be deemed a conflict of interest. Advisors only recommend investment in such assets if, based upon the client's personal financial condition, time horizon, risk tolerance and investment objective, such investment would be suitable for that client. Nevertheless, as a result of their receipt of commission payments, the Firm/advisor's recommendation of these asset management programs might be deemed a conflict of interest. Please see Item 10 below for additional information.

## **BUSINESS CONSULTING SERVICES FEES**

Fees for general business and insurance consulting are billed at \$400 per hour. In certain cases, a fixed fee will be agreed to and these typically range from \$1,500 – \$10,000. Insurance consultations that include court testimony are billed at \$800 for the first hour of the court appearance or portion thereof and \$400 per hour thereafter. Fees are negotiable.

## **PENSION AND PROFIT SHARING PLAN AND PENSION CONSULTING SERVICES FEES**

Fees for TLA's pension and profit sharing plan services vary depending upon the service provided. The client plan will pay a fee based on either the market value of the plan assets, an hourly fee or a flat fee in accordance with the following schedule of fees:

- Asset-based fees are charged based on the market value of the plan assets and may range from 0.05% - 1.00% of plan assets, depending on the scope of the project and duration of services.
- A flat fee is charged ranging from \$3,500 – \$100,000 or more depending on the scope of the project and duration of services.
- An hourly fee of \$400 is charged and the total fee will depend on the scope of the project.

Fees are either billed directly to the plan sponsor or deducted from plan assets. Fees for investment advisory services are billed in advance.

Fees are negotiable and vary according to the facts and circumstances, including the scope of services to be provided, the duration of services and the size of the client (number of employees, plan or individual assets, and other demographic factors). Depending upon the services provided, a client is charged a flat base fee plus a percentage of total plan assets, based on the above schedule, in which case the client is charged a total fee that is the sum of the base fee and the appropriate percentage fee for that portion of the plan which falls within the value ranges as specified.

TLA receives fees directly from a client (plan sponsor or individual), for providing any or all of the services described above. In these instances, fees are paid on a one-time only or ongoing basis, depending on the scope of the services and the desired length of time that those services will be provided.

TLA's fees are in addition to any fees assessed by the mutual funds in which the client's account assets are invested. See "Fund Disclosures" above.

## **Item 6 - PERFORMANCE-BASED FEES and SIDE-BY-SIDE MANAGEMENT**

TLA does not charge our clients performance-based fees based on a share of the capital gains of client assets and we do not manage any accounts that are charged such fees on a side-by-side basis.

## **Item 7 - TYPES OF CLIENTS**

Our clients include individuals and high net worth individuals, trusts and estates, pension and profit sharing plans, corporations and other business entities. We have established an \$8,000 minimum annual fee for investment management services. This minimum may be waived in certain circumstances. As a result of the minimum annual fee requirement, TLA's services are not appropriate for everyone. Particularly for smaller accounts, other investment advisors provide

somewhat similar services for lower compensation, although still others may charge more for similar services.

## **Item 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES, RISK OF LOSS**

### **METHODS OF ANALYSIS**

Depending upon the type of investment, TLA utilizes a combination of charting, fundamental, technical and cyclical analysis. Fundamental analysis involves analyzing real data, including overall economic and company-specific information available to determine the value of a particular investment. Technical analysis involves analyzing statistics provided by market activity such as past prices and volume to identify patterns that can be used to predict future activity. Cyclical analysis refers to stocks that are sensitive to business cycles and tied strongly to the overall economy (i.e. automobiles and housing). We may also utilize charting as part of our technical analysis which involves plotting data points (i.e. price, settlement, volume). In performing these analyses, the Firm consults third-party research materials, company annual reports and other regulatory filings, and financial newspapers and periodicals.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases. Other sources of information that TLA uses include Morningstar Principia mutual fund & ETF, Retirement Plan Advisory Group®, Standard & Poors Stock analysis information, Morningstar Principia stock information, Value Line, Charles Schwab & Company's "SchwabLink" service, Advisor Intelligence, and the World Wide Web.

### **INVESTMENT STRATEGY**

The primary investment strategy used for client accounts is strategic asset allocation utilizing a core and satellite approach. This means that we use passively-managed index and exchange-traded funds as the core investments, and then add actively-managed funds where there are greater opportunities to make a difference. Portfolios are globally diversified to control the risk associated with traditional markets.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time and may impose investment restrictions on their accounts. Employer Sponsored Retirement Plans may execute an Investment Policy Statement that documents their objectives and their desired investment strategy.

### **Third Party Money Manager Platforms**

Occasionally, a Firm client will request or TLA may recommend that the client invest a portion of their investment asset through a third party investment manager platform that exercises discretionary investment management according to that third party manager's investment strategy. In these instances, the client pays investment management fees to both TLA and to the third party money manager. TLA has established advisory relationships with one such third party manager platform:

Schwab Managed Account Services. Schwab Managed Account Services is a third party managed money program which consists of the Schwab Managed Account Select® Program, the Schwab Managed Account Access® Program, and the Schwab Managed Account Marketplace® Program. These programs provide TLA Advisor Representatives with access to programs that specialize in separate account management, private account management, and timing and multi-disciplined account services. Program sponsors provide full-time professional

investment management by quality investment managers. The client's TLA Advisor Representative will assist the client to select the manager(s) most aligned with client's investment style based on the client's individual personal and financial goals, investment objectives, and risk tolerance. A complete description regarding this program and fees will be provided in the Schwab disclosure brochure as well as the sub-advised ADV Part 2A or similar disclosure document, a copy of which will be provided to clients with the TLA advisor recommending the use of the Schwab Managed Account Services.

## **INVESTMENT RISKS**

All securities investments carry risk, including the risk that an investor loses a part or all of his or her initial investment. Risk refers to the uncertainty that the actual return the investor realizes could differ from the expected return. Risks may be systematic, referring to factors that affect the returns on all comparable investments and that affect the market as a whole. Systematic risks include market risk, inflation risk, interest rate risk, reinvestment rate risk, liquidity risk, purchasing power risk and exchange rate risk. Unsystematic risks depend on factors that are unique to the specific investment security. These risks include business risk and financial risk.

