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**July 23, 2021**

**FORM ADV PART 2A  
BROCHURE**

This firm brochure provides information about the qualifications and business practices of Bridgeworth, LLC d/b/a Bridgeworth Wealth Management. Questions about the contents of this brochure please contact Tomonica Stoudemire, Chief Compliance Officer, at (205) 208-8700 or email [mstoudemire@bridgeworthfinancial.com](mailto:mstoudemire@bridgeworthfinancial.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 Bridgeworth Wealth Management is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Bridgeworth Wealth Management is 164100 or SEC# 801-76956.

Bridgeworth Wealth Management 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 Material Changes

Bridgeworth Wealth Management is required to advise you of any material changes to our Firm Brochure ("Brochure") from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of the last annual update of our Brochure.

Since our annual updating amendment filed on March 30, 2020, we have made the following changes to our Brochure:

- We have updated our principal address to 101 25th Street North Birmingham, AL 35203. Also, we have re-branded our name to Bridgeworth Wealth Management.
- Bridgeworth Wealth Management is no longer a sponsor or portfolio manager to our own Wrap Fee Program. The Program has been terminated.
- We have added Private Client Group Services that targets clients with a minimum portfolio size of \$5,000,000.
- Our fees for Financial Planning and Consulting Services (Stand-Alone) and the Bridgeworth Access Program have increased. Our minimum fee for Stand-Alone Financial Plan is \$5,000. We have increased our minimum account balance requirement to \$500,000 for our Investment Management services. Generally, these minimums may be waived or reduced at the advisers' discretion. Please refer to the *Fees and Compensation* section for complete details on the fees related to all of our advisory services and the *Types of Clients* section for information related to our minimums.
- As discussed above, we have revised our advisory service offerings and streamlined disclosures in several sections of the Brochure. We encourage you to review the Brochure in its entirety and contact our Chief Compliance Officer, contact details on the cover page, with any questions.

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## Item 4 Advisory Business

### Description of Firm

Bridgeworth, LLC d/b/a Bridgeworth Wealth Management is a registered investment adviser primarily headquartered in Birmingham, Alabama. We are organized as a limited liability company ("LLC") under the laws of the State of Alabama. We have been providing investment advisory services since 2012 and are owned by the following:

- DeLynn M. Zell
- David Wayne Harris
- Henry Ware
- Jeffrey McCormack
- Brian Hinson
- Jennifer Sneed
- Charles Zachary Ivey
- James Samuel Fitch
- William O'Neal Hocutt
- Jeris B. Gaston

The following paragraphs describe our services and fees. Refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our," "us," and "Bridgeworth" refer to Bridgeworth Wealth Management and our Investment Adviser Representatives and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm.

### Description of the Types of Advisory Services We Offer

Our firm provides investment advisory and financial planning services including:

- Comprehensive Wealth Management
- Financial Planning and Consulting (stand-alone)
- Investment Management (stand-alone)
- Private Client Group
- Bridgeworth Access Program
- Robo-Advisor Programs
- Selection of Other Advisors
- Retirement Plan and Pension Consulting

### Comprehensive Wealth Management Services

Bridgeworth provides comprehensive wealth management services to individuals, families and business owners. The comprehensive program includes both financial planning and asset management services. Bridgeworth believes that it is important to address financial planning issues on an ongoing basis and in concert with investment management. Financial planning/consulting and investment management is also offered on a stand-alone basis if the client desires. Please see the details below.

### Financial Planning and Consulting Services (Stand-Alone)

We provide stand-alone financial planning and consulting services to individuals, families, and business owners. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's current situation, financial goals and objectives. This planning or consulting may encompass one or more of the following areas: Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Personal Tax Planning, Mortgage/Debt Analysis, Insurance Analysis, Business and Personal Financial Planning, Review of Employee Benefit Plans, and other planning and consulting services as requested by the client and agreed to by the Financial Advisor.

Our financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For financial planning clients, we provide a written summary of the client's financial situation, our observations, and

recommendations. For financial consulting clients, we usually do not provide a written summary of our observations and recommendations, as the process is less formal than our planning service. Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

Prior to engaging Bridgeworth to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with us setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due, a deposit if any, prior to our firm commencing services.

Financial planning and consulting services are based on the client's current financial situation and the information disclosed by the client to Bridgeworth at time of engagement. The client should notify the adviser promptly upon any changes in the client's financial situation, goals or objectives. We may refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. Clients who engage Bridgeworth on a fee for service basis for financial planning and consulting services are under no obligation to use Bridgeworth for investment management or brokerage services, purchase insurance or take any other action as recommended by the adviser.

### **Investment Management Services (Stand-Alone)**

Bridgeworth provides investment management that are tailored to meet our clients' needs and investment objectives. We will gather information about your financial situation and objectives, and assist you in determining your investment goals, objectives, risk tolerance and income needs (collectively "investment parameters"). Through our discussion to determine your investment parameters, we will develop an Investment Policy Statement ("IPS"). In accordance with your IPS, we will provide you with recommendations and/or allocate your investments in models constructed by our firm. These models are designed for investors with varying degrees of risk tolerance ranging from a more aggressive investment strategy to a more conservative investment approach. Typically models consist of no-load mutual funds and or exchange-traded fund ("ETFs") to achieve the clients investment goals. In some situations, the advisor may utilize individual stocks, bonds, certificate of deposits, and alternative investments to meet the needs of its clients.

