

**Item 1 – Cover Page**

**ADV Part 2A & 2B**

**Shotwell Rutter Baer Inc**  
**Registered Investment Advisor**

David W. Shotwell CFP, President  
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Lansing, MI 48917  
517-321-4832  
[www.srbadvisors.com](http://www.srbadvisors.com)  
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This Brochure provides information about the qualifications and business practices of Shotwell Rutter Baer Inc (doing business as Shotwell Rutter Baer). If you have any questions about the contents of this brochure, please contact us at 517-321-4832 and/or [info@srbadvisors.com](mailto:info@srbadvisors.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 Shotwell Rutter Baer is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

Shotwell Rutter Baer is a Registered Investment Advisor. Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of an Advisor provide you with information with which you determine to hire or retain an Advisor.

## **Item 2 – Material Changes**

No material changes to report since our last annual ADV Update in 2020

A current copy of our Brochure may be requested by contacting the firm at 517-321-4832 or [info@srbadvisors.com](mailto:info@srbadvisors.com). The Brochure is also available on our website [www.srbadvisors.com](http://www.srbadvisors.com)

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Additional information about Shotwell Rutter Baer is also available via the SEC's web site [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Shotwell Rutter Baer who are registered, or are required to be registered, as investment advisor representatives of Shotwell Rutter Baer.

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#### Item 4 – Advisory Business

Shotwell Rutter Baer is a Registered Investment Advisor, the owner of which is David W. Shotwell. The firm was founded in 2001. On April 1, 2018, David Shotwell, the firm's President, became owner of Shotwell Rutter Baer. The firm provides financial planning services including financial coaching and guidance; investment planning and account monitoring; retirement planning, projections and asset allocation; income tax and estate planning; insurance and employee benefits advice; family and estate planning and advice in related areas.

Client assets managed on a discretionary and non-discretionary basis as of December 31, 2020, are as follows:

Discretionary assets: \$115,529,819

Non-discretionary assets: \$0

Services are provided in one of three ways:

1. On a consultant basis, services are provided for an hourly fee with meetings as requested by the client. Services are tailored to meet the needs of the client within the range of offerings and the client determines the extent of the engagement. Services may be related to the areas of:
  - Financial coaching and guidance
  - Investment planning and account monitoring
  - Retirement planning, projections and asset allocation
  - Income tax and estate planning
  - Insurance and employee benefits advice
  - Family and estate planning
  - Other reasonably related areas as agreed to.
2. On a subscription basis where our clients work one-on-one with a planner over an extended period of time. By paying a monthly subscription, clients receive ongoing access to a planner who will work with them to prepare, implement and monitor their comprehensive financial plan. The planner will recommend any changes and ensure the plan is up to date on a periodic basis.

Follow-up phone and/or video calls and emails will be made to the client to confirm that any agreed upon action steps have been carried out. The advisor and the client will review this agreement annually.

2. In an assets-under-management arrangement, services are available to the client on a 24/7 basis in any area of financial services requested or needed by the client, the client's spouse, the client's parents and/or the client's children. Client accounts are established, monitored and evaluated on an ongoing basis. Additional services include retirement planning, estate planning (not including legal services), tax planning (not including document preparation), coaching in the areas of credit, major purchases, family financial issues and any other related matter requested by the client. The advisor initiates regular review meetings at the client location or advisor office but is available to the client at any reasonable additional time(s) as may be requested by the client. We tailor our advisory services to the needs of our individual clients by discussing their situation, setting up a financial plan, and regularly reviewing their goals and progress. Model portfolios can be customized within reason to accommodate certain tax or risk – related scenarios. Clients direct and approve what securities to buy or sell.

The assets-under-management relationship may exist in two ways:

- a. At third party management companies (commonly referred to as custodians)

Custodians currently used by Shotwell Rutter Baer include SEI Private Trust Company, TD Ameritrade, Asset Mark and Nationwide Advisory Solutions.

Advisors and employees of Shotwell Rutter Baer may invest in similar or identical portfolios with a custodian as are recommended for clients. Because the investments are standard portfolios primarily consisting of mutual funds, the use of the portfolios by Shotwell Rutter Baer associates does not present a conflict of interest.

Clients in an assets-under-management relationship receive a custody agreement and ADV 2/fee schedule from the custodian(s) used for their account(s).