Here are some of the general risks associated with parts of our investment strategy:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Options Risk:** Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- **Fixed Income Risk:** When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

- Longevity Risk: As we live longer, we are faced with the risk of outliving our funds.
- Political Risk: Stock and bond markets can be positively or negatively effected by world political events.
- ETF and Mutual Fund Risk: When investing in an ETF or mutual fund, there are additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs. Leveraged and inverse ETFs may not be suitable for all investors and have unique characteristics and risks. Although there are limited occasions where a leveraged or inverse ETF may be useful for some types of investors, it is extremely important to understand that, for holding periods longer than a day, these funds may not give you the returns you may be expecting.

#### **Item 9 - DISCIPLINARY INFORMATION**

TLA has no disciplinary history and consequently, is not subject to any disciplinary disclosures.

#### **Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

TLA is an independent investment advisor, unaffiliated with any other financial institution or securities dealer or issuer. We recommend that our clients custody their assets with Charles Schwab & Co., Inc., an SEC registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investors Protection Corporation ("SIPC"). Although we recommend that our clients custody their investment accounts at Schwab, we have no affiliation with Schwab, do not supervise its brokerage activities and are not subject to its supervision.

TLA is not and does not have a related company that is an (1) broker-dealer (2) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), (3) futures commission merchant, commodity pool operator, or commodity trading advisor, (4) banking or thrift institution, or (5) sponsor or syndicator of limited partnerships.

Independent Insurance Agents: Certain of the Firm's professional advisors are independently licensed to sell fixed life insurance, fixed annuity and/or health insurance, including disability and long-term care insurance products through various insurance companies. These licensed advisors are: Matthew Taddei, Kirk Ludwig, Diane McCracken, John Hammond and Jack Nixon. Clients are advised that they may choose any independent insurance agent and insurance company to purchase insurance products on their own and are not obligated to purchase insurance products through TLA or any of its licensed advisors. If a TLA advisor recommends an insurance product to a client and the insurance is implemented, the applicable insurance issuer pays a sales load, commission, or fee to the Firm or to the TLA advisor directly. The receipt of such compensation and other potential incentive benefits creates an incentive to recommend insurance products to clients. At the time of any recommendations a client's TLA advisor will discuss the products, the client's needs and disclose any compensation arrangements.

Certain insurance issuers provide TLA and/or a TLA advisor with economic benefits as a result of an insurance product recommendation or sale. These benefits include but are not limited to, financial assistance towards or the sponsorship of conferences and educational sessions, marketing support, and tools to assist the Advisor in providing various services to clients. These economic benefits are received directly by the TLA advisor or indirectly through TLA. These

economic benefits represent a conflict to the extent they influence your TLA advisor to recommend certain products/programs over others.

Although we occasionally refer our clients to other professionals such as attorneys or accountants for estate planning, tax or other matters, neither the Firm nor its principals or employees are affiliated with any law or accountancy firm.

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

TLA, its employees and their immediate families (sometimes collectively "employees") are permitted to buy and sell securities for their personal investment accounts. The Firm has adopted employee personal trading policies and procedures and a code of ethics to govern proprietary (on behalf of the Firm itself) and employee trading practices. Employees with access to the Firm's investment decision-making and trading activities are required to report all personal securities transactions on a regular basis. All personnel are required to abide by the Firm's personal trading practices and code of ethics which governs employee trading practices and specifically prohibits employee trading on the basis of inside information and trading ahead of customer orders (front-running). TLA's employee personal trading policies and code of ethics are made available to clients and prospective clients upon request.

Employees are allowed to trade in the same securities traded for clients. However, it is Firm policy not to give preference to orders for personnel associated with the Firm regarding such trading. Employees are allowed to personally invest in the same securities that are purchased for client trading accounts and own securities that are subsequently purchased for client accounts. From time to time, trading by employees in particular securities is restricted in recognition of impending investment decisions on behalf of clients. If a security is purchased or sold for client accounts and employees on the same day, either employees will pay or receive the same price as the client account, or the client account will receive the more favorable price. If purchased or sold on different days, it is possible that employees' personal transactions might be executed at more favorable prices than were obtained for clients.

Employees buy or sell different investments, based on personal investment considerations, which the Firm may not deem appropriate to buy or sell for clients. It is also possible that employees take investment positions for their own accounts that are contrary to those taken on behalf of clients. Employees also buy or sell a specific security for their personal account based on personal investment considerations aside from company or industry fundamentals, which are not deemed appropriate to buy or sell for clients. If these securities subsequently appreciate, these personal transactions create a conflict of interest.

Conversely, employees liquidate security positions that are held both for their own account and for the accounts of Firm clients, sometimes in advance of clients. This occurs when personal considerations (i.e., liquidity needs, tax-planning, industry/sector weightings) deem a sale necessary for individual financial planning reasons. If the security subsequently falls in price, these personal transactions create a conflict of interest.

#### **Item 12 - BROKERAGE PRACTICES**

##### **RECOMMENDATION OF SCHWAB AS CUSTODIAN AND EXECUTING BROKER**

TLA recommends that clients establish brokerage accounts with Schwab, a registered broker-dealer, to maintain custody of clients' assets and to effect trades for their accounts. Schwab is independently owned and operated and not affiliated with TLA and does not supervise or



otherwise monitor TLA's investment management services to its clients. Schwab provides TLA with access to its institutional trading and custody services, which typically are not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a set minimum of the advisor's clients' assets is maintained in accounts at Schwab, but are not otherwise contingent upon TLA committing to Schwab any specific amount of business (in the form of either assets in custody or trading). Schwab's services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Schwab also makes available to TLA other products and services that benefit TLA but do not benefit its clients. Some of these other products and services assist TLA in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of TLA's fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally are used to service all or a substantial number of TLA's accounts, including accounts not maintained at Schwab. Schwab also makes available to TLA other services intended to help TLA manage and further develop its business. These services include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, Schwab makes available, arranges and/or pays for these types of services to TLA by independent third parties. Schwab discounts or waives fees it otherwise would charge for some of these services or pays all or a part of the fees of a third-party providing these services to TLA.

