



**Summit Wealth Advocates, LLC**

5871 Crossandra Street SE  
Prior Lake, MN 55372

Telephone: 612-987-9112

Facsimile: 952-440-5261

Email: [mwright@summitwealthadvocates.com](mailto:mwright@summitwealthadvocates.com)

Web Address: [www.summitwealthadvocates.com](http://www.summitwealthadvocates.com)

February 2021

This brochure provides information about the qualifications and business practices of Summit Wealth Advocates, LLC. If you have any questions about the contents of this brochure, please contact us at 612-987-9112 or [mwright@summitwealthadvocates.com](mailto:mwright@summitwealthadvocates.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.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about Summit Wealth Advocates, LLC also is available on the SEC's website at [www.adviserinformation.sec.gov](http://www.adviserinformation.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 151330.

## **Item 2 Material Changes**

Since our last annual amendment, dated February 18, 2020, the following material change has been made to our business and/or services.

TD Ameritrade, Inc. has been added under Brokerage Services as an additional option for institutional trading and custody services.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes within 120 days of the close of our business' fiscal year. We will also provide other ongoing disclosure information about material changes or new information as necessary.

We will always provide you with a current brochure at any time without charge which may be requested by contacting us at 612-987-9112 or [mwright@summitwealthadvocates.com](mailto:mwright@summitwealthadvocates.com).

## Item 3 Table of Contents

Item 2 Material Changes .....	2
Item 3 Table of Contents.....	3
Item 4 Advisory Business .....	4
Item 5 Fees and Compensation .....	8
Item 6 Performance-Based Fees and Side-By-Side Management.....	11
Item 7 Types of Clients .....	11
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss.....	12
Item 9 Disciplinary Information .....	15
Item 10 Other Financial Industry Activities and Affiliations .....	15
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	15
Item 12 Brokerage Practices .....	16
Item 13 Review of Accounts .....	18
Item 14 Client Referrals and Other Compensation .....	18
Item 15 Custody .....	19
Item 16 Investment Discretion.....	19
Item 17 Voting Client Securities .....	20
Item 18 Financial Information.....	20

## Item 4 Advisory Business

Summit Wealth Advocates, LLC (hereafter referred to as "Advisor" or "SWA") is a federally-registered investment adviser with its principal places of business located in Minnesota. SWA began conducting business in October 2010 and is owned and operated by principals that work on and in the business every day, including Bruce Primeau with a majority ownership, as well as Jon Govin, Becky Botzet, and Matt Wright. As of December 31, 2020, SWA manages approximately \$284,200,000 in assets.

SWA has developed the **Peak Wealth Management Process** that allows us to focus our efforts on behalf of each Client, according to their specific situation by recognizing which Phase of financial life they are currently experiencing.

### **Phase I: "Base Camp" – Growth & Accumulation Phase**

Individuals and families in the initial phase of life are dealing with a variety of unfamiliar financial concerns. Thus the reason you must establish a good "base camp" from which to travel through life. Clients in Phase I typically deal with specific matters such as:

- Creating a financial strategy that outlines the specific financial goals you are looking to accomplish
- Learning to live within your means and saving moderately to aggressively
- Establishing an emergency fund containing 3 to 6 months of lifestyle needs
- Properly leveraging employer benefits
- Pre-qualifying for your first home purchase and structuring that purchase appropriately
- Capitalizing on low to moderate income tax brackets by designing a multi-year tax minimization strategy
- Properly protecting your family with an appropriate insurance coverage platform
- Designing and implementing an estate plan (wills) for a young family

### **Phase II: "The Ascent" – Protection, Diversification & Tax Minimization Phase**

As individuals and families mature and begin their ascent into Page II of life, they naturally begin to experience the following issues:

- Maximizing savings opportunities as you approach your peak wealth generation years
- Transitioning from an aggressive investment portfolio to a more balanced and globally diversified portfolio
- Considering the purchase of a second home or rental real estate
- Reviewing insurance coverage and deliberating increasing risk levels to reduce premium costs
- Contemplating the need for trusts versus wills, to avoid probate

- Pondering the benefits of starting your own business

### **Phase III: “The Pinnacle” – Financial Security (Retirement) Phase**

Financial Security means something different for everyone. Those in Phase III typically contend with:

- Determining whether this phase of life entails working full-time, part-time or not at all
- The “staging” of your portfolio to focus more on cash flow generation and principal protection
- Reviewing all insurance coverage to determine the necessity of it, as well as the appropriate level for each type
- Deciding whether to downsize your current home and the potential purchase of one or more retirement homes
- Developing strategies to help you maximize the Social Security benefits you receive over your lifetime
- Considering the benefits of trusts and whether charity will play a role in your estate plan

For clients at each Phase, SWA offers the following advisory services to our Clients, according to their needs:

#### **Wealth Management Strategy**

SWA’s Wealth Management Strategy is comprised of two stages. The first stage is a Financial Plan One-Time Service, as outlined below. The Financial Plan One-Time Service includes elements of the forgoing Phases, as agreed between the Client and SWA, and will serve as the basis for on-going Wealth Management. The second stage is Wealth Management in an on-going basis. Wealth Management focuses on implementation, and where needed, update of the Financial Plan.

In addition, the Wealth Management Strategy may include some or all of the following services: Individual Portfolio Management, as outlined below, through a low cost passive or index approach to investment management, employer provided retirement plan portfolio management / guidance, annual update of financial projections, annual review of tax returns, multi-year tax projections, college fund planning, review of mortgage debt and recommended modification, estate plan review, implementation assistance of financial recommendations, update of financial goals, and up to four annual meetings with an SWA advisor.

#### **FINANCIAL PLAN ONE-TIME SERVICE**

This service includes financial recommendations, either written or orally communicated, based on the analysis of multiple financial concerns and the evaluation of a Client’s current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the financial / life situation of the

Client. Clients retaining this service receive a written report which provides the Client with a detailed financial plan designed to assist the Client to achieve his / her financial goals and objectives.

In general, the financial plan can address any or all of the following areas, as agreed between the Client and SWA:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and personal financial goals. We define the role that debt plays in leveraging wealth potential.
- **TAX & CASH FLOW:** We analyze the Client's income tax and spending, planning with consideration of the past, current and future years; then, illustrate the impact of various investments on the Client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the Client's portfolio.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **RETIREMENT:** We analyze current strategies and investment plans to help the Client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the Client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the Client in assessing and developing long-term estate strategies, including as appropriate the following: living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law. Note: SWA does not draft estate documents or practice law.

We gather required information through in-depth personal interviews. Information gathered includes the Client's current financial status, tax status, future goals, return objectives and attitudes towards risk. We review documents supplied by the Client, including a questionnaire completed by the Client, and prepare a written report. We recommend that the Client retain SWA to assist with the implementation of the Financial Plan and Investment Management ("Wealth Management Strategy," described below), however implementation of financial plan recommendations is entirely at the Client's discretion.

The financial plan is typically presented to the Client within two months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided. Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations regarding products or services are of a generic nature.

### **WEALTH MANAGEMENT (ON-GOING)**

After the financial plan is delivered and accepted by the Client we begin the Wealth Management stage of the relationship. This stage will include on-going support and assistance

in implementation of the financial plan. Support is customized to the financial Phase the client may be in and considers individual circumstances. Support includes:

- **TAX PLANNING:** We analyze the Client's income tax needs and make recommendations to take advantage of situations that may benefit the client tax situation in the near term and long-term. We assist the tax preparer in compiling Client tax information to facilitate an accurate tax return. We review tax returns for additional tax savings opportunities. We also design and assist in implementing multi-year and multi-generational tax minimization strategies.

NOTE: SWA prepares tax projections but does not prepare tax returns for filing purposes.

- **INVESTMENTS:** We analyze investment alternatives and their effect on the Client's portfolio. See INDIVIDUAL PORTFOLIO MANAGEMENT below.
- **RETIREMENT:** We analyze current strategies and investment plans to help the Client achieve his / her retirement goals as directed in their financial plan. SWA will adjust the Client's financial plan annually, or as Client needs or circumstances change.
- **EDUCATION PLANNING:** Where applicable, SWA will assist in evaluating needs for a Client, Client's children or grandchildren college expenses.
- **CASH FLOW:** SWA reviews the Client's cash needs during retirement and identifies a tax sensitive cash flow disbursement plan, considering, as applicable, client investments, employer pensions, Social Security, and other sources of income during retirement.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **ESTATE:** We assist the Client in working with their estate planning attorney to prepare estate planning documents. SWA assists in titling assets as recommended by the estate planning attorney. Note: SWA does not draft estate documents or practice law.
- **CHARITABLE PLANNING:** Where applicable, SWA evaluates tax efficient manners of charitable giving.

