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This brochure provides information about the qualifications and business practices of Ritholtz Wealth Management (hereinafter referred to as “us”, “our Firm”, or the “Adviser”). If you have any questions about the contents of this brochure, please contact us by telephone at (212) 625-1200 or email [info@ritholtzwealth.com](mailto:info@ritholtzwealth.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority.

Additional information about Ritholtz Wealth Management also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD # 168652.

Please note that the use of the term “registered investment adviser” and description of Ritholtz Wealth Management and/or our associates as “registered” does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm’s associates who advise you for more information on the qualifications of our firm and our employees.

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## Item 2: Material Changes

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**Ritholtz Wealth Management** is required to advise you of any material changes to the Firm Brochure ("Brochure") from our last annual update. Since our last annual amendment filing on 03/11/2019, we have the following material changes to disclose:

- We have updated our firm's ownership structure to include Alex Palumbo as an owner. Please see Item 4 of our Firm Brochure for details.
- We have amended Item 5 of our Firm Brochure to clarify that the maximum total fee for our Liftoff service will not exceed 0.50% of assets under management. This total fee is split between our firm and Betterment Securities.
- Charles Schwab & Co., Inc. ("Schwab") and TD Ameritrade, Inc. ("TD Ameritrade") recently eliminated transaction fees for U.S. listed equities and exchange traded funds.

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### Item 3: Table of Contents

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## Item 4: Advisory Business

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A. Description of our advisory firm, our principal owner, and how long we have been in business.

We are dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a limited liability company formed in the State of New York and has been in business as an investment adviser since 2013. The firm's principal owners are Barry Ritholtz (43.0%), Joshua Brown (28.7%), Kristopher Venne (9.1%), and Michael Batnick (9.1%). In addition, Benjamin Carlson, William Sweet, Erika Mauro, Joel Fishman, Dina Isola, and Alex Palumbo each have ownership under 5%.

B. Description of the Types of Advisory Services We Offer.

Comprehensive Portfolio Management:

Our Comprehensive Portfolio Management service encompasses asset management as well as the option of financial planning/financial consulting to clients. It is designed to assist clients in meeting their financial goals through the use of financial investments. We conduct at least one, but sometimes more than one meeting (in person if possible, otherwise via telephone conference) with clients in order to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what we learn, we propose an investment approach to the client. We may propose an investment portfolio, consisting of exchange traded funds ("ETFs"), mutual funds, individual stocks or bonds, or other securities. Upon the client's agreement to the proposed investment plan, we work with the client to establish or transfer investment accounts so that we can manage the client's portfolio. Once the relevant accounts are under our management, we review such accounts on a regular basis and at least quarterly. We may periodically rebalance or adjust client accounts under our management. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify us so that we can consider such information in managing the client's investments.

We may utilize Independent Money Managers, where we design an investment portfolio on a fee-only basis for a percentage of assets in conjunction with another investment advisory firm. The selection of other advisers may be done on a discretionary basis pursuant to the terms of the executed investment advisory client agreement with our firm. Before selecting other advisers, we make sure that the other advisers are properly licensed or registered. When a client has authorized our firm to select other advisers on a discretionary basis, we shall have the authority to select and terminate them without the client's specific approval. A copy of the Independent Money Manager's disclosure brochure will be provided to the client.

The terms and conditions under which the client shall engage the Independent Managers shall generally be set forth in the agreement between the client and our firm or a separate written agreement between the client and the designated Independent Managers. Clients may terminate these contracts at any time upon written notice.

Liftoff – Automated Advisory Services:

Liftoff is an automated online platform powered by Ritholtz Wealth Management that guides clients through the entire investment management process and provides management services.