If you participate in our discretionary asset 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 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. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in an investment portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

We also offer non-discretionary asset management services. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account. You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis

**Private Client Group Services**

Our Private Client Group ("PCG") is a program designed for higher net worth clients with more complex needs who meet certain investable asset requirements. Participants receive the same comprehensive wealth management services as other clients. However, clients in this group may receive invitations to specialized educational and other events specifically tailored to those in similar financial situations. In addition, they may require a higher service level such as additional meetings throughout the year and have more than one advisor assigned to them. We target clients with a minimum portfolio size of \$5,000,000 for our PCG program.

**Bridgeworth Access Program**

The Bridgeworth Access Program is designed for clients that are on track to meet their target client profile in the near future, but may not currently meet the firm's required minimums. The Bridgeworth Access Program may also be offered to family members of selected clients. The program will provide assistance with goal setting and monitoring, analysis of employee benefits, debt management, cash flow planning, college planning, and mortgage consulting with a strong emphasis on basic financial education. A review and ongoing touchpoints will be planned throughout the year to ensure goals are tracking. The program also provides clients access to their own personal financial website with cash flow and net worth trackers. Bridgeworth Access Program clients who ultimately engage Bridgeworth for investment management services however are under no obligation to do so.

**Robo-Advisor Programs**

Bridgeworth believes that certain clients will benefit from certain robo-advisor enhanced advisory services, particularly due to the relatively low minimum account balance and the combination of a digital advice solution with access to an advisor. We offer two automated investment programs, one through Charles Schwab & Co., Inc. ("CS&Co") and the other through LPL Financial, LLC ("LPL"). In general, robo-advisor programs offer clients the ability to participate in a centrally managed, algorithm-based investment program, which are made available to clients through web-based, interactive account management portals. Investment recommendations are generated through proprietary, automated, computer algorithms based on model portfolios. Programs can differ based on security and/or model selection, fees, conflicts of interest and personal interaction with your advisor. We have provided a brief description of each program below. Please refer to the ADV Disclosure Brochures for CS&Co and/or LPL and account applications for additional details related to each program.

Charles Schwab & Co., Inc.'s Program

Clients are invested in a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange-traded funds and mutual funds ("Funds") and a cash allocation. The client may instruct us to exclude up to three Funds from their portfolio. The client's portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. ("CS&Co"). We use the Institutional Intelligent Portfolios® platform ("Platform"), offered by Schwab Performance ("SPT"), a software provider to independent investment advisors and an affiliate of CS&Co. (together, "Schwab"), to operate 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"). Based on information the client provides to us, we will recommend a portfolio via the System. The client 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 the client. The System also includes an automated investment engine through which we manage the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

We, and not Schwab, are the client's investment 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 the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis.

#### LPL's Guided Wealth Portfolios ("GWP")

GWP provides investment recommendations to buy and sell open-end mutual funds and exchange-traded funds that are generated through proprietary, automated, computer algorithms of Xulu, Inc., doing business as FutureAdvisor ("FutureAdvisor"), based upon model portfolios constructed by LPL and selected for the account. The model portfolios cannot be changed or customized. Only one model portfolio is permitted per account.

Bridgeworth is responsible, on an ongoing basis, as investment advisor and fiduciary for the client relationship for (including but not limited to): recommending the program for the client; providing ongoing monitoring of the program; determining initial and ongoing suitability of the program for the client; and reviewing and approving any change in investment objective due to changes clients make to their client profile. GWP is made available through a web-based portal and communications concerning the program are intended to occur primarily through electronic means (including but not limited to, through email communications or through such portal), although an Advisor, typically an LPL investment advisor representative, will be available to discuss investment strategies, objectives or the account, in general, via telephone. Therefore, the program differs from more traditional advisory relationships in which your Bridgeworth investment adviser representative has more frequent personal interactions with you. There are different service levels available, however, the program is intended for clients with lower touch expectations. Potential clients should consider whether GWP will provide the type of advisory relationship you desire.

#### **Selection of Other Advisers**

If suitable, we may recommend the services of third party money manager ("TPMMs") to manage all, or a portion of, your investment portfolio. Investment advice and trading of securities will only be offered by or through the chosen TPMMs. Our firm will not offer advice on any specific securities or other investments in connection with this service. TPMMs selected under these programs will have discretion to determine the securities they will buy and sell within the account(s). We will assume discretionary authority to hire and fire TPMMs and/or reallocate your assets to other TPMMs where we deem such action appropriate.

Prior to referring clients, our firm will provide initial due diligence on TPMMs and ongoing reviews of their management of client accounts. In order to assist in the selection of a third party manager, we will gather client information pertaining to financial situation, investment objectives, and reasonable restrictions to be imposed upon the management of the account. In certain instances, the investment program may be wrap fee program. Generally, a wrap fee program is a type of investment program that provides clients with asset management and brokerage services for one all-inclusive fee. Wrap fee programs are typically more appropriate for active accounts and are managed accordingly.

