

**Part 2A of Form ADV: *Firm Brochure***

**Empyrion Wealth Management, Inc.**

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March 4, 2021

This brochure provides information about the qualifications and business practices of Empyrion Wealth Management, Inc. If you have any questions about the contents of this brochure, please contact us at 916-786-7626 or [kimberly@empyrionwealth.com](mailto:kimberly@empyrionwealth.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 Empyrion Wealth Management, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 105888.

## **Item 2    Material Changes**

This Firm Brochure is our disclosure document prepared according to the SEC's requirements and rules.

After our initial filing of this Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

As of our last filing on November 4, 2020, Empyrion Wealth Management, Inc. has no material changes to report.

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#### **Item 4     Advisory Business**

Empyrion Wealth Management, Inc. ("Empyrion Wealth" or "the Firm"), is an SEC-registered investment adviser with its principal place of business located in Roseville, California. Empyrion Wealth Management, Inc. began conducting business in 1989.

Kimberly L. Foss, President, CEO of Empyrion Wealth Management, Inc., is the firm's founder and principal shareholder (i.e., those individuals and/or entities controlling 25% or more of this company).

Empyrion Wealth Management, Inc. offers the following advisory services to our clients:

#### **EMPYRION PRIVATE WEALTH MANAGEMENT**

Our firm provides continuous advice to clients regarding the investment of client funds based on the individual needs of the client. Through personal discussions and/or discovery questionnaires in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

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

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities, including individual equities and exchange traded funds (ETFs);
- Corporate debt securities;
- Certificates of deposit;
- Municipal securities;
- Variable annuities;
- Mutual fund shares;
- United States governmental securities;

We will allocate the client's assets among various investments taking into consideration the overall management style selected by the client. Mutual funds and ETFs will be selected on the basis of any or all of the following criteria: the fund's performance history; the industry sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives; the fund's management style and philosophy; and the fund's management fee structure. Each client's individual needs and circumstances will determine portfolio weighting between funds and market sectors.

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

## EWM DIGITAL INVESTING

Empyrion Wealth utilizes the Betterment for Advisors service, a digital wealth management platform provided by Betterment, LLC<sup>1</sup> ("Betterment"), a registered investment advisor. Betterment serves as a sub-advisor to Empyrion Wealth. MTG LLC, dba Betterment Securities ("Betterment Securities"), a registered broker-dealer and member of FINRA and the SIPC, serves as broker-dealer and custodian for this service.

The services provided by Betterment include:

- **Goal-Based Investment Management:** Betterment's goal-based investment platform allows advisors and clients to identify multiple investment goals for each client, each with specific portfolio allocations;
- **Portfolio Construction Tools:** Advisors and clients have access to a set of portfolio strategies, each of which is comprised of low-cost, index-tracking exchange-traded funds, and are able to customize the risk-level for each investment goal;
- **Automated Investment Management Services:** Betterment's algorithms automate back-office tasks such as trading, portfolio management, tax loss harvesting, and account rebalancing;
- **Website and Mobile Application:** Betterment's website and mobile application provide a platform for account access and monitoring and delivery of account documentation and notices; and
- **Advisor Dashboard:** Advisors have access to a dashboard for purposes of monitoring and managing client accounts.

Clients are free to accept or ignore any or all recommendations and can hire Empyrion Wealth or any other service provider for similar or the same services or products at costs that can be higher or lower than those incurred by the client if implemented by Empyrion Wealth.

## EWM DIGITAL SERVICES

Empyrion Wealth provides an online and interactive financial planning platform supported by eMoney Advisor, LLC<sup>2</sup>. Clients receive these services through **EWM Digital** and **EWM Digital Planning**.

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<sup>1</sup> Empyrion Wealth Management, Inc. and Betterment, LLC are not affiliated entities.

<sup>2</sup> Empyrion Wealth Management, Inc. and eMoney Advisor, LLC are not affiliated entities.

**EWM Digital** provides clients with the following services:

- Secure Personal Financial Website;
- DIY Goals-Based Financial Planning;
- Connect and Organize Financial Accounts;
- Online and Mobile Dashboard;
- Automate Budgeting and Monitor Spending;
- Project Your Balance Sheet & Net Worth;
- Manage and Analyze Cash Flow;
- Track and Evaluate Investments;
- Analyze Savings & Withdrawals;
- Secure Document Vault; and
- Digital Quarterly Market Updates.