Clients subscribing to the Liftoff service authorize Ritholtz Wealth Management to select money managers to implement our proprietary portfolio models. As part of the Liftoff investment management service, clients complete an online personal risk tolerance assessment and provide additional information about their financial goals. Based on the information provided, the appropriate model portfolio is selected for the client. We generally create diversified model portfolios of investments consisting of low cost exchange traded funds (“ETFs”), mutual funds, and other similar equity-related index funds, stocks, or investment products tailored to the client’s specific needs. Information about the client’s model portfolio is available on the online platform, which includes their investment style, objectives, and a list of ETFs and other investments with shares that are included in and traded through them. The client can also submit or modify risk preferences, investment objectives, investment size and any other restrictions for their accounts directly through the online platform. The money managers will periodically rebalance client model portfolios based upon the client’s individual needs, stated goals and objectives. Before selecting money managers, we make sure that they are properly licensed or registered. Clients who subscribe to this service will enter into a dual contract with us and the money manager.

#### Retirement Plan Consulting:

Our firm provides retirement plan consulting services to employer plan sponsors on an ongoing basis. Generally, such consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company’s participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: investment options, plan structure and participant education.

In providing services for retirement plan consulting, our firm does not provide any advisory services with respect to the following types of assets: employer securities, real estate (excluding real estate funds and publicly traded REITS), participant loans, non-publicly traded securities or assets, other illiquid investments, or brokerage window programs (collectively, “Excluded Assets”).

All retirement plan consulting services shall be in compliance with the applicable state laws regulating retirement consulting services. This applies to client accounts that are retirement or other employee benefit plans (“Plan”) governed by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). If the client accounts are part of a Plan, and our firm accepts appointments to provide services to such accounts, our firm acknowledges its fiduciary standard within the meaning of Section 3(21) or 3(38) of ERISA as designated by the Retirement Plan Consulting Agreement with respect to the provision of services described therein.

C. Explanation of whether (i) we tailor our advisory services to the individual needs of clients and (ii) whether clients may impose restrictions on investing in certain securities or types of securities.

- (i) We offer individualized investment advice to clients utilizing our Comprehensive Portfolio Management service. We offer general investment advice to clients utilizing our Liftoff – Automated Advisory Services and Retirement Plan Consulting clients.
- (ii) Each Comprehensive Portfolio Management client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

D. Participation in Wrap Fee Programs.

We do not offer wrap fee programs.

E. Disclosure of the amount of client assets we manage on a discretionary basis and the amount of client assets we manage on a non-discretionary basis.

We manage<sup>1</sup> \$1,124,772,092 on a discretionary basis and \$173,900,791 on a non-discretionary basis as of 12/31/2019. Our total assets under management is \$1,298,672,883.

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**Item 5: Fees & Compensation**

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A. Description of how we are compensated for our advisory services provided to you.

**Comprehensive Portfolio Management:**

*Standard Fee Schedule*

<b>Assets Under Management</b>	<b>Maximum Annual Percentage of Assets Charge</b>
\$750,000 to \$1,999,999	1.25%
\$2,000,000 to \$2,999,999	1.00%
\$3,000,000 to \$4,999,999	0.75%
\$5,000,000 to \$9,999,999	0.60%
\$10,000,000 to \$20,000,000	0.50%
Over \$20,000,000	0.35%

Fees to be assessed will be outlined in the advisory agreement to be signed by the client. Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter. Our fees are generally negotiable. We may share compensation with Independent Money Managers for services rendered by these firms to our clients and our firm. Our firm separately negotiates these compensation arrangements with Independent Money Managers on terms that we deem acceptable. This compensation is typically equal to a percentage of the overall investment advisory fee charged by our firm or an agreed upon fixed fee, but shall never exceed our published fee schedule. The terms and conditions under which the client shall engage the third party investment advisory firm or individual advisors shall be set forth in a separate agreement between the client and the designated third party.

*Milestone Rewards*

Ritholtz Wealth Management has created a loyalty program, Milestone Rewards, for Clients who maintain an investment account with our firm for a period of three years (36 months). Participants in the Milestone Rewards program will receive an average fee discount of 16% across all investment accounts with our firm from the month they cross the three-year mark.

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<sup>1</sup> Please note the amount of assets we manage may be disclosed by rounding to the nearest \$100,000. Our "as of" date must not be more than three months before the date we last updated our Brochure in response to Item 4.E of Form ADV Part 2A.

**Liftoff – Automated Advisory Services:**

The maximum total fee charged for our Liftoff service will not exceed 0.50% of assets under management. The fee is split between our firm and Betterment Securities. Fees are billed on a pro-rata annualized basis quarterly in arrears based on the average daily balance of the previous quarter. Our fees are generally negotiable.

