



WPWealth LLP

Form ADV Part 2A Brochure

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**Item 1 – Cover Page**

This brochure (“Brochure”) provides information about the qualifications and business practices of WPWealth LLP (formerly, Whitley Penn Financial, LLP effective November 15, 2018), an investment adviser registered with the United States Securities and Exchange Commission (“SEC”). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 145467. The SEC’s website also provides information about any persons affiliated with WPWealth who are registered, or are required to be registered, as investment adviser representatives of WPWealth. Registration of an investment adviser does not imply any level of skill or training. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities' authority.

If you have any questions about the contents of this Brochure, please contact Rebecca Sierp at (817) 259-9738 or via email at [rebecca.sierp@wpwealth.com](mailto:rebecca.sierp@wpwealth.com). Additional information about WPWealth is also available via the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and on WPWealth’s website, [www.wpwealth.com](http://www.wpwealth.com).

## **Item 2 – Material Changes**

Since the last update amendment to WPWealth LLP's ("WPWealth or the Firm") ADV Part II on August 28, 2019, we note the following material changes to this Brochure:

### ***Item 12 – Brokerage Practices***

Thomas J. Rein no longer serves on the TD Ameritrade Institutional Advisor Panel ("Panel").

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#### **Item 4 – Advisory Business**

WPWealth was formed in 2000 and is owned by its fifteen limited partners and one general partner, all of whom own less than ten percent (10%) of the Firm. The names of each partner may be found in the Firm's ADV Part 1, Schedule A.

WPWealth provides investment advisory and consulting services to individuals, partnerships, trusts, estates, corporations, charitable organizations, pensions, and profit sharing plans. Investment advice and portfolio management services are provided on a continuing basis which includes the appropriate allocation of managed assets among cash, stocks, mutual funds, ETFs and bonds. This selection of specific securities will provide proper diversification and help meet the client's stated investment objectives. These services include discretionary and non-discretionary management services. The primary clients for these services will be individuals and qualified plans including pension, profit sharing, defined benefit plans, 401(k) plans, trusts, corporations and deferred compensation plans.

The various investment advisory and consulting services are designed to meet the specific needs and risk tolerance of each client and may include exchange-listed stocks, corporate and municipal bonds, United States government and or government agency securities, no-load mutual funds, closed-end mutual funds, load-waived mutual funds, certificates of deposit (CDs), exchange traded funds (ETFs) and variable insurance products and/or their sub-accounts. Service agreements may contain a written notification period for termination of services.

Thomas J. Rein, Eleanor Ray, Shane Miller, Chad Holmes and William Weston are licensed insurance agents in the State of Texas and may, as appropriate, or at the request of an individual client, provide insurance related services on a commission basis.

WPWealth provides discretionary and non-discretionary investment management services to clients. The Firm will consider each client's stated investment objectives, individual needs, policies and restrictions.

#### **Discretionary Investment Management Services**

The client pays WPWealth for its investment management services based upon the client's assets under management. WPWealth maintains a Limited Power of Attorney for all discretionary accounts for the purposes of directing and or otherwise effecting investments on behalf of the managed account, for the direct payment of the Adviser's fees, custodial fees and or other charges incurred by the managed account.

WPWealth provides limited financial planning services. Financial planning is an evaluation of a client's current and hypothetical future financial state by using currently known variables to forecast future cash flows, asset values and withdrawal plans. Through this limited financial planning process, all questions, information and analysis are considered as they impact and are impacted by the financial and life situation of the client. Clients taking advantage of this service receive a printed report which provides the client with a summarized financial plan designed to assist the client in mapping his or her financial goals and objectives.

In general, the financial plan may address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability and long-term care.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client map his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's potential cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a self-evaluation risk questionnaire completed by the client, and prepare a printed report. Implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

### **Non-Discretionary Investment Management Services**

WPWealth offers its retirement solution alternatives to retirement plans and their sponsors. These services include: (i) a variety of investment options, including equity, fixed income, Reits, commodities and money market options utilizing mutual funds; (ii) investment monitoring and reporting services; (iii) design and implementation of employee enrollment and education programs; (iv) assistance with compliance under the Employee Retirement Income Securities Act (ERISA); and (v) assistance to plan administration with ongoing plan operations.

