



## **The GenWealth Group, Inc.**

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### **PART 2A - APPENDIX 1 WRAP FEE PROGRAM BROCHURE**

This brochure provides information about the qualifications and business practices of The GenWealth Group, Inc. If you have any questions about the contents of this brochure, contact us at 973-761-0400 or [michael@thegenwealthgroup.com](mailto:michael@thegenwealthgroup.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 The GenWealth Group, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The GenWealth Group, Inc. 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 our last annual updating amendment, dated March 4, 2020 there have been no material changes made to this Form ADV.

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## Item 4 Services, Fees, and Compensation

### Description of Firm

The GenWealth Group, Inc. is a registered investment adviser primarily based in Maplewood, NJ. We are organized as a corporation under the laws of the State of New Jersey. We have been providing investment advisory services since 02/2008. We are primarily owned by Leanza, Michael, Peter.

As used in this brochure, the words "we," "our," and "us" refer to The GenWealth Group, Inc. and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person in this brochure. Our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

We offer portfolio management services through a wrap-fee program ("Program") as described in this wrap fee program brochure to prospective and existing clients. We are the sponsor and investment adviser for the Program. A wrap-fee program is a type of investment program that provides clients with asset management and brokerage services for one all-inclusive fee. If you participate in our wrap fee program, you will pay our firm a single advisory fee, which includes money management fees, certain transaction costs, and custodial and administrative costs. You are not charged separate fees for the respective components of the total services. The overall cost you will incur if you participate in our wrap fee program may be higher or lower than you might incur by separately purchasing the types of securities available in the Program.

Services include but are not limited to the following:

- **Wealth management:** Portfolio construction/Investment Strategy, personal financial goal setting, structure assets (401k, IRA, Brokerage), detailed performance reporting.
- **Managing Expectations/Investor Behavior:** Risk assessment (IPS), portfolio review meetings, personal advisory team support, quarterly advisor calls, client education & special events

As needed planning services are also provided:

- **Financial planning:** Budget/cash flow, retirement planning, college funding, estate planning coordination, insurance (life, disability, LTC), benefits counseling (Social Security/Medicare), Charitable giving. We have an incentive to provide insurance products as we receive a commission that is in addition to fees received for the wrap program. See the section titled additional Information.

Prior to becoming a client under the Program, you will be required to enter into a separate written agreement with us that sets forth the terms and conditions of the engagement and describes the scope of the services to be provided, and the fees to be paid.

### Client Investment Process

We offer discretionary portfolio management services. Our investment advice is tailored to meet our clients' needs and investment objectives.

If you participate in our discretionary portfolio management services, we require you to grant us discretionary authority to manage your account. Subject to a grant of discretionary authorization, we have the authority and responsibility to formulate investment strategies on your behalf. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without obtaining your approval prior to each transaction. We will also have discretion over the broker or dealer to be used for securities transactions in your account. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms.

You may limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account) by providing our firm with your restrictions and guidelines in writing.

Assets for program accounts are held at Charles Schwab and Co. Inc. ("Schwab") as custodian. Schwab also acts as executing broker/dealer for transactions placed in Program accounts, and provides other administrative services as described throughout this Brochure. To compare the cost of the wrap fee program with non-wrap fee portfolio management services, you should consider the frequency of trading activity associated with our investment strategies and the brokerage commissions charged by Schwab and the different advisory fees charged by investment advisers.

### **Changes in Your Financial Circumstances**

In providing the contracted services, we are not required to verify any information we receive from you or from your other professionals (e.g., attorney, accountant, etc.) and we are expressly authorized to rely on the information you provide. Furthermore, unless you indicate to the contrary, we shall assume that there are no restrictions on our services, other than to manage your account in accordance with your designated investment objectives. It is your responsibility to promptly notify us if there are ever any changes in your financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

### **Fees and Compensation**

We charge an annual advisory fee for participation in the Program depending upon the market value of your assets under our management. You are not charged separate fees for the different components of the services provided by the Program. Our firm pays the commission for trades placed on your behalf as applicable. However, there may be other expenses that clients pay including mark-ups and mark-downs charged by the executing broker dealer for trades they execute on a principal basis (typically bonds). Our advisory fee includes the fee for the management of your account and Schwab's transaction or execution costs. Assets in each of your account(s) are included in the fee assessment unless specifically identified in writing for exclusion. In special circumstances, and in our sole discretion, we may negotiate a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention, etc.).

Fees on assets deposited after the beginning of the a billing period will be prorated based on the remaining number of days in the billing period and billed in arrears in the quarter following the deposit of the assets. Fees for assets withdrawn after the beginning of a billing period will be prorated based on the remaining number of days in the billing period and credited in arrears in the quarter following the withdrawal of assets. In the event the value of the Account is less than \$250,000.00, we reserve the right to charge a minimum annual fee. However, we also reserve the right to waive the minimum fee at our discretion.

As a client, you should be aware that the fee charged by our firm may be higher (or lower) than those charged by others in the industry, and that it may be possible to obtain the same or similar services from other firms at lower (or higher) rates. A client may be able to obtain some or all of the types of services available through our firm's wrap fee program on an individual basis through other firms and, depending on the circumstances, the aggregate of any separately paid fees may be lower or higher than the annual fees shown above.

At our discretion, 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. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on our fee schedule stated above.

### **Withdrawal of Assets**

You may withdraw account assets on notice to our firm, and subject to the usual and customary securities settlement procedures. However, we design our portfolios as long-term investments and asset withdrawals may impair the achievement of your specific investment objectives.

### **Payment of Fees**

We will deduct our fee 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. You should review all statements for accuracy.

### **Termination of Advisory Relationship**

You may terminate the wrap fee program agreement upon written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the wrap fee program 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.

Upon termination of accounts held at Schwab, they will deliver securities and funds held in the account per your instructions unless you request that the account be liquidated. After the wrap fee program agreement has been terminated, transactions are processed at the prevailing brokerage rates/fees. You become responsible for monitoring your own assets and our firm has no further obligation to act upon or to provide advice with respect to those assets.

### **Wrap Fee Program Disclosures**

- In considering the program described in this brochure, you should be aware that participating in a wrap fee program may cost more or less than the cost of purchasing advisory, brokerage, and custodial services separately from other advisers or broker-dealers.
- Our firm and Associated Persons receive compensation as a result of your participation in the Program. This compensation may be more than the amount our firm or the Associated Persons would receive if you paid separately for investment advice, brokerage, and other services. Accordingly, a conflict of interest exists because our firm and our Associated Persons have a financial incentive to recommend the Program.
- Similar advisory services may be available from other registered investment advisers for lower fees.
- Clients should consider that the wrap fee arrangement creates a disincentive for GenWealth to trade in wrap fee accounts because the execution costs of each trade will reduce our profit when there are execution costs. There is no disincentive for GenWealth to trade when there are no commissions to be paid by GenWealth.

### **Additional Fees And Expenses**

The advisory fee includes the costs of brokerage commissions for transactions executed through the Qualified Custodian (or a broker-dealer designated by the Qualified Custodian), and charges relating to the settlement, clearance, or custody of securities in the Account. The advisory fee does not include mark-ups and mark-downs, dealer spreads or other costs associated with the purchase or sale of

securities, interest, taxes, or other costs, such as national securities exchange fees, charges for transactions not executed through the Qualified Custodian, costs associated with exchanging currencies, wire transfer fees, or other fees required by law or imposed by third parties. The Account will be responsible for these additional fees and expenses.

The fees that you pay to our firm are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. 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.

### **Brokerage Practices**

If you participate in the Program, you will be required to establish an account with Schwab, member FINRA/SIPC, an unaffiliated SEC-registered broker-dealer. If you do not direct our firm to execute transactions through Schwab, we reserve the right to not accept your account. Not all advisers require their clients to direct brokerage. Since you are required to use Schwab, we may be unable to achieve the most favorable execution of your transactions. We believe that Schwab provides quality execution services based on several factors, including, but not limited to, the ability to provide professional services, reputation, experience and financial stability.

### **Research and Other Soft Dollar Benefits**

We do not have any soft dollar arrangements.

### **Economic Benefits**

As a registered investment adviser, we have access to the institutional platform of your account custodian. As such, we will also 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 institutional services platforms of these firms, and are not considered to be paid for with soft dollars.

### **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.

## **Item 5 Account Requirements and Types of Clients**

We offer investment advisory services to individuals (other than high net worth individuals) and high net worth individuals. Our investment management and comprehensive planning services are best suited for clients who have between \$1M and \$3M in investable assets.

In general, we require a minimum of \$500,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. The minimum investment required to open an account in our Automated Investment Program is \$5,000. The minimum account balance to enroll in the tax-loss harvesting feature is \$50,000.

We charge a minimum fee in the amount of \$3,125 per household to open and maintain an advisory account. For Schwab Intelligent Portfolios the minimum fee will be waived. At our discretion we may waive the minimum fee.

We may also 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.

## Item 6 Portfolio Manager Selection and Evaluation

We are the sponsor and sole portfolio manager for the Program. Refer to *Services, Fees, and Compensation* for additional disclosures on costs associated with your participation in the Program.

### 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 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 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.

### Methods of Analysis, Investment Strategies and Risk of Loss

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

**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 information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

We may use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Short-term trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk. This may



include buying and selling securities frequently in an effort to capture significant market gains and avoid significant losses. However, there is a risk that frequent trading can negatively affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

### **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. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional regarding the investing of your assets.

Moreover, custodians and broker-dealers must report the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments. 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, provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. 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 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 will likely 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**

We primarily recommend ETFs. However, we may advise on other types of investments as appropriate for you since each client has different needs and different tolerance for risk. 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 the investment.

**Leveraged Exchange Traded Funds** ("Leveraged ETFs" or "L-ETF"): seeks investment results for a single day only, not for longer periods. A "single day" is measured from the time the L-ETF calculates its net asset value ("NAV") to the time of the L-ETF's next NAV calculation. The return of the L-ETF for periods longer than a single day will be the result of each day's returns compounded over the period, which will very likely differ from multiplying the return by the stated leverage for that period. For periods longer than a single day, the L-ETF will lose money when the level of the Index is flat, and it is possible that the L-ETF will lose money even if the level of the Index rises. Longer holding periods, higher index volatility and greater leverage both exacerbate the impact of compounding on an investor's returns. During periods of higher Index volatility, the volatility of the Index may affect the L-ETF's return as much as or more than the return of the Index. Leveraged ETFs are different from most exchange-traded funds in that they seek leveraged returns relative to the applicable index and only on a daily basis. The L-ETF also is riskier than similarly benchmarked exchange-traded funds that do not use leverage. Accordingly, the L-ETF may not be suitable for all investors and should be used only by knowledgeable investors who understand the potential consequences of seeking daily leveraged investment results.

**Leveraged ETF Leveraged Risk** - The L-ETF obtains investment exposure in excess of its assets in seeking to achieve its investment objective — a form of leverage — and will lose more money in market environments adverse to its daily objective than a similar fund that does not employ such leverage. The use of such leverage could result in the total loss of an investor's investment. For example: a 2X fund will have a multiplier of two times (2x) the Index. A single day movement in the Index approaching 50% at any point in the day could result in the total loss of a shareholder's investment if that movement is contrary to the investment objective of the L-ETF, even if the Index subsequently moves in an opposite direction, eliminating all or a portion of the earlier movement. This would be the case with any such single day movements in the Index, even if the Index maintains a level greater than zero at all times.

**Leveraged ETF Compounding Risk** - Compounding affects all investments, but has a more significant impact on a leveraged fund. Particularly during periods of higher Index volatility, compounding will cause results for periods longer than a single day to vary from the stated multiplier of the return of the Index. This effect becomes more pronounced as volatility increases.

**Leveraged ETF Use of Derivatives** - The L-ETF obtains investment exposure through derivatives. Investing in derivatives may be considered aggressive and may expose the L-ETF to greater risks than investing directly in the reference asset(s) underlying those derivatives. These risks include counterparty risk, liquidity risk and increased correlation risk (each as discussed below). When the L-ETF uses derivatives, there may be imperfect correlation between the value of the reference asset(s) and the derivative, which may prevent the L-ETF from achieving its investment objective. The L-ETF may use a combination of swaps on the Index and swaps on an ETF that is designed to track the performance of the Index. The performance of an ETF may not track the performance of the Index due to embedded costs and other factors. Thus, to the extent the L-ETF invests in swaps that use an ETF as the reference asset, the L-ETF may be subject to greater correlation risk and may not achieve as high a degree of correlation with the Index as it would if the L-ETF only used swaps on the Index. Moreover, with respect to the use of swap agreements, if the Index has a dramatic intraday move that

causes a material decline in the L-ETF's net assets, the terms of a swap agreement between the L-ETF and its counterparty may permit the counterparty to immediately close out the transaction with the L-ETF. In that event, the L-ETF may be unable to enter into another swap agreement or invest in other derivatives to achieve the desired exposure consistent with the L-ETF's investment objective. This, in turn, may prevent the L-ETF from achieving its investment objective, even if the Index reverses all or a portion of its intraday move by the end of the day. Any costs associated with using derivatives will also have the effect of lowering the L-ETF's return.