**Retirement Plan Consulting:**

Our Retirement Plan Consulting services are billed based on the percentage of Plan assets under management or flat fee basis. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client. Fees based on a percentage of managed Plan assets will not exceed 1.00%. The fee-paying arrangements will be determined on a case-by-case basis and will be detailed in the signed consulting agreement.

Our firm's fees are in addition to any fee assessed by any mutual funds in which Plan assets are invested and any transaction fees charged by the third-party administrator and/or custodian where the Plan is held. Our firm acknowledges that it receives no compensation of any kind from any party in relation to the services it provides as an independent consultant to the Plan fiduciaries. To the extent that the Client requires extra ordinary time effort or travel, Client and our firm will agree in advance on any additional compensation and or expense reimbursement.

B. Description of whether we deduct fees from clients' assets or bill clients for fees incurred.

**Comprehensive Portfolio Management & Liftoff – Automated Advisory Services:**

Fees will generally be automatically deducted from your managed account\*. As part of this process, you understand and acknowledge the following:

- a) Your independent custodian sends statements at least quarterly to you showing the market values for each security included in the Assets and all disbursements in your account including the amount of the advisory fees paid to us;
- b) You provide authorization permitting us to be directly paid by these terms;
- c) If we send a copy of our invoice to you, a legend urging the comparison of information provided in our statement with those from the independent custodian will be included.

\*In rare cases, we will agree to direct bill clients.

**Retirement Plan Consulting:**

The fee-paying arrangements for the Retirement Plan Consulting service will be determined on a case-by-case basis and will be detailed in the signed consulting agreement. Clients will either be invoiced directly for the fees or the fees will be automatically calculated and deducted from the Plan's assets.

C. Description of any other types of fees or expenses clients may pay in connection with our advisory services, such as custodian fees or mutual fund expenses.

Comprehensive Portfolio Management clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the

firm that the trades are executed through. Also, clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees).

- D. We must disclose if client's advisory fees are due quarterly in advance. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.

We charge our advisory fees quarterly in advance for our Comprehensive Portfolio Management service. In the event that you wish to terminate our Comprehensive Portfolio Management service, we will refund the unearned portion of our advisory fee to you. You need to contact us in writing and state that you wish to terminate our services. Upon receipt of your letter of termination, we will proceed to close out your account and process a pro-rata refund of unearned advisory fees.

We charge our advisory fees quarterly in arrears for our Liftoff service. Either party may terminate the advisory agreement signed with our firm's Liftoff service in writing at any time. Upon notice of termination pro-rata advisory fees for services rendered to the point of termination will be charged. If advisory fees cannot be deducted, our firm will send an invoice for due advisory fees to the client.

Either party to a Retirement Plan Consulting Agreement may terminate at any time by providing written notice to the other party. Full refunds will only be made in cases where cancellation occurs within five (5) business days of signing an agreement. After five (5) business days from initial signing, either party must provide the other party thirty (30) days written notice to terminate billing. Billing will terminate 30 days after receipt of termination notice. Clients will be charged on a pro-rata basis, which takes into account work completed by our firm on behalf of the client. Clients will incur charges for bona fide advisory services rendered up to the point of termination (determined as 30 days from receipt of said written notice) and such fees will be due and payable.

- E. Commissionable Securities Sales.

We do not sell securities for a commission in our advisory accounts.

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#### **Item 6: Performance-Based Fees & Side-By-Side Management**

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We do not accept performance-based fees.

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#### **Item 7: Types of Clients & Account Requirements**

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We have the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- State or Municipal Government Entities; and
- Pension and Profit Sharing Plans.



Our requirements for opening and maintaining accounts or otherwise engaging us:

- We require a minimum account balance of \$750,000 for our Comprehensive Portfolio Management service. We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee. The minimum account size may be negotiable for legacy clients, clients who are expected to exceed the account minimum shortly, and in other circumstances.