The scope of services may include:

- Ongoing research and evaluation of Plan investment choices;
- Qualitative and quantitative analysis of investment choices;

- Asset allocation strategies; and or
- Group employee educational meetings no less than annually.

WPWealth offers Plan sponsors and participants a choice of investment solutions. Generally, WPWealth utilizes mutual funds for its recommended investment option. Sub-transfer agent fees (commonly called sub-TA fees), or “12b-1” fees may be generated in relation to the Plan for services such as marketing and selling fund shares, the provision of certain prospectuses and paperwork for the funds, and the services provided in relation to answering inquiries about the investments. Collectively, these sub-TA and 12b-1 fees are known as “revenue sharing.” To the extent such revenue sharing is received, the client may direct that revenue sharing be used to offset WPWealth’s fees, thereby reducing the amount of fees that we charge directly to the plan, or that revenue sharing be allocated as earnings to the individual participants’ accounts in direct proportion to any individual account’s investment in the fund that generated the revenue sharing.

This revenue sharing does not increase WPWealth’s compensation in any way, but simply defrays the plan’s costs or increases participant earnings.

Selection and Monitoring Services for qualified plans are comprised of three distinct services. Clients may choose to use any or all of these services.

**Selection of Investment Vehicles:** WPWealth will review various investments, consisting mainly of mutual funds, in order to determine which of these investments are appropriate to implement the client’s IPS, if one exists. The number of investments to be recommended will be determined by the clients.

**Monitoring of Investment Performance:** Client investments may be monitored continuously, based on the procedures and timing intervals delineated by the client. Although WPWealth will not be directly involved in the purchase or sale of these investments, WPWealth will oversee the client’s portfolio and will make recommendations to the client as market factors and the client’s needs dictate.

**Employee Communications:** For pension, profit sharing, and 401(k) plan clients that include individual accounts with participants exercising control over assets in their own account (“self-directed plans”), WPWealth will provide investment education to, and for the benefit of, plan participants. Accordingly, WPWealth will coordinate participant investment education meetings on an annual basis. The nature of the topics to be covered will be determined by WPWealth and the client under the guidelines established in ERISA Section 404(c). The educational support and investment meetings will NOT provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

In addition, WPWealth provides non-investment related consulting services related to retirement plan compliance and administration. The Firm will not have discretion over the plan.

### **Consulting Services**

Individual clients can also receive investment advice on a more focused basis. This may include advice on isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. We also provide specific consultation and administrative services regarding investment and financial concerns of the client.

Consulting recommendations are not limited to any specific product or service offered by a mutual fund company or insurance company. All recommendations are of a generic nature.

WPWealth manages client assets on both a discretionary and non-discretionary basis. As of December 31, 2019 the Firm had \$621,232,999 total assets under management, with \$533,757,362 managed on a discretionary basis and \$87,475,637 managed on a non-discretionary basis.

The relationship between the parties may be terminated by either party upon 30 days written notice. Notwithstanding the above, if the appropriate disclosure statement was not delivered to the client at least 48 hours prior to the client entering into any written or oral advisory contract with this investment adviser, then the client has the right to terminate the relationship without penalty, within five business days after entering into the contract. The client will be entitled to a pro-rata refund of any pre-paid quarterly fee based upon the number of days remaining in the quarter after termination.

### **Item 5 – Fees and Compensation**

The fees charged are calculated as described herein, and are not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (SEC Rule 205(a)(1)).

A client agreement may be canceled at any time by either party, for any reason upon receipt of a 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded to the client, and any earned, unpaid fees will be due and payable.