We will review the TPMM's reports provided to the client at least annually. We will contact clients from time to time in order to review their financial situation and objectives; communicate information to TPMM as warranted; and assist the client in understanding and evaluating the services provided by the TPMM. Clients will be expected to notify our firm of any changes to their financial situation, investment objectives, or account restrictions that could affect their financial standing.

## **Retirement Plan and Pension Consulting Services**

We provide retirement plan and pension consulting services to employer plan sponsors on an ongoing basis. Generally, such pension consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: investment options, plan structure and participant education. Retirement Plan and Pension Consulting services typically include:

- Establishing an Investment Policy Statement - our firm will assist in the development of a statement that summarizes the investment goals and objectives along with the broad strategies to be employed to meet the objectives.
- Investment Options - our firm will work with the Plan Sponsor to evaluate existing investment options and make recommendations for appropriate changes.
- Asset Allocation and Portfolio Construction - our firm will develop strategic asset allocation models to aid Participants in developing strategies to meet their investment objectives, time horizon, financial situation and tolerance for risk.
- Investment Monitoring - our firm will monitor the performance of the investments and notify the client in the event of over/under performance and in times of market volatility.

In providing services for retirement plan and pension consulting, our firm does not provide any advisory services with respect to the following types of assets: employer securities, real estate (excluding real estate funds and publicly traded REITs), participant loans, non-publicly traded securities or assets, other illiquid investments, or brokerage window programs (collectively, "Excluded Assets").

All retirement plan and pension consulting services shall be in compliance with the applicable state law(s) regulating pension consulting services. This applies to client accounts that are pension or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the client accounts are part of a Plan, and we accept appointments to provide our services to such accounts, we acknowledge that we are a fiduciary within the meaning of Section 3(21) of ERISA (but only with respect to the provision of services described in the Pension Consulting Agreement).

### Participant Investment Consulting Service ("PICS")

Our PICS service renders professional advice to retirement plan participants in accordance with the client's personal investment objectives and will not be acting as a fiduciary under the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended, and the Investment Advisers Act of 1940. The consultation services offered by our firm will be limited to providing information about the retirement plan, general financial and investment information, asset allocation models, and investment materials. PICS will be limited to recommendations for the following investment options available under the plan, as applicable: mutual funds, exchange traded funds, allocations among annuity sub-accounts, collective investment trusts, pooled separate accounts, publicly traded stock of the sponsor of the plan or its affiliate ("company stock"), and other securities that may be available in brokerage windows or other similar plan arrangements that enable participants to select investments beyond those designated by the Plan.

These services are intended to educate the Client and assist them in assessing their future retirement income needs and the impact of different asset allocations on retirement income. We may provide educational information to the Client regarding the possible distribution of Client's plan assets, the transfer of assets to an individual retirement account ("IRA"), and/or engagement of our firm to provide advisory services with respect to an IRA account. To the extent that Client receives such information, Client acknowledges that we are not recommending one option over another and further acknowledges that it is important to consider upon termination with the employer sponsoring the plan that client has options such as: remaining invested in the plan, transferring assets to a defined contribution plan or to



an IRA or withdrawing assets with possible IRS penalties. We do not provide ongoing consulting or management services or have discretionary authority with respect to Client's retirement plan assets. Client is solely responsible for determining whether to implement any of the recommendations made and for placing and executing such transactions.

#### Investment Advice to Employee Benefit Plans

Since we may render investment advice to employee benefit plans under Section 4975(e)(3)(B) of the Internal Revenue Code, we act as a fiduciary within the meaning of section 3(21)(A)(ii) of the Advisers Act. As such, we must act "with the care, skill, prudence and diligence under the circumstance then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims" (ERISA 404(a)(1)(B)).

#### **Wrap Fee Programs**

We no longer sponsor or serve as a portfolio manager to a wrap fee program. We may recommend that you invest in a wrap fee program sponsored by a TPMM. Please refer to the Selection of Other Advisers section for additional details on the TPMM's programs.

#### **Types of Investments**

We primarily offer advice on mutual funds, exchange traded funds ("ETFs"), stock, bonds, and money market funds. Refer to the *Methods of Analysis, Investment Strategies and Risk of Loss* below for additional disclosures on this topic. Additionally, we may advise you on various types of investments based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

Since our investment strategies and advice are based on each client's specific financial situation, the investment advice we provide to you may be different or conflicting with the advice we give to other clients regarding the same security or investment.

#### **Assets Under Management**

As of March 26, 2021, we provide continuous management services for \$1,858,583,866 in client assets on a discretionary basis, and \$7,347,959 in client assets on a non-discretionary basis.

### **Item 5 Fees and Compensation**

***Certain Legacy Clients will have different fee schedules than what is disclosed below.***

#### **Investment Management Services**

Our fee for investment management services is based on a percentage of the assets in your account and is set forth in the following annual fee schedule.

##### **\*Annual Fee Schedule**

<b>Assets Under Management</b>	<b>Annual Fee</b>
\$0 - \$500,000	Up to 1.35%
\$500,001 - \$1,000,000	Up to 1.20%
*\$1,000,001 - \$2,000,000	Up to 1.15%
\$2,000,001 - \$3,000,000	Up to 0.96%
\$3,000,001 - \$5,000,000	Up to 0.88%

\$5,000,001 - \$10,000,000	Up to 0.74%
\$10,000,001 - \$20,000,000	Up to 0.54%
Over \$20,000,000	Negotiable

***\*This fee schedule is applicable to the investment management services provided under Comprehensive Portfolio Management services, Robo-Advisor Programs, and the Private Client Group.***

We charge an asset based fee for portfolio management services and a separate fixed or hourly fee for financial planning and consulting services. The fees for financial planning and consulting are outlined below. This fee is waived if we manage \$1,000,000 of asset or more and the financial planning requirements are in line with our standard offering. If the financial plan is beyond the standard level of complexity and scope, our financial planning fees will apply.