**EWM Digital Planning** provides clients with the same services as EWM Digital with the following additional services:

- Your Personalized Financial and Retirement Plan — Recommendations, Action Plan and Guidance;
- Analyze Your Pre-Retirement Readiness;
- Tax Analysis & Planning;
- College and Education Expenses Analysis;
- Estate Planning, Trust and Survivorship Needs;
- Insurance Gap Analysis;
- Stock Options/Grants Analysis & Planning;
- Annual Review Meeting with an EWM Advisor;
- Collaborate and Share Reports with Your Professional Team — CPA, Lawyer, Estate Planner, Insurance Agent; and
- Email Support.

Add-on services available for all EWM Digital Services clients include:

- Portfolio Management Services for additional fees available under separate Wealth Management Agreement. Please see Item 4 and Item 5 of our ADV brochure for more information.

EWM Digital Planning is typically a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, various questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve their financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- Proactive tax strategies
- Financial life planning and coaching
- Monte Carlo Simulation and dynamic portfolio design
- Survivorship needs analysis and guidance
- Strategic integration with wealth advisors
- Future generation coaching
- Non-Profit Organization Planning & Coaching

Empyrion Wealth gathers required information through an interactive discovery process. Information gathered includes a client's current financial status, future goals and attitudes towards risk. Related documents supplied by the client are carefully reviewed, including a questionnaire completed by the client, and a written report is prepared. Should a client choose to implement the recommendations contained in the plan, Empyrion Wealth suggests the client work closely with their attorney, accountant, insurance agent, and/or stockbroker. Alternatively, Empyrion Wealth may refer clients to such independent professionals in the event that the client does not have an existing relationship. Utilization of these unaffiliated professionals is strictly at the client's discretion. Implementation of financial plan recommendations is entirely at the client's discretion.

We evaluate the client's assets, earnings, investments, retirement, and estate planning considerations, liabilities and tax position and design an integrated plan providing an overall long-range strategy for attaining financial goals. This written report will include, as necessary:

- Estate Analysis,
- Education,
- Rental and Residential Analysis,
- Investment Performance Summary Report, and
- Preliminary Employee Benefit or Retirement Plan Design.

## MODULAR PLANNING

We may conduct a more focused analysis to address specific planning areas for the client. It is important to understand that, while Modular Planning is not comprehensive, it is designed to address specific questions, provide information about more specific decisions, or to address other more specific needs of the client. Modular Planning Services may be similar or different than standard EWM Digital Planning services, depending on the needs of the client. Examples of Modular Planning Services include but are not limited to the following:

## ESTATE PLANNING ANALYSIS

We may conduct an analysis of the client's current and proposed estate plan and prepare an analysis of tax calculations and settlement costs. We then prepare a written explanation of the costs and computer analysis of various scenarios using different assumptions. This service includes an analysis of property ownership and probate, application of tax advantaged trusts, estimated federal estate tax; cost and liquidity situation reports, and capital needs analysis. We will coordinate with the client's attorney and accountant as required.

## EDUCATION EXPENSE ANALYSIS

We may assist the client in determining how to pay for a child's education through an educational needs funding analysis which projects the cost of meeting future educational goals based on current and periodic investments and various rates of inflation. We will prepare a written report which calculates lump sum, annual, or monthly savings, or investment necessary to achieve educational objectives for one, or more children and provides a strategy to finance this important expense.

## PRE-RETIREMENT PLANNING

We may prepare a summary of your present financial situation and a proposed scenario for financing a comfortable retirement. This report will aggregate all income and expenses to calculate the surplus or shortage for each year beginning with your desired retirement date and adjustments required to manage income shortfall. The report also provides an analysis of existing pension assets and development of a strategy for pay out.

Typically, the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

## **EWM DIGITAL CONSULTING**

Clients of EWM Digital Planning may also receive additional financial or investment advice, consultation, and administrative services based on their specific needs that go beyond the needs of a typical EWM Digital Planning client. This may include advice on one or more area(s) of concern such as estate planning, retirement planning, or any other topic relevant to their financial goals.

Consulting recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.