All fees paid to WPWealth for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without the services of WPWealth. In that case, the client would not receive the services provided by WPWealth which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by WPWealth to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**Additional Fees and Expenses:** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker-dealers, including, but not limited to, any transaction charges imposed by a custodian or broker-dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

**Minimum Account Requirements:** Advisory clients are not subject to a minimum account requirement however, WPWealth does impose a minimum annual advisory fee in effect at the time the client entered into the advisory relationship.

**ERISA Accounts:** WPWealth is not an "investment manager" as such term is defined in Section 3(38) of ERISA. We will not have the power, discretion, or authority to manage, acquire, or dispose of any of a

qualified employee benefit plan's ("plan") assets. Any and all such decisions will be made by the plan and the plan fiduciaries, after the plan's and plan fiduciaries' own independent consideration.

To the limited extent that WPWealth provides investment advice for a fee, WPWealth is a fiduciary under ERISA §3(21). However, WPWealth is a fiduciary only with respect to this non-discretionary investment advisory function, and not in regard to the administration of the plan or in regard to participant education.

To the extent Participant Education may be considered to be investment advice under the terms of the Investment Advisers Act of 1940, as amended (the "Advisers Act"), it is agreed that (i) the participant education service is intended to be "impersonal advisory services" as defined in Rule 204-3 promulgated under the Advisers Act, (ii) oral presentations or written materials provided under the participant education service will not be designed to meet the investment objectives or needs of the plan(s) or any specific participant, and (iii) any statistical information provided as part of the Participant Education service will contain no expression of opinion as to the investment merits of any particular security.

To the extent that WPWealth is deemed to be a fiduciary to advisory clients that are employee benefit plans under ERISA §3(21) or individual retirement accounts (IRAs) pursuant to ERISA and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively, the firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code. These include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, WPWealth may only charge fees for investment advice about products for which the firm and or its related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which the firm and or its related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset advisory fees paid to WPWealth by the client.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Fees are subject to change with 30 days written notice. Notwithstanding the above, certain clients of the Adviser with pre-existing relationships may initially be charged fees which are less than those set out above. With regards to employee-related accounts and certain other accounts, the quarterly fees may be less, depending upon a number of factors, including portfolio size, length of employment and relationship to the employee.

### **Separately Managed Accounts**

WPWealth provides discretionary investment management services to clients. The Firm will consider each client's stated investment objectives, individual needs, policies and restrictions. The fee schedule is as follows:

<b>Included Assets Under Management</b>	<b>Annualized Fee</b>
Under \$1 Million	1.25% not to exceed 2.5%
\$1,000,000 and above	1.00% not to exceed 2.5%

The Firm charges a \$100.00 per year administration fee per account. The minimum management fee is \$5,000 per year for separately managed accounts. Fees and account size minimums are subject to



negotiation and may differ based on a number of factors, including, but not limited to, the total dollar amount of assets across multiple accounts and the number and range of supplemental advisory and client related services.

### **Qualified Retirement Solutions Fee Schedule**

<b>Included Assets Under Management</b>	<b>Annualized Fee</b>
Under \$350,000	\$3,500 Annual Fee
\$350,000 and above	1.00% not to exceed 2.5%

The minimum management fee is \$3,500 per year for qualified retirement solutions.

The client pays WPWealth for its investment management services based upon the client's assets under management as set forth in the above fee schedule. Fees are calculated by dividing the number of days in the billing cycle by the number of days in the year and multiplying the relevant percent by the assets under management. Fees are payable quarterly, in advance for Separately Managed Accounts and in arrears for Qualified Retirement Plan accounts. Such fees may be deducted from client's account(s) quarterly within 30 days following the end of the quarter for which said fees will be incurred. Fees for the initial quarter for new accounts will be adjusted pro-rata based upon the number of calendar days in the calendar quarter that the Agreement goes into effect.

WPWealth maintains a Limited Power of Attorney for all discretionary accounts for the purposes of directing and or otherwise effecting investments on behalf of the managed account, for the direct payment of the Adviser's fees and or the payment of commissions, custodial fees and or other charges incurred by the managed account.

