

# IMA Wealth, Inc.

430 E Douglas Ave, Suite 400  
Wichita, KS 67202

Telephone: 316-266-6574

Website: [www.imawealth.com](http://www.imawealth.com)

## Investment Advisory Services

Form ADV 2A Brochure Dated: January 19, 2021

This Brochure provides information about the qualifications and business practices of IMA Wealth, Inc. ["IMA Wealth" or "Adviser"].

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

IMA Wealth provides investment supervisory and consulting services as a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information that will help you determine whether to hire or retain the Adviser.

Additional information about IMA Wealth also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can locate our information on this site by using our unique identifying number, known as a CRD number. The CRD number for IMA Wealth is **112091**.

**ITEM 2 – MATERIAL CHANGES**

Information provided to you in Item 2 discusses specific material changes that are made to the Brochure since it was last updated. It also provides you with a summary of such changes. The date of the last annual update of our Brochure was January 24, 2020. The material changes that have been made to our Brochure since our last annual update are as follows:

**The following change became effective July 13, 2020:**

Patricia Davis has been named Chief Compliance Officer of IMA Wealth, Inc.

**The following change became effective December 21, 2020:**

We moved to the following address: 430 E Douglas Ave, Suite 400, Wichita, KS 67202.

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We have offered or delivered, in the past, information about our qualifications and business practices to clients on at least an annual basis. We will ensure that you receive a summary of any materials changes made to our Brochure each year. This information is sent to you within 120 days of the close of our business' fiscal year. We will also provide other ongoing disclosure information to you about any material changes, as applicable.

We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. We will also deliver our Brochure to you any time upon request, and at no cost to you. Receive our most recent Brochure by contacting our office at 316-266-6574.

Additional information about IMA Wealth is also available to you at the SEC's website:

[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with IMA Wealth who are registered, or are required to be registered, as investment adviser representatives of IMA Wealth. You can search this site for information about our firm by using our CRD number: [112091](#).

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**ITEM 4 – ADVISORY BUSINESS**OVERVIEW

IMA Wealth is a registered investment advisor that specializes in providing:

- investment supervisory services (defined as giving continuous advice to a client or making investments for a client based upon his or her individual needs)
- financial planning as part of investment supervisory services if and when needed
- financing planning independent of investment supervisory services
- consulting services for employers on matters pertaining to qualified and non-qualified retirement plans

We provide our services to a broad range of clients including individuals, high net worth individuals, trusts, retirement plans, estates, pension and profit-sharing plans, charitable organizations and corporations. Established in 1999, we are headquartered in Wichita, KS, with offices in Denver, CO and Dallas, TX.

IMA Wealth is a wholly owned subsidiary of The IMA Financial Group, Inc. ("IMA"). IMA is an employee-owned insurance brokerage/agency and employee benefits organization headquartered in Wichita, with principal offices in Denver, Kansas City and Dallas.

ASSETS UNDER MANAGEMENT

Total Discretionary Client Assets As of 12/31/2019 = \$522,503,260.31

*\*Investment Supervisory Services Assets under Management shown above includes ERISA Section 3(38) Retirement Plan assets, but **do not include** ERISA Section 3(21) Retirement Plan Consulting Services assets.*

SERVICES DESCRIBED IN THIS BROCHURE

We have developed two brochures describing services available through our firm. This brochure focuses on our investment supervisory services and consulting services (other than qualified and non-qualified retirement plans). Consulting services provided to employers on matters pertaining to qualified and non-qualified retirement plans are described in a separate brochure. If you are interested in receiving the brochure that describes our retirement plan consulting services, please contact our office at 316-266-6574.

INVESTMENT SUPERVISORY SERVICES

"Investment Supervisory Services" is defined as giving continuous advice to a client or making investments for a client based on his/her individual needs. We typically provide these services on a discretionary basis, but we occasionally accept non-discretionary accounts. We allow clients to place reasonable restrictions on their discretionary accounts (see Item 16).

**Investment Management Philosophy.** We strive to create and manage investment portfolios that are closely aligned with your long-term investment objectives and risk tolerance. Asset allocation is a key component of our portfolio management decisions.

**Getting Started.** At IMA Wealth, we work as a team to develop investment management strategies, execute portfolio management decisions, and meet your day-to-day needs. When you work with IMA Wealth, you benefit from our collective experience and expertise. Each of our employees is directly accessible to you, and

we work closely together on an ongoing basis to provide our services to you. The services we provide to you are coordinated by your Relationship Manager, who serves as your key contact at IMA Wealth.