TLA's recommendation that clients maintain their assets in accounts at Schwab is based in part on the benefit to TLA of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which creates a conflict of interest.

## **BEST EXECUTION**

TLA is not obligated to obtain the best net price or lowest brokerage commission on any particular transaction. Rather federal law requires investment managers to use their reasonable best efforts to obtain the most favorable execution for each transaction executed on behalf of client accounts.

In selecting broker-dealers, TLA's primary objective is to obtain the best execution. Expected price, giving effect to brokerage commissions, if any, and other transaction costs, are principal factors, but the selection also takes account of other factors, including the execution, clearance and settlement capabilities of the broker-dealer, the broker-dealer's willingness to commit capital, the broker-dealer's reliability and financial stability, the size of the particular transaction and its complexity in terms of execution and settlement, the market for the security, the value of any research and other brokerage services provided by the broker-dealer, and the cost incurred by placing prime brokerage trades in client accounts.

Based upon an evaluation of some or all of these factors, TLA is authorized to execute client trades through broker-dealers that charge fees that are higher than the lowest available fees. TLA is authorized to select broker-dealers whose fees are greater than those charged for similar investments when TLA determines that brokerage services and research materials provided by that broker-dealer warrant the payment of higher fees.

TLA reviews transaction results periodically to determine the quality of execution provided by the various broker-dealers through whom TLA executes transactions on behalf of clients.

### **SOFT DOLLAR ARRANGEMENTS**

TLA is not a party to formal agreements whereby, in exchange for directing commissionable trades to a broker-dealer, it receives research or brokerage services, known as "soft dollar" services and research. "Soft dollars" refers to the use of brokerage commissions on client trades to pay for the soft dollar research or brokerage services received. Soft dollar research and services include among others, economic and market information, portfolio strategy advice, proxy voting services, industry and company comments, technical data, recommendations, research conferences, general reports, periodical subscription fees, consultations, performance measurement data, on-line pricing, news wire charges, quotation services, computer hardware and software.

Although TLA does not formally participate in soft dollar arrangements, it receives certain services and research from Schwab by virtue of having its clients custody their assets with Schwab. In such cases, it is the Firm's policy is to limit its use of soft dollar arrangements to those falling within the safe harbor of Section 28(e) of the Securities and Exchange Act of 1934, as amended. Only *bona fide* research and brokerage products and services that provide assistance to TLA in exercising its investment decision-making responsibilities are permitted.

TLA may, on occasion, be the recipient of unsolicited discounts on software and other services. The discounts are generally offered to all firms who fit a common profile and TLA is not offered such discounts because of a particular event or request. Such discounts are accepted with the intent to benefit all clients and the value of these discounts is not considered in the process of selecting securities to purchase for client accounts. TLA routinely reviews the amount and nature of the research products and services provided by brokers.

### **AGGREGATION OF TRADES AND POTENTIAL CONFLICTS**

TLA aggregates client orders into a single trade if aggregation appears to be in the best interests of all the clients involved. Trade aggregation results in a more favorable transaction price than would result with separate execution of each client order. The Firm does not aggregate securities transactions for client accounts unless it believes that aggregation is consistent with its duty to seek best execution and is consistent with the investment objectives and guidelines for the client accounts participating in the trade.

TLA believes that combining trade orders should be advantageous to all clients over the long term. However, it is possible that the average price obtained through aggregation could be less advantageous for a client than if the client had executed the transaction separately and/or had executed the transaction before the other parties to the aggregated trade. The Firm tries to be conscious of this possibility before deciding to aggregate.

When orders are aggregated, the price paid by each account is the average price of the order. Transaction costs are allocated to each client by the client's custodian according to the client's custodial agreement. It is our policy that trades are not allocated in any manner that favors one group of clients over another over time. Client transactions are aggregated according to custodial relationship in consideration of "trade away" charges that are imposed if trades are directed to a non-custodial broker-dealer for execution. Aggregated trades placed with different executing brokers are sometimes priced differently.

Generally, TLA and/or its associated persons are allowed to participate in such aggregated orders. There are circumstances in which transactions on behalf of TLA or its associated persons may not, under certain laws and regulations, be combined with those of some of TLA's clients and

in those cases, employees will not effect transactions in that security on the same day as clients until after the clients' transactions have been executed.

### **ALLOCATION OF OPPORTUNITIES AND POTENTIAL CONFLICTS**

Because we manage more than one client account, there is a conflict of interest related to the allocation of investment opportunities among all accounts managed by the Firm. We attempt to resolve all such conflicts in a manner that is generally fair to all of clients over time. We occasionally give advice and take action with respect to any of one of our clients that differs from the advice given or the timing or nature of action taken with respect to other clients based upon individual client circumstances. It is our policy, to the greatest extent practicable, to allocate investment opportunities over a period of time on a fair and equitable basis relative to all clients. The Firm is not obligated to acquire for any client account any security that the Firm or its owners, officers, employees or affiliated persons acquire for their own accounts or for the account of any other client, if in the discretion of the portfolio managers, based upon the client's financial condition and investment objectives and guidelines, it is not practical or desirable to acquire a position in such security for that account.

### **USE OF THIRD PARTY TRADE DATA MANAGEMENT SERVICES**

The Firm is aided in its ongoing client account monitoring and management services by the use of third party portfolio and trade data management software and services provided by Schwab, Black Diamond and RedBlack, among others. Such third party services provide linked access to client custodial accounts and trade activity and provide "cloud" storage of such data on their secure, internal computer servers on behalf of the Firm. We only share non-public client information with non-affiliated third parties when we believe it necessary for our provision of services to you or to maintain your account.