Our annual portfolio management fee is billed and payable, quarterly in advance, based on the balance on the last day of the previous quarter. If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client.

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

We generally charge a flat fee basis for stand-alone financial planning with a \$5,000 minimum. The total estimated fee, as well as the ultimate fee that we charge, is based on the scope and complexity of the engagement. Flat fees generally range from \$5,000 to \$20,000 and may be lower or higher at the discretion of the advisor. This fee is waived if we managed \$1 million of assets or more. It is reduced by 50% if we manage a minimum of \$500,000.

We offer hourly consulting for situations that are limited and may not need comprehensive planning. Hourly fees range between \$175 and \$400 for financial advice that are limited in scope. In certain cases, our consulting fee may be calculated as a percentage of the assets. Financial planning and consulting services may be ongoing and are indicated in the advisory agreement. For ongoing services, we generally bill quarterly in advance in the absence of an ACH debit authorization from Client.

For financial planning and consulting services, we require an initial payment of fifty-percent (50%) of the ultimate financial planning or consulting fee with the remainder of the fee directly billed to the client and due to us within thirty (30) days of the financial plan being delivered or consultation rendered. In all cases, we will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 (six) months.

### **Private Client Group**

Our fee for the Private Client Group is based on a percentage of the assets in your account and billed in accordance with the above annual fee schedule. Comprehensive financial planning is included for those in the Private Client Group.

### **Bridgeworth Access Program**

Bridgeworth Access Program fees generally range from \$1,500 to \$4,500 depending on the time, complexity, number of calls or meetings and the scope of the engagement. Fees may be charged monthly as agreed to in the advisory agreement. Family pricing for asset management is available to children of existing clients.

## **Robo-Advisor Programs**

### Charles Schwab & Co., Inc.'s Program

Our fee for the CS&Co. Program is negotiable and based on a percentage of the assets in your account and billed in accordance with the above annual fee schedule. Clients do not pay fees to SPT or brokerage commissions or other fees to CS&Co. as part of the Program. Schwab does receive other revenues, including (i) the profit earned by Charles Schwab Bank, SSB, a Schwab affiliate, on the allocation to the Schwab Intelligent Portfolios Sweep Program described in the Schwab Intelligent Portfolios Sweep Program Disclosure Statement; (ii) investment advisory and/or administrative service fees (or unitary fees) received by Charles Schwab Investment Management, Inc., a Schwab affiliate, from Schwab ETFs™ Schwab Funds® and Laudus Funds® that we select to buy and hold in the client's brokerage account; (iii) fees received by Schwab from mutual funds in the Schwab Mutual Fund Marketplace® (including certain Schwab Funds and Laudus Funds) in the client's brokerage account for services Schwab provides; and (iv) remuneration Schwab receives from the market centers where it routes ETF trade orders for execution. Brokerage arrangements are further described below in Item 12 *Brokerage Practices*. There is also a \$10 quarterly servicing and administration fee that is included in your standard billing schedule for this Program.

### LPL's Guided Wealth Portfolios ("GWP")

The account fee charged to the client for GWP is negotiable, subject to the maximum account fee of 1.35%. GWP Managed Service clients are charged an account fee consisting of an LPL program fee of 0.35% and an advisor fee of up to 1.00%. In the future, a strategist fee may apply. However, LPL Research currently serves as the sole portfolio strategist and does not charge a fee for its services. FutureAdvisor is compensated directly by LPL for its services, including the Algorithm and related software, through an annual sub-advisory fee (tiered based on assets under management by FutureAdvisor, at a rate ranging from 0.10% to 0.17%). As each asset tier is reached, LPL's share of the compensation shall increase and clients will not benefit from such asset tiers.

Bridgeworth and LPL may share in the account fee and other fees associated with program accounts. Associated persons of Bridgeworth, LLC may also be registered representatives of LPL.

## **Selection of Other Advisers**

We do not charge you a separate fee for the selection of other advisers. We will share in the advisory fee you pay directly to the third party money managers ("TPMM"). The advisory fee you pay to the TPMM is established and payable in accordance with the brochure provided by each TPMM to whom you are referred. These fees may or may not be negotiable. If you participate in a wrap fee program, you will receive a separate Wrap Fee Program Brochure (Form ADV Part 2A, Appendix 1) from the TPMM explaining the program and costs associated with the program. To compare the cost of a wrap fee program with non-wrap fee portfolio management services, you should consider the frequency of trading activity associated with the investment strategies and the brokerage commissions charged by or other broker-dealers, and the advisory fees charged by our firm and the TPMMs.