**Limited Negotiability of Advisory Fees:** Although WPWealth has established the aforementioned fee schedules, we retain the discretion to negotiate a different contractual fee on a client-by-client basis based on circumstances such as complexity of the account, anticipated future additional assets, related accounts, portfolio style, account composition and reporting, among other factors. We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

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

WPWealth does not charge any performance fees based on a percentage or dollar amount share of capital gains or a percentage or dollar amount of capital appreciation of the assets of a client.

### **Item 7 – Types of Clients**

WPWealth provides investment advisory and consulting services to the following types of clients:

- individuals
- partnerships
- trusts
- estates

- corporations
- charitable organizations
- pension and profit sharing plans

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

WPWealth uses an asset class-based strategy in its investment selection. Allocation is consistent to the risk tolerance of the investor. Investing in securities involves risk of loss that clients should be prepared to bear. Such risks include market risk, interest rate risk, currency risk, and political risk, among others.

While complete loss is always a possibility in terms of investing in individual stock or bond positions, our asset class-based investment strategies are designed to reduce portfolio risk through global diversification and through selective targeting of fixed income securities. Equity positions are exposed to market risk. Clients invested in such positions should be prepared to bear the risk associated with a broadly diversified global equity portfolio. Clients investing in securities outside of the United States are exposed to market, currency and political risk. Due to our specific risk targets, portfolios with a higher proportion of equities, whether foreign or domestic, will carry greater risk than the diversified market portfolio as a whole.

Bond positions are exposed to credit and interest rate risk, both of which we attempt to limit through our focus on high credit quality and low effective durations. A 100% fixed income investor should be prepared to bear the credit and interest rate risk most commonly associated with 3-7 year investment grade securities.

***ALL INVESTMENTS ARE SUBJECT TO LOSS AND PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.***

## **Item 9 – Disciplinary Information**

WPWealth is required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of WPWealth or the integrity of WPWealth's management. WPWealth had no information applicable to this Item.

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

Thomas J. Rein is the Managing Partner of WPWealth and as such, Mr. Rein manages the investment advisory activities of WPWealth. Such activities are estimated to utilize approximately 90% of Mr. Rein's time. In addition, Mr. Rein is a partner of Whitley Penn, LLP, a certified public accounting firm, which utilizes approximately 10% of his time.

Persons associated with WPWealth may also be partners and or employed by and affiliated with Whitley Penn, LLP, under common ownership. Whitley Penn, LLP's principal services include auditing financial statements, preparing tax returns, and other related accounting, business and tax services. WPWealth may recommend the accounting services of Whitley Penn, LLP to its advisory clients. These services are separate from advisory services. Clients are not obligated to use the services of Whitley Penn, LLP.

## **Item 11 – Code of Ethics**

WPWealth has adopted a Code of Ethics for all supervised persons of the Firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the

confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at WPWealth must evidence by signature an acknowledgement, acceptance, and understanding of the terms of the Code of Ethics, annually or as amended. It is WPWealth's policy that the Firm will not affect any principal or agency cross securities transactions for client accounts. WPWealth will also not cross trades between client accounts. A written copy of WPWealth's Code of Ethics is available upon request.

## **Item 12 – Brokerage Practices**

### **Investment or Brokerage Discretion/Recommendations**

WPWealth will supervise and direct the separately managed account investments of the client accounts subject to such limitations as the client may impose in writing. WPWealth, as agent and attorney-in-fact with respect to the client's account, without prior consultation with the client, may, (a) direct the purchase, sell, exchange, conversion, and otherwise trade in stocks, bonds and other securities including money market instruments, (b) direct the amount of securities purchased, sold, exchanged, and otherwise traded, and (c) place orders for the execution of such securities transactions through a broker-dealer. WPWealth will allocate brokerage transactions in a manner it believes to be fair and responsible to its clients and consistent with client objectives. Adhering to a strict formula will not be practical given the variation in client objectives and guidelines. Accounts managed through the Firm's qualified plan Investment Advisory Agreement are managed on a non-discretionary basis.