### **Item 13 - REVIEW OF ACCOUNTS**

The initial client meeting and financial review, which may be by telephone, is complimentary and is considered an exploratory interview to determine the extent to which financial planning and investment management would be beneficial to the client. Upon engagement, the Firm may provide a written evaluation of each client's financial condition is provided to the client, often in the form of a net worth statement.

All investment accounts under management are monitored on a continuous basis by the Firm's principals or Financial Advisors. Account holdings and asset allocations are reviewed at least annually. Reviews determine consistency with the Firm's investment strategy and with client investment objectives. Reviews cover asset class allocations, cash allocations and other account factors. Portfolio adjustments may be required due to client investment guideline changes, client deposits and withdrawals and client liquidity needs. Additionally, client accounts are reviewed in response to changes in the financial markets and/or changes in the Firm's investment strategy. Among others, the conditions that trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

The Firm reports to its investment management clients quarterly regarding the securities held in their account, current valuations, current asset allocations and account performance. Clients are frequently provided net worth statements and net worth graphs that are generated from our client relationship management system. Net worth statements contain approximations of bank account balances provided by the client, as well as the value of land and hard-to-price real estate. The net worth statements are used for long-term financial planning where the exact values of assets are not material to the financial planning tasks.

Brokerage account statements list all positions and detail investment transactions, and are sent directly from the custodian of the client's account on at least a quarterly basis. Clients are advised to review these statements routinely and to compare them to the client account reports prepared by the Firm.

#### **Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

TLA does not pay referral fees to any third party firms or individuals for recommending the Firm to prospective clients, nor is the Firm or its employees paid referral fees by any third party for referring clients to their businesses. We do not direct brokerage transactions to any broker-dealer in exchange for receiving client referrals.

TLA employees are not paid "sales awards" or other prizes for referring clients to the Firm.

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. 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 Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

#### **Item 15 - CUSTODY**

TLA does not maintain physical custody of client funds or securities. Clients are required to set up their investment accounts with a "qualified custodian," namely a broker dealer, bank or trust company. TLA is unable to take even temporary possession of client assets for the purpose of transferring them to the client's account. Each client has a direct relationship with their custodian and is responsible for making deposits to and withdrawals from their account as necessary. The Firm is given the authority to receive payment of its management fees directly from the account, but it is not authorized to make any other withdrawals or to transfer money out of the account to a third party without specific client approval.

Although TLA does not maintain physical custody of client investment accounts, it is deemed to have custody of client assets on the basis of the Firm's authority to: 1. direct client-approved transfers of assets between a client's own accounts and if authorized, to client-designated third parties; and 2. to receive payment of its management fees directly from a client's account.

#### **Disclosures Related to Custodians**

Schwab acts as custodian and executing broker-dealer for TLA clients. Schwab is independently owned and operated and not affiliated with TLA and does not supervise or otherwise monitor our investment management services to our clients.

Schwab does not charge separately for maintaining the custody of client investment accounts. However, Schwab is compensated by account holders who pay commissions and other transaction-related costs for securities trades and settlements that are executed by Schwab on behalf of the client. In most cases, trade executions for client accounts custodied at Schwab will be entered through Schwab to avoid "trade away" charges otherwise imposed for trades executed at other broker-dealers. In cases where a desired security is not available for purchase or sale through Schwab, and in light of the Firm's best execution evaluations, we are authorized to make the purchase or sale at a different broker-dealer. The Firm generally tries to avoid "trade away" transactions as they typically incur additional fees imposed by Schwab, acting as custodian.

Schwab sends account statements directly to the client (or to an independent third party representative designated by the client), no less than monthly, showing all funds and securities held, their current value and all transactions executed in the client's account, including the payment to TLA of its investment management fees. Clients are advised to review these statements routinely and to compare them to the client account reports prepared by the Firm. The account values reflected on our reports may vary slightly from the custodian statements as a result of accounting procedures, reporting dates, or valuation methodologies of certain securities.

#### **Item 16 - INVESTMENT DISCRETION**

Clients appoint TLA as their investment advisor and grant full trading and investment authority over their assets at the time they establish their investment accounts. Subject to the Firm's investment strategy and the client's investment objectives, our portfolio managers are given full discretion to determine:

- Types of investments;
- Which securities to buy;
- Which securities to sell;
- The timing of any buys or sells;
- The amount of securities to buy or sell; and
- The broker-dealer to be used in the transaction

This discretion may be limited by client investment guidelines and by any investment restrictions set by the client. Where possible, the Firm will attempt to negotiate the commission rates at which transactions for client accounts are effected, with the objective of attaining the most favorable price and market execution for each transaction.

On occasion the Firm accepts client investment portfolios on a non-discretionary basis. In these instances, our portfolio manager will make recommendations to the client regarding types of investments to buy and sell, the timing and amount of such transactions and where applicable, the executing broker-dealer to effect the transactions. The decision to implement or reject the portfolio manager's recommendations remains with the client and transactions will be entered only after specific client authorization.

#### **Item 17 - VOTING CLIENT SECURITIES**

It is TLA's policy not to vote proxy solicitations or other corporate actions received on behalf of clients from the issuers of securities held in client's account. All such solicitations are forwarded to client for voting. Any client wishing to review our proxy voting policies in full may request a copy from the Firm at his or her convenience.

#### **Item 18 - FINANCIAL INFORMATION**

TLA does not require or solicit prepayment of its management fees from clients six or more months in advance. There are no adverse conditions related to the Firm's finances that are likely to impair its ability to meet its contractual commitments to its clients. The Firm has not been the subject of a bankruptcy filing in the last ten years.

#### **Item 19 – ADDITIONAL DISCLOSURES**

**Anti-Money Laundering Procedures:** To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and

record information that identifies each person who opens an account. When client opens an account, TLA will ask for name, address, date of birth, and other information that will allow us to identify the client. TLA may also ask to see a current government issued photo identification such as a driver's license or other identifying documents.