Use of Sub-Advisors: In addition to managing portfolios directly, we may utilize the services of a sub-advisor to assist with portfolio management. We assist clients in selecting an appropriate allocation model, completing the Sub Adviser's investor profile questionnaire, interacting with the Sub Adviser and reviewing the Sub Adviser. Our review process and analysis of Sub Advisers is further discussed in Item 8 of this Form ADV Part 2A. Additionally, we will meet with the client on a periodic basis to discuss changes in their personal or financial situation, suitability, and any new or revised restrictions to be applied to the account. Fees pertaining to this service are outlined in Item 5 of this brochure.

- b. In restricted accounts.

Restricted accounts are defined as retirement accounts which must remain with the current custodian while the client is actively employed. The employer/custodian determines broker/dealer to be used and commission rates to be paid to that broker-dealer. Shotwell Rutter Baer provides asset allocation, rebalancing and reporting services in addition to financial services detailed above.

## Item 5 – Fees and Compensation

1. Fees for consultant services are determined as follows:

Effective January 1, 2017, the fee is \$300 per hour.

Fees are not negotiable. However, billing for telephone and e-mail consultations may be reduced or waived depending on the circumstances of the inquiry.

The fee for subscription services starts at \$200 per month and is billed monthly, in arrears.

2. Fees for assets under management relationships, custodied at SEI Private Trust Company, TD Ameritrade or Nationwide Advisory Solutions are charged quarterly, in arrears, at the end of each quarter (March 31, June 30, September 30 and December 31). Fees are not payable or due in advance. Fees are not negotiable. However, management fees may be waived for individuals employed by or contracted with the firm or for family members. Management fees are indicated on quarterly custodial statements. Invoices are provided for clients by request or if their state of residence requires that a separate invoice be provided by the advisor.
  - a. Fees for assets under management relationships at Asset Mark are charged quarterly and payable in advance.
  - b. At third party management companies, fees are deducted from client account(s) and transmitted to the advisor according to the following schedule:

<u>Account Portion</u>	<u>Annual Fee</u>
Up to \$499,999.99	1.00% (0.25% quarterly)
\$500,000.00 to \$999,999.99	0.80% (0.20% quarterly)
\$1,000,000.00 to \$1,999,999.99	0.60% (0.15% quarterly)
\$2,000,000.00 and up	0.20% (0.05% quarterly)

Accounts held at SEI Private Trust Company with a quarter-ending balance of less than \$50,000 may be subject to an annual account service fee of \$60, imposed by SEI and deducted from the account at \$15 per quarter. The fee is not imposed on accounts with a quarter-ending balance under \$50,000 that were opened between January 1 and December 31, 2015. The SEI account service fee is not imposed on accounts with a quarter ending balance of less than \$50,000 if the account (s) are held in a household with total assets under management over \$1,000,000.

- c. In restricted accounts, clients are billed directly by advisor and fees are payable by check or other direct means. Commission and transaction fees charged to the client by the custodian or broker/dealer are deducted from the fee payable to the advisor. Fees are determined according to the following schedule:

<u>Account Portion</u>	<u>Annual Fee</u>
Up to \$499,999.99	0.95% (0.2375% quarterly)
\$500,000.00 to \$999,999.99	0.75% (0.1875% quarterly)
\$1,000,000.00 to \$1,999,999.99	0.45% (0.1125% quarterly)
\$2,000,000.00 and up	0.20% (0.0500% quarterly)

In situations where a client has a restricted account and account(s) with a third-party management company, the restricted account (reduced) fee applies to all accounts.

When XYIS is used as a sub-adviser, XYIS will debit the client's account for both XYIS's fee and Shotwell Rutter Baer's advisory fee and will remit that advisory fee to Shotwell Rutter Baer. Please note, the above fee schedule does not include the sub adviser's fee.

Household accounts are defined as accounts owned by one or more individuals or entities with identical mailing addresses. The combined value of household accounts is used to reach price break levels for all included accounts.

Investments in mutual funds are subject to internal management expenses, the amounts of which vary widely depending on the fund objective and the investment company. Clients are informed of these expenses in meetings and by means of fund prospectus provided.