WPWealth may place orders for the execution of transactions with or through a broker-dealer, and complying with Section 28(e) of the Securities Exchange Act of 1934 may pay a commission on transactions in excess of the amount of commission another broker or dealer would have charged. In managing investment portfolios, WPWealth acts in a manner in keeping with what it understands and believes to be the best interests of the client.

WPWealth is not affiliated with the brokerage firm. The broker does not supervise WPWealth, its agents or its activities.

Purchase and sale of specific securities by employees of Whitley Penn, LLP and WPWealth are prohibited when there are client programs active in those securities. Executions for clients will always receive priority. The officers and employees of Whitley Penn, LLP and WPWealth report personal securities transactions on a quarterly basis.

Individual securities are selected to provide diversification among economic sectors and industries which are chosen to achieve the desired balance between expected risk and expected return. Transactions of an unusual nature are discussed with clients before execution.

## **Item 13 – Review of Accounts**

Advisers will review all accounts no less than annually and compare each investment on a transaction basis to ensure that each transaction: (i) is suitable to the respective client's investment objectives; (ii) meets the client's quality standards; and (iii) to make sure that their investment objectives are still pertinent to the managed account arrangement. Reviews that are more frequent may be triggered by material changes in

variables such as the client's individual circumstances or changes in the market, economic or political environment.

The client receives, no less than quarterly, a performance report summarizing all portfolio activity for the previous quarter. In addition, the client receives brokerage transaction confirmations and statements, no less than quarterly, from the custodian of the account.

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

WPWealth does not provide compensation either directly or indirectly to any non-supervised person for referrals. Additionally, WPWealth does not receive any economic benefits from any non-clients for providing investment advice to the Firm's clients.

#### **Item 15 – Custody**

WPWealth does not maintain physical custody of any client funds or securities. Clients should receive statements, at least quarterly, from the broker-dealer, bank or other qualified custodian that holds and maintains clients' investment assets. WPWealth urges clients to carefully review such statements and compare such official custodial records to the account statements that WPWealth may provide. WPWealth's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

WPWealth is not affiliated with the custodian. The custodian does not supervise WPWealth, its agents or its activities.

#### **Standing Letter of Authorization**

WPWealth may assist clients with the transfer of their assets between two or more of a client's accounts maintained at the client's custodian or maintained with multiple custodians. This ability to transfer a client's assets between the client's accounts maintained at one or more qualified custodians, if the client has authorized the adviser in writing to make such transfers, causes the firm to exercise limited custody over funds or securities. Pursuant to Rule 206(4)-2 (the "Custody Rule"), WPWealth has taken steps to have controls and oversight in place to support the no-action letter issued by the SEC on February 21, 2017 (the "SEC no-action letter"). With respect to third party standing letters of authorization ("SLOA"), where a client may grant WPWealth the authority to direct custodians to disburse funds to one or more third party accounts, we are deemed to have limited custody. However, the firm is not required to comply with the surprise examination requirement of the Custody Rule if it is otherwise in compliance with the seven representations noted in the SEC's no-action letter.

Where the Adviser acts pursuant to a SLOA, we believe we are making a good faith effort to comply with the representations noted in the SEC's no-action letter. Additionally, since many of those representations involve the qualified custodian's operations, WPWealth will collaborate closely with its custodians to ensure that the representations would be able to be met.

**Item 16 – Investment Discretion**

WPWealth usually receives written discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts, WPWealth observes the investment policies, limitations and restrictions of the clients it advises. Investment policies, guidelines and restrictions must be provided to WPWealth in writing.

**Item 17 – Voting Client Securities**

As a matter of Firm policy and practice, WPWealth does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. WPWealth may provide advice to clients regarding the clients' voting of proxies.

**Item 18 – Financial Information**

WPWealth is required in this Item to provide clients with certain financial information or disclosures about the Firm's financial condition. WPWealth is well capitalized, has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.