**Information Security:** TLA maintains an information security program to reduce the risk that your personal and confidential information may be breached.

**Business Continuity Plan:** TLA has a Business Continuity Plan intended to mitigate and recover from the loss of office space, communications, services and key people. The Plan covers natural disasters such as earthquakes, snow storms, hurricanes, tornados, and flooding and man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite. Alternate offices are identified to support ongoing operations in the event the main office is unavailable. The principals of TLA have entered into a Business Continuation Agreement in the event of one of a principal's serious disability or death.

## FORM ADV PART 2B BROCHURE SUPPLEMENT\*

Professional Backgrounds of:

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KIRK M. LUDWIG, ChFC<sup>®</sup>, CFP<sup>®</sup>  
MATTHEW F. TADDEI, CLU<sup>®</sup>, ChFC<sup>®</sup>, CFP<sup>®</sup>  
DIANE McCRACKEN, ChFC<sup>®</sup>, C(k)P<sup>®</sup>, AIF<sup>®</sup>  
JACK NIXON, ChFC<sup>®</sup>  
JOHN F. HAMMOND, CLU<sup>®</sup>, ChFC<sup>®</sup>  
MEGHAN M. NELSON, CFP<sup>®</sup>  
NICO F. SAFRIT, CFP<sup>®</sup>

\*This brochure supplement provides information about the qualifications of the professional employees of Taddei, Ludwig & Associates, Inc. This is a supplement to the Taddei, Ludwig & Associates, Inc. Part 2A brochure. Please contact the Firm's Chief Compliance Officer, Diane McCracken, at telephone 415-482-1561 or [compliance@tlafinancial.com](mailto:compliance@tlafinancial.com) if you have any questions about the contents of this supplement. Additional information about Taddei, Ludwig & Associates, Inc. is available on the internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

TLA requires that advisors in its employ have a bachelor's degree or equivalent experience and either professional certification or other coursework demonstrating knowledge of financial planning and tax planning.

**KIRK M. LUDWIG, ChFC®, CFP®**

Chief Financial Officer, Chief Investment Officer, and Financial Advisor

Born: 1962

**Item 2 - Educational Background and Business Experience**Education:

- Linfield College; Bachelor of Arts – Business, 1985
- American College; MS - Financial Services, 1995

Business Background:

- Taddei, Ludwig & Associates, Inc. January 1989 - Present
- Cambridge Investment Research Inc., January 2007 - June 30, 2016
- AXA Advisors October 1985 - January 2007

Professional Designations:

Certified Financial Planner TM (CFP®)\* certification awarded 2000

Chartered Financial Consultant (ChFC®)\*\* designation awarded 1989

**Item 3 – Disciplinary Information**

Kirk Ludwig has no legal or disciplinary events or disclosures.

**Item 4 – Other Business Activities**

Kirk Ludwig is an appointed sales agent for numerous insurance issuers and is licensed to sell fixed life insurance, fixed annuity products, long-term care, and disability insurance. When Kirk recommends an insurance product to a client, the applicable insurance issuer pays a sales load or commission to him directly or he may charge a separate fee to the client for such insurance related services. Each of the insurance issuers with which Kirk is affiliated is wholly independent of and otherwise unaffiliated with TLA. None of such insurers supervise TLA's financial planning or investment management services or has any responsibility for TLA's decisions regarding the investment of clients' assets or any other services the Firm may offer its clients. While TLA supervises all of Kirk's investment advisory activities, each insurer with which he is affiliated is responsible for supervising his sales activities and compliance with applicable insurance regulations.

**Item 5 – Additional Compensation**

Kirk Ludwig, when acting in his capacity as an independent insurance agent, may receive commissions for selling fixed insurance and fixed annuity products or may charge the client a separate fee for such services.

**Item 6 – Supervision**

All Firm personnel are supervised by the Firm's principals and its Chief Compliance Officer, Diane McCracken whose supervision is ongoing and includes account reviews, trade supervision, annual compliance reviews including the forensic testing of Firm systems and employee reviews. Ms.



McCracken monitors Firm activities through a client relationship management system. Diane McCracken may be contacted at 415-482-1561 or [diane@tlafinancial.com](mailto:diane@tlafinancial.com).

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**MATTHEW F. TADDEI, CLU®, ChFC®, CFP®**

President, Chief Executive Officer, and Financial Advisor

Born: 1961

**Item 2 - Educational Background and Business Experience**

Education:

- Linfield College; Bachelor of Arts - Business, 1983
- American College; MS - Financial Services, 1995
- American College; MS - Management, 2000
- Institute for Divorce Financial Analysts, 2016

Business Background:

- Taddei, Ludwig & Associates, Inc. January 1989 - Present
- Cambridge Investment Research Inc., January 2007 - June 30, 2016
- AXA Advisors November 1983 - January 2007

Professional Designations:

CERTIFIED FINANCIAL PLANNER™ (CFP®)\* certification awarded 1997  
Chartered Financial Consultant (ChFC®)\*\* designation awarded 1987  
Chartered Life Underwriter (CLU®)\*\*\*\*\* designation awarded 1986  
Certified Divorce Financial Analyst\*\*\*\*\*designation awarded 2016

Community and Professional Organizations:

Matthew F. Taddei is a member of the Rotary Club of Marin Sunrise.

Matthew F. Taddei is a member of the Capital Campaign Committee for Whistlestop/Marin Senior Coordinating Council, Inc., a 403(b)-non-profit institution. As a member of the Capital Campaign Committee, Matthew also has made one or more sizable contributions in support of the group. As Whistlestop/Marin Senior Coordinating Council, Inc. is also a client of TLA, such contributions could be viewed as a conflict of interest, however the Firm's Chief Compliance Officer reviews all such contributions and has determined that no material conflicts have resulted therefrom.

**Item 3 – Disciplinary Information**

Matthew Taddei has no legal or disciplinary events or disclosures.