SWA will meet formally with the Client, a minimum of one time per year, but up to four formal meetings to review progress on the financial plan and investment performance. The number of meetings is determined by need and Client preference. These meetings may be in-person, by telephone, or on-line. SWA also provides ad-hoc meetings, as needed by the client.

### **INVESTMENT SUPERVISORY SERVICES ("ISS") - INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides continuous advice to a Client regarding the investment of Client funds based on the individual needs of the Client. Through personal discussions in which goals and objectives based on a Client's particular circumstances are established, we develop a Client's personal investment strategy and create and manage a portfolio based on that strategy.

During our data-gathering process, we determine the Client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a

Client's prior investment history, as well as family composition and background. Investment Supervisory Services may include, but are not limited to the following:

- Investment Strategy
- Personal Investment Policy Statement
- Asset Allocation
- Asset Selection
- Risk Tolerance
- Regular Portfolio Monitoring

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the Client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. In limited circumstances, clients may request certain reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

## **Item 5 Fees and Compensation**

SWA offers an initial meeting free of charge to allow a prospective Client to determine the extent to which SWA financial planning services are most beneficial to the Client for their circumstances. An overview of fees, by service, are provided below and are clearly outlined in each Client's advisory contract.

### **WEALTH MANAGEMENT STRATEGY**

#### **FINANCIAL PLAN - ONE-TIME SERVICE FEE (one-time)**

SWA requires an initial financial plan for all wealth management clients, which will provide the framework for implementation of the client's customized financial plan. SWA's Financial Planning fee is determined based on the nature of the services being provided and the complexity of each Client's circumstances. All fees are agreed upon prior to entering into a contract with any Client. SWA's Financial Planning fee is a fixed fee of \$2,750. We will request a retainer of \$500 upon completion of our initial fact-finding session with the Client. Advance payments will never exceed \$500 for work that will not be completed within six months. The balance is due upon delivery of the plan. Once the financial plan is delivered and accepted by the client, the client may proceed to the "On-Going Wealth Management" phase of the relationship. Clients should be aware that there is a conflict of interest in that SWA has a financial incentive to recommend our own wealth management services on an ongoing basis after completion of the financial plan. However, the Client is not obligated to use any of these services and may seek assistance from other financial professionals to execute the plan.

#### **WEALTH MANAGEMENT FEE – On-going (Annual Rate)**

Wealth Management Fee rates cover on-going support and update of the financial plan, as well as comprehensive analysis for existing investments owned, a comprehensive review of the Client's risk / reward profile, strategic diversification of existing holdings (if necessary) and an overall investment strategy. This charge includes reasonable account set up / transfer time and entry of cost basis information (if applicable). SWA may, at its discretion, charge an hourly fee of \$175 for



unusual circumstances in account set-up and transfer; SWA will notify the Client in advance of any additional fee for account set-up / transfer.

<b>Household Amount Assets Under Management</b>	<b>Global Index Strategies</b>	<b>Actively Managed Strategies (Employer Retirement Plans)</b>
\$0 - \$500,000*	1.00%	1.25%
\$500,001 - \$750,000	0.95%	1.20%
\$750,001 - \$1,000,000	0.90%	1.15%
\$1,000,001 - \$2,000,000	0.85%	1.10%
\$2,000,001 - \$3,000,000	0.80%	1.05%
\$3,000,001 - \$4,000,000	0.75%	1.00%
\$4,000,001 - \$5,000,000	0.70%	0.95%
Above \$5,000,001	0.65%	0.90%

\*A minimum fee for Wealth Management Services is \$1,250 per quarter. For purposes of meeting this minimum, SWA includes Client's immediate household aggregate portfolios in calculating the minimum fee. SWA may also group certain related Client accounts for the purposes of achieving the minimum annualized fee. The fee may be negotiable.

### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT ONLY FEES**

SWA does not currently provide Investment Portfolio Management as a stand-alone service to new clients. SWA, at its discretion, may provide these services to existing clients or client family members.

The annualized fees for Investment Supervisory Services are charged as a percentage of assets under management, according to the following schedule, but may be negotiable.

#### **Investment Management Fee Rates (Annual)**

<b>Household Amount Assets Under Management</b>	<b>Global Index Strategies</b>	<b>Actively Managed Strategies (Employer Retirement Plans)</b>
\$0 - \$500,000	0.75%	1.00%
\$500,001 - \$750,000	0.70%	0.95%
\$750,001 - \$1,000,000	0.65%	0.90%
\$1,000,001 - \$2,000,000	0.60%	0.85%
\$2,000,001 - \$3,000,000	0.55%	0.80%
\$3,000,001 - \$4,000,000	0.50%	0.75%
\$4,000,001 - \$5,000,000	0.45%	0.70%
Above \$5,000,001	0.40%	0.65%

### **GENERAL INFORMATION**

***How Fees are Calculated:*** Fees are invoiced and due quarterly. Billing amounts are based upon the value (market value or fair market value in the absence of market value) of the Client's account(s) (including both securities and cash) at the end of the previous quarter (or, for new Client accounts, upon the date that assets are under advisement by SWA). For

contributions to a new account after a quarter-end, but prior to the end of the subsequent quarter, SWA will charge a pro-rated fee, based on the remaining days in the quarter, from the date contribution is received. Valuations are derived from recognized and independent pricing sources, such as Charles Schwab & Co., Inc., TD Ameritrade, Inc., or other custodians.

***Limited Negotiability of Advisory Fees:*** Although SWA has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a Client-by-Client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the Client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition and reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each Client.

We may group certain related Client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee. Discounts, not generally available to our advisory Clients, may be offered to family members of associated persons of our firm.

***When Authorized, Deduction of Fees from Client's Accounts:*** Clients may choose whether to have their fees billed directly or deducted from Client accounts. In certain situations, such as for some qualified retirement plan accounts and traditional IRA accounts, it may be advantageous to the Client, from a tax perspective, to have the portion of SWA fees attributable to such accounts directly deducted from such account. Where fees are to be deducted from a Client's account, SWA will request authority from Clients to receive quarterly payments directly from the Client's account (s) held by an independent qualified custodian, such as Charles Schwab & Co., Inc. or TD Ameritrade, Inc. Clients may provide written limited authorization to SWA to withdraw fees from account(s). SWA will send the Client an invoice showing the amount of the fee, the value of the assets on which the fee was based and the specific manner in which the fee was calculated. Clients should verify the accuracy of the fee calculations in such invoices. Clients will also receive custodial statements showing the advisory fees debited from their account(s). The Client is billed quarterly in advance; fees are deducted quarterly, as soon as practical at the beginning of the current quarter.

***Termination of the Advisory Relationship:*** A Client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of an account, any prepaid, unearned fees will be promptly refunded. In calculating a Client's reimbursement of fees, we will prorate the reimbursement according to the number of days remaining in the billing period; or in the case of financial planning, actual hours worked.

***Mutual Fund Fees:*** All fees paid to SWA for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and / or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a Client may pay an initial or deferred sales charge. However, SWA does not collect any sales charges; any such fee is retained by the custodian. A Client could invest in a mutual fund

directly, without our services. In that case, the Client would not receive the services provided by our firm which are designed, among other things, to assist the Client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the Client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the Client and to thereby evaluate the advisory services being provided.

***Separately Managed Account Fees:*** Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, Clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the Client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the Client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with Clients any separate program fees that may be charged to Clients.

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

***Grandfathering of Minimum Account Requirements:*** Pre-existing advisory Clients are subject to SWA's minimum account requirements and advisory fees in effect at the time the Client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among Clients.

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

***Limited Prepayment of Fees:*** Under no circumstances do we require or solicit payment of fees in excess of \$500 more than six months in advance of services rendered.

***External Compensation for the Sale of Securities to Clients:*** We do not receive any external compensation for the sale of securities to clients, nor do any of our investment advisor representatives.

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

SWA does not charge performance-based fees nor does it engage in Side-by-Side Management.

## **Item 7 Types of Clients**

SWA provides advisory services to individuals and members of their household, trusts, small and medium businesses. SWA generally requires a minimum Client relationship size of \$500,000 for Wealth Management Services however this minimum may be negotiable under certain circumstances.

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

### **METHODS OF ANALYSIS**

We use a fundamental method of analysis in formulating our investment advice and / or managing Client assets. Mutual funds and ETF basis of selection and on-going monitoring includes the following criteria:

- Track history of fund and fund family Manager tenure
- Assets managed by fund manager
- Asset class composition of fund
- Style consistency of fund to peer group
- Net expense ratio
- Fund actual return versus expected performance given its risk level
- Risk adjusted return compared to peer group
- Historical returns compared to peer group

***Fundamental Analysis.*** We, or mutual funds and ETFs we select attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

***Asset Allocation.*** Rather than focusing only on security selection, we also attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the Client's investment goals and risk tolerance.

A risk of asset allocation is that the Client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the Client's goals.

***Mutual Fund and / or ETF Analysis.*** We look at the experience and track record of the manager of the mutual fund or ETF 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 also look at the

underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the Client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and / or ETF analysis is that, as in all security investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the Client may purchase the same security, increasing the risk to the Client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the Client's portfolio.

***Risks for all forms of analysis.*** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### ***INVESTMENT STRATEGIES***

We use the following strategy(ies) in managing Client accounts, provided that such strategy(ies) are appropriate to the needs of the Client and consistent with the Client's investment objectives, risk tolerance, and time horizons, among other considerations:

***Long-term purchases.*** We purchase securities with the idea of holding them in the Client's account for a year or longer. Typically we employ this strategy when we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a Client. A security may decline sharply in value before we make the decision to sell.

***Option writing.*** We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options we may utilize are calls and puts.

Note: In the following three (3) paragraphs is a general discussion of how some options operate. The use of the term "you" or "client," not capitalized, in this section is meant in the generic sense; we do not mean to imply this strategy is applied in any or all instances or indicate a specific or individualized strategy for current or prospective Clients.

- A call gives us the right to buy an asset at a certain price within a specific period of time. We may buy a call if we have determined that the stock may increase substantially before the option expires. A put gives the holder the right to sell an asset at a certain price within a specific period of time. We may buy a put if we have determined that the price of the

stock may fall before the option expires.

- We may also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside risk of a security we have purchased for or client currently holds in their portfolio.
- We may use "covered calls," in which we sell an option on a security that a client owns. In this strategy, the client receives a fee / premium for making the option available, and the person purchasing the option has the right to buy the security from the client at an agreed-upon price.

SWA offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each Client. SWA establishes portfolio objectives for each Client. The objectives outlines the Client's current situation (income, tax, and risk tolerance), and SWA then constructs a general plan, to aid in the selection of a portfolio that matches the Client's specific situation.

SWA believes that markets are predominantly efficient. As a result of this philosophy, SWA predominantly utilizes low-cost passive or index-based funds or Exchange Traded Funds (ETF) that track asset classes. SWA constructs portfolios that provide broadly diversified asset exposure, while minimizing the cost of security ownership. In situations where passive or index-based fund are not available, such as employer ERISA plans, SWA will consider expense and asset class tracking when recommending funds for inclusion in the Client portfolio.

SWA believes that taxes are an important consideration when creating a portfolio. For taxable accounts we consider tax efficient funds with low-turnover.

SWA will create a portfolio consisting of one or more of the following: no-load mutual fund, Exchange Traded Funds (ETF), load waived mutual funds, and in certain circumstances may include individual equities, or individual bonds. SWA will allocate the Client's assets, taking into consideration Client's tolerance for risk, time horizon, expected return, specific asset identification by Client for exclusion or inclusion and tax situation. SWA has access to certain institutional class funds, which may not be available to retail investors.

***Tax Efficiency.*** SWA utilizes asset location strategies to determine the proper account to place investments in to attempt to get the most favorable tax treatment overall, applied across the Client's total portfolio. While tax efficiency is emphasized, Client goals and timing of those goals are considered in implementation of the asset location strategy.

***Risk of Loss.*** Security investments are not guaranteed and you may lose money on your investments. We ask each Client to work with us to help us understand their specific tolerance for risk. Our investment approach considers each investor's tolerance for risk. All investments are subject to certain risks that are borne by the investor. Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal.

## **Item 9 Disciplinary Information**

SWA is required to disclose any 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. Our firm and our management personnel have no reportable disciplinary events to disclose.

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

SWA is granted access by Dimensional Fund Advisors ("DFA") to its globally diverse family of mutual funds. DFA is an Austin, Texas-based mutual fund company with over \$601 billion of assets under management, as of December 31, 2020. SWA is under no requirement by DFA to utilize only DFA mutual funds. SWA may recommend DFA mutual funds, although not exclusively, when we believe it is in the Client's best interest. There is no financial relationship between SWA and DFA.

SWA receives research from DFA that are received by other Registered Investment Advisor firms that are granted access to DFA mutual funds, and include: seminars hosted by DFA explaining DFA mutual funds; academic instruction regarding investment theory and practice management. SWA is responsible for the cost of travel and travel expenses for members to attend seminars hosted by DFA. At seminars hosted by DFA, meals, speakers, and materials may be provided at no charge to SWA.

Advisor only access to the DFA website ([us.dimensional.com](https://us.dimensional.com)) is provided to SWA, where additional academic research, practice management information, software and investment returns data is provided. DFA provides use of the DFA Returns and DFA Allocation Evaluator software and related data to assist in evaluating historical results and rates of return. However, SWA does not rely on research provided by DFA as its general or primary research resource.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

SWA and our staff owe a duty of loyalty, fairness and good faith towards our Clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

SWA's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public

information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory Clients and prospective Clients. You may request a copy by email sent to [mwright@summitwealthadvocates.com](mailto:mwright@summitwealthadvocates.com), or by calling us at 612-987-9112.

## **Item 12 Brokerage Practices**

For discretionary Clients, SWA requires Clients to provide us with written authority to determine the broker dealer to use and the commission costs that will be charged to these Clients for these transactions. Clients may also include any limitations on this discretionary authority in this written authority statement, changing or amending these limitations as required. Such amendments must be provided to us in writing.

SWA will block trade where possible and when advantageous to Clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple Client accounts, such that each account may receive the same transacted security prices and be executed on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. SWA will typically aggregate trades among Clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for Clients on any particular day.

When trading in Client accounts, errors may periodically occur. SWA does not maintain any client trade error gains. SWA makes each Client whole with respect to any trade error losses incurred by a Client that was caused by SWA.

SWA may recommend that Clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), or TD Ameritrade, Inc., FINRA registered broker-dealers, members SIPC, to maintain custody of Clients' assets and to effect trades for their accounts. Although we recommend that Clients establish accounts at Schwab or TD Ameritrade, it is the client's decision to custody assets with a particular broker-dealer. SWA is independently owned and operated and not affiliated with Schwab or TD Ameritrade.

Should a client choose a directed brokerage relationship, it must be provided to SWA in writing. SWA would be required to disclose all of the following that may apply:

1. The advisor's inability under those circumstances to negotiate commissions;
2. Its inability to obtain volume discounts;
3. That there may be a disparity in commission charges among clients; and
4. Any potential conflicts of interest arising from brokerage firm referrals.

Schwab and TD Ameritrade provide SWA with access to its institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long



as the adviser remains in good standing with Schwab and TD Ameritrade, respectively. These services are not contingent upon our firm committing to Schwab or TD Ameritrade any specific amount of business (assets in custody or trading commissions). Schwab's and TD Ameritrade's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our Client accounts maintained in its custody, neither Schwab nor TD Ameritrade generally charge separately for custody services but instead are compensated by account holders through trading commissions or asset-based fees (such as margin interest or on un-invested cash) for securities trades that are executed through Schwab or TD Ameritrade, or that settle into Schwab or TD Ameritrade accounts.

Schwab and TD Ameritrade also make available to our firm other products and services that benefit SWA but may not directly benefit our Clients' accounts. Many of these products and services may be used to service all or some substantial number of our Client accounts, including accounts not maintained at Schwab or TD Ameritrade.

Schwab's and/or TD Ameritrade's products and services that assist us in managing and administering our Clients' accounts include software and other technology that:

- provides access to Client account data (such as trade confirmations and account statements);
- facilitates trade execution and allocate aggregated trade orders for multiple Client accounts; provide research, pricing and other market data;
- facilitates payment of our fees from Clients' accounts; and
- assists with back-office functions, recordkeeping and Client reporting.

Schwab and/or TD Ameritrade also offer other services intended to help us manage and further develop our business enterprise. These services may include:

- compliance, legal and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab and/or TD Ameritrade may make available, arrange and / or pay third-party vendors for the types of services rendered to SWA. Schwab and/or TD Ameritrade may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Schwab and/or TD Ameritrade may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that Clients custody their assets at Schwab and/or TD Ameritrade, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab

and/or TD Ameritrade, which may create a potential conflict of interest.

## **Item 13 Review of Accounts**

### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT**

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts are regularly monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each Client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the Client's individual circumstances, the market, political or economic environment.

These accounts are reviewed by: Matt Wright, Chief Investment Officer and Jon Govin, Vice-President

**REPORTS:** In addition to the quarterly statements and confirmations of transactions that Clients receive from their broker-dealer, each Client will be able to obtain reports summarizing account performance, balances and holdings at any time via online secure client portal.

### **FINANCIAL PLANNING SERVICES**

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning Clients unless otherwise contracted for.

**REPORTS:** Financial Planning Clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

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

It is SWA's policy not to engage solicitors or to pay related or non-related persons for referring potential Clients to our firm. Likewise, SWA does not receive any compensation from professionals that SWA recommends. SWA may refer Clients to other professionals, where appropriate to meet the Client's needs. The Client is under no obligation to utilize other professionals, even though it may be in their best interest.

While SWA does have benefit arrangements (as described in Item 10 from DFA and Item 12 from Schwab and TD Ameritrade), it is SWA's policy not to accept or allow our staff to accept any form of compensation, including cash, sales awards or other prizes in conjunction with the advisory services we provide to our Clients.

SWA pays dues and a flat one-time fee to link its website to the National Association of Personal Financial Advisors ("NAPFA"), a fee-only, professional association.

## **Item 15 Custody**

Custody is a term used to describe the role of the entity that maintains and reports on investment assets held in client accounts. These services are typically provided by brokerage firms or banks. The role of a qualified custodian is highly specialized, independently protecting each client's assets in a role that complements the responsibilities of an advisory firm like SWA. There are instances where SWA is deemed to have custody even though the assets are held with a qualified custodian. Specifically, SWA recognizes additional custody reporting because of a limited number of specific client agreements to use client credentials to access outside accounts and SWA accepts standing letters of authorization, directed by individual clients to pay third parties on their behalf. In the first scenario, SWA also has an obligation to contract with an approved public accounting firm to conduct an external annual surprise exam of these activities.

Aside from these specific situations, SWA does not have custody of assets, except in those instances where clients have authorized the automatic deduction of periodic advisory fees directly from their account. We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from Client accounts. As part of this billing process, the Client's custodian is advised of the amount of the fee to be deducted from that Client's account. On at least a quarterly basis, the custodian is required to send to the Client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for Clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact SWA directly if they believe that there may be an error in their statement.

In addition to the periodic statements that Clients receive directly from their custodians, we also send account performance statements directly to our Clients on a quarterly basis. We urge our Clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

## **Item 16 Investment Discretion**

Clients may hire SWA to provide discretionary asset management services, in which case we place trades in a Client's account without contacting the Client prior to each trade to obtain the Client's permission.

Our discretionary authority includes the ability to perform the following without contacting the Client:

- determine the security to buy or sell; and / or
- determine the amount of the security to buy or sell; and / or
- determine the broker or dealer to be used for a purchase or sale of securities for a Client's account; and / or commission rates to be paid to a broker or dealer for a Client's securities transactions.

Clients give SWA discretionary authority when they sign a discretionary agreement with our firm,

and may limit this authority by giving us written instructions. Clients may also change or amend such limitations by providing us with written instructions.

## **Item 17 Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of Clients. Therefore, although our firm may provide investment advisory services relative to Client investment assets, Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the Client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the Client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the Client copies of all proxies and shareholder communications relating to the Client's investment assets.

We may provide Clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

## **Item 18 Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$500 per Client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.