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

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Our firm is focused on capital preservation and risk management. We utilize behavioral economics and asset allocation strategies in order to maximize returns and minimize errors, all based on our clients' specific investment objectives. Our firm employs a goal based financial planning process in order to make investment recommendations for our clients.

We manage several discretionary portfolios for clients that seek to achieve the objectives of their financial plans. These include multiple versions of a core asset allocation model using institutional share class mutual funds and exchange-traded funds. We manage a tactical model portfolio that is frequently used to complement these strategic asset allocation models. Additionally, we may use separately management accounts employing all-equity or all-fixed income strategies where we believe they are appropriate.

#### **Please Note:**

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

We generally invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services.

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### **Item 9: Disciplinary Information**

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We have determined that our firm and management have no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

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

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Barry Ritholtz, Joshua Brown, and Michael Batnick are self-employed writers and regular contributors to multiple media outlets, which accounts for approximately 25% of their time. They have also authored books relating to investing and finance.

In addition, Barry Ritholtz and Joshua Brown serve on the board of advisors for Riskalyze, Inc., which creates software to help determine an investor's risk tolerance.

Joshua Brown also serves on the advisory board of Vestwell Holdings, Inc., which produces retirement platforms for advisors. Vestwell Holdings, Inc.'s services are independent of our firm's investment advisory services and are governed under a separate engagement agreement with Vestwell Holdings, Inc. Clients may be solicited to utilize their services, however, they are under no obligation to do so. Joshua Brown has accepted equity from both Riskalyze, Inc. and Vestwell Holdings, Inc.

Barry Ritholtz also serves on the board of advisors for Peer Street, Inc., which provides investors with access to real estate loans. Peer Street, Inc.'s services are independent of our firm's investment advisory services and are governed under a separate engagement agreement with Peer Street, Inc. Clients may be solicited to utilize their services, however, they are under no obligation to do so.

Brian Rosen, Jonathan Novy, and Kris Venne have established RWM Insurance Services, LLC, an affiliated insurance agency. They offer insurance products and receive customary fees as a result of insurance sales. A conflict of interest exists as these insurance sales create an incentive to recommend products based on the compensation adviser and/or our supervised persons may earn. To mitigate this potential conflict, our firm will act in the client's best interest in accordance with our fiduciary duty.

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### **Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading**

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A. Brief description of our Code of Ethics adopted pursuant to SEC rule 204A-1 and offer to provide a copy of our Code of Ethics to any client or prospective client upon request.

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must

conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

- B. If our firm or a related person recommends to clients, or buys or sells for client accounts, securities in which our firm or a related person has a material financial interest (excluding an interest as a shareholder of an SEC-registered, open-end investment company), we must describe our practice and discuss the conflicts of interest it presents.

Neither our firm nor a related person recommends to clients, or buys or sells for client accounts, securities in which our firm or a related person has a material financial interest.

- C. If our firm or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that our firm or a related person recommends to clients, we are required to describe our practice and discuss the conflicts of interest this presents and generally how we address the conflicts that arise in connection with personal trading.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

- D. If our firm or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for our firm's (or the related person's own) account, we are required to describe our practice and discuss the conflicts of interest it presents. We are also required to describe generally how we address conflicts that arise.

See Item 11A of this brochure. Related persons of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients on the same day. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

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## **Item 12: Brokerage Practices**

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- A. Description of the factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services.

We consider a wide range of factors, including, among others, these:

- Ability to maintain the confidentiality of trading intentions
- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Liquidity of the securities traded
- Willingness to commit capital
- Ability to place trades in difficult market environments
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation

With this in consideration, our firm participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC, Charles Schwab & Co., Inc. ("Schwab"), and MTG, LLC dba Betterment Securities ("Betterment Securities"), a registered broker-dealer and member of the SIPC. TD Ameritrade, Betterment Securities, and Schwab are independent and unaffiliated SEC-registered broker-dealers. Our firm receives some benefits from TD Ameritrade through its participation in their program. (Please see the disclosure under Item 14 below.) TD Ameritrade, Schwab, or Betterment Securities will hold your assets in a brokerage account and buy and sell securities when we and/or you instruct them to do so. While we recommend that you use TD Ameritrade, Schwab, and/or Betterment Securities as a custodian/broker, you will decide whether to do so and will open your account with the selected custodian/broker by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so.

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

1. Research & Other Soft Dollar Benefits. If we receive non-soft dollar research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"), we are required to disclose our practices and discuss the conflicts of interest they create. Please note that we must disclose all soft dollar benefits we receive, including, in the case of research, both proprietary research

(created or developed by the broker-dealer) and research created or developed by a third party.

TD Ameritrade, Schwab, and Betterment may make certain research and brokerage services available at no additional cost to our firm. These services may be directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by TD Ameritrade, Schwab, and Betterment may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by TD Ameritrade and Schwab to our firm in the performance of our investment decision-making responsibilities.

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

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

We do not use client brokerage commissions to obtain research or other products or services. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

- b. Incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on our clients' interest in receiving best execution.

As a result of receiving the services discussed in 12A.1, we may have an incentive to continue to use or expand the use of TD Ameritrade, Schwab, and/or Betterment Securities' services. Our firm examined this potential conflict of interest when we chose to enter into a relationship with TD Ameritrade, Schwab, and Betterment Securities. We have determined that the relationships are in the best interest of our firm's clients and satisfy our fiduciary obligations, including our duty to seek best execution.

TD Ameritrade, Schwab, and Betterment Securities charge brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions).

TD Ameritrade, Schwab, and Betterment Securities enable us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. TD Ameritrade, Schwab and Betterment Securities commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by TD Ameritrade, Schwab, and Betterment Securities may be higher or lower than those charged by other custodians and broker-dealers.

- c. Causing clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up).

Our clients may pay a commission to TD Ameritrade, Schwab, or Betterment Securities that is higher than another qualified broker dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions. Schwab and TD Ameritrade do not charge transaction fees for U.S. listed equities and exchange traded funds.

- d. Disclosure of whether we use soft dollar benefits to service all of our clients' accounts or only those that paid for the benefits, as well as whether we seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

TD Ameritrade provides our firm a discount on the use of Orion billing software and Salesforce, a client relationship manager software program, which is used to service our

clients' accounts. This service does not incentivize us to recommend TD Ameritrade. Our recommendation of TD Ameritrade to our clients is based on our clients' interests in receiving best execution and the level of competitive, professional services TD Ameritrade provides.

- e. Description of the types of products and services our firm or any of our related persons acquired with client brokerage commissions (or markups or markdowns within our last fiscal year).

We do not acquire client brokerage commissions (or markups or markdowns).

- f. Explanation of the procedures we used during our last fiscal year to direct client transactions to a particular broker-dealer in return for soft dollar benefits we received.

We do not direct client transactions to a particular broker-dealer in return for soft dollar benefits.

- 2. Brokerage for Client Referrals. If we use client brokerage to compensate or otherwise reward brokers for client referrals, we must disclose this practice, the conflicts of interest it creates, and any procedures we used to direct client brokerage to referring brokers during the last fiscal year (i.e., the system of controls used by us when allocating brokerage).

Our firm does not receive brokerage for client referrals.

- 3. Directed Brokerage.

- a. If we routinely recommend, request or require that a client directs us to execute transactions through a specified broker-dealer, we are required to describe our practice or policy. Further, we must explain that not all advisers require their clients to direct brokerage. If our firm and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, we are further required to describe the relationship and discuss the conflicts of interest it presents by explaining that through the direction of brokerage we may be unable to achieve best execution of client transactions, and that this practice may cost our clients more money.

We routinely recommend that a client direct us to execute the purchase or sale of securities through TD Ameritrade, Schwab, or Betterment Securities. Each client will generally be required to establish their account(s) with TD Ameritrade or Schwab if they have not already done so. Please note that not all advisers have this requirement. However, neither we nor any of our firm's related persons have discretionary authority in making the final determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected.

- b. Permissibility of Client-Directed Brokerage.

We may allow clients to direct brokerage outside our recommendation. However, we may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account,

you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices.