**Item 4 – Other Business Activities**

Matthew Taddei is an appointed sales agent for numerous insurance issuers and is licensed to sell fixed life insurance, fixed annuity products, long-term care, and disability insurance. When Matthew recommends an insurance product to a client, the applicable insurance issuer pays a

sales load or commission to him directly or he may charge a separate fee to the client for such insurance related services. Each of the insurance issuers with which Matthew is affiliated is wholly independent of and otherwise unaffiliated with TLA. None of such insurers supervise TLA's financial planning or investment management services or has any responsibility for TLA's decisions regarding the investment of clients' assets or any other services the Firm may offer its clients. While TLA supervises all of Matthew's investment advisory activities, each insurer with which he is affiliated is responsible for supervising his sales activities and compliance with applicable insurance regulations.

#### **Item 5 – Additional Compensation**

Matthew Taddei, when acting in his capacity as an independent insurance agent, may receive commissions for selling fixed insurance and fixed annuity products or may charge the client a separate fee for such services.

#### **Item 6 – Supervision**

All Firm personnel are supervised by the Firm's principals and its Chief Compliance Officer, Diane McCracken whose supervision is ongoing and includes account reviews, trade supervision, annual compliance reviews including the forensic testing of Firm systems and employee reviews. Ms. McCracken monitors Firm activities through a client relationship management system. Diane McCracken may be contacted at 415-482-1561 or [diane@tlafinancial.com](mailto:diane@tlafinancial.com).

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#### **DIANE MCCRACKEN, ChFC®, C(k)P®, AIF®**

Chief Compliance Officer, Chief Operating Officer, Secretary and Financial Advisor

Born: 1959

#### **Item 2 - Educational Background and Business Experience**

##### Education:

- San Diego State University, 1982
- UCLA Anderson School of Business

##### Business Background:

- Taddei, Ludwig & Associates, Inc. September 1994 - - Present
- Cambridge Investment Research Inc., January 2007 - June 30, 2016
- AXA Advisors September 1994 - January 2007

##### Professional Designations:

Chartered Financial Consultant (ChFC®)\*\* designation awarded 2001  
Accredited Investment Fiduciary (AIF®)\*\*\* designation awarded 2015  
Certified 401k Professional (C(k)P®)\*\*\*\*, certification awarded 2012

##### Community and Professional Organizations:

Diane McCracken is a Board Member of Wednesday's Gift

### **Item 3 – Disciplinary Information**

Diane McCracken has no legal or disciplinary events or disclosures.

### **Item 4 – Other Business Activities**

Diane McCracken is an appointed sales agent for numerous insurance issuers and is licensed to sell fixed life insurance, fixed annuity products, long-term care, and disability insurance. When Diane recommends an insurance product to a client, the applicable insurance issuer pays a sales load or commission to her directly or she may charge a separate fee to the client for such insurance related services. Each of the insurance issuers with which Diane is affiliated is wholly independent of and otherwise unaffiliated with TLA. None of such insurers supervise TLA's financial planning or investment management services or has any responsibility for TLA's decisions regarding the investment of clients' assets or any other services the Firm may offer its clients. While TLA supervises all of Diane's investment advisory activities, each insurer with which she is affiliated is responsible for supervising her sales activities and compliance with applicable insurance regulations.

### **Item 5 – Additional Compensation**

Diane McCracken, when acting in her capacity as an independent insurance agent, may receive commissions for selling fixed insurance and fixed annuity products or may charge the client a separate fee for such services.

### **Item 6 – Supervision**

All Firm personnel are supervised by the Firm's principals and its Chief Compliance Officer, Diane McCracken whose supervision is ongoing and includes account reviews, trade supervision, annual compliance reviews including the forensic testing of Firm systems and employee reviews. Ms. McCracken monitors Firm activities through a client relationship management system. Ms. McCracken is further supervised by President and Chief Executive Officer, Matthew Taddei. Mr. Taddei may be contacted at 415-482-1562 or matt@tlafinancial.com.

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### **JACK NIXON, ChFC®**

Financial Advisor

Born: 1932

### **Item 2 - Educational Background and Business Experience**

#### Education:

- University of Missouri at Kansas City; Bachelor of Arts, Sociology, 1953
- Harvard University; MBA, 1961
- Dominican University of Calif.; MA Humanities, 2013

#### Business Background:

- Taddei, Ludwig & Associates, Inc. January 2010 - Present

- Cambridge Investment Research Inc., January 2007 - June 30, 2016
- LPL: January 2004 - January 2007
- Allmerica Financial: December 1963 - January 2004

Professional Designations:

Chartered Life Underwriter (CLU®)\*\*\*\*\* designation awarded 1966

Chartered Financial Consultant (ChFC®)\*\* designation awarded 1982

Community and Professional Organizations:

President, Dominican Black Canon Neighborhood Association.

### **Item 3 – Disciplinary Information**

Jack Nixon has no legal or disciplinary events or disclosures.

### **Item 4 – Other Business Activities**

Jack Nixon is an appointed sales agent for numerous insurance issuers and is licensed to sell fixed life insurance, fixed annuity products, long-term care, disability insurance, and health insurance products. When Jack recommends an insurance product to a client, the applicable insurance issuer pays a sales load or commission to him directly or he may charge a separate fee to the client for such insurance related services. Each of the insurance issuers with which Jack is affiliated is wholly independent of and otherwise unaffiliated with TLA. None of such insurers supervise TLA's financial planning or investment management services or has any responsibility for TLA's decisions regarding the investment of clients' assets or any other services the Firm may offer its clients. While TLA supervises all of Jack's investment advisory activities, each insurer with which he is affiliated is responsible for supervising his sales activities and compliance with applicable insurance regulations.

### **Item 5 – Additional Compensation**

Jack Nixon, when acting in his capacity as an independent insurance agent, may receive commissions for selling fixed insurance and fixed annuity products or may charge the client a separate fee for such services.