Clients in an assets under management agreement, with assets custodied at SEI, TD Ameritrade and Nationwide, may terminate the arrangement without notice by paying a pro-rated fee for the current quarter. Clients in an assets under management agreement with Asset Mark may terminate the arrangement without notice and the Advisor shall return to the Client, within 30 days of the effective date of termination, a pro-rated portion of the quarterly fee paid by the client at the beginning of the quarter with respect to such account.

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

Shotwell Rutter Baer does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7 – Types of Clients**

Shotwell Rutter Baer provides financial planning and portfolio management services to individuals and high-net-worth individuals. Asset management services may also be extended to small individual or corporate retirement plans when such plans are held by an assets-under-management client (for example, SEP, SIMPLE, and 401(k) plans). There is no minimum account size for clients or potential clients of Shotwell Rutter Baer.

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

Investing in securities involves risk of loss that clients should be prepared to bear. Critical to the financial planning process used by advisors is the explanation of the various forms of risk and measures that can be implemented to mitigate risk. Risk and the prospect of loss are thoroughly discussed and advisor bases investment recommendations on several factors including but not limited to:

- The client's current financial circumstances
- Time horizon for use of assets
- Sophistication of client and their understanding of risk/reward concepts

Advisor recommends only no-load mutual funds in a strict asset allocation approach. Once an allocation is agreed upon, and assets are invested, the only subsequent trading recommended is to rebalance the assets to the originally agreed-upon allocation. Advisor reviews client financial circumstances on a regular basis and recommends changes in the allocation when material changes occur in the client's financial situation. Initial allocation decisions consider time passing and markets changing so recommendations to change an allocation due to significant changes in markets are infrequent.

Use of Outside Managers or Sub-Advisers: We may recommend the use of third-party investment advisers ("outside managers" or "Sub-Advisers") for portfolio management. Our analysis of outside managers involves the examination of the experience, expertise, investment philosophies, and past performance of the outside managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations, and leverage as part of the overall periodic risk assessment. Additionally, as part of our due diligence process, we survey the manager's compliance and business enterprise risks. A risk of investing with an outside manager who has been successful in the past is that he or she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in an outside manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

## **Item 9 – Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Shotwell Rutter Baer or the integrity of the management of the firm.



- A. Shotwell Rutter Baer and its employees have not been convicted of, pled guilty to, or been a subject of a pending criminal proceeding, been found to have been involved in a violation of an investment related statute or been the subject of any order, judgement or decree regarding any investment related activity or investment related statute or rule.
- B. Shotwell Rutter Baer and its employees have not been found by the SEC, any federal, state, or foreign regulatory agency to have caused any investment - related business to lose its authorization to do business and have not been found to be involved in any violation of an investment - related statute or regulation.
- C. Shotwell Rutter Baer and its employees have not been found by any self-regulatory organization (SRO) to have caused an investment related business to lose its authority to do business and have not been found to have been involved in any violation of any SRO rules and have not been barred or suspended from membership.

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

Shotwell Rutter Baer may refer clients to individuals or institutions that provide services which could be beneficial to the client. Typically, referrals may be made to attorneys, accountants, mortgage specialists, real estate brokers, no-load mutual fund companies, insurance agencies and banks. Under no circumstances is Shotwell Rutter Baer compensated in any way for these referrals. There is no contractual or other agreement with any of these individuals or institutions, therefore there is no conflict of interest resulting from these referrals.

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

Shotwell Rutter Baer has adopted, and all advisors adhere to, the National Association of Personal Financial Advisors Fiduciary Oath along with the Certified Financial Planner Board Code of Ethics and Professional Responsibility, both of which are stated below:

## **NAPFA Fiduciary Oath**

The advisor shall exercise his/her best efforts to act in good faith and in the best interests of the client.

The advisor shall provide written disclosure to the client prior to the engagement of the advisor, and thereafter throughout the term of the engagement, of any conflicts of interest, which will or reasonably may compromise the impartiality or independence of the advisor.

The advisor, or any party in which the advisor has a financial interest, does not receive any compensation or other remuneration that is contingent on any client's purchase or sale of a financial product.

The advisor does not receive a fee or other compensation from another party based on the referral of a client or the client's business.

Following the NAPFA Fiduciary Oath means I shall:

- \* Always act in good faith and with candor.
- \* Be proactive in disclosing any conflicts of interest that may impact a client.
- \* Not accept any referral fees or compensation contingent upon the purchase or sale of a financial product.

