



**Richard Young Associates, Ltd. | 801-70318**

## **Part 2A Form ADV Firm Brochure**

This brochure provides information about the qualifications and business practices of Richard Young Associates, Ltd. If you have any questions about the contents of this brochure, please contact us at (706) 739-0725 or [smarbert@ryaltd.com](mailto:smarbert@ryaltd.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 Richard Young Associates, Ltd. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Being a "registered investment adviser" or describing ourselves as being "registered," does not imply a certain level of skill or training.

### **Item 1: Identification**

Richard Young Associates, Ltd.  
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Email: [smarbert@ryaltd.com](mailto:smarbert@ryaltd.com)  
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Date of this brochure: April 5, 2021

### **Item 2: Material Changes**

There are no material changes since the last update of this brochure which occurred on February 25, 2020.

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#### **Item 4: Advisory Business**

- A. Richard Young Associates, Ltd. is a Corporation registered in the state of Illinois. Our order granting registration with the Securities and Exchange Commission originally began in 1996. The principal shareholders are Walter S. Marbert and Kathryn O. Marbert. Richard Young Associates, Ltd. has been in business since May 8, 1974.
- B. The types of advisory services we offer generally include asset allocation among institutional no-load mutual funds with quarterly rebalancing to a tolerance along with financial planning. We construct portfolios designed to be efficient in that they are designed to deliver a targeted return above inflation while minimizing volatility. We adhere to modern portfolio theory in the construction of our portfolios by using funds that typically represent 8 to 12 asset classes, including a significant weighting toward international stocks. Most portfolios are also weighted toward Small and Value stocks in an attempt to capture the higher return that these asset classes have historically delivered. Financial planning is usually included with money management at no additional charge unless it involves a comprehensive or complicated plan. Financial planning most often takes the form of retirement and tax planning.
- C. Our firm tailors our advisory services to the individual needs of clients. We have over 80 model portfolios to choose from, or we can customize a portfolio to the client's individual needs. Our firm emphasizes using asset allocation to accomplish the client's objectives and choosing mutual funds that closely represent each asset class. We usually do not manage money in individual stocks since we believe that this increases risk and limits diversification. We believe that academic research has demonstrated that asset allocation is the most important part of the investment management process. Clients may impose restrictions on investing in certain funds or types of funds by requesting a customized portfolio.
- D. Our firm does not participate in wrap fee programs.
- E. Our firm manages client assets primarily on a discretionary basis using no-load mutual funds, although some accounts are currently non-discretionary. As of 12/31/2020, we have \$531,249,275 assets under management on a discretionary basis and \$0 assets under management on a non-discretionary basis.

#### **Item 5: Fees and Compensation**

- A. Richard Young Associates, Ltd. is compensated for advisory services by charging a quarterly portfolio management fee. Our management fees are negotiable and may be discounted from the following standard fee schedule:

The first \$500,000	1.45 %
The next \$500,000	0.85 %
The next \$3,000,000	0.65 %
Over \$4,000,000	0.5 %
- B. Management fees are taken out of the client's account with the client's written authorization. By exception, the client may select to pay the management fee themselves by check. Management fees are paid quarterly.

- C. There are other types of fees or expenses clients may pay in connection with our advisory services, such as custodian fees or mutual fund expenses. Clients may incur brokerage and other transaction costs, as set forth in the fund prospectus, paid by the funds but ultimately borne by the investor. Most advisory client accounts are held at our custodian, TD Ameritrade, where all trades are executed. TD Ameritrade charges an asset-based fee of 0.15 percent per year per account. The minimum custodial fee per account is \$25.00 per year and the maximum is \$500.00 per year. Besides this fee, there are no separate transaction charges under this arrangement. Like most custodians, TD Ameritrade does occasionally charge other incidental fees for special services. However, these other incidental fees are not routinely incurred in our managed client accounts unless transferring out.
- D. The quarterly portfolio management fees are charged in advance at the beginning of each calendar quarter. The client has five (5) days within the signing of the advisory contract to terminate without penalty. Thereafter, if the advisory contract is terminated during the quarter, the unearned portion of the management fee will be prorated based on the number of days remaining in the quarter and refunded to the client. The client does not have to request this refund. Likewise, if an addition of money exceeds five percent of the account balance during a quarter, then a prorated fee based on the number of days remaining in the quarter for this addition is added to the following quarter's management fee.
- E. Our advisory firm does not typically accept commissions for the sale of securities or other investment products in our managed portfolios, including asset-based sales charges or service fees from the sale of mutual funds. As discussed above, we are compensated by a quarterly management fee and typically employ no-load mutual funds in our investment strategy.

#### **Item 6: Performance Based Fees**

Richard Young Associates does not accept performance-based fees.