## **AMOUNT OF MANAGED ASSETS**

As of December 31, 2020, we were actively managing **\$222,114,022** of clients' assets on a discretionary basis.

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

#### **EMPYRION PRIVATE WEALTH MANAGEMENT FEES**

The annualized fee for Empyrion Private Wealth Management services is charged as a percentage of assets under management, according to the following tiered schedule:

<b><u>Assets Under Management</u></b>	<b><u>Annual Fee</u></b>
\$0.00 - \$1,000,000.00	1.15%
\$1,000,000.01 - \$2,000,000.00	1.00%
\$2,000,001.01 - \$5,000,000.00	0.75%
\$5,000,001.01 - \$10,000,000.00	0.65%
\$10,000,000.01 - \$20,000,000.00	0.55%
\$20,000,000.01 - \$50,000,000.00	0.45%
\$50,000,000.01 - \$100,000,000.00	0.35%
Amounts over \$100,000,000.00	0.30%

Empyrion Wealth has established a different fee schedule for client's whose accounts are referred through the Schwab Advisor Network as set forth below. Please refer to Item 14 of this Brochure for additional information regarding Schwab Advisor Network referrals.

<b><u>Assets Under Management</u></b>	<b><u>Annual Fee</u></b>
\$750,000 - \$2,000,000	1.15%
\$2,000,001 - \$3,000,000	1.00%
\$3,000,001 - \$10,000,000	0.75%
Amounts over \$10,000,000	0.55%

Our fees are billed quarterly, in advance, at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous quarter. Fees will be debited from the account in accordance with the client authorization in the Client Services Agreement.

A minimum of \$1,000,000 of assets under management is generally required for this service. This account size may be negotiable under certain circumstances. We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

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

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

### **EWM DIGITAL INVESTING FEES**

Empyrion Wealth has established a different fee schedule for client's whose accounts use EWM Digital Investing services, provided through Betterment, as set forth below. Please refer to Item 14 of this Brochure for additional information regarding Betterment.

<b><u>Assets Under Management</u></b>	<b><u>EWM Digital Investing Annual Fee</u></b>
\$0 - \$1,000,000	0.69%
<b><i>Households with amounts over \$1,000,000 will use the Empyrion Private Wealth Management service and fee structure, as described in the above pricing schedule. If a household using the EWM Digital Investing service has AUM that increase above \$1,000,000 their accounts will automatically be converted into Empyrion Private Wealth Management accounts, and the fee schedule for the services will automatically be converted to the Empyrion Private Wealth Management service fee structure.</i></b>	

In addition to the fees that Empyrion Wealth charges for providing the EWM Digital Investing service, Betterment charges clients an asset-based wrap fee on amounts invested via the Betterment for Advisors platform that is tiered based on the aggregate balance of Empyrion Wealth's client accounts at Betterment (not including funds held in Betterment Everyday Cash Reserve). That wrap fee currently ranges from 0.12% to 0.20% of account balances. The asset-based wrap fee is charged quarterly in arrears. The services included for the wrap fee include all of the services provided by Betterment and Betterment Securities through the Betterment for Advisors platform, including advisory services, custody of assets, execution and clearing of transactions, and account reporting. Betterment collects wrap fees directly from clients pursuant to the terms of the sub-advisory agreement between Betterment and each client. Clients utilizing the Betterment for Advisors platform may pay a higher aggregate fee than if the advisory, custodial, trade execution, and other services were purchased separately. Empyrion Wealth also pays a fixed monthly fee to Betterment.

Additional information regarding Betterment's fees and compensation is described in Betterment's Form ADV Part 2A.

The following "Total Annual Fee for EWM Digital Investing" fee schedule is provided for Empyrion Wealth clients using the EWM Digital Investing service.

<u><b>Assets Under Management "AUM"</b></u>	<u><b>EWM Digital Investing Annual Fee</b></u>	<u><b>Current Betterment Annual AUM Fee</b></u>	<u><b>Total Annual Fee for EWM Digital Investing</b></u>
\$0 - \$1,000,000	0.69%	0.12% - 0.20%	0.81% - 0.89%
<b><i>Households with amounts over \$1,000,000 will use the Empyrion Private Wealth Management service and fee structure, as described in the above pricing schedule. If a household using the EWM Digital Investing service has AUM that increase above \$1,000,000, their accounts will automatically be converted into Empyrion Private Wealth Management accounts, and the fee schedule for the account management services will automatically be converted to the Empyrion Private Wealth Management service fee structure.</i></b>			

Betterment will collect from each client using the Betterment service, both the Betterment wrap service fee, as well as the service fee that Empyrion Wealth charges for advisory services.

