

# **IMA Wealth, Inc.**

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March 31,2021

## **INVESTMENT ADVISORY SERVICES FORM ADV PART 2A BROCHURE**

This Brochure provides information about the qualifications and business practices of IMA Wealth, Inc. ["IMA Wealth" or "Adviser"]. If you have any questions about the content of this brochure, contact us at 316-266-6574. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about IMA Wealth also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

IMA Wealth, Inc. is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Summary of Material Changes

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

- Item 4 – updating advisory services offered.
- Item 5 – update to fee for advisory services.
- Item 8 – expanded on methods of analysis used.
- Item 10 - adding solicitation of other advisors.
- Item 14 - adding solicitation of other advisors.
- Item 17 – expanded on proxy voting services.

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

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

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

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## Item 4 Advisory Business

### Description of Firm

IMA Wealth, Inc. is dually registered with the Securities and Exchange Commission ("SEC") as an investment adviser and securities broker-dealer and a member of the Financial Industry Regulatory Authority ("FINRA") headquartered in Wichita, KS. We are organized as a corporation under the laws of the State of Kansas. We have been providing investment advisory services since 2001. We are wholly owned by IMA Financial Group, Inc.

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," and "us" refer to IMA Wealth, Inc., and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm.

### Services described in this brochure

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

### Advisory Services

We offer the following services as an investment adviser: managed accounts, financing planning independent of managed accounts, IMA Direct services, and consulting services for employers on matters pertaining to qualified and non-qualified retirement plans. We provide access to We provide our services to a broad range of clients including individuals, high net worth individuals, trusts, retirement plans, estates, pension and profit-sharing plans, charitable organizations, and corporations.

#### *IMA Direct Services*

IMA Direct is an automated investment management service, Institutional Intelligent Portfolios®, provided by the custodian, Charles Schwab & Co, Inc. ("Schwab")

#### *Managed Account*

"Advice to a client or making investments for a client based on his/her individual needs. We typically provide these services on a discretionary basis; however, we occasionally accept non-discretionary accounts. We allow clients to place reasonable restrictions on their discretionary accounts (see Item 16).

#### *Financial Planning Services*

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

### Types of Investments

For portfolios for which the adviser serves as portfolio manager, assets may be invested in: mutual funds; money market funds; exchange-traded funds ("ETFs"); common and preferred stocks; REITs; security options; real estate partnerships; corporate debts; municipal securities; and if appropriate, "sweep" arrangements where cash balances are transferred into money market funds; money market deposit accounts, or bank accounts for cash management purposes, which may be advised by or

maintained with the account's qualified custodian. The adviser's investment strategy and any liquidity needs and investment restrictions imposed by the client will affect the specific types of investments we purchase or recommend for the specific client's account.

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 December 31, 2020, we managed \$681,009,333 on a discretionary basis.

## **Item 5 Fees and Compensation**

### **Managed Account**

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

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

IMA Wealth's fees are subject to negotiation. Factors we consider in negotiating fees include the types of assets to be managed and whether the account will be managed on a discretionary or non-discretionary basis. Annual fees charged by IMA Wealth will not exceed 1.25%.

Accounts of other IMA Wealth clients are subject to fee schedules which differ from this. We retain the right to provide services to related persons of IMA Wealth and its affiliates at rates that are not made available to other clients.

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

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

Our fees for managed accounts are separate from, and in addition to, brokerage commissions, transaction fees, and other related costs and expenses which are incurred by you. These charges could include custodial fees, transfer tax, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. There are also separate fees and expenses charged to shareholders by mutual funds, exchange traded funds and money market mutual funds

(where available cash balances within a managed account are swept). Fees and expenses are described in each fund's prospectus. IMA Wealth does not receive any portion of these brokerage commissions, transaction fees, and other related costs and expenses.

### **IMA Direct Services**

We charge an annual fee for IMA Direct services as a percentage of assets under management. Account valuations utilize trade date accounting for fee calculation purposes and include accrued interest. Annual fees charged by IMA Wealth will not exceed .50%.

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

### **Financial Planning Services**

Our fees for financial planning are stated in the engagement agreement and are subject to negotiation. The fee range for this service is \$500 - \$5,000, with 50% of the fee due at the signing of the agreement and the remainder of the fee due upon delivery of the financial plan.

### **Additional Fees and Expenses**

The advisory fees are separate and distinct from a number of other expenses that the client's account will incur including: Brokerage and Investment Expenses, Investment Company Expenses, Cash Management Expenses and Custodial Expenses.

#### *Brokerage and Investment Expenses*

Client accounts will generally invest in individual stocks, ETFs, and money market funds, however, may also invest in mutual funds, bonds, and other types of securities. Although many of the investment company investments are "load-waived" investments, clients should expect that their account will incur some or all of the brokerage and investment expenses described below. Client accounts will pay their Custodian (Charles Schwab), transaction-related fees for each transaction, and for some transactions, it will also pay other costs that could significantly increase your overall expenses and decrease any profits from these programs.

Following are examples of some of the types of fees and expenses that are included in the brokerage and investment expenses:

- per-trade principal trade mark-up/mark-downs, and other transaction-related costs paid to introducing and executing brokers, stock exchanges, electronic communications networks, and other trading intermediaries involved in executing account transactions to buy or sell securities;
- odd lot charges, transfer and other taxes, floor brokerage fees, service, handling, delivery, and mailing fees, electronic wire transfer fees, currency exchange fees, margin interest, and other expenses related to investments made or assets held for the Client's account;
- dealer spread (mark-up/mark-down) incurred when securities are purchased on principal basis, rather than on an "agency basis" (where a commission would be charged); fixed income securities tend to be bought and sold more frequently on a principal basis, so accounts that invest more frequently in fixed income securities may incur the cost of the dealer mark-up/down for each purchase and sale and;
- service, handling, delivery, and mailing fees, electronic wire transfer fees, and other miscellaneous expenses related to the client's account.

#### *Investment Company Expenses*

Mutual funds, money market funds, and exchange-traded funds ("ETFs"), (all referred to as a "fund")

deduct from their assets the internal management fees, operating costs, and investment expenses they incur to operate the fund. These internal expenses generally include recordkeeping fees, and transfer and sub-transfer agent fees, among other fees and expenses. All of these represent indirect costs that are charged to the fund's shareholders.

Frequently, these internal expenses also include "Distribution Fees." These amounts are deducted from the fund's assets to compensate brokers who sell fund shares, as well as to pay for advertising, printing, and mailing prospectuses to new investors, and printing and mailing sales literature. Mutual fund internal expenses also commonly include "Shareholder Service Fees" which are amounts deducted from the fund's assets to pay the costs of responding to investor inquiries and providing investors with information about their accounts.

Distribution Fees and Shareholder Service Fees are referred to collectively as "12b-1 Fees," named after the SEC rule that adopted them. The 12b-1 Fees are calculated for each class of shares of a fund and are calculated as a percentage of the total assets attributable to the share class. The 12b-1 Fees, investment management fees, and other ongoing expenses are described in the fund's prospectus Fee Table. These fees will vary from fund to fund and for different share classes of the same fund. You can use prospectus Fee Tables to help compare the annual expenses of different funds.

ETFs are a type of investment vehicle that is typically designed to track a particular market index however can also be actively managed. They can be either open-end funds or unit investment trusts. ETFs are not considered to be, and are not permitted to call themselves, mutual funds. ETFs differ from mutual funds and unit investment trusts because shares issued by ETFs are bought and sold by investors on a secondary market. Unlike mutual funds, retail investors generally cannot tender their shares directly to the ETF for redemption because shares of ETFs are redeemable from the fund only in very large blocks (blocks of 50,000 shares, for example).

We may use ETFs to achieve a desired market exposure. Investment returns and principal value will fluctuate so that an account's ETF shares, when sold, may be worth more or less than the original cost. Mutual funds may also impose a short-term trading fee if shares are redeemed within a short time period, usually within 30, 60 or 90 days from the date of purchase. The redemption fee is generally one percent.

#### *Cash Management Fees and Expenses*

Cash in a client's account that is awaiting investment or reinvestment may be invested in cash balance, money market fund, or deposit account at the Custodian (or their affiliate), pursuant to an automatic cash "sweep" program. Clients should refer to the Prospectus and Statements of Additional Information of the money market funds in which they invest for further information regarding such payments.

#### *Custodial Expenses*

IMA Wealth, Inc. will not have possession of managed assets. Managed assets must be maintained in an account under Client's name with a Custodian designated for the particular managed account. The Custodial account will be governed by a separate agreement (each a "Custodial Agreement") between the Client and each Custodian, and Client will be solely responsible for negotiating the terms of such agreement. The Custodial account will bear all fees and expenses of its Custodian and of transactions for such account, according to Client's agreement with the Custodian, all of which will be separate from and in addition to the advisory fees, payable pursuant to the Advisory Agreement. Clients must pay the cost of services provided by the Custodian for: (1) arranging for the receipt and delivery of securities that are purchased, sold, borrowed or loaned for the Custodial account; (2) making and receiving payments with respect to Custodial account transactions and securities; (3) maintaining custody of Custodial account securities; and (4) maintaining custody of cash, receiving dividends, and processing exchanges, distributions, and rights accruing to the Custodial account. The specific fees and terms of

each Custodian's services are described in the Client's separate Custodial Agreement(s).

### **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.

### **Termination of Advisory Agreements**

Subject to the terms of any advisory agreement, an advisory agreement may be terminated by the Client or us upon written notice to the other, as provided in the advisory agreement. If the client terminates the advisory agreement within five business days of the effective date of the advisory agreement, the client shall receive a full refund of any prepaid fees. If the advisory agreement is terminated more than five business days after the effective date, any prepaid, however unearned advisory fees, if any, for the final calendar period of the agreement shall be prorated based on the number of days the advisory agreement was in effect during such calendar period. The unearned portion shall be refunded to client within 30 days; and any earned however unpaid advisory fees owed to IMA Wealth will become immediately due and payable upon termination of the advisory agreement. After an advisory agreement has been terminated the client will be charged commissions, sales charges, and transaction, clearance, settlement, and custodial charges, at prevailing rates, by any executing or carrying broker-dealer. The client will be responsible for monitoring all transactions and assets and IMA Wealth shall not have any obligation to monitor or make recommendations with respect to any account or assets.

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

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of a capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the *Fees and Compensation* section above and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

### **Managed Account and Financial Planning Services**

We provide managed account and financial planning services to individuals, high net worth individuals, corporations, trusts, corporate pension and profit-sharing plans, charitable organizations, and foundations.

In general, we require a minimum dollar amount of \$50,000 to open and maintain an advisory account or enter into a financial planning agreement. This amount is negotiable at our discretion.



## **IMA Direct Services**

Per the Charles Schwab program documentation, clients eligible to enroll in the Program include individuals, IRAs, and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and clients that are subject to the Employee Retirement Income Security Act of 1974, are not eligible for the Program. The minimum account balance for management is \$5,000.

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

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

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you: fundamental analysis, modern portfolio theory and quantitative analysis.

#### **Fundamental Analysis**

Fundamental analysis involves analyzing a company's income statement, financial statements and health, its management and competitive advantages, and its competitors and markets. The fundamental analysis school of thought maintains that markets may misprice a security in the short run but that the "correct" price will eventually be reached. Profits can be made by trading the mispriced security and then waiting for the market to recognize its "mistake" and re-price the security. However, fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock. Therefore, unforeseen market conditions and company developments may result in significant price fluctuations that can lead to investor losses.

#### **Modern Portfolio Theory**

Modern portfolio theory is a portfolio theory that determines the minimum level of risk for an expected return. It assumes that investors will favor a portfolio with a lower risk level over a higher risk level for the same level of return. A central part of modern portfolio theory is how an individual security impacts the risk and return profile of an entire portfolio.

#### **Quantitative Analysis**

Quantitative analysis is used to attempt to identify trading patterns, build models to assess those patterns, and use the information to help determine the direction of securities.

#### **Mutual fund and ETF Analysis**

In analyzing mutual funds, we look at the experience and track record of the portfolio managers to determine if they have demonstrated the ability to invest successfully over periods of time and in different economic conditions. We also consider whether or not there is a significant overlap with the underlying investments held by other mutual funds. We monitor the mutual funds in an attempt to determine if they are continuing to follow their stated investment strategies. We also evaluate the fees of the portfolio managers and the internal expenses of the mutual funds to determine whether the Client is receiving adequate value for these fees and expenses.

A risk of our mutual fund and ETF analysis is that, as in all 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 in a Client's account 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 fund or ETF less suitable for the Client's portfolio. Moreover, we do not control the portfolio manager's daily business or compliance operations, and we may be unaware of the lack of internal controls necessary to prevent

business, regulatory or reputational deficiencies.

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 however 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 recommend various types of securities and we do not primarily recommend one particular type of security over another 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. A description of the types of securities we may recommend to you and some of their inherent risks are provided below.

## **Item 9 Disciplinary Information**

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required disclosures under this item.

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

IMA Wealth, Inc. is registered with the SEC as a broker-dealer and is a member of FINRA. We are also an insurance agency. Some of its principal executive officers are also engaged in the management of broker-dealer and insurance agency business. These individuals spend as much as 40% of their time involved in broker-dealer and insurance agency business. Our associated persons are typically registered both as an Investment Advisor Representative and as a FINRA Registered Representative and licensed in one or more states as an insurance agent.

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

We do not buy or sell securities as principal or as agent for investment supervisory and consulting services clients. All securities transactions for your account are executed through and held in an account established by you with a custodian. However, if you wish to purchase life, long-term care, or disability insurance, or wish to hire a broker for an employer-sponsored retirement plan, we will offer these products to you as an agent of IMA Wealth's insurance agency or as a registered representative of IMA Wealth. If you purchase these products through IMA Wealth's insurance agency or broker-dealer, our associated persons are eligible to receive a percentage of the commissions generated by these sales. You are under no obligation to purchase any products from us.

IMA Wealth, Inc. can recommend other investment advisers for our Clients. For this referral, IMA Wealth, Inc. will receive a portion of the fee paid to the other advisor for the referral. Clients are advised of this payment when considering whether to invest with the other investment adviser. The payment provides an incentive to recommend the other adviser based on the share of fees received rather than based solely on the Client's investment needs.

**The IMA Financial Group, Inc. ("IMA")** IMA is the parent company of IMA Wealth. IMA has numerous subsidiary corporations which are engaged in retail and wholesale insurance operations. If you need professional insurance services for yourself or your business, we will refer you to IMA and its

subsidiaries. Should insurance products be purchased as a result of this referral, IMA Wealth's associated persons could be eligible to receive a percentage of the commissions generated by these sales. You are not obligated in any way to use IMA and its subsidiaries to purchase insurance products.

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

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

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

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

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

IMA Wealth, Inc. has adopted a Code of Ethics expressing our commitment to ethical conduct. Our Code of Ethics describes our fiduciary responsibilities to our Clients, and our procedures in supervising the personal securities transactions of our supervised persons who have access to information regarding Client recommendations or transactions ("access persons").

A copy of our Code of Ethics is available to our Clients and prospective Clients. You may request our Code of Ethics by contacting us at the number listed on the cover page of this brochure.

We 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 however also to the general principles that guide the Code. Our Code of Ethics includes policies and procedures for the review of our access persons' quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by IMA Wealth'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. Our Chief Compliance Officer may grant exceptions to certain provisions contained in the Code where we reasonably believe the interests of our Clients will not be materially adversely affected or compromised. Doubts arising in connection with personal securities trading should be resolved in favor of the Client even at the personal expense of our employees.

Our Code of Ethics prohibits the misuse of material non-public information. While we do not believe that we have any access to material non-public information regarding publicly traded companies that would be subject to misuse, all employees are reminded that any such information may not be used in a personal or professional capacity. IMA Wealth and its principals, officers, affiliates, employees, and advisors may act as investment adviser for others, may manage funds or capital for others, may have, make and maintain investments in its or their own names, or may serve as an officer, director, consultant, partner, or stockholder of one or more investment partnerships or other businesses, subject to compliance with our Code of Ethics. In doing so, IMA Wealth or such persons may give advice, take

action, and refrain from taking action, any of which may differ from advice given, action taken or not, or the timing of any action, for any particular Client.

Protecting the confidentiality of our customers' nonpublic information is important to IMA Wealth, Inc. We have instituted policies and procedures to ensure that nonpublic customer information is kept confidential. We do not disclose nonpublic personal information about our Clients or former Clients to any non-affiliated third parties, except as provided pursuant to our privacy policies or as required by or permitted by law. In the course of servicing a Client's account, we may share Client information with service providers, such as custodians, transfer agents, accountants, and attorneys.

### **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.

## **Item 12 Brokerage Practices**

### **Factors in Recommending Custodians and Brokers**

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

- combination of transaction execution services and asset custody services (generally without a separate fee for custody services);
- breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds, etc.)
- capacity to execute, clear and settle trades (buy and sell securities for your account)
- capacity to facilitate transfers and payments to and from your account (wire transfers, check requests, bill payments, etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, other fees, etc.) and willingness to negotiate the prices
- reputation, financial strength, and stability
- prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below (see "Products and Services Available to Us from Schwab").

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

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

Clients enrolled in IMA Direct are required to use Schwab as their custodian.

Schwab commission rates were negotiated based on the condition that our clients collectively maintain a total of at least \$230 million of their assets in Schwab accounts. In addition, Schwab charges you a flat \$25 fee for each trade that we have executed by a different broker dealer.

### **Products and Services Available to Us Through Schwab**

Schwab Advisor Services™ ("SAS") is Schwab's business that serves independent investment

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

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

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

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

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

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

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

**Our Interest in Schwab Services.** The availability of these services from SAS benefits us because we do not have to produce or purchase them. We do not have to pay for Schwab services if a total of at least \$10 million of our clients' account assets are maintained with SAS. Beyond that, these services are not contingent upon IMA Wealth committing any specific amount of business to SAS in trading commissions or assets in custody. This minimum asset requirement could give us an incentive to request that you maintain your account with either Schwab, based on our interest in receiving services from SAS that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest.

We believe, however, that our request to choose SAS as custodian and broker is in the best interest of our clients. Our recommendation is primarily supported by the scope, quality, and price of these services and not the services that benefit only us. Given the amount of our client assets under management as shown in Item 4 of this Brochure, we do not believe that recommending our clients to collectively maintain at least \$10 million of those assets at Schwab to avoid paying quarterly service fees to Schwab presents a material conflict of interest.

### **Institutional Intelligent Portfolio Platform Services**

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

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

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

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

### **Directed Brokerage**

IMA Wealth, Inc. does not allow directed brokerage.

### **Aggregated Trades**

We typically aggregate together purchases or sales of the same security for multiple accounts. We are not, however, obligated to aggregate purchases and sales. When we do aggregate orders, all accounts included in a block trade participate at the average share price. Each account participating in a block trade will share in transaction costs equally and on a pro-rated basis. Block trading allows us to

execute transactions in a more timely and equitable manner, as detailed below. Clients participating in block trades do not receive the benefit of negotiated commissions, as we do not have that authority on an account-by-account or transaction-by transaction basis.

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

Typically, partial fills will be allocated among accounts in proportion to the total orders participating in the block, unless we determine that another method of allocation is equitable (such as an alphabetical rotation, rotation based on the Clients of a particular Advisor, or other method). Exceptions may be granted or allowed due to varying cash availability, divergent investment objectives, existing concentrations, tax considerations, investment restrictions, or a desire to avoid "odd lots" (an amount of a security that is less than the normal unit of trading for that security).

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

### **Trade Error Policies**

From time to time we make an error when submitting a trade order on your behalf. When this happens, we typically work directly with Schwab's trading desk to correct the trade error. This is done within the account in which the trade occurred.

Per Schwab's trade error policy, they will donate the amount of any gain \$100 and over to charity. Schwab will retain the loss or gain (if the gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. If a loss occurs greater than \$100, we will receive an invoice for the amount of the loss.

IMA Wealth, if needed, will utilize our error account to correct the trade for your account.

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

IMA Wealth does not participate in any soft dollar arrangements.

### **Class Action Lawsuit Filings**

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

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

You are not required to participate in this service. You can choose to handle your own securities class action claims and receive 100% of any awards payable to you. Clients who "opt-out" of this service agree to research, document, and submit their own class action lawsuit claims. New clients can "opt-in" by signing an authorization form when that we enter into an investment advisory arrangement with you. You can discontinue this service at a later date by contacting our office the number found on the cover page of this brochure. Class action lawsuit claim information already received by CCC could continue



to be processed by their firm following receipt of your service discontinuation notification.

## **Item 13 Review of Accounts**

### **Account Reviews**

IMA Wealth account investments are reviewed continuously by the Investment Committee. The Investment Committee also conducts periodic evaluations of the portfolio for consistency with investment objectives and restrictions, and with the account's stated objectives and strategy. While the investments within accounts are continually monitored, the accounts are reviewed at least annually in the context of each client's stated investment objectives and guidelines. More frequent reviews can be triggered by significant market or economic factors, or if we are notified of changes in the client's financial situation, large withdrawals or significant deposits, or changes in the account investment objectives, liquidity needs, or risk tolerance. The account reviews are done by the individual investment adviser assigned to the client account(s). The Investment Committee will be responsible for overseeing all reviews.

### **Client Reports**

Clients will receive account statements directly from their custodian on at least a quarterly basis showing all transactions in their account during the reporting period. Clients should review the custodian's statements carefully. IMA Wealth does provide quarterly reports regarding client accounts which provide information detailing account debits, credits, receipts, deliveries, and positions as part of its advisory services. If a client receives a report, which refers to the value of an asset also shown on a custodian's statement, we urge the client to compare the information with the statement they receive from the custodian and contact us immediately if any discrepancies are found.

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

### **Client Referrals**

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

### **Economic Benefit from Schwab**

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

### **Referral Arrangements with Third Parties**

IMA Wealth, Inc. can recommend other investment advisers for our Clients. For this referral, IMA Wealth, Inc. will receive a portion of the fee paid to the other advisor for the referral. Clients are advised of this payment when considering whether to invest with the other investment adviser. The payment provides an incentive to recommend the other adviser based on the share of fees received rather than based solely on the Client's investment needs.

## **Item 15 Custody**

The client's independent custodian will directly debit account(s) for the payment of advisory fees. This ability to deduct the client's advisory fees from client accounts causes IMA Wealth to exercise limited

custody over client funds or securities. IMA Wealth does not have physical custody of any of client funds and/or securities. Client funds and securities will be held with a bank, broker-dealer, or other qualified custodian. Clients will receive account statements directly from their custodian on at least a quarterly basis showing all transactions in their account during the reporting period. The account statements from the client's custodian(s) will indicate the amount of our advisory fees deducted from client account(s) each billing period. Clients should review the custodian's statements carefully.

IMA Wealth provides quarterly reports regarding client accounts which provide information detailing account debits, credits, receipts, deliveries, and positions as part of its advisory services. If a client receives a report, which refers to the value of an asset also shown on a custodian's statement, we urge the client to compare the information with the statement they receive from the custodian and contact us immediately if any discrepancies are found.

## **Item 16 Investment Discretion**

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

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

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

We prefer to manage advisory accounts on a discretionary basis however will occasionally accept non-discretionary accounts. Clients who establish non-discretionary accounts or who place certain restrictions on discretionary accounts may experience delays in order execution as compared to clients with unrestricted discretionary accounts.

## **Item 17 Voting Client Securities**

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

Our firm has engaged a Proxy Advisory Firm to assist us with voting all of our clients' proxies. The Proxy Advisory Firm provides an electronic vote management system which allows: (1) Population of each client's votes shown on the proxy advisory firm's electronic voting platform with the Proxy Advisory Firm's recommendations ("pre-population"); and (2) automatic submission of the client's votes to be counted ("automated voting"). Pre-population and automated voting generally occur prior to the submission deadline for proxies to be voted at the shareholder meeting.

In the course of reviewing proposals subject to a proxy vote, our firm may become aware that a company that is the subject of a voting recommendation by the Proxy Advisory Firm intends to file or has filed additional soliciting materials with the Commission setting forth the company's views

regarding the voting recommendation. These materials may (or may not) reasonably be expected to affect our voting determination. Such materials may become available after or around the same time that our votes have been pre-populated with the Proxy Advisory Firm but before the submission deadline for proxies to be voted at the shareholder meeting.

Our Proxy Policies contemplate the possibility of issuer materials being made available after we submit to the Proxy Advisory Firm information for client proxy votes, however before the submission deadline for proxies. These procedures include assessing pre-populated votes shown on the Proxy Advisory Firm's electronic voting platform and considering additional information that may become available before the relevant votes are cast. We also review our processes for monitoring and assessing information alerts informing us of additional soliciting materials (or updates from the Proxy Advisory Firm that such materials are available). Depending on the facts and circumstances, including the complexity of the additional submitted materials, the timing of the notice we receive of such materials, and the deadline for voting, we may (or may not) have the ability, in the exercise of our fiduciary obligation, to consider and respond by changing previously set votes.

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

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

## **Item 18 Financial Information**

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

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