Our compensation may differ depending upon the individual agreement we have with each TPMM. As such, a conflict of interest exists where our firm or persons associated with our firm has an incentive to recommend one TPMM over another TPMM with whom we have more favorable compensation arrangements or other advisory programs offered by TPMMs with whom we have less or no compensation arrangements. The TPMMs we recommend will not directly charge you a higher fee than they would have charged without us introducing you to them.

You may be required to sign an agreement directly with the recommended TPMM(s). You may terminate your advisory relationship with the TPMM according to the terms of your agreement with the TPMM. You should review each TPMM's brochure for specific information on how you may terminate your advisory relationship with the TPMM and how you may receive a refund, if applicable. You should contact the TPMM directly for questions regarding your advisory agreement with the TPMM.

### **Retirement Plan and Pension Consulting and PICS**

We generally charge on an hourly or a flat fee basis for pension consulting services. The total estimated fee, as well as the ultimate fee that we charge, is based on the scope and complexity of our engagement. Our hourly fees range between \$150 and \$250 for financial advice. Our flat fees generally range from \$750 to \$10,000 for Pension Consulting and a maximum of \$5,000 for PICS. Flat fees are charged quarterly in arrears for ongoing pension consulting services. In certain cases, our consulting fee may be calculated by a percentage of the assets for which the consultations are provided and generally range between 1% and 3%. All pension consulting fees are at the discretion of Bridgeworth Wealth Management.

The fee-paying arrangements for pension consulting service will be determined on a case-by-case basis and will be detailed in the signed Pension Consulting Agreement. The client will be invoiced directly for the fees.

### **Direct Fee Debit**

Clients provide Bridgeworth with the authority to directly debit their accounts for payment of the investment advisory fees through the advisory agreement. The qualified custodian(s) for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Bridgeworth. We use Orion Advisor Services to calculate fees that Schwab deducts from accounts custodied with them. LPL Financial will calculate and deduct advisory fees for accounts custodied with them.

### **Fixed or Hourly Fees**

Payment of financial planning and consulting fees is payable via check or processed through a company named AdvicePay. AdvicePay offers billing services to credit cards, debit cards or checking accounts without our firm accepting custody of client funds. This service will enhance the opportunity for both project based and ongoing financial planning and consulting services with electronic payment processing. Ongoing financial planning and consulting services automatically renew annually based on the execution date of the financial planning and consulting agreement, unless cancelled by written notice prior to that date. You will be required to establish an account directly with AdvicePay.

### **Fee Discretion**

Bridgeworth may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.

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 the available breakpoints in our fee schedule stated above.

**Termination of Advisory Relationship**

Either party may terminate the advisory agreement upon written notice. You will incur a pro rata charge for services rendered prior to the termination of the advisory 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. For purposes of calculating refunds based on fixed or hourly advisory fees, all work performed by us up to the point of termination shall be calculated at the negotiated hourly rate. You will receive a pro-rata refund of unearned fees based on the time and effort expended by our firm.

**Use of Margin**

Bridgeworth may recommend that certain clients utilize margin in the client's investment portfolio or other borrowing. Bridgeworth only recommends such borrowing for non-investment needs, such as bridge loans and other financing needs. The Firm's fees are determined based upon the value of the assets being managed gross of any margin or borrowing. Refer to the *Methods of Analysis, Investment Strategies and Risk of Loss* section for additional details and risks related to the use of margin and securities-backed lines of credit.

**Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds 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. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, refer to the *Brokerage Practices* section of this brochure.

**Compensation for the Sale of Securities or Other Investment Products**

Certain persons providing investment advice on behalf of our firm are registered representatives with LPL, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In their capacity as registered representatives, these persons receive compensation in connection with the purchase and sale of securities or other investment products, including asset-based sales charges, service fees or 12b-1 fees, for the sale or holding, of mutual funds. Compensation earned by these persons in their capacities as registered representatives is separate and in addition to our advisory fees. Please refer to your investment adviser representative's ADV 2B Disclosure Brochure for full disclosure of material outside business activities and the conflicts of interest associated with those activities, if applicable.

This practice presents a conflict of interest because persons providing investment advice to advisory clients on behalf of our firm who are registered representatives have an incentive to recommend investment products based on the compensation received rather than solely based on your needs. Persons providing investment advice to advisory clients on behalf of our firm can select or recommend, and in many instances will select or recommend, mutual fund investments in share classes that pay 12b-1 fees when clients are eligible to purchase share classes of the same funds that do not pay such fees and are less expensive. This presents a conflict of interest. You are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm who receives compensation described above.

Persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling 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.

Certain persons providing investment advice on behalf of our firm are Certified Public Accountants ("CPAs"). These persons will earn additional compensation for providing income tax preparation or accounting services to you. Compensation earned by these persons in their capacity as CPAs is separate and in addition to our advisory fees. This presents a conflict of interest. You are under no obligation, contractually or otherwise, to contract for tax or accounting services through any person affiliated with our firm. Please see the *Other Financial Industry Activities and Affiliations* section for additional information.

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

We do not charge performance fees to our clients.

## **Item 7 Types of Clients**

We have the following types of clients:

- Individual Households;
- High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit Sharing Plans;
- Corporations, limited liability companies and/or other business types.