### **EWM DIGITAL SERVICES FEES**

**EWM Digital** – Clients are charged an initial fee of \$250, and then starting the following month are charged a recurring fee of \$79 per month for a minimum of 12 months.

**EWM Digital Planning** – The fee for EWM Digital Planning is expected to be \$3,750 for most clients. Clients are charged an initial fee of half (½) of the expected total fee up-front, which is \$1,875, and are charged the remaining balance upon delivery of the Financial Plan. If any additional balance is accrued after the delivery of the Financial Plan, Client will pay any remaining accrued balance amounts on a monthly basis.

Additions to the remaining balance for this service will be considered EWM Digital Consulting services provided by a CERTIFIED FINANCIAL PLANNER™, and the additional fee will be based on time spent above 20 hours of providing this service in the first 12 months of the Agreement, at the rate of \$125/hour. For example, if in the first 12 months of the Agreement the service requires 21 hours of a CERTIFIED FINANCIAL PLANNER™, this would bring the hypothetical total fee to \$3,875 in this example, for the service. Again, these additional fees may apply, but are not expected for a typical Financial Plan. Empyrion Wealth will also offer complimentary access to the EWM Digital portal for 12 months. As this is a complimentary offering, there are no fees that are required for the extended access to this service.

After 12 months, continued EWM Digital Planning service will be provided for an annual commitment at subsequent fee amount of \$1,188/year (paid monthly at the rate of \$99/month), for up to 20 service hours of a CERTIFIED FINANCIAL PLANNER™, and at the rate of \$125/hour for additional time, to be automatically renewed at each anniversary of the agreement on an ongoing basis.

If the Client chooses to discontinue the EWM Digital Planning services, the Client will be eligible for subsequent EWM Digital Planning on-demand updates at the fee of \$2,500 for up to 20 service hours of a CERTIFIED FINANCIAL PLANNER™, and at the rate of \$125/hour for additional time for the requested update.

Modular Planning fees may differ from the EWM Digital Planning fees as listed above, and are determined based on the nature of the services being provided and the complexity of each client's circumstances. Complimentary services of Empyrion Wealth may also be provided depending on the nature of the Modular Planning service. All fees are agreed upon prior to entering into a contract with any client.

Modular Planning fees are calculated and charged on a fixed fee basis, typically ranging from \$500 to \$5,000, depending on the specific services requested and the specific arrangement reached with the client. The minimum required fixed fees for specific modules are set forth below.

ESTATE PLANNING ANALYSIS: \$1,000 minimum fixed fee.

EDUCATION EXPENSE ANALYSIS: \$500 minimum fixed fee.

PRE-RETIREMENT PLANNING: \$1,650 minimum fixed fee.

We may request a retainer or all or a portion of the service fee; however, advance payment will never exceed \$1,200 for work that will not be completed within six months. The balance is due upon completion of the plan.

### **EWM DIGITAL CONSULTING FEES**

Clients of EWM Digital Planning may also receive additional financial or investment advice, consultation, and administrative services based on their specific needs that go beyond the needs of a typical EWM Digital Planning client. Under a typical EWM Digital Planning service, EWM Digital Consulting fees are not expected, however if the needs of the client go beyond the typical EWM Digital Planning services as agreed upon, EWM Digital Consulting fees for the additional service may accrue. All fees are agreed upon prior to entering into a contract with any client.

EWM Digital Consulting fees are calculated and charged on an hourly basis, ranging from \$125 - \$300 per hour.

If any fees for EWM Digital Consulting services are accrued before the delivery of the Plan, the EWM Digital Consulting fees will be due upon delivery of the Plan. If any fees for EWM Digital Consulting services are accrued after the delivery of the Plan, any remaining balance of EWM Digital Consulting fees will be due to be paid by the client on a monthly basis.

This may include advice on one or more area(s) of concern such as estate planning, retirement planning, or any other topic relevant to their financial goals.