### **Proxy Voting**

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 7 Client Information Provided to Portfolio Managers**

In order to provide the Program services, we will share your private information with your account custodian, Schwab. We may also provide your private information to mutual fund companies and/or private managers as needed. We will only share the information necessary in order to carry out our obligations to you in servicing your account. We share your personal account data in accordance with our privacy policy as described below.

### **Privacy Notice**

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 nonpublic personal information about you to any nonaffiliated 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 nonpublic 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 nonpublic 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.

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 contact our main office at the telephone number on the cover page of this brochure and ask to speak to the Chief Compliance Officer.

## **Item 8 Client Contact with Portfolio Managers**

Without restriction, you should contact our firm or your advisory representative directly with any questions regarding your Program account. You should contact your advisory representative with respect to changes in your investment objectives, risk tolerance, or requested restrictions placed on the management of your Program assets.

## **Item 9 Additional Information**

### **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.

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

#### **Licensed Insurance Agents**

Persons providing investment advice on behalf of our firm are licensed as insurance agents. These persons will earn commission-based compensation for selling non-securities related insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

#### **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 brochure.

## **Loans**

Upon request The GenWealth Group may help assist clients in obtaining loans (typically short term bridge loans) with third party banks. The GenWealth Group does not receive direct compensation for assisting with the facilitation of these loans. While The GenWealth Group does not actively solicit such borrowings from clients, The GenWealth Group has a conflict of interest since the account retains a higher value than would otherwise if the client were to sell securities to finance their personal needs.

## **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 have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. 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.

## **Review of Accounts**

The Investment Adviser Representatives of our firm will monitor your accounts on an ongoing basis and will conduct formal account reviews at least Annually, to ensure the advisory services provided to you are consistent with your 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.

The individuals conducting reviews may vary from time to time, as personnel join or leave our firm.

We will provide you with additional or regular written reports in conjunction with account reviews. Reports we provide to you will contain relevant account and/or market-related information such as an inventory of account holdings and account performance, etc. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

## **Client Referrals and Other Compensation**

We receive economic benefits from a non-client for providing investment advice or other advisory services to you. Through our participation in certain programs or use of a custodian we are entitled to receive economic benefits. As part of our fiduciary duty, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm from a non-client in and of themselves creates a potential conflict of interest and may influence our choice in providing services to your account. This arrangement does not cause our clients to pay any additional transaction fees beyond those that are traditionally charged by our firm and/or other service providers.

Refer to the *Services, Fees, and Compensation* section above for disclosures on research and other benefits we may receive resulting from our relationship with your account custodian.

We have entered into arrangements with employees of our firm, under which the individual receives compensation from our firm for the establishment of new client relationships. Employees who refer clients to our firm must comply with the requirements of the jurisdictions where they operate. The compensation consists of a one-time, flat referral fee upon your signing an advisory agreement with our firm. You will not be charged additional fees based on this compensation arrangement. Incentive based compensation is contingent upon you entering into an advisory agreement with our firm.

Therefore, the individual has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

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

As disclosed under the *Fees and Compensation* section in this brochure, persons providing investment advice on behalf of our firm are licensed insurance agents. For information on the conflicts of interest this presents, and how we address these conflicts, refer to the *Fees and Compensation* section.

### **Aggregated Orders**

We combine multiple orders for shares of the same securities purchased for advisory accounts we manage. We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Participants in this wrap program will not pay any portion of the transaction costs in addition to the program fee. 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.

### **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.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or 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 for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

### **Financial Information**

On May 4, 2020, the firm received a Paycheck Protection Program ("PPP") loan through the U.S. Small Business Administration, which was part of the economic relief provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Due to the economic uncertainties surrounding the current COVID-19 pandemic, we believed it was prudent for us to apply for, and accept, the Payroll Protection Program loan offered by the Small Business Administration in order to support our ongoing operations. The loan is forgivable provided the firm satisfies the terms of the loan program.

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.

### **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.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. 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 fees than our fees.
  - a. 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.
  - b. 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.
  - a. 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.

## **Item 10 Requirements for State-Registered Advisers**

Not applicable to the registrant.