Our requirements for opening and maintaining accounts or otherwise engaging us:

- Certain Legacy Clients will have different minimums and/or fee schedules from what is disclosed in this Brochure;
- Minimum household balance of \$500,000 for our Investment Management services;
- Minimum fee of \$5,000 for stand-alone financial plans;
- We target clients with a minimum portfolio size of \$5,000,000 for our PCG program.
- Generally, these minimums may be waived or reduced at the advisers' discretion;
- Robo-Advisor Programs have an account balance minimum of \$5,000. Schwab's tax-loss harvesting feature has a \$50,000 account balance minimum.
- Clients utilizing Schwab's robo-advisor platform are assessed a \$10 quarterly fee per account.
- TPMMs may have minimums. Please refer to the TPMMs ADV Brochure for information on minimums.

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

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

Our investment analysis and portfolio construction process seeks to balance the investor's risk tolerance and current resources capacity with their quest for reasonable investment returns.

Our investment strategies and analysis are developed and conducted by our Investment Committee. We utilize quantitative analysis, which may include analysis of management expertise, industry cycles, strength of research and development, as well as, fundamental analysis and research that includes reviewing financial analysts' reports to gain insight on the future performance of a security to guide our investment allocation decisions. We first consider the development of long-term capital market assumptions. We then work with the client to develop strategic asset allocations designed to address risk and reward over a given time period.

Other considerations are used to provide guidance on shorter-term decisions in investment management. These considerations include the timing of rebalancing, investing cash, making distributions, and tactical over or under-weights in the previously developed strategic allocation. These methods include technical analysis (charting current trends and trend reversals), quantitative analysis (reviewing market and economic trends), and global macro analysis of overall economic and political views of various countries.

We consider multiple time horizons, including long, medium, and short term, when determining strategies. Depending on the client's needs, we may employ various risk-management strategies.

We avoid market timing, but may increase cash holdings or tilt allocation slightly when necessary. This is based on the client's risk tolerance and our expectations of market behavior.

The Bridgeworth Model Allocations serve as guidelines. The adviser has discretion to deviate from these asset allocations in order to meet the client's risk and return needs. In most cases, however, the adviser is expected to follow the general asset allocations.

If the client's current investment allocations do not conform to the Bridgeworth Model Allocations (for example due to recent transfer to Bridgeworth, client holding preferences, etc.), the client is made aware that the adviser will make changes to the investment allocations over time considering such circumstances as market environment, tax ramifications, dollar cost averaging ramifications, and the client's wishes regarding particular holdings.

Securities-Backed Lines of Credit ("SBLOCs") - A SBLOC is a loan that allows investors to borrow money using securities held in their investment accounts as collateral. An SBLOC requires investors to make monthly interest-only payments, and the loan remains outstanding until it is repaid.

Risk: If the value of the securities declines to an amount where it is no longer sufficient to support the line of credit, investors will receive a "maintenance call", a notification that the investor must post additional collateral or repay the loan within a specified period (typically two or three days). If the investor is unable to add additional collateral to the account or repay the loan with readily available cash, the firm can liquidate the securities to satisfy the maintenance call, which may have potential unintended tax consequences and could have a significant impact on an investor's long-term investment goals.

Margin Transactions or Margin Loans - a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan. A margin loan can be established on more than one account with the same ownership while maintaining a single margin relationship for regulatory purposes.

Risk: If the value of the shares drops sufficiently, the investor will be required to either deposit more cash into the account or sell a portion of the stock in order to maintain the margin requirements of the account. This is known as a "margin call". An investor's overall risk includes the amount of money invested plus the amount that was loaned to them.

**Please Note:** We generally invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low- risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees related to our Investment Management service, as applicable.

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. **It is important that you notify us immediately with respect to any material changes to your financial circumstances, including for example, a change in your current or expected income level, tax circumstances, or employment status.**

### **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.

Custodians and broker-dealers must report the cost basis of equities acquired in client accounts. Your custodian will default to the First-In First-Out ("FIFO") 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, and Mutual Funds. 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.

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

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of its underlying index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their underlying indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities included in its underlying index, or its weighting of investment exposure to such securities may vary from that of the underlying index. Some ETFs may invest in securities or financial instruments that are not included in the underlying index, but which are expected to yield similar performance.

Stocks: There are numerous ways of measuring the risk of equity securities (also known simply as "equities" or "stock"). In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the

issuing company; and, the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

**Bonds:** Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

**Municipal Securities:** Municipal securities, while generally thought of as safe, can have significant risks associated with them including, but not limited to: the credit worthiness of the governmental entity that issues the bond; the stability of the revenue stream that is used to pay the interest to the bondholders; when the bond is due to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same amount of interest or yield to maturity.

**Money Market Funds:** A money market fund is technically a security. The fund managers attempt to keep the share price constant at \$1/share. However, there is no guarantee that the share price will stay at \$1/share. If the share price goes down, you can lose some or all of your principal. The U.S. Securities and Exchange Commission ("SEC") notes that "While investor losses in money market funds have been rare, they are possible." In return for this risk, you should earn a greater return on your cash than you would expect from a Federal Deposit Insurance Corporation ("FDIC") insured savings account (money market funds are not FDIC insured). Next, money market fund rates are variable. In other words, you do not know how much you will earn on your investment next month. The rate could go up or go down. If it goes up, that may result in a positive outcome. However, if it goes down and you earn less than you expected to earn, you may end up needing more cash. A final risk you are taking with money market funds has to do with inflation. Because money market funds are considered to be safer than other investments like stocks, long-term average returns on money market funds tends to be less than long term average returns on riskier investments. Over long periods of time, inflation can eat away at your returns.