EWM Digital Consulting recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

## GENERAL INFORMATION

***Termination of the Advisory Relationship:*** Agreements may be terminated by either party with five days' written notice prior to the end of the calendar quarter and may not be assigned without written approval of the undersigned. If five days' notice is not received by Empyrion Wealth Management, Inc. the client understands that the agreed upon fees will be assessed.

***Fund Fees:*** All fees paid to Empyrion Wealth Management, Inc. for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers. Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

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

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

***Limited Prepayment of Fees:*** Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

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

Empyrion Wealth does not charge performance-based fees.

## Item 7 Types of Clients

Empyrion Wealth provides advisory services to the following types of clients:

- Individuals (including high net worth individuals);
- Women in Transition
- Family Steward
- Retirees

As previously disclosed in Item 5, our firm has established certain initial minimum account requirements for establishing and maintaining an account, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

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

### METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

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

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

**Mutual Fund and/or ETF Analysis.** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

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

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are

providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## INVESTMENT STRATEGIES

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

**Long-term purchases.** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically, we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- We want exposure to a particular asset class over time, regardless of the current projection for this class.

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

**Risk of Loss.** Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

### Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Neither our firm nor our management personnel have reportable disciplinary events to disclose.

### Item 10 Other Financial Industry Activities and Affiliations

As a fiduciary, Empyrion Wealth has certain legal obligations, including the obligation to act in clients' best interest. Empyrion Wealth can provide additional information to any current or prospective client upon request to Kimberly L. Foss at (916) 786-7626 or [kimberly@empyrionwealth.com](mailto:kimberly@empyrionwealth.com).

Betterment offers services intended to help manage and further develop Empyrion's business enterprise, such as access to webinars and advice about using the Betterment for Advisors platform. These services could create an incentive for Empyrion to recommend that our clients invest through the Betterment for Advisors platform. This is a conflict given that Empyrion Wealth's interests in recommending Betterment are influenced by receipt of Betterment's and Betterment Securities' services to Empyrion Wealth. Other conflicts exist regarding Empyrion Wealth's use of the Betterment for Advisors platform. Clients have the option and are not required to use Betterment's services.

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

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

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

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

Empyrion Wealth's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [kimberly@empyrionwealth.com](mailto:kimberly@empyrionwealth.com), or by calling us at 916-786-7626.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

## **Item 12 Brokerage Practices**

Our firm has the discretionary authority to determine the broker-dealer to be used. Clients must use Charles Schwab & Company, Inc. ("Schwab") or Betterment Securities as the broker-dealer.

### For when Empyrion Wealth uses Schwab:

Empyrion Wealth typically recommends Schwab to clients in need of brokerage and custodial services, provided that such recommendation is consistent with our firm's fiduciary duty to the client. Schwab is an SEC registered, FINRA-member broker unaffiliated with Empyrion



Wealth. Empyrion Wealth has evaluated Schwab and believes that it will provide our clients with a blend of execution services, commission costs and professionalism that will assist our firm to meet our fiduciary obligations to clients. However, our clients must evaluate any Schwab (or any other recommended broker) before opening an account. The factors considered by Empyrion Wealth when making such a recommendation is the broker's ability to provide professional services, our experience with the broker, the broker's reputation, the quality of its execution services and costs of such services, among other factors. Clients are not under any obligation to effect trades through any recommended broker.

We reserve the right to decline acceptance of any client account for which the client directs the use of a broker other than Schwab if we believe that this choice would hinder our fiduciary duty to the client and/or our ability to service the account. In directing the use of Schwab, it should be understood that Empyrion Wealth will not have authority to negotiate commissions or to necessarily obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients (who may direct the use of another broker).

Clients should note, while Empyrion Wealth has a reasonable belief that Schwab is able to obtain best execution and competitive prices, our firm will not be independently seeking best execution price capability through other brokers. Not all advisers request that clients direct it to use a particular broker-dealer.

Empyrion Wealth will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Empyrion Wealth will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. Empyrion Wealth's block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Empyrion Wealth, or our firm's order allocation policy.
- 2) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable Empyrion Wealth to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.

- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- 8) Empyrion Wealth's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 9) Funds and securities for aggregated orders are clearly identified on Empyrion Wealth's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 10) No client or account will be favored over another.

As set forth above, we may recommend that clients establish brokerage accounts with Charles Schwab, a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab.

Clients should note that Schwab provides Empyrion Wealth with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. These services are contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to our firm other products and services that benefit Empyrion Wealth but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab. As a result, Empyrion Wealth does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that:

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

Schwab Institutional also offers other services intended to help us manage and further develop our business enterprise. These services may include:

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

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

In addition to the above, Empyrion Wealth receives client referrals from Schwab through its participation in the Schwab Advisor Network (the "Service"). Although Empyrion Wealth does not make commitments to compensate Schwab for these referrals through brokerage or dealer transactions, we do pay a fee to participate in the Service and the fee arrangement is structured to encourage us to recommend the custodial services of Schwab creating an inherent conflict of interest when recommending custodial services to our clients. Please see Item 14 of this Brochure for additional information regarding this conflict.

#### For when Empyrion Wealth uses Betterment Securities:

As previously mentioned, Betterment Securities is responsible for execution of securities transactions and maintains custody of client assets for clients utilizing the Betterment platform. Betterment Securities exercises no discretion in determining if and when trades are placed; it places trades only at the direction of Betterment. Clients should understand that the appointment of Betterment Securities as the custodian for their accounts held at Betterment may result in their receiving less favorable trade executions than may be available through the use of broker-dealers not affiliated with Betterment. If Empyrion Wealth's clients do not wish to place assets with or execute trades through Betterment Securities, then Betterment cannot manage accounts on the Betterment for Advisors platform.

Additional information regarding Betterment Securities can be found on FINRA's BrokerCheck.

### **Item 13    Review of Accounts**

#### **EMPYRION PRIVATE WEALTH MANAGEMNT**

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

These accounts are reviewed by **Kimberly L. Foss, President, CEO** of Empyrion Wealth.

**REPORTS:** In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide quarterly reports summarizing account performance, balances and holdings.

#### **EWM DIGITAL INVESTING**

**REVIEWS:** EWM Digital Investing clients are encouraged to review their accounts through the online platform on a regular basis and notify our firm of any changes in their financial situation. You should contact our firm for additional reviews when you anticipate or have experienced changes in your financial situation (i.e., changes in risk profile, goals, cash

needs, employment, an inheritance, the birth of a new child, etc.), or should you prefer changes involving your investment account.

We review accounts for our EWM Digital Investing clients on at least an annual basis. We may review client accounts more frequently than described above. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

Such reviews are conducted by **Kimberly L. Foss, President, CEO** of Empyrion Wealth.

**REPORTS:** Digital market updates may be made available and offered quarterly, however these market updates will only provide general market information and will not necessarily contain information about the client's particular financial situation. Certain automatically generated, printable reports about the client's portfolio are made available through the online platform, but are not necessarily provided with any set regularity. We encourage clients to carefully review these account statements for accuracy. Additional reports will not typically be provided unless otherwise contracted for.

## **EWM DIGITAL SERVICES**

### **EWM Digital**

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal monitoring or reviews will be conducted for EWM Digital clients unless otherwise contracted for. Such reviews would be conducted by **Kimberly L. Foss, President, CEO** of Empyrion Wealth.

**REPORTS:** Digital market updates will be made available and offered quarterly, however these market updates will only provide general market information and will not necessarily contain information about the client's particular financial situation. Certain automatically generated, printable reports are made available on-demand through the online platform, but are not necessarily provided with any set regularity. Additional reports will not typically be provided unless otherwise contracted for.

### **EWM Digital Planning**

**REVIEWS:** EWM Digital Planning clients are offered an annual review conducted by an Empyrion Wealth Advisor. While other reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal monitoring or other reviews will be conducted for EWM Digital Planning clients unless otherwise contracted for. Such reviews would be conducted by **Kimberly L. Foss, President, CEO** of Empyrion Wealth.

**REPORTS:** EWM Digital Planning client will receive a printable financial plan. Digital market updates will be made available and offered quarterly, however these market updates will only provide general market information and will not necessarily contain information about the

client's particular financial situation. Certain automatically generated, printable reports are made available on-demand through the online platform, but are not necessarily provided with any set regularity. Additional reports will not typically be provided unless otherwise contracted for.

### **EWM DIGITAL CONSULTING**

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Consulting Services clients unless otherwise contracted for. Such reviews will be conducted by **Kimberly L. Foss, President, CEO** of Empyrion Wealth.

**REPORTS:** Consulting Services clients will not typically receive specific reports unless otherwise contracted for due to the nature of the service.

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

For when Empyrion Wealth uses Schwab:

As disclosed at Item 12 of this Brochure, we previously received client referrals from Schwab through our participation in the Schwab Advisor Network service. This arrangement is no longer in effect and Empyrion Wealth is no longer engaging in the referral activity. That stated, Empyrion Wealth is obligated to continue to pay Schwab a fee as a result of previous engagements and will continue to do so for as long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to Empyrion Wealth quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by Empyrion Wealth and not by the client.

The Non-Schwab Custody Fee is higher than the Participation Fees Advisor generally would pay in a single year. Thus, a conflict of interest is established whereby Empyrion Wealth will have an incentive to recommend that client accounts be held in custody at Schwab. The Participation and Non-Schwab Custody Fees will be based on assets in accounts of Empyrion Wealth's clients who were referred by Schwab and those referred client's family members living in the same household. Thus, Empyrion Wealth will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit Empyrion Wealth's fees directly from the accounts.

For accounts of Empyrion Wealth's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from Empyrion Wealth's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades

executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealers fees. Thus, Empyrion Wealth may have an incentive to cause trades to execute through Schwab rather than another broker-dealer. Empyrion Wealth nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for Empyrion Wealth's other clients. Thus, trades for accounts with custody at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

Payment of referral fees for client referrals also creates a conflict of interest to the extent that such a referral is not unbiased and the solicitor is, at least partially, motivated by financial gain. Therefore, Empyrion Wealth may be referred to a prospective client even though our advisory services may not be the best suited to the prospective client's circumstances or when entering into an advisory relationship with us is not, overall, in the best interest of the client.

#### For when Empyrion Wealth uses Betterment Securities:

When considering what client referrals and other compensation to disclose, please keep in mind that you may be deemed to give Betterment an indirect benefit in the form of the asset-based fees it receives from your Clients. You also receive a non-economic benefit from Betterment in the form of the support products and services it makes available to you.

### **Item 15 Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that advisory fees are directly debited from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

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

Betterment Securities maintains custody of client assets that are managed by Betterment. Empyrion's clients' account statements are available for review on the activity section of the Betterment client portal. Clients receive periodic emails from Betterment with information about their accounts as well as links to account statements. Empyrion encourages clients to carefully review those statements promptly.

## **Item 16 Investment Discretion**

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

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

For client's electing not to grant us discretionary authority over his/her account, we will implement recommendations made for the account only upon Client's consent and subject to any limitation imposed by client with respect to the transaction.

Should a client elect not to grant us investment discretion over their account, we note that trades in their accounts will typically be executed after trades in the same securities are placed in discretionary accounts, due to the time involved in obtaining the requisite client approval. Consequently, these clients may not participate in blocked trades and there may be a difference in the price paid per share of a given security and the commission rates paid by these clients as compared to other clients depending, in part, on the type of security traded.

Betterment uses algorithms to advise clients and manage their accounts. These algorithms are developed, overseen, and monitored by Betterment's investment advisory personnel. To use Betterment's investment services, clients, in cooperation with Empyrion, inform Betterment of financial goals and personal information through Betterment's online applications, and Betterment's algorithm then recommends and builds a portfolio of mutual funds or exchange-traded funds for each of the client's financial goals and account types. Each portfolio is associated with a target allocation of investment types and/or asset classes.

In the absence of a contrary direction, Betterment periodically rebalances client portfolios so that in the face of fluctuating market prices each client's portfolio remains within a range of the target allocation.

## **Item 17 Voting Client Securities**

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



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

For assets managed on the Betterment platform, clients delegate to Betterment the authority to receive and vote all proxies and related materials. Betterment will only vote on proxies and respond to corporate actions associated with securities that Betterment recommends be purchased for client accounts. Additional information about proxy matters is contained in Betterment's Form ADV Part 2A.

## **Item 18 Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. Empyrion Wealth has no additional financial circumstances to report. Empyrion Wealth has not been the subject of a bankruptcy petition at any time during the past ten years.