Your goals and objectives are established through a comprehensive discussion with your Relationship Manager and can be documented through a financial plan. Important discussion topics include determining your tolerance for risk and a review of your current income and your household's objectives and goals and is based upon your personal circumstances, risk tolerance and investment goals. It provides an overview of the target allocation we recommend for you. Your allocation can also be changed if your investment objectives and risk tolerance change over time.

The advice that IMA Wealth provides to you as a current and/or prospective client will from time to time include advice involving assets you own as a participant in an employer-sponsored retirement plan. Depending on your individual circumstances, your choices typically include: (1) rolling the assets to a plan sponsored by your new employer; (2) leaving assets in the existing plan, or (3) rolling the assets to an individual retirement account (IRA). IMA Wealth has the potential to provide additional Investment Supervisory Services to you for a fee if you choose to rollover balances to an IRA that will be managed by us on your behalf. This creates a conflict of interest for IMA Wealth when discussing these alternatives with you. While this conflict of interest cannot be eliminated from our business model, we have adopted processes and policies to mitigate the conflict. These policies and processes are designed to help ensure that we meet our fiduciary responsibility to put your needs ahead of our own as we help you evaluate these choices.

#### FINANCIAL PLANNING SERVICES

IMA Wealth offers financial planning services utilizing primarily the MoneyGuide Pro© software. When the financial planning engagement is independent of investment management, the engagement begins with defining the scope of the engagement and services to be included and confirmed in an agreement. Advice and planning provided during a financial planning only engagement are not implemented by IMAW as part of the engagement. The agreement states the fee for the engagement. The fee for a financial plan is subject to negotiation.

### **ITEM 5 – FEES AND COMPENSATION**

#### INVESTMENT SUPERVISORY SERVICES

We typically charge an annual fee for investment supervisory services as a percentage of assets under management. Account valuations utilize trade date accounting for fee calculation purposes and include accrued interest.

We occasionally agree to enter into a fee arrangement other than one based upon a percentage of assets under management. This decision is based on the amount of assets under management and the nature of the services to be provided.

IMA Wealth's fees are subject to negotiation. Factors we consider in negotiating fees include the types of assets to be managed and whether the account will be managed on a discretionary or non-discretionary basis. Annual fees charged by IMA Wealth will not exceed 1.60%.

This fee schedule became effective on 05/10/2018. Accounts of other IMA Wealth clients are subject to fee schedules which differ from this. We retain the right to provide services to related persons of IMA Wealth and its affiliates at rates that are not made available to other clients. Lower fees for comparable services may also be available from other sources.

The way we bill for fees is established in our written agreement with you. We generally bill our fees in advance on a quarterly basis. You can either authorize us to deduct our fee from your account or you can pay fees by check.

Our fees for investment supervisory services are prorated for each capital contribution and withdrawal made during the applicable calendar quarter (apart from contributions and withdrawals of less than \$5,000). Clients who initiate or terminate our services during a calendar quarter will pay a prorated fee. You have the right to terminate an agreement with us without penalty at any time after entering into the agreement. Upon termination, we will have no obligation to recommend or take any further action regarding the securities, cash or other investments in your account. If you terminate our services, any prepaid, unearned fees will be promptly refunded to you, and any earned, unpaid fees will be due and payable to us.

Our fees for investment supervisory services are separate from, and in addition to, brokerage commissions, transaction fees, and other related costs and expenses which are incurred by you. These charges could include custodial fees, transfer tax, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. There are also separate fees and expenses charged to shareholders by mutual funds, exchange traded funds and money market mutual funds (where available cash balances within a managed account are swept). Fees and expenses are described in each fund's prospectus. IMA Wealth does not receive any portion of these brokerage commissions, transaction fees, and other related costs and expenses.

As described in *Item 4 Advisory Business*, clients who are part of the Charles Schwab Institutional Intelligent Portfolios do not pay fees to Schwab Performance Technologies ("SPT") or brokerage commissions or other fees to Charles Schwab & Co. as part of the Institutional Intelligent Portfolios Program. Schwab does receive other revenues in connection with the Program. Brokerage arrangements are further described below in *Item 12 Brokerage Practices*.

#### FINANCIAL PLANNING

Our fees for financial planning are stated in the engagement agreement and are subject to negotiation. The fees are due at the time the financial plan is delivered to the client.

#### **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Not applicable. IMA Wealth does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

#### **ITEM 7 – TYPES OF CLIENTS**

##### INVESTMENT SUPERVISORY SERVICES & FINANCIAL PLANNING SERVICES

We provide investment supervisory services and financial planning services to individuals, high net worth individuals, corporations, trusts, corporate pension and profit-sharing plans, charitable organizations and foundations. IMA Wealth will accept investment accounts of any size.