## **Certified Financial Planner Board Code of Ethics and Professional Responsibility**

Principle 1 – Integrity.

Integrity demands honesty and candor which must not be subordinated to personal gain and advantage. Advisor provides professional services with integrity.

Principle 2 – Objectivity

Objectivity requires intellectual honesty and impartiality. Advisor provides professional services objectively.

Principle 3 – Competence

Advisor maintains the knowledge and skills necessary to provide professional services competently. Advisor consults with or refers clients to other professionals when appropriate or necessary.

Principle 4 – Fairness

Advisor provides professional services with impartiality and honesty. Potential conflicts of interest are disclosed.

Principle 5 – Confidentiality

Advisor protects the confidentiality of all client information.

Principle 6 – Professionalism

Advisor acts in a manner that demonstrates exemplary professional conduct.

Principle 7 – Diligence

Advisor provides services in a reasonably prompt and thorough manner.

#### Conflict of Interest

Advisors and employees of Shotwell Rutter Baer may invest in similar or identical portfolios with a third-party money manager (custodian) as are recommended for clients. Because the investments are standard portfolios consisting of mutual funds, the use of the portfolios by Shotwell Rutter Baer associates does not constitute a conflict of interest. When applicable, we place trades in client accounts prior to trades in the employee accounts of Shotwell Rutter Baer and the firm and its employees do not practice or participate in "front running" client accounts.

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

Shotwell Rutter Baer is not a broker/dealer nor is it affiliated with a broker/dealer.

- (A) (1) Shotwell Rutter Baer does not receive any soft dollar benefits from any third party including SEI.
- (B) Shotwell Rutter Baer does not aggregate orders in client accounts.

#### **Item 13 – Review of Accounts**

Accounts of assets-under-management clients are reviewed quarterly or more frequently by David W. Shotwell, President, Nick Nauta and/or Jeff Rutter. Face-to-face or telephone/internet meetings are offered quarterly. Account performance, progress toward client goals and current client circumstances are reviewed. Changes in client needs or goals, changes to our firm structure, changes in our custodians or other service providers, or significant economic events will prompt review meetings on a more than periodic basis.

Monthly reports are transmitted electronically or mailed to the client home detailing activity and month-end values unless the client has requested reports be sent only quarterly. Quarterly reports mailed to the client home or transmitted electronically also detail performance by asset class and total account. Reports are in written form and are reviewed with the client in person or by telephone.

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

Shotwell Rutter Baer is compensated ONLY by the clients who use the services of the firm. The firm receives no economic benefit from any entity or person to which or to whom a client has been referred. Shotwell Rutter Baer does not compensate anyone for client referrals.

## **Item 15 – Custody**

Shotwell Rutter Baer has discretionary authority over client's investment advisory accounts at SEI, TD Ameritrade, Asset Mark and Nationwide only to the extent described in the custodians' account application, custody agreement and ADV, copies of which are provided to clients upon joining Shotwell Rutter Baer.

The Advisor does not maintain custody of client funds or securities. The Advisor accepts direct fee deduction for payment of client fees for advisory services rendered from our clients' investment accounts managed by the Advisor.

Custodian sends quarterly or more frequent account statements directly to clients.

## **Item 16 – Investment Discretion**

The firm has discretionary authority over client's accounts at SEI, TD Ameritrade, Asset Mark and Nationwide only to the extent described in the custodians' account application, custody agreement and ADV.

In restricted accounts (see Item 2, Part b), Shotwell Rutter Baer receives 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. Such discretion is exercised in a manner consistent with the stated investment objectives for the particular client account. A signed Limited Power of Attorney is on file for each restricted account over which advisor has discretion.

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

As a matter of firm policy and practice, Shotwell Rutter Baer 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. Clients will receive their proxies or other solicitations directly from the custodians or a transfer agent. Shotwell Rutter Baer may provide advice to clients regarding the clients' voting of proxies.

## **Item 18 – Financial Information**

Registered investment advisors are required in this Item to provide you with certain financial information or disclosures about the financial condition of Shotwell Rutter Baer. Shotwell Rutter Baer has no financial commitments that impair the ability of the firm to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding. The Advisor does not charge more than \$1,200 in fees, per client, six months or more in advance.