Discussion of whether, and under what conditions, we aggregate the purchase or sale of securities for various client accounts in quantities sufficient to obtain reduced transaction costs (known as bunching). If we do not bunch orders when we have the opportunity to do so, we are required to explain our practice and describe the costs to clients of not bunching.

We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

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### **Item 13: Review of Accounts or Financial Plans**

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- A. Review of client accounts or financial plans, along with a description of the frequency and nature of our review, and the titles of our employees who conduct the review.

We review accounts for our Comprehensive Portfolio Management, Retirement Plan Consulting, and Liftoff clients on at least an annual basis. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only our Financial Advisors or Portfolio Managers will conduct reviews.

Liftoff clients are encouraged to review their accounts through the online platform on a regular basis and notify our firm or their money manager of any changes in their financial situation.

- B. Review of client accounts on other than a periodic basis, along with a description of the factors that trigger a review.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

- C. Description of the content and indication of the frequency of written or verbal regular reports we provide to clients regarding their accounts.

We generally do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we contact clients who subscribe to our Comprehensive Portfolio Management service.



As mentioned in Item 13A of this Brochure, Retirement Plan Consulting clients do not receive written or verbal updated reports regarding their plans unless they choose to engage our firm for ongoing services.

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

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- A. If someone who is not a client provides an economic benefit to our firm for providing investment advice or other advisory services to our clients, we must generally describe the arrangement. For purposes of this Item, economic benefits include any sales awards or other prizes.

As disclosed under Item 12 of this Brochure, we participate in TD Ameritrade's institutional customer program and we may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between our firm's participation in the program and the investment advice we give to our Clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our firm's participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our firm's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit our firm but may not benefit our Client accounts. These products or services may assist us in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to our clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our firm's choice of TD Ameritrade for custody and brokerage services.

We also receive from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisors participating in the program. Specifically, the Additional Services include reimbursement for Orion Advisor Services' portfolio accounting software. TD Ameritrade provides the Additional Services to our firm in its sole discretion and at its own expense, and we do not pay any fees to TD Ameritrade for the Additional Services. Our firm and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services. Our firm's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to us, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, our firm's Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with us, in its sole discretion, provided certain conditions are met. Consequently, in order to continue

to obtain the Additional Services from TD Ameritrade, we may have an incentive to recommend to its Clients that the assets under management by our firm be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. Our firm's receipt of Additional Services does not diminish our duty to act in the best interests of our Clients, including to seek best execution of trades for Client accounts.

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

- B. If our firm or a related person directly or indirectly compensates any person who is not our employee for client referrals, we are required to describe the arrangement and the compensation.

Our firm pays referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. Such referral fee represents a share of our investment advisory fee charged to our clients. This arrangement will not result in higher costs to the referred client. In this regard, our firm maintains Solicitors Agreements in compliance with Rule 206 (4)-3 of the Investment Advisers Act of 1940 and applicable state and federal laws. All clients referred by Solicitors to our firm will be given full written disclosure describing the terms and fee arrangements between our firm and Solicitor(s). In cases where state law requires licensure of solicitors, our firm ensures that no solicitation fees are paid unless the solicitor is registered as an investment adviser representative of our firm. If our firm is paying solicitation fees to another registered investment adviser, the licensure of individuals is the other firm's responsibility.

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## **Item 15: Custody**

All of our clients receive at least quarterly account statements directly from their custodians. Upon opening an account with a qualified custodian on a client's behalf, we promptly notify the client in writing of the qualified custodian's contact information. If we decide to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm.

The SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction ("SLOA") is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our custodians:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

We encourage our clients to raise any questions with us about the custody, safety or security of their assets. The custodians we do business with will send you independent account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

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#### **Item 16: Investment Discretion**

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Clients provide our firm with investment discretion on their behalf, pursuant to an executed investment advisory client agreement. By granting investment discretion, we are authorized to execute securities transactions, which securities are bought and sold, the total amount to be bought and sold, and the costs at which the transactions will be affected. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's written acknowledgement.

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

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We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

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#### **Item 18: Financial Information**

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We are not required to provide financial information in this Brochure because: We do not require the prepayment of more than \$1,200 in fees and six or more months in advance. We do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients. We have never been the subject of a bankruptcy proceeding.