### **Item 6 – Supervision**

All Firm personnel are supervised by the Firm's principals and its Chief Compliance Officer, Diane McCracken whose supervision is ongoing and includes account reviews, trade supervision, annual compliance reviews including the forensic testing of Firm systems and employee reviews. Ms. McCracken monitors Firm activities through a client relationship management system. Diane McCracken may be contacted at 415-482-1561 or [diane@tlafinancial.com](mailto:diane@tlafinancial.com).

**JOHN F. HAMMOND, CLU®, ChFC®**

Financial Advisor

Born: 1940

**Item 2 - Educational Background and Business Experience**

Education:

- City College of San Francisco – Spring 1958
- University of California – Fall 1958 – June 1960
- University of Maryland extension courses
- Diablo Valley College – Fall 1963
- University of Arizona; BS – Business, December 1963 – May 1965

Business Background:

- Taddei, Ludwig & Associates, Inc. April 2011 - Present
- Cambridge Investment Research Inc., April 2011 - June 2016
- The Strategic Financial Alliance, Inc., 2000 to March 2011
- IFG 1997 – 2000
- Self Employed Life Insurance Broker 1975 – Present
- Connecticut Mutual Life Insurance – Agent and Agency Supervisor July 1965 – November 1975

Professional Designations:

Chartered Financial Consultant (ChFC®)\*\* designation awarded Cir. 1973

Chartered Life Underwriter (CLU®) \*\*\*\*\* designation awarded Cir. 1969

Community and Professional Organizations:

John Hammond is a member of the Las Gallinas Lions Club and serves on several of its community service committees, including its Community Beautification and Vision Clinic Committees. John is also a board member and assistant secretary of SIRs Branch 134 - a social group to which he belongs.

**Item 3 – Disciplinary Information**

John Hammond has no legal or disciplinary events or disclosures.

**Item 4 – Other Business Activities**

John Hammond is an appointed sales agent for numerous insurance issuers and is licensed to sell fixed life insurance, fixed annuity products, long-term care, disability insurance, and health insurance products. When John recommends an insurance product to a client, the applicable insurance issuer pays a sales load or commission to him directly or he may charge a separate fee to the client for such insurance related services. Each of the insurance issuers with which John is affiliated is wholly independent of and otherwise unaffiliated with TLA. None of such insurers supervise TLA's financial planning or investment management services or has any responsibility for

TLA's decisions regarding the investment of clients' assets or any other services the Firm may offer its clients. While TLA supervises all of John's investment advisory activities, each insurer with which he is affiliated is responsible for supervising his sales activities and compliance with applicable insurance regulations.

#### **Item 5 – Additional Compensation**

John Hammond, when acting in his capacity as an independent insurance agent, may receive commissions for selling fixed insurance and fixed annuity products or may charge the client a separate fee for such services.

#### **Item 6 – Supervision**

All Firm personnel are supervised by the Firm's principals and its Chief Compliance Officer, Diane McCracken whose supervision is ongoing and includes account reviews, trade supervision, annual compliance reviews including the forensic testing of Firm systems and employee reviews. Ms. McCracken monitors Firm activities through a client relationship management system. Diane McCracken may be contacted at 415-482-1561 or [diane@tlafinancial.com](mailto:diane@tlafinancial.com).

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#### **MEGHAN NELSON, CFP®**

Financial Advisor

Born: 1993

#### **Item 2 - Educational Background and Business Experience**

##### Education:

- U.C. Berkeley, CA Extension; Certified Financial Planner Program, September 2015 – October 2017
- Dominican University of California; Bachelor of Arts in both Business and Political Science, 2011-2015
- Johannes Kepler University, Study abroad in International Business, 2014

##### Professional Designations:

CERTIFIED FINANCIAL PLANNER™ (CFP®)\* certification awarded 2017

##### Business Background:

- Taddei, Ludwig & Associates, Inc., June 2015 - Present
- Dominican University of California, August 2011- May 2015
- The Trident, June 2013 - September 2014
- U.S. Capital Partners, May 2013 - September 2013
- Avani Media and Marketing Solutions, September 2012 - July 2013

### **Item 3 – Disciplinary Information**

Meghan Nelson has no legal or disciplinary events or disclosures.

### **Item 4 – Other Business Activities**

Meghan Nelson is involved in no other outside business activities.

### **Item 5 – Additional Compensation**

Meghan Nelson receives no economic benefit from any non-client third party for the provision of investment advisory services.

### **Item 6 – Supervision**

All Firm personnel are supervised by the Firm's principals and its Chief Compliance Officer, Diane McCracken whose supervision is ongoing and includes account reviews, trade supervision, annual compliance reviews including the forensic testing of Firm systems and employee reviews. Ms. McCracken monitors Firm activities through a client relationship management system. Diane McCracken may be contacted at 415-482-1561 or [diane@tlafinancial.com](mailto:diane@tlafinancial.com). Ms. Nelson is also supervised by Kirk M. Ludwig, Chief Financial Officer and Chief Investment Officer. Kirk Ludwig may be contacted at 415-482-1565 or [kirk@tlafinancial.com](mailto:kirk@tlafinancial.com).

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### **NICO F. SAFRIT, CFP®**

Financial Advisor

Born: 1971

### **Item 2 - Educational Background and Business Experience**

#### Education:

- Kaplan University; Certified Financial Planner Program, 2008
- University of Oregon; Master of Business Administration, 2001 - 2003
- Southern Methodist University, Bachelor of Arts, 1989 - 1993

#### Professional Designations:

CERTIFIED FINANCIAL PLANNER™ (CFP®)\* certification awarded 2008

#### Business Background:

- Taddei, Ludwig & Associates, Inc., March 2020 - Present
- Fidelity Brokerage Services LLC – September 2014 – March 2020
- Fidelity Personal And Workplace Advisors – July 2018 – March 2020
- Elliott Davis Investment Advisory Services, LLC – June 2010 – September 2014
- Elliott Davis Brokerage Services, LLC – June 2010 – September 2014
- Charles Schwab & Co. – May 2005 - June 2010
- Charles Schwab Bank – May 2005 – June 2010

- Lincoln Financial Advisors Corp – November 2004 – April 2005
- Lincoln National Life Insurance Company – November 2004 – April 2005

### **Item 3 – Disciplinary Information**

Nico Safrit has no legal or disciplinary events or disclosures.