##### INSTITUTIONAL INTELLIGENT PLATFORM PROGRAM

Per the Charles Schwab program documentation, clients eligible to enroll in the Program include individuals, IRAs, and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and clients that are subject to the Employee Retirement Income Security Act of 1974, are not eligible for the Program. The minimum account balance to enroll in the tax-loss harvesting feature is \$50,000.

**ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Investing in securities involves risk of loss that clients should be prepared to bear. Investments used by IMA Wealth are selected and approved by our Investment Policy Committee.

Our analysis methods include asset allocation analysis and portfolio modeling, in addition to individual security research. We incorporate both qualitative<sup>1</sup> and quantitative securities<sup>2</sup> analysis with respect to both individual securities and mutual funds.

Resources include independent economic, market, sector, and individual securities analysis we purchase for client asset management. We also subscribe to services that provide a wide range of sell-side analyst reports on market sectors and individual securities.

**ITEM 9 – DISCIPLINARY INFORMATION**

IMA Wealth, as a registered investment adviser, is required to disclose all material facts regarding any legal or disciplinary events that would be considered material to your evaluation of our firm or the integrity of our management. IMA Wealth has no information applicable to this Item.

**ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS****OUR FINANCIAL INDUSTRY AFFILIATIONS**

**FINRA Broker-Dealer Activities.** IMA Wealth is registered with the Securities and Exchange Commission (“SEC”) as an Investment Advisor. The firm is also registered with the SEC as a limited securities broker-dealer and is a member of Financial Regulatory Authority (“FINRA”). It is also an insurance agency. Some of its principal executive officers are also engaged in the management of broker-dealer and insurance agency business. These individuals spend as much as 40% of their time involved in broker-dealer and insurance agency business. Our associated persons are typically registered both as an Investment Advisor Representative and as a FINRA Registered Representative and licensed in one or more states as an insurance agent.

IMA Wealth’s broker-dealer and its representatives make available products for qualified and non-qualified employer-sponsored retirement plans (such as 401(k) plans) as the Plan’s broker of record. Life insurance, disability insurance and long-term care insurance are also made available to our clients.

We do not buy or sell securities as principal or as agent for Investment Supervisory and Consulting Services clients. All securities transactions for your account are executed through non-affiliated brokers and/or dealers and held in an account established by you with an independent, qualified custodian that is not affiliated with IMA Wealth. However, if you wish to purchase life, long-term care or disability insurance, or wish to hire a broker for an employer-sponsored retirement plan, we will offer these products to you as an agent of IMA Wealth’s insurance agency or as a Registered Representative of IMA Wealth’s Broker-Dealer. If you purchase these products through IMA Wealth’s insurance agency or broker-dealer, our associated persons are eligible

<sup>1</sup> Quantitative analysis focuses on mathematical and statistical research such as the debt-to-equity and price-to-equity ratios.

<sup>2</sup> Qualitative analysis uses subjective judgment to evaluate information such as management expertise, industry cycles, labor relations, and other factors not generally identified through quantitative analysis.

to receive a percentage of the commissions generated by these sales. You are under no obligation to purchase any products from us.

**The IMA Financial Group, Inc. (“IMA”)** IMA is the parent company of IMA Wealth. IMA has numerous subsidiary corporations which are engaged in retail and wholesale insurance operations. If you need professional insurance services for yourself or your business, we will refer you to IMA and its subsidiaries. Should insurance products be purchased as a result of this referral, IMA Wealth’s associated persons could be eligible to receive a percentage of the commissions generated by these sales. You are not obligated in any way to use IMA and its subsidiaries to purchase insurance products.

Individuals employed by IMA may receive compensation for referrals to IMA Wealth. These referrals and payments are made pursuant to agreements between IMA Wealth and such individuals. As stated above, you are not obligated to use IMA and its subsidiaries to purchase insurance products if you are a client of IMA Wealth as a result of such referral.

Referrals made by IMA Wealth’s associated persons will be made in accordance with our privacy policy under SEC Regulation S-P. We will not disclose your personal information unless it is (1) required by law; (2) at your direction, or (3) permitted by law and necessary to provide you with our services.

Please see Item 14 (“Client Referrals and Other Compensation”) for information about other referral arrangements between IMA Wealth and its affiliates.

#### **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

We have adopted a Code of Ethics (“the Code”) for all of IMA Wealth’s supervised persons. The Code describes our high standard of business conduct and fiduciary duty to our clients. A summary of the Code has been provided in this section of our Brochure. You may obtain a copy of the Code by our office at 316-266-6574.