## **Item 9 Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

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

### **Registrations with Broker-Dealer**

Certain persons providing investment advice on behalf of our firm are registered representatives with LPL a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. See the *Fees and Compensation* section in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

### **Licensed Insurance Agents**

Some Bridgeworth advisers are also insurance agents. Clients may work with a Bridgeworth adviser in his or her separate capacity as an insurance agent. When acting in his or her separate capacity as an insurance agent, the investment adviser representative may sell, insurance products, for commissions. This receipt of commissions creates an incentive to recommend those products for which the investment adviser representative will receive a commission in his or her separate capacity as an

insurance agent. Consequently, the advice rendered to clients could be biased. Clients are under no obligation to purchase insurance or annuity products through a Bridgeworth investment adviser representative.

### **Certified Public Accountants**

Associated persons of our firm are also separately licensed as a certified public accountant. If you require accounting services, we may recommend that you use the services of an accountant that is associated with our firm. Our advisory services are separate and distinct from the compensation paid for accounting services.

### **Recommendation of Other Advisers**

The compensation paid to our firm by third party money managers may vary, and thus, creates a conflict of interest in recommending a manager who shares a larger portion of its advisory fees over another manager. Prior to referring clients to a third party advisors, our firm will ensure that third party advisors are licensed or notice filed with the respective authorities. A potential conflict of interest in utilizing third party advisors may be an incentive to us in selecting a particular advisor over another in the form of fees or services. In order to minimize this conflict our firm will make our recommendations in the best interest of our clients. Refer to the *Advisory Business* section above for additional disclosures on this topic.

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

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

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

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting our Chief Compliance Officer at 205-208-8700.

### **Participation or Interest in Client Transactions**

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

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we 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. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients on the same day. Those products, such as open-end mutual funds, whose purchase or redemption price is a fixed net value price per share as of end of date of purchase or redemption are not subject to this restriction.

## **Aggregated Trading**

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("aggregated trading"). Refer to the *Brokerage Practices* section in this brochure for information on our block trading practices. We use block trades when possible and act in the client's best interest to mitigate the conflict of front running.

## **Item 12 Brokerage Practices**

Bridgeworth requests that our clients establish accounts with LPL, Charles Schwab & Co., Inc. ("Schwab") and/or National Advisors Trust Company (whether one or more "Custodian"). Client assets must be maintained in accounts at a "qualified custodian", which is generally a broker-dealer, a bank or certain trust companies. LPL and Schwab are members of FINRA/SIPC and are SEC-registered broker-dealers. National Advisors Trust Company is chartered and regulated by the Office of the Comptroller of the Currency, a bureau of the U.S. Treasury Department. Bridgeworth may be limited in the broker-dealer or custodians that we are allowed to use due to Bridgeworth's associated persons' relationship with LPL and its duty to supervise their actions. In recognition of the value of the services the Custodian provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

Bridgeworth is independently owned and operated and not affiliated with our recommended Custodians. We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are, overall, the most favorable compared to other available providers and their services. We consider various factors, including:

- Capability to buy and sell securities for your account itself or to facilitate such services.
- The likelihood that your trades will be executed.
- Availability of investment research and tools.
- Overall quality of services.
- Competitiveness of price.
- Reputation, financial strength, and stability.
- Existing relationship with our firm and our other clients.

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

We do not have any formal 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. However, you should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

**The custodian and brokers we use**

We do not maintain custody of your assets that we manage, although we may be 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 routinely request that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the 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. While we request that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. Conflicts of interest associated with this arrangement are described below as well as in Item 14 (Client referrals and other compensation). You should consider these conflicts of interest when selecting your custodian.

We do not open the account for you, although we may assist you in doing so. Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor. Even though your account is maintained at Schwab, and we anticipate that most trades will be executed through Schwab, we can still use other brokers to execute trades for your account as described below (see "Your brokerage and custody costs").

**How we select brokers/custodians**

We seek to use Schwab, a custodian/broker that will hold your assets and execute transactions. When considering whether the terms that Schwab provides are, overall, most advantageous to you when compared with other available providers and their services, we take into account a wide range of factors, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds, 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, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, security and stability
- Prior service to us and our clients
- Services delivered or paid for by Schwab
- Availability of other products and services that benefit us, as discussed below (see "Products and services available to us from Schwab")

**Your brokerage and custody costs**

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, many mutual funds and ETFs) may not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab's Cash Features Program. In addition to commissions, 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. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

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 (see "How we select brokers/custodians"). By using another broker or dealer, you may pay lower transaction costs.

### **Products and services available to us from Schwab**

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through us.

Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of Schwab's support services:

**Services that benefit you.** Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets.

The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

**Services that do not directly benefit you.** Schwab also makes available to us other products and services that benefit us but do not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts and operating our firm. They include investment research, both Schwab's own and that of third parties. We use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and 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
- Assist with back-office functions, recordkeeping, and client reporting

Services that generally benefit only us. Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology and business needs

- Consulting on legal and related compliance needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting and support

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or pays all or a part of a third party's fees. Schwab also provides us with other benefits, such as occasional business entertainment of our personnel. If you did not maintain your account with Schwab, we would be required to pay for these services from our own resources.