### **Item 4 – Other Business Activities**

Nico Safrit is involved in no other outside business activities.

### **Item 5 – Additional Compensation**

Nico Safrit receives no economic benefit from any non-client third party for the provision of investment advisory services.

### **Item 6 – Supervision**

All Firm personnel are supervised by the Firm's principals and its Chief Compliance Officer, Diane McCracken whose supervision is ongoing and includes account reviews, trade supervision, annual compliance reviews including the forensic testing of Firm systems and employee reviews. Ms. McCracken monitors Firm activities through a client relationship management system. Diane McCracken may be contacted at 415-482-1561 or [diane@tlafinancial.com](mailto:diane@tlafinancial.com). Ms. Nelson is also supervised by Kirk M. Ludwig, Chief Financial Officer and Chief Investment Officer. Kirk Ludwig may be contacted at 415-482-1565 or [kirk@tlafinancial.com](mailto:kirk@tlafinancial.com).

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\* The CERTIFIED FINANCIAL PLANNER™ (CFP®) designation requires the holder to meet education, examination, experience and ethics requirements, and pay an ongoing certification fee. A bachelor's degree (or higher), or its equivalent in any discipline, from an accredited college or university is required. Students are required to complete course training in nine core financial topic areas, sit for a 10 hour CFP Board Certification Examination, acquire three years full-time or equivalent (2,000 hours per year) part-time work experience in the financial planning field and undergo an extensive background check—including an ethics, character and criminal check. To maintain the CFP certification, CFP® professionals must complete 30 hours of continuing education (CE) accepted by CFP Board (including completion of 2 hours of CFP Board approved Ethics CE).

\*\*The Chartered Financial Consultant (ChFC®) designation is offered by The American College. To receive the ChFC® designation, a candidate must successfully complete all courses in a selected program area, pass approximately 10 examinations covering financial planning, investments and insurance, meet business experience requirements and ethics standards, and agree to comply with The American College Code of Ethics and Procedures. A ChFC® certified after 1989 is subject to PACE recertification and required to earn 30 hours of continuing education credit every two years. ChFC® holders that were certified prior to 1989 are exempted from the continuing education requirement.



\*\*\* The Accredited Investment Fiduciary (AIF®) designation certifies that the recipient has specialized knowledge of fiduciary standards of care and their application to the investment management process. To receive the AIF designation, individuals must complete a training program, successfully pass a comprehensive, closed-book final examination under the supervision of a proctor and agree to abide by the AIF Code of Ethics. In order to maintain the AIF designation, the individual must annually renew their affirmation of the AIF Code of Ethics and complete six hours of continuing education credits. The certification is administered by the Center for Fiduciary Studies, LLC (a Fiduciary360 (fi360) company).

\*\*\*\* The Certified 401k Professional (C(k)P®) receive the C(k)P® designation from the Retirement Advisor University at UCLA Anderson School of Management Executive Education after completing rigorous courses and have demonstrated competency and experience in the retirement field, completed a rigorous education course which includes classroom, online, and web cast courses, as well as assessments, exams and a case study. Coursework requires 12-24 months for completion of program, and admission to which requires satisfaction of certain educational and practical requisites.

\*\*\*\*\* The Certified Divorce Financial Analyst (CDFA®) certificate is issued by the Institute for Divorce Financial Analysts (IDFA®). To acquire the designation, a candidate must meet the following qualification: be in good standing with all applicable licensing or regulatory agencies; demonstrate 3 years of experience in the financial services, accounting or family law disciplines; complete a 4-module self-study course and successfully pass the computer based exam after each module with minimum score of 70%; and apply for certification and pay annual dues. To retain the CDFA designation, you must also obtain 15 divorce-related hours of continuing education every two years.

\*\*\*\*\* The Chartered Life Underwriter® (CLU®) designation requires the successful completion eight courses and exams, meeting a 3-year professional experience requirement and ethics standards, and a commitment to comply with The American College Code of Ethics and Procedures. Participation in a Professional Recertification Program of continuing professional education is also required.

## INDEX OF ERISA RELATED DISCLOSURES

Taddei, Ludwig & Associates, Inc. may provide investment management services to retirement plans governed by the Employee Retirement Investment Security Act ("ERISA"). ERISA regulations require that specific disclosures be made to the ERISA plan fiduciary that is authorized to enter into, or extend or renew, an agreement with the Firm to provide these services. The following Index identifies the disclosures required and the location where plan representatives may find them. It is intended to assist ERISA Plan representatives with compliance with the service provider disclosure regulations under section 408(b)(2) of ERISA. Any questions concerning this guide or the information provided regarding our services or compensation should be addressed to our Chief Compliance Officer at the number noted on the cover page of this ADV Part 2A.

Required Disclosure	Location of the Required Disclosure
Description of the services that Advisor will provide to covered ERISA plans	Item 4 of this Form ADV Part 2A and the client plan's investment management agreement with the Firm.
Statements that the services that Advisor will provide to covered ERISA plans will be as an ERISA fiduciary and registered investment adviser	Item 4 of this Form ADV Part 2A and the client plan's investment management agreement with the Firm.
Description of the direct compensation to be paid to Advisor	Item 5 of this Form ADV Part 2A and the client plan's investment management agreement with the Firm.
Description of the indirect compensation Advisor might receive from third parties in connection with providing services to covered ERISA plans, if any	Items 5 and 12 of this Form ADV Part 2A
Description of the compensation to be shared between Advisor and any third party or any affiliated entity, if any	Items 8 and 14 of this Form ADV Part 2A.
Compensation that Advisor will receive upon termination of its agreement to provide investment management services, if any	Item 4 of this Form ADV Part 2A.