#### **Item 7: Types of Clients**

Our firm provides investment advice to most types of client entities such as individuals, trusts, corporations, company retirement plans and pension plans. The vast majority of our clients are individuals. Our minimum managed asset level for a client relationship is \$50,000. Our minimum account size is \$1,000 per account. Exceptions are made to these levels on occasion.

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

- A. Our investment strategies generally include asset allocation among institutional no-load mutual funds rebalanced quarterly to a tolerance along with financial planning. We construct portfolios designed to be efficient in that they are designed to deliver a targeted return above inflation while minimizing volatility. We adhere to modern portfolio theory in the construction of our portfolios by using funds that typically represent 8 to 12 asset classes, including a significant weighting toward international stocks. Most portfolios are also weighted toward Small and Value stocks in an attempt to capture the higher return that these asset classes have historically delivered. We help clients evaluate their risk tolerance level with an in-depth discussion of their goals, objectives and tolerance for risk along with completing a risk questionnaire. Investing in securities, including mutual funds, involves the risk of loss, and clients should be prepared to understand and bear this risk. Any discussion of performance represents past performance and is no guarantee of future results and will not provide an adequate basis for evaluating the performance of a portfolio over varying market conditions or economic

cycles. Future performance may be significantly lower or higher than any performance discussed.

- B. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.
- C. Our asset allocation portfolios are designed around and based on historic asset class performance and standard deviations. Future performance and volatility may deviate significantly from those long term historic averages. Our strategies do not involve frequent trading unless a client is routinely adding or withdrawing money from his or her accounts. Withdrawals add to the risk of a portfolio due to more shares being redeemed when the value is down. International and small cap stock investing involve a higher degree of risk, and a significant portion of our portfolios are invested in international and small cap stock funds. While diversification may reduce risk, it does not ensure that a portfolio has gains or prevents losses. Mutual funds distribute dividends and capital gains each year which may be taxable. These distributions can vary significantly from year to year. The fact that some funds are tax-managed does not ensure that these distributions will be reduced or minimized. Correlation between asset classes varies from year to year and can deviate significantly from history. Stock asset classes often exhibit high correlation when markets are falling, thereby increasing risk during down markets. While we attempt to use funds that capture asset class returns, their success at duplicating one or more asset class can vary greatly from year to year due to cash flows, trading costs, and trading difficulties. For a complete list of the risk within each fund, please refer to the fund's prospectus.
- D. Our portfolios are primarily invested in no-load mutual funds which bear the full risk of their underlying asset classes. While our mutual funds are designed to capture the asset class rate of return, there is no guarantee that this can be accomplished over any given time period. Cash flows into a fund can make it difficult for the fund to maintain an exact representation of the asset class it is trying to duplicate. Also, redemptions may cause a fund manager to have to sell securities at an inopportune time or at a loss. Cash flowing out of a mutual fund may also cause a fund to have to realize gains, resulting in higher capital gain distributions and taxes at the end of the year.

## Item 9: Disciplinary Information

There are 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.

- A. **NO** criminal or civil actions exist in a domestic, foreign or military court in which our firm or a management person has been involved.
  - 1. Neither our firm, nor any related person to our firm, has ever been convicted of, or pled guilty or nolo contendere ("no contest") to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses.
  - 2. Neither our firm, nor any related person to our firm, has been named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses.
  - 3. Neither our firm, nor any related person to our firm, has been found to have been involved in a violation of an investment-related statute or regulation.

4. Neither our firm, nor any related person to our firm, has been the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order.
- B. There have been **NO** administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which our firm or a management person:
1. was found to have caused an investment-related business to lose its authorization to do business; or
  2. was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority
    - a. denying, suspending, or revoking the authorization of your firm or a management person to act in an investment-related business;
    - b. barring or suspending your firm's or a management person's association with an investment-related business;
    - c. otherwise significantly limiting your firm's or a management person's investment-related activities; or
    - d. imposing a civil money penalty of more than \$2,500 on your firm or a management person.
- C. There are **NO** self-regulatory organization (SRO) proceedings in which our firm or a management person
1. was found to have caused an investment-related business to lose its authorization to do business; or
  2. was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500.

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

- A. **NO** management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. **NO** management persons are registered, or have an application pending to register, as a futures commission merchant, a commodity pool operator, a commodity trading adviser, or an associated person of the forgoing entities.
- C. Except as described above and in the preceding sections pertaining to our custodian, TD Ameritrade, our firm has **NO** other relationships or arrangements that are material to our advisory business or to our clients with any related person listed below:
1. broker-dealer, municipal securities dealer, or government securities dealer or broker
  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. another investment adviser or financial planner
  4. futures commission merchant, commodity pool operator, or commodity trading adviser
  5. banking or thrift institution
  6. accountant or accounting firm

7. lawyer or law firm
8. pension consultant
9. real estate broker or dealer
10. sponsor or syndicator of limited partnerships.

D. Our firm does not recommend or select other investment advisers for our clients.

#### **Item 11: Code of Ethics, Client Transactions and Personal Trading**

- A. As an SEC-registered adviser, our firm adheres to a written and detailed Code of Ethics. A copy of this code of ethics is available to any client or prospective client upon request.
- B. Our firm does not buy or sell for client accounts, securities in which our firm or a related person has any material financial interest other than as an investment for our own personal investments.
- C. Our employees and managers invest in the same securities that our firm or a related person recommends to clients. Sometimes this practice can cause conflicts of interest. Front running, for instance, is a practice whereby an individual takes a position by buying an option on a security expected to benefit from a large block transaction. Our employees are prohibited from transacting any security immediately prior to a known client transaction. Since our investment philosophy follows a passive and disciplined asset allocation approach using no-load mutual funds, this kind of front running activity would typically be of no value.
- D. Our firm or a related person does occasionally recommend securities to clients, or buys or sells securities for our own accounts, at or about the same time. However, there is typically no conflict of interest in these transactions since we are typically using no-load mutual funds which are priced at net asset value at the end of each day. Our policy is that client transactions always have precedence.

#### **Item 12: Brokerage Practices**

- A. Aside from our custodial relationship with TD Ameritrade which is described in Item 5, our firm does not recommend broker-dealers for client transactions or determine the reasonableness of their compensation.
  1. Research and Other Soft Dollar Benefits - Our firm does receive free prepaid postage envelopes from TD Ameritrade for mailing documents and checks to TD Ameritrade. Other than this, our firm does not receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions.
    - a. Our firm does not use client brokerage commissions (or markups or markdowns) to obtain research or other products or services.
    - b. Our firm does not have an incentive to select or recommend a broker-dealer because products or services are not accepted from broker-dealers other than TD Ameritrade.
    - c. Our firm does not cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers because soft dollar benefits (known as paying-up) are not accepted.
    - d. Our firm does not use other soft dollar benefits to service our clients' accounts since other soft dollar benefits are not solicited or received.
    - e. Our firm or related person accepted no products or services with client brokerage commissions (or markups or markdowns) within our last fiscal year.
    - f. Our firm does not direct client transactions to a particular broker-dealer in return for soft dollar benefits.



2. Brokerage for Client Referrals - Our firm or a related person does not receive client referrals from a broker-dealer or third party.
  - a. Our firm has no incentive to select or recommend a broker-dealer based on our interest in receiving client referrals.
  - b. Our firm does not direct client transactions to a particular broker-dealer in return for client referrals.
3. Directed Brokerage
  - a. Our firm does not recommend, request or require that a client execute transactions through a specified broker-dealer, other than our primary custodian, TD Ameritrade. Not all advisers require their clients to use a particular brokerage. Our firm has no affiliates or any other economic relationship that creates a material conflict of interest. Advisers that direct clients to a specific brokerage may be unable to achieve the most favorable execution of client transactions, possibly costing clients more money.
  - b. Our firm is not involved in direct brokerage practices.
  - c. Transactions resulting in trading errors are typically moved to a trade error account and replaced with the correct trades in the client's account. If a trade error results in a gain once the error position is sold or closed out, then our firm holds that gain to offset any losses from other trade errors as allowed by TD Ameritrade. Per TD Ameritrade's policies, positive balances in our trade error account may be transferred out to our sundry account where it will be held until needed to make up for losses in our trade error account.
- B. Our firm is not typically involved in the aggregating the purchase or sale of securities for various client accounts. Since we primarily use no-load mutual funds when making multiple orders in multiple client accounts, there is no benefit to aggregating orders. Purchases of no-load mutual funds are always executed at the close of the market at net asset value. Aggregate orders receive no discount. However, when we use ETFs or trade other exchange traded securities in client accounts, then aggregate orders are occasionally used when beneficial and can be consolidated.

### **Item 13: Review of Accounts**

- A. Our firm periodically reviews client accounts. The frequency and nature of the review depends on the clients' needs. The Investment Adviser Representatives who conduct the reviews are Walter S. Marbert, John R. Travis, and Joshua S. Marbert. Accounts are also reviewed by our Trading Manager anytime trades are executed, such as during quarterly rebalancing.
- B. All clients' portfolios are reviewed through a rebalancing program at least quarterly and they are reviewed when meeting with clients. Our Trading Manager performs a daily review of cash positions through a cash rebalancing program and performs quarterly rebalancing based on a preset tolerance.
- C. Portfolio management clients receive at least quarterly reporting. This includes a calculation of performance, a statement of securities owned and their value at the end of the period along with a detail of all cash equivalents. All clients receive quarterly or monthly statements from all custodians.

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

- A. There is no outside entity or unrelated person compensating our firm for providing investment advice or other advisory services to our clients.
- B. Richard Young Associates may enter into "Solicitor/Finder" relationships. These individual solicitors offer our services to the public. Richard Young Associates pays a referral fee to the

solicitor or finder based on its advisory fee and written agreement. The final fee schedule will be disclosed in the client agreement. Richard Young Associates will charge the total fee to the client and pay the solicitor/finder their share of the total fee. Solicitor/finders will also be appropriately registered under federal and state securities laws, where applicable. Client receives all related agreements and disclosures prior to or at the time of entering into an Investment Advisory Agreement.

Our firm also compensates any person for client referrals with a token \$50 dinner gift card as a thank you. We require clients to sign a solicitor's agreement in order to receive the gift card. We also provide a token gift to the clients who have referred the most people over the previous year and a half at our client appreciation dinners. This gift is usually purchased at a deep discount for generally less than \$25.

### **Item 15: Custody**

Any investment advisor having custody or access to customer funds or securities must comply with certain rules and regulations designed to protect the clients' assets. Rule 206(4)-2 of the Investment Advisers Act of 1940 details strict requirements governing investment advisors that have "custody" over client securities or funds. Richard Young Associates meets the definition of having custody due to the following circumstances:

- Richard Young Associates directly debits fees from client accounts

Richard Young Associates does not have physical custody of any client funds and/or securities. Client funds and securities will be held with a bank, broker dealer, or other independent qualified custodian. Clients will receive account statements from the independent, qualified custodian holding your funds at least quarterly. The account statement from the client's custodian will indicate the amount of advisory fees deducted from the client's account(s) each billing cycle. Clients should carefully review statements received from the custodian. We request that clients notify Richard Young Associates of any discrepancies immediately.

Some clients may execute limited powers of attorney or other standing letters of authorization that permit the firm to transfer money from their account with the client's independent qualified Custodian to third-parties. This authorization to direct the Custodian may be deemed to cause our firm to exercise limited custody over your funds or securities and for regulatory reporting purposes, we are required to keep track of the number of clients and accounts for which we may have this ability. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate any transfers that may have taken place within your account(s) each billing period. You should carefully review account statements for accuracy.

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

Before Richard Young Associates can buy or sell securities on the client's behalf, the client must first sign our discretionary management agreement, a limited power of attorney, and/or trading authorization forms. By choosing to do so, the client may grant the firm discretion over the selection and amount of securities to be purchased or sold for the client's account(s) without obtaining the client's consent or approval prior

to each transaction. Clients may impose limitations on discretionary authority for investing in certain securities or types of securities (such as a product type, specific companies, specific sectors, etc.), as well as other limitations as expressed by the client. Limitations on discretionary authority are required to be provided to the IAR in writing. Please refer to the “Advisory Business” section of this Brochure for more information on our discretionary management services.

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

- A. Our firm does not accept authority to vote client securities.
- B. Our firm does not have authority to vote client securities. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent.

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

- A. Our firm does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.
- B. Our firm does not foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.
- C. Our firm has not been the subject of a bankruptcy petition at any time during the past ten years.

#### **Item 19: Requirements for State-Registered Advisers**

Richard Young Associates is an SEC registered investment adviser and is not registered with any state other than providing an annual notice filing.

- A. This information is supplied elsewhere in our Form ADV.
- B. As disclosed previously, Walter Marbert is actively engaged in the operation and leasing activities of our office building at 205 Hudson Trace, Augusta, GA. This activity consumes approximately 0.5 percent of Mr. Marbert’s time.
- C. The IARs of Richard Young Associates may also be licensed insurance agents. From time to time, they may offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. Richard Young Associates always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of Richard Young Associates in their capacity as an insurance agent.
- D. Our firm or a supervised person is not compensated for advisory services with performance-based fees. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.
- E. Our firm or a management person has never been involved in one of the events listed below:
  - 1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:
    - a) an investment or an investment-related business or activity;
    - b) fraud, false statement(s), or omissions;
    - c) theft, embezzlement, or other wrongful taking of property;
    - d) bribery, forgery, counterfeiting, or extortion; or
    - e) dishonest, unfair, or unethical practices.
  - 2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
    - a) an investment or an investment-related business or activity;

- b) fraud, false statement(s), or omissions;
- c) theft, embezzlement, or other wrongful taking of property;
- d) bribery, forgery, counterfeiting, or extortion; or
- e) dishonest, unfair, or unethical practices.

F. Our firm or any of our management persons has no relationship or arrangement with any issuer of securities that is not listed in Item 10C of Part 2A.