We have a fiduciary duty to our clients. Therefore, we are obligated to act in the best interest of our clients. We address material conflicts by disclosing them to you as outlined above.

### **Our Interest in Schwab's Services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We do not have to pay for Schwab's services. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The fact that we receive these benefits from Schwab is an incentive for us to request the use of Schwab rather than making such a decision based exclusively 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 taken in the aggregate, our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/ custodians") and not Schwab's services that benefit only us.

### **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.

### **Directed Brokerage**

We do not have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. We routinely require that you direct our firm to execute transactions through LPL, Schwab and NATC. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage.

### **Order Aggregation**

Transactions for each client account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. The aggregation or blocking of client transactions potentially allows us to execute transactions in a more timely, equitable, and efficient manner, and seeks to reduce overall transaction costs to clients. Bridgewater will aggregate client transactions where possible and when advantageous to clients. In these instances, clients participating in any aggregated transactions will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. To the extent that we determine to aggregate client orders we shall do so in accordance with the parameters set forth in SEC No-Action Letter, SMC Capital, Inc. We shall not receive any additional compensation or remuneration as a result of the aggregation.

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

### **Mutual Fund Share Classes**

Mutual funds are sold with different share classes, which carry different cost structures. Each available share class is described in the mutual fund's prospectus. When we purchase, or recommend the purchase of, mutual funds for a client, we select the share class that is deemed to be in the client's best interest, taking into consideration cost, tax implications, and other factors. When the fund is available for purchase at net asset value, we will purchase, or recommend the purchase of, the fund at net asset value. We also review the mutual funds held in accounts that come under our management to determine whether a more beneficial share class is available, considering cost, tax implications, and the impact of contingent deferred sales charges.

## **Item 13 Review of Accounts**

Each adviser who manages your account(s) performs account reviews in preparation to the annual meeting or conference call we schedule with you. Advisers conduct an additional review of client accounts each year. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions and investment policies, if applicable. On a monthly basis, our Investment Committee reviews and recommends positions for which advisers may place in client accounts.

We will not provide you with regular written reports. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

We contact planning and consulting clients upon request, to discuss updates to their plans, changes in their circumstances, etc. These clients do not receive written or verbal updates regarding their plans or reports unless they choose to contract with us for ongoing consulting services or re-engage our firm under a new service agreement. If you implement financial planning advice, you will receive trade confirmations and monthly or quarterly statements from relevant custodians.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc. Reports may be provided for accounts held away at various brokers from our recommended custodians.

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

### **Charles Schwab & Co., Inc - Institutional**

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 at Schwab. You do not pay more for assets maintained at Schwab as a result of these arrangements. However, we benefit from the referral arrangement because the cost of these services would otherwise be borne directly by us. You should consider these conflicts of interest when selecting a custodian. The products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 - Brokerage Practices*).



### **Other Compensation**

As disclosed under the *Fees and Compensation* section in this brochure, persons providing investment advice on behalf of our firm are licensed insurance agents, and certain persons are also Certified Public Accountants, or are registered representatives with LPL, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. For information on the conflicts of interest this presents, and how we address these conflicts, refer to the *Fees and Compensation* section.

The adviser, Bridgeworth and Bridgeworth employees may receive additional non-cash compensation from advisory product sponsors. Such compensation may not be tied to the sales of any product. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives. Advisory product sponsors may also pay for education or training events that may be attended by Bridgeworth employees and advisers.

We have entered into contractual arrangements with employees of our firm, under which the individual receives compensation from us for the establishment of new client relationships. Employees who refer clients to us must comply with the requirements of the jurisdictions where they operate. The employee will receive a one-time bonus of 15% of the first year projected revenue for a new client relationship. This is calculated by multiplying the applicable annual advisory fee by the assets under management. The projected advisory fee is then multiplied by 15% resulting in the one-time bonus amount. 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 us. Therefore, the individual has a financial incentive to recommend us to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain us for advisory services. Comparable services and/or lower fees may be available through other firms.

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

## **Item 15 Custody**

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

### **Standing Letters of Authorization ("SLOAs")**

The SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The Letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction ("SLOA") is deemed to have custody.

However, we do not have to obtain a surprise annual audit, as we otherwise would be required to by reason of having custody, as long as we meet the following criteria:

1. You provide a written, signed instruction to the qualified custodian that includes the third party's

- name and address or account number at a custodian;
2. You authorize us in writing to direct transfers to the third party either on a specified schedule or from time to time;
  3. Your qualified custodian verifies your authorization (e.g., signature review) and provides a transfer of funds notice to you promptly after each transfer;
  4. You can terminate or change the instruction;
  5. We have no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party;
  6. We maintain records showing that the third party is not a related party to us nor located at the same address as us; and
  7. Your qualified custodian sends you, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

We hereby confirm that we meet the above criteria.

### **Item 16 Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement and the appropriate trading authorization forms.

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

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

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

### **Item 18 Financial Information**

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We have not filed a bankruptcy petition at any time in the past ten years.

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

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

### **Item 20 Additional Information**

#### **Trade Errors**

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

**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.

**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. In addition, 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.