The Code includes provisions for, among other things:

- the confidentiality of client information;
- a prohibition on insider trading;
- a prohibition of rumor mongering;
- restrictions on the acceptance of significant gifts and a requirement to report certain gifts and business entertainment items;
- restrictions imposed on covered associates with respect to political contributions;
- personal securities trading policies and procedures;
- a requirement to obtain pre-approval before acceptance of any board appointment; and
- oversight, enforcement and recordkeeping

All of IMA Wealth’s supervised persons are required to:

- acknowledge in writing the terms of the Code annually, or as amended;
- follow the Code; and
- act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.

IMA Wealth and individuals associated with IMA Wealth are permitted to buy or sell securities identical to, or different from, those recommended to customers for their personal accounts. Related persons could also have an interest or position in one or more securities that IMA Wealth recommends to you. These situations represent a conflict of interest. The Code is designed to ensure that the personal securities transactions,



activities and interests of our employees will not interfere with (1) making decisions in the best interest of our advisory clients and (2) implementation of these decisions while, at the same time, allowing our employees to invest for their own accounts.

Certain classes of securities are designated as exempt transactions under the Code. These classes of securities were determined to pose little risk of material interference with the best interest of our clients.

The Code requires that all “access persons” (defined as an individual associated with IMA Wealth having access to advisory recommendations) receive pre-clearance authorization before purchasing or selling securities for their own accounts or the account of a household member. It is our expressed policy of that no access person is permitted to purchase or sell securities for their own account or the account of a household member that could cause even the appearance of a conflict with the transactions placed for our clients. This policy is intended to prevent access persons from personally benefiting from transactions placed on behalf of advisory accounts. Nonetheless, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading activity is continually monitored under The Code to reasonably prevent any such conflicts of interest between IMA Wealth and our clients.

#### PRINCIPAL AND AGENCY CROSS-TRANSACTIONS

Not applicable. Both sides of securities transactions for your account are executed by non-affiliated broker-dealers (see Item 12 for more information).

### **ITEM 12 – BROKERAGE PRACTICES**

#### BROKERAGE CONSIDERATIONS

We do not maintain custody of your assets that we manage for you. However, IMA Wealth is deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15 – Custody, below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We request that you use Charles Schwab & Co., Inc. (“Schwab”), a FINRA-registered broker-dealer, Member SIPC, as your qualified custodian.

We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to do so. You will open your account by entering into an account agreement directly with Schwab. We do not open the account for you, although we will assist you in doing so. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see “Brokerage Considerations – Prime Brokerage”).

#### HOW WE SELECT CUSTODIAN-BROKERS

We seek to recommend a custodian-broker who will hold your assets and execute transactions that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- combination of transaction execution services and asset custody services (generally without a separate fee for custody services);
- breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds, etc.)
- capacity to execute, clear and settle trades (buy and sell securities for your account)
- capacity to facilitate transfers and payments to and from your account (wire transfers, check requests, bill payments, etc.)
- availability of investment research and tools that assist us in making investment decisions

- quality of services
- competitiveness of the price of those services (commission rates, other fees, etc.) and willingness to negotiate the prices
- reputation, financial strength and stability
- prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us from Schwab”).

We have evaluated Charles Schwab (CS&Co.) and have determined, based on our experience with them, they offer clients an excellent blend of services and reputation, competitive total cost, and access to mutual funds otherwise not available to IMA Wealth or our clients.

Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades they execute or settle into your account.

We may not be able to accept clients who wish to utilize other custodians.

Clients enrolled in the Institutional Intelligent Portfolios Program are required to use CS&Co. as their custodian.

Even though we request that you use specific custodian-brokers, you should independently evaluate our recommended custodian-broker to ensure that they provide you the best blend of service and cost.

Schwab commission rates were negotiated based on the condition that our clients collectively maintain a total of at least \$230 million of their assets in Schwab accounts. In addition, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account (see “*BROKERAGE CONSIDERATIONS - PRIME BROKERAGE*”, below, for more information).

#### PRODUCTS AND SERVICES AVAILABLE TO US THROUGH SCHWAB

Schwab Advisor Services™ (“SAS”) is Schwab’s business that serves independent investment advisory firms like us. They provide us and our clients with access to their institutional brokerage – trading, custody, reporting, and related services – many of which are not typically available to Schwab retail customers. They also make available various support services. Some of these services help us manage or administer our clients’ accounts. Others help us manage and grow our business. These support services generally are available on an unsolicited basis (we don’t have to request them) and at no charge to us provided that our clients collectively maintain a total of at least \$10 million of their assets at SAS. If our clients collectively have less than \$10 million at SAS, SAS can charge us quarterly service fees of \$1,200 (SAS). Here is a more detailed description of support services made available by SAS:

**Services That Benefit You.** Institutional brokerage services available through SAS include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through SAS include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. The services described in this paragraph generally benefit you and your account.

**Services That May Not Directly Benefit You.** SAS also make available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients’ accounts. They include investment research, both from Schwab as well as third parties. This research is used to service all or a substantial number of our clients’ accounts, including accounts

not maintained at SAS. In addition to investment research, SAS also make available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations or account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting

***Services That Generally Benefit Only Us.*** SAS also provide other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events;
- Technology, compliance, legal and business consulting;
- Publications and conferences on practice management, business succession and marketing; and
- Access to employee benefits providers, human capital consultants, and insurance providers

SAS provides some of these services themselves. In other cases, SAS arranges for third-party vendors to provide the services to us. SAS also discount or waive fees for some of these services or pay all or a part of a third party's fees for us. SAS also provide us with other benefits, such as occasional business entertainment of our personnel. SAS has provided us with a discount on software solutions made available through Schwab Performance Technologies®. This discount allows us to obtain this software at a reduced fee.

***Our Interest in Schwab Services.*** The availability of these services from SAS benefits us because we do not have to produce or purchase them. We do not have to pay for Schwab services if a total of at least \$10 million of our clients' account assets are maintained with SAS. Beyond that, these services are not contingent upon IMA Wealth committing any specific amount of business to SAS in trading commissions or assets in custody. This minimum asset requirement could give us an incentive to request that you maintain your account with either Schwab, based on our interest in receiving services from SAS that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that our request to choose SAS as custodian and broker is in the best interest of our clients. Our recommendation is primarily supported by the scope, quality and price of these services and not the services that benefit only us. Given the amount of our client assets under management as shown in Item 4 of this Brochure, we do not believe that recommending our clients to collectively maintain at least \$10 million of those assets at Schwab to avoid paying quarterly service fees to Schwab presents a material conflict of interest.

#### **INSTITUTIONAL INTELLIGENT PORTFOLIO PLATFORM SERVICES**

We also offer an automated investment program (the "Program") through which clients are invested in a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange-traded funds ("ETFs") and a cash allocation. Your portfolio is held in a brokerage account opened by you at Charles Schwab & Co., Inc. ("CS&Co"). We use the Institutional Intelligent Portfolios® platform ("Platform"), offered by Schwab Performance Technologies ("SPT"), a software provider to independent investment advisors and an affiliate of CS&Co., to operate the Program. We are independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co., or their affiliates (together, "Schwab"). We, and not Schwab, are your advisor and primary point of contact with respect to the Program. We are solely responsible, and Schwab is not responsible, for determining the appropriateness of the Program for you, choosing a suitable investment strategy and portfolio for your investment needs and goals, and managing that portfolio on an ongoing basis. We have contracted with SPT to provide us with the Platform, which consists of technology and related trading and account management services for the Program. The Platform

enables us to make the Program available to clients online and includes a system that automates certain key parts of our investment process (the “System”). The System includes an online questionnaire that helps us determine participating clients’ investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that we will recommend a portfolio via the System in response to answers to the online questionnaire. You may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but we then make the final decision and select a portfolio based on all the information we have about you. The System also includes an automated investment engine through which we manage portfolios on an ongoing basis through automatic rebalancing and tax-loss harvesting (if you are eligible and elect this feature).

We charge clients a fee for our services as described below under *Item 5 Fees and Compensation*. Our fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to CS&Co. as part of the Program. Schwab does receive other revenues in connection with the Program.

We do not pay SPT fees for the Platform so long as we maintain \$100 million in client assets in accounts at CS&Co. that are not enrolled in the Program. If we do not meet this condition, then we pay SPT an annual licensing fee for of Institutional Intelligent Portfolios 0.10% (10 basis points) on the value of our clients’ assets in the Program. This fee arrangement gives us an incentive to recommend or require that our clients with accounts not enrolled in the Program be maintained with CS&Co.

#### DIRECTED BROKERAGE ARRANGEMENTS

Occasionally clients, when entering an advisory relationship with IMA Wealth, already have a pre-established relationship with a broker. Clients may ask IMA Wealth to execute all transactions for their account(s) through that broker or dealer. However, if we believe the use of that broker-dealer would hinder us in meeting our fiduciary obligations, we will not be able to accept the account for investment supervisory services. You should understand that, if you direct us to use a particular broker or dealer, under those circumstances:

- we will not have authority to negotiate commissions or obtain volume discounts;
- best execution may not be achieved;
- the accounts may not be able to be included in aggregated orders; and
- our other clients may pay lower commission charges.

#### BROKERAGE CONSIDERATIONS – PRIME BROKERAGE

We are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. Although we are not required to execute all trades through Schwab, we have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above. Our clients typically grant us discretionary authority to pick a broker other than the client’s custodian to execute a trade. “*Prime Brokerage Service*” is provided by many custodians and is designed to give account holders (with an authorized Advisor to trade for their account and who meets other requirements) the ability to execute trades of certain assets through broker-dealers other than their custodian. Your account must qualify to participate in prime brokerage transactions. Clients are required to maintain in their account a minimum net equity value as established by their custodian. This amount is equal to or greater than the minimum net equity value required by the Securities and Exchange Commission for prime brokerage participation (currently set at \$100,000).

We request that you provide written authority for us to determine the broker-dealer to use for your transactions and the commission costs that you will pay for these transactions. Any limitations you wish to

place on this authority shall be provided to IMA Wealth in writing. You may change or amend these limitations. Such amendments shall be submitted in writing.

We limit the number of brokers that IMA Wealth uses for prime brokerage transactions. The current list of approved prime brokers is available upon request.

If your account does not qualify for prime brokerage, we will not have the ability to place trades with any broker other than your custodian-broker. In effect, absent prime brokerage, we will direct all transactions for your account to your designated custodian-broker. We will therefore not have authority to negotiate commissions among various brokers or obtain volume discounts. Best execution may not be achieved.

If you apply for Prime Brokerage Services with your selected broker and your account qualifies for Prime Brokerage Services, IMA Wealth has the ability and authority to determine the broker to use for securities transactions. We will not have the ability to negotiate your commissions on a trade by trade basis. This is also applicable to commissions charged to our clients who use the brokers that we recommend.

If we utilize a broker other than your custodian broker, your account will typically be subject to a “prime broker fee” for each transaction executed. This prime broker fee is charged by your custodian-broker to help offset their costs in processing Prime Brokerage Service trades. This prime broker fee is charged in addition to commissions paid by you to the executing broker.

These additional costs are taken into consideration by IMA Wealth in evaluating the total commission expense of prime broker transactions. As a result, we generally have your custodian-broker execute most trades for your account to minimize your trading fees. We have determined that having your custodian execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How We Select Brokers/Custodians”). Other advisors might utilize brokers other than their clients’ custodian broker on a regular basis.

#### TRADE AGGREGATION AND ALLOCATION

We typically aggregate together purchases or sales of the same security for multiple accounts. We are not, however, obligated to aggregate purchases and sales. When we do aggregate orders, all accounts included in a block trade participate at the average share price. Each account participating in a block trade will share in transaction costs equally and on a pro-rated basis. Block trading allows us to execute transactions in a more timely and equitable manner, as detailed below. Clients participating in block trades do not receive the benefit of negotiated commissions, as we do not have that authority on an account-by-account or transaction-by-transaction basis.

Clients with non-discretionary accounts or who place certain restrictions on discretionary accounts sometimes experience delays in order execution as compared to clients with unrestricted discretionary accounts.

CS&Co. may aggregate purchase and sale orders for ETFs across accounts enrolled in the Institutional Intelligent Platform, including accounts for our clients and accounts for clients of other independent investment advisory firms using the Platform.

#### TRADE ERRORS

From time to time we make an error when submitting a trade order on your behalf. When this happens, we typically place a correcting trade for your account. We are responsible for losses resulting from IMA Wealth

trade errors. If an investment gain results from the correcting trade, it is our intent to leave the profit in your account unless:

- the same error involved other client account(s) that should have received the gain;
- it is not permissible for you to retain the gain; or
- after consulting with you, you decide to forego the gain (e.g., due to tax reasons).

Charles Schwab & Co., Inc. has its own trade error policy. If the gain does not remain in your account and Schwab is your broker-custodian, Schwab will donate the amount of any gain \$100 and over to charity. Schwab will retain the loss or gain (if the gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. If a loss occurs greater than \$100, we will pay for the loss. Generally, if related trade errors result in both gains and losses in your account, they will be netted.

#### SOFT DOLLAR ARRANGEMENTS

Not applicable. IMA Wealth does not participate in any soft dollar arrangements.

#### SECURITIES CLASS ACTION LAWSUIT FILINGS

We have entered into an arrangement with Chicago Clearing Corporation (“CCC”) to provide you with a service that automatically files your forms for securities class-action lawsuits. The fee you would pay for services provided by CCC is 20% of any amount collected. The service fee is paid entirely by you, and it is deducted from the amount collected by CCC on your behalf. The award is paid directly to you by CCC after they have deducted their 20% fee. The entire amount you pay for this service stays with CCC – we do not receive any share of the fee collected by CCC, nor do we receive any revenue in exchange for making this service available to you. You do not pay any fee to sign up for this service. You will not owe anything whatsoever to CCC until CCC collects an award on your behalf.

We will furnish to CCC the holding information for clients who choose to use this service.

You are not required to participate in this service. You can choose to handle your own securities class action claims and receive 100% of any awards payable to you. Clients who “opt-out” of this service agree to research, document and submit their own class action lawsuit claims. New clients can “opt-in” by signing an authorization form when that we enter into an investment advisory arrangement with you. You can discontinue this service at a later date by contacting our office our office at 877-305-1864. Class action lawsuit claim information already received by CCC could continue to be processed by their firm following receipt of your service discontinuation notification.

### **ITEM 13 – REVIEW OF ACCOUNTS**

#### INVESTMENT SUPERVISORY SERVICES

**Review of accounts.** Securities held in the accounts of Investment Supervisory Services clients are reviewed to monitor household asset allocation. On at least an annual basis, the household asset allocation is reviewed based on client's financial status, risk tolerance, and financial goals, among other aspects, to insure the allocation remains suitable.

Periodic account statements are provided to you by your independent custodian-broker on at least a quarterly basis.



**ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION****Client Referrals**

Some of our affiliated individuals also earn compensation based in whole or in part on (1) acquisition and retention of investment advisory client assets under management and (2) consulting fees paid to IMA Wealth. Should referred clients decide to hire IMA Wealth, these individuals will receive compensation. This is a conflict of interest because these affiliated individuals have an economic incentive to recommend the advisory services of IMA Wealth.

**Other Compensation**ECONOMIC BENEFIT FROM SCHWAB

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts with Schwab. The availability to us of Schwab's products and services is not based on us giving advice concerning any particular investment, such as buying particular securities for our clients.

COMPENSATION DISCLOSURE FOR IMA WEALTH'S CERTIFIED FINANCIAL PLANNER DESIGNEES

The Certified Financial Planner Board of Standards, Inc. *Rules of Conduct* requires Certified Financial Planner designees ("CFP" professional or "certificate holder") who provide financial advice to clients for compensation to disclose to you certain information concerning the certificate holder's compensation. This includes compensation that the:

- certificate holder receives/is entitled to receive from you for providing professional activities
- certificate holder's employer, affiliated broker-dealer or other related parties receives/is entitled to receive from a client/prospective client or other source for providing professional activities
- certificate holder receives/is entitled to receive from his/her employer, affiliated broker-dealer or other related parties, for providing professional activities

Compensation paid to investment professionals is typically based on revenues earned through one of the following arrangements: "*fee-only*", "*commission-only*", or "*commission and fee*".

- The CFP Board's Standards of Professional Conduct ("the Standards") provides that a CFP® professional's practice may be described as "*fee-only*" only if all the certificate holder's compensation from all his/her client work comes exclusively from clients in the form of fixed, flat, hourly, percentage or performance-based fees.
- The Standards define "commission" as "compensation generated from a transaction involving a product or service and received by an agent or broker, usually calculated as a percentage on the amount of his or her sales or purchase transactions. This includes 12b-1 fees, trailing commissions, surrender charges and contingent deferred sales charges." If a certificate holder or related party receives, or is entitled to receive, commissions for providing professional activities, the certificate holder must disclose the receipt of commissions as part of his/her compensation. For example, if the certificate holder works for a registered investment adviser that is under common ownership with a broker-dealer, CFP Board considers the broker-dealer to be a related party. Therefore, any certificate holder working for a firm that is under common ownership with a broker-dealer must include "commission" as part of his/her compensation disclosure.

IMA Wealth is registered as an Investment Advisor with the Securities and Exchange Commission ("SEC") and is also registered with the SEC as a broker-dealer, member FINRA. IMA Wealth is also an insurance agency. Certain of our investment professionals have attained the CFP® designation. Our CFP® professionals are registered as Investment Advisor Representatives, and their compensation for work performed for investment advisory clients is in the form of fixed, flat, hourly or percentage fees. Our CFP® professionals are

also Registered Representative of our broker-dealer and, as such, are eligible to receive commissions earned from the sale of investment products to employer-sponsored defined contribution retirement plans for whom IMA Wealth serves as broker of record. Our CFP® professionals also provide services as licensed insurance agents and are eligible to receive commissions for the sale of life, long-term care and disability insurance.

Based on definitions provided by the CFP Board, our CFP® professionals are considered to be compensated on a commission and fee basis.

This information has not been reviewed, approved or verified by the CFP Board or by any governmental or self-regulatory authority. The CFP Board does not warrant the specific qualifications of individuals licensed to use its marks, nor does it warrant the correctness of advice or opinions provided.

Please see our Supplemental Brochure for background information about our Investment Professionals and CFP Professionals, including: Professional and Employment History, Educational Background, Professional Designations, Registrations Held, Disciplinary Information, and Outside Business Activities. It also provides information on the professional and educational requirements necessary to attain the Certified Financial Planner (CFP®) designation.

#### **ITEM 15 – CUSTODY**

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct your custodian-broker to deduct our advisory fees directly from your account. The fee deducted will be documented within your signed Investment Advisory Agreement with IMA Wealth. Your custodian-broker maintains actual custody of your assets. It is not, as a matter of policy, our intent to have custody of client assets for any reason other than when we are authorized by you to instruct your custodian-broker to deduct our advisory fees directly from your account.

You will receive account statements directly from your broker-custodian that holds and maintains your investment assets. These statements are the official records of your account. They will be sent to the email or postal mailing address that you provided to your custodian. You should carefully review those statements promptly when you receive them. We also urge you to compare your custodian's account statements to the periodic portfolio reports you will receive from us.

#### **ITEM 16 – INVESTMENT DISCRETION**

Investment guidelines and restrictions must be provided to IMA Wealth in writing. We usually receive discretionary authority from our clients at the beginning of an advisory relationship. Clients sign a limited power of attorney directing their custodian to accept instructions from IMA Wealth to purchase and sell securities in the client's account. This discretionary authority includes securities selection as well as determining the amount of securities to be bought or sold. This discretionary authority is to be exercised by our firm in a manner consistent with the stated investment objectives for the particular client relationship.

We will also allow clients to place reasonable restrictions on their discretionary accounts. Typical restrictions include, but are not limited to:

- restriction on the sale of specific low-basis holdings held in client's account; and
- prohibition on investment in one or more specific securities.

We prefer to manage advisory accounts on a discretionary basis but will occasionally accept non-discretionary accounts. Clients who establish non-discretionary accounts or who place certain restrictions on discretionary



accounts may experience delays in order execution as compared to clients with unrestricted discretionary accounts. With a copy of a client signed Prime Brokerage Agreement, IMA Wealth may also use discretion in placing securities transactions through a Prime Brokerage arrangement to execute trades.

#### **ITEM 17 – VOTING CLIENT SECURITIES**

We typically agree to vote proxies for portfolio securities as a courtesy to our clients. IMA Wealth has adopted policies and procedures designed to ensure that proxies are voted in the client's best interest. We vote proxies related to securities held by investment supervisory services clients who provide us with specific, written authority to do so. This service is available for all managed accounts held at our approved custodian(s). This written authority is provided in our investment advisory agreement and through written instruction to your custodian-broker.

We have established an Investment Policy Committee ("IPC"). One role of the IPC is to make proxy voting decisions. Broadridge Financial Solutions ("Broadridge"), an independent third party, has been retained to act as an independent voting agent. Broadridge's role is to provide a Proxy Voting Policy that is adopted by our IPC, and to ensure that the mechanical voting procedures are completed and documented.

Final voting decisions are based on a pre-established set of policy guidelines and on the recommendations of Broadridge, based on its independent, objective analysis. This process helps ensure that proxies are voted in the best interest of our clients (defined as in the best economic interest of the shareholders of a company). The process also insulates as much as possible, voting decisions from conflicts of interest. Although our IPC relies on the recommendations of Broadridge, our IPC ultimately retains responsibility for the votes. The IPC will occasionally override Broadridge vote recommendations, but only if we believe that a different vote is in the best interest of our client(s). If a material conflict of interest is presented that affects our IPC's ability to vote proxies in the client's best interest, we will follow (and not override) Broadridge's specific voting recommendations.

If Broadridge itself has a material conflict of interest present, they will not issue a vote recommendation. Instead, our IPC will be asked by Broadridge to vote the ballots on the Broadridge system.

Please contact our Chief Compliance Officer to receive a report of how your proxies were voted or a copy of our complete proxy voting policies and procedures (see Brochure cover page for contact information).

If you choose to vote your own proxies, the solicitation materials will be delivered directly to you by your custodian (or by a third-party agent through an arrangement with your custodian).

#### **ITEM 18 – FINANCIAL INFORMATION**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the firm's financial condition. IMA Wealth is not required to disclose any financial information in this section of our disclosure brochure because we:

- do not require or solicit the prepayment of fees six months or more in advance of services rendered; do not have a financial condition that is reasonably likely to impair our ability to meet contractual and fiduciary commitments to our clients; and
- have not been the subject of a bankruptcy proceeding at any time in the firm's history.