



# **Rebalance, LLC**

## **Client Brochure and Privacy Policy**

This brochure provides information about the qualifications and business practices of Rebalance, LLC as well as its Privacy Policy. If you have any questions about the contents of this brochure, please feel free to contact us at 650-396-3900 or by email at: [spuritz@rebalance360.com](mailto:spuritz@rebalance360.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 Rebalance, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Rebalance, LLC's CRD number is: 158242. SEC registration does not imply a certain level of skill or training.

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## **Item 2: Material Changes**

There have been no material changes to this Brochure and Privacy Policy since the last annual amendment filed on the Investment Adviser Public Disclosure (“IAPD”) website. This Brochure and Privacy Policy has been updated, however, to provide current information regarding Rebalance, LLC and its business.

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## Item 4: Advisory Business

Rebalance, LLC (hereinafter “Rebalance”) is a Delaware limited liability company formed in June 2011 (as MR Advisers, Inc.). The principal owners are Somerset Group Enterprise, Inc. and Penny Investor, Inc., owned respectively by Scott Puritz and Mitchell Tuchman.

Through the Rebalance 360 program, Rebalance provides investment management (“Invest 360”), financial planning (“Plan 360”), and decision-making (“Advise 360”) advice and support (Invest 360, Plan 360, and Advise 360, collectively, “Rebalance 360”) to its clients.

### Invest 360

Rebalance offers ongoing portfolio management services for both taxable and tax-deferred investment accounts, including all kinds of IRAs (such as roll-over, traditional, Roth, SEP, inherited). Rebalance reviews each client’s goals related to the particular investment account, including, age, time to retirement, investment experience, and risk tolerance levels, and then recommends an appropriate model portfolio that Rebalance feels is appropriate for the client. Rebalance’s investment services may include, but are not limited to, the following:

- Investment Strategy
- Asset Allocation
- Risk Tolerance
- Financial Planning
- Portfolio Rebalancing
- Fund Selection
- Portfolio Monitoring

Rebalance requires discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are calculated for each client using an internal “diagnostic”, which is both quantitative and qualitative, and the recommended portfolio and goals are documented in Exhibit A of the Investment Advisory Agreement entered into with each client (the “Investment Advisor Agreement”).

Rebalance limits its securities selection to a small universe of Exchange Traded Funds (ETFs) and generally invests clients’ savings into one of seven model portfolios. These models are comprised of four to ten ETFs representing domestic and international equities, fixed income and real estate investment trusts. The model portfolios are:

- Income
- Diversified Income
- Balanced Income
- Income Ladder
- Balanced Growth
- Diversified Growth
- Growth

Clients may not impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

### Plan 360

As a part of Plan 360, effective as of October 15, 2018, Rebalance offers financial planning services to those clients who have \$300,000 or more in assets under management with Rebalance as part of the bundle of services comprising Rebalance 360. Services provided by the financial planning team may include the following: (i) reviewing and prioritizing clients’ goals and objectives; (ii) developing a summary of clients’ current financial situation; (iii) completing a retirement planning assessment, including financial projections of assets at estimated retirement date; and (iv) preparing a written financial plan.

Specific client financial plans and their implementation are dependent upon the client’s current situation (income, tax levels, and risk tolerance levels). Rebalance constructs a client-specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets of the client.

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The written financial plan is designed from the personal information and documents furnished to Rