

# **Approach Retirement Advisors, LLC**

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**August 12, 2021**

## **FORM ADV PART 2A BROCHURE**

This Brochure provides information about the qualifications and business practices of Approach Retirement Advisors, LLC. If you have any questions about the contents of this Brochure, please contact the Chief Compliance Officer, Phillip Walker, at 850-316-8871. 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 Approach Retirement Advisors, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Approach Retirement Advisors, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, we have amended this Brochure to disclose the following material changes:

- ❑ Our firm has changed its legal name to Approach Retirement Advisors, LLC. Additionally, Phillip Walker joined our firm as an owner, Investment Adviser Representative, and Chief Compliance Officer. Our entity status and day to day operations have not changed. Please refer to various sections of this Brochure for more information.
- ❑ We have amended this Brochure to revise our fees and minimum fee requirements. Please refer to Item 5 of this Brochure for more information.

If you have any questions about these changes, please contact Phillip Walker, Chief Compliance Officer, at (850) 316-5636.

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## Item 4 Advisory Business

### Description of Firm

Approach Retirement Advisors, LLC is a registered investment adviser primarily based in Vestavia, AL and Pensacola, FL. We are organized as a limited liability company under the laws of the State of Alabama. Eric McClain and Phillip Walker are the owners of our firm, and we have been providing investment advisory services since 2013.

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this Brochure, the words "we", "our" and "us" refer to Approach Retirement Advisors, LLC, and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm.

We are strictly a fee-only registered investment adviser. We do not sell commission-based products and we do not accept commissions in any form.

### Wealth Management Services

Our firm primarily offers wealth management services where we manage our clients' investments within the larger context of the client's overall wealth management and financial planning process. Wealth management services consist of ongoing financial advice and discretionary (or non-discretionary) investment management services. Discretionary management enables our firm to purchase and/or sell securities for your account without your approval prior to each transaction. In our sole discretion, we may accept instructions from you that limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account). Such requests must be presented to our firm in writing. If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). Please see Item 16 (Investment Discretion) of this Disclosure Brochure for more information on discretionary authority.

If you retain our firm for wealth management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information at the beginning of our advisory relationship. We will use the information we gather from you to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf. As part of our wealth management services, we will customize an investment portfolio for you in accordance with your risk tolerance and investing objectives and/or we may invest your assets according to one or more model portfolios developed by our firm. Once we construct an investment portfolio for you, or select a model portfolio, we will monitor your portfolio's performance on an ongoing basis, and will periodically rebalance the portfolio as required by, among other things, changes in market conditions and in your financial circumstances.

As part of this service we will develop a wealth management process for each client designed to help guide us in reaching your financial goals and objectives. The wealth management process varies for each client as it is based on the client's individual financial circumstances. In the event we accept a client account that does not meet our stated account minimum (see Item 7 of this Brochure), we may alter the wealth management process structure to better accommodate the client's needs and requested services.

In limited circumstances and in our sole discretion, we may negotiate stand-alone management services.

In addition, we also provide discretionary management services to certain retirement accounts, such as a 401(k) account. These services are provided on an unaffiliated third-party web-based platform where clients will go through a one-time setup process enabling our firm to make any necessary trades or rebalancing to their portfolios. Under no circumstances will we possess privileges that would impute custody to our firm under applicable rules and regulations, including, but not limited to: maintaining your account log-in credentials on file; having the ability to change your address on record or ability to authorize distributions from your accounts; or authorization to open any new accounts on your behalf through the web-based platform. These arrangements require clients to have a taxable account with a qualified custodian, such as TD Ameritrade, whereby our advisory fees will be deducted from.

### **Financial Planning and Consulting Services**

In limited circumstances, and in our sole discretion, we may provide financial planning and consulting services as a stand-alone service. We offer modular and consultative financial planning services that typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. If you retain our firm for these services, we will meet with you to gather information about your financial circumstances and objectives and as required, we will conduct follow-up interviews for the purpose of reviewing and/or collecting additional financial data. Once such information has been reviewed and analyzed, we will provide you with our recommendations designed to help you achieve your stated financial goals and objectives. Our recommendations are based on the financial information you provide to our firm. You have the right to accept or reject our recommendations, and you may choose any firm to assist you with implementing our recommendations.

### **Types of Investments**

We primarily offer advice on mutual funds, exchange traded funds (ETFs), and equity securities (stocks). Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship. You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

### **Assets Under Management**

As of August 5, 2021 we provide continuous management services for approximately \$56,772,590 in client assets on a discretionary basis, and approximately \$101,280,983 in client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **Wealth Management Fee Arrangements**

Our fee for Wealth Management Services is based on a percentage of your assets we manage. The fee arrangement, subject to negotiation, is set forth in the following *blended* tiered fee schedule\*:

<u>Assets Under Management</u>	<u>Maximum Annual Advisory Rate**</u>
First \$1,000,000 under management	1.00% (0.2500% per quarter)
Next \$2,000,000 under management	0.75% (0.1875% per quarter)
Next \$3,000,000 under management	0.60% (0.1500% per quarter)
Next \$4,000,000 under management	0.50% (0.1250% per quarter)
Amounts over \$10,000,000 under management	0.40% (0.1000% per quarter)

*\*For example, the applicable management fee for a client with \$3,500,000 would be as follows: the first \$1,000,000 would be billed at an annual rate of 1.00%; the next \$2,000,000 would be billed at an annual rate of 0.75%; and the remaining \$500,000 would be billed at an annual rate of 0.60%.*

**\*\*Clients who have had prior relationships with the representatives of our firm and/or client(s) with unique circumstances, and/or client(s) gained from employing and/or affiliating with advisors, may be subject to different fee schedules and/or billing periods, both in arrears, in advance, hourly, monthly retainer, quarterly retainer and flat fee billing.**

In general, we require \$2,000,000 or more to open and maintain an advisory account. At our sole discretion, clients who do not meet the investment portfolio minimum can still work with our team by:

- Surpassing an annual household income amount of \$250,000 (single) or \$500,000 (joint)
- Receiving a referral from an existing client
- Requesting an exception

We may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum. In limited circumstances, and in our sole discretion, we may negotiate our services and/or fees when working with client family-related accounts.

Our annual management fee is billed and payable quarterly in advance based on the value of your account on the last business day of the previous quarter. If the management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances. In our sole discretion, we may negotiate other fee-paying arrangements upon client request.

Our fees for portfolio management services will be deducted directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account, and you should review all statements for accuracy. If you have any questions about the statement(s) you receive from the qualified custodian, please call our main office number located on the cover page of this Brochure.

Our agreement for services will continue in effect until terminated by either party upon 7-days' written notice to the other party. You will incur a pro rata charge for services rendered prior to the termination of the agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Financial Planning and Consulting Fee Arrangements**

We charge an hourly fee for our financial planning and consulting services of \$350 per hour due in arrears, and the minimum number of hours for any engagement is four hours. However, most financial planning arrangements take twenty hours or more. We also charge an hourly fee of \$200 for paraplanner-related services. An estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you and request that you approve the additional fee.

You may terminate the agreement by providing our firm with written notice. You will incur fees for services rendered prior to the termination of the agreement.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may recommend that you invest in corporate debt, municipal securities, mutual funds and ETFs. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling mutual funds, corporate debt and municipal securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to Item 12 of this Disclosure Brochure (Brokerage Practices).

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

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of a capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the *Fees and Compensation* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We typically offer investment advisory services to individuals, trusts, estates, charitable organizations, and other business entities.

In general, we require \$2,000,000 or more to open and maintain an advisory account. At our sole discretion, clients who do not meet the investment portfolio minimum can still work with our team by:

- Surpassing an annual household income amount of \$250,000 (single) or \$500,000 (joint)
- Receiving a referral from an existing client
- Requesting an exception

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

### **Our Methods of Analysis and Investment Strategies**

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

Modern Portfolio Theory (MPT) is a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully diversifying the proportions of various assets.

*Risk:* Market risk is that part of a security's risk that is common to all securities of the same general class (stocks and bonds) and thus cannot be eliminated by diversification.



Long-Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

*Risk:* Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

Short-Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

*Risk:* Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

#### *Tax Considerations*

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Rather, tax efficiency is one of several considerations that we will balance in connection with the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers recently began reporting the cost basis of equities and mutual funds acquired in client accounts. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments; however, you can change the accounting method for calculating the cost basis. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately, and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

#### *Risk of Loss*

Investing in securities involves risk of loss, including the loss of principal, that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.



### Other Risk Considerations

When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risks, each of which may affect the probability and magnitude of any potential losses. The following risks may not be all-inclusive, but should be considered carefully by a prospective client before retaining our services.

*Liquidity Risk:* The risk of being unable to sell your investment at a fair price at a given time due to high volatility or lack of active liquid markets. You may receive a lower price or it may not be possible to sell the investment at all.

*Credit Risk:* Credit risk typically applies to debt investments such as corporate, municipal, and sovereign fixed income or bonds. A bond issuing entity can experience a credit event that could impair or erase the value of an issuer's securities held by a client.

*Inflation and Interest Rate Risk:* Security prices and portfolio returns likely will vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of a client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed income investments to decline.

*Horizon and Longevity Risk:* The risk that your investment horizon is shortened because of an unforeseen event, for example, the loss of your job. This may force you to sell investments that you were expecting to hold for the long term. If you must sell at a time that the markets are down, you may lose money. Longevity Risk is the risk of outliving your savings. This risk is particularly relevant for people who are retired, or are nearing retirement.

### Recommendation of Particular Types of Securities

As disclosed under the "Advisory Business" section in this Disclosure Brochure, we primarily recommend mutual funds, exchange traded funds, and equity securities. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely.

However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

*Mutual Funds and ETFs:* Mutual funds and exchange traded funds (ETFs) are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Exchange traded funds differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely whereas "closed end" funds have a fixed number of shares to sell which can limit their availability to new investors.

*Equity Securities (Stocks):* There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

## **Item 9 Disciplinary Information**

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required disclosures under this item.

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

We have not provided information on other financial industry activities and affiliations because we do not have any relationship or arrangement that is material to our advisory business or to our clients with any of the types of entities 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. other 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. insurance company or agency;
9. pension consultant;
10. real estate broker or dealer; and/or
11. sponsor or syndicator of limited partnerships.

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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this Disclosure Brochure.

**Participation or Interest in Client Transactions**

Neither our firm nor any persons associated with our firm has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this Disclosure Brochure.

**Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we may have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. In efforts to mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities. As a fiduciary, it is our firm's obligation to act in our client's best interest.

**Item 12 Brokerage Practices****Brokerage Recommendations**

For clients engaging our firm for wealth management and/or investment management services, we require clients to open one or more custodian accounts in their own name at an independent custodian. We consider several factors in recommending a broker-dealer/custodian to a client. Factors that we consider when recommending a broker-dealer/custodian may include ease of use, reputation, service execution, pricing and financial strength. We may also take into consideration the availability of the research and/or services received or offered by the broker-dealer/custodian.

While you are free to choose any broker-dealer/custodian or other service provider, we recommend that you establish an account with a brokerage firm with which we have an existing relationship. For clients in need of brokerage or custodial services, we recommend the use of TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade"), member FINRA/SIPC, an unaffiliated SEC-registered broker-dealer. TD Ameritrade offers independent investment advisers services that include custody of securities, trade execution, clearance and settlement of transactions. We believe that TD Ameritrade provides quality execution services for our clients at competitive prices.

In limited circumstances, and at our discretion, some clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. If you choose to direct our firm to use a particular broker, you should understand that this might prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker-dealer are adequately favorable in comparison to those that we would otherwise obtain for you.

**Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

**Research and Other Soft Dollar Benefits**

As a registered investment adviser, we may have access to research products and services from your account custodian and/or other brokerage firm. These products may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the service platforms of these firms, and are *not* considered to have been paid with soft dollars. The receipt of such products and/or services creates a conflict of interest since our firm may benefit from such products and/or services. In efforts to mitigate this conflict, it is

our firm's policy to act in our clients' best interest, and to use these products and/or services for the benefit of all our clients. Clients should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

### **Aggregated Trades**

We may combine multiple orders for shares of the same securities purchased for discretionary advisory accounts we manage (this practice is commonly referred to as "aggregated trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. Generally, participating accounts will pay a fixed transaction cost regardless of the number of shares transacted. In certain cases, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs on any given day. In the event an order is only partially filled, the shares will be allocated to participating accounts in a fair and equitable manner, typically in proportion to the size of each client's order. Accounts owned by our firm or persons associated with our firm may participate in aggregated trading with your accounts; however, they will not be given preferential treatment.

We do not aggregate trades for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our firm, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm.

## **Item 13 Review of Accounts**

### **Wealth Management Services**

If you engage us for wealth management services, Eric McClain and/or Phillip Walker, both Owners and Investment Adviser Representatives of our firm, will monitor your accounts on an ongoing basis and will conduct account reviews at least annually, and upon your request, to ensure that the advisory services provided to you are consistent with your stated investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to: contributions and withdrawals; year-end tax planning; market moving events; security specific events; and/or changes in your risk/return objectives.

We may provide you with additional or regular written reports in conjunction with account reviews. Reports we provide to you will contain account performance. In addition, you will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

If our management engagement includes financial planning recommendations, we will generally contact you at least annually to determine whether any updates may be needed based on changes in your circumstances. Changed circumstances may include, but are not limited to marriage, divorce, birth, death, inheritance, lawsuit, retirement, job loss, and/or disability, among others.

### **Financial Planning and Consulting Services**

If you engage our firm for the purpose of obtaining financial planning and consulting services, but not for the purpose of obtaining wealth management services, any review and/or modification of your financial plan after the completion of our initial engagement will be conducted only upon your request. Each such review and/or modification will constitute a new and distinct engagement requiring the execution of a new agreement, and services will be provided at our then current hourly rate.

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

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

Please refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with TD Ameritrade and/or other broker-dealer/custodians.

### **Item 15 Custody**

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise *limited* custody over your funds or securities. We do not have physical custody of any of your funds and/or securities as your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy, and contact us immediately if you have any questions.

### **Item 16 Investment Discretion**

If you engage our firm for discretionary portfolio management services, we require you to grant our firm discretionary authority that will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is granted by the advisory agreement you sign with our firm. In our sole discretion, we may accept instructions from you that limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account). Such requests must be presented to our firm in writing.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

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

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitations to vote proxies.

## **Item 18 Financial Information**

The following are disclosures required by the Form ADV Instructions:

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this Brochure. We have not filed a bankruptcy petition at any time in the past ten years.

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

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any non-public personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to non-public personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your non-public personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Contact our main office at the telephone number on the cover page of this Disclosure Brochure if you have any questions regarding this policy.

If you decide to close your account(s) we will adhere to our privacy policies, which may be amended from time to time.



If we make any substantive changes in our privacy policy that would further permit or require disclosures of your private information, we will provide written notice to you. Where the change is based on permitted disclosures, you will be given an opportunity to direct us as to whether such disclosure is acceptable. Where the change is based on required disclosures, you will only receive written notice of the change. You may not opt out of the required disclosures.

If you have questions about our privacy policies, please contact our main office at the telephone number on the cover page of this Disclosure Brochure and ask to speak to the Chief Compliance Officer.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit. Moreover, we do not determine whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf.

### **IRA Rollover Considerations**

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset-based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  1. Employer retirement plans generally have a more limited investment menu than IRAs.
  2. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower or higher fees than our fees.
  1. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  2. You should understand the various products and services you might take advantage of



- at an IRA provider and the potential costs of those products and services.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
  4. Your current plan may also offer financial advice.
  5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 70.5.
  6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
    1. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
  7. You may be able to take out a loan on your 401k, but not from an IRA.
  8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
  9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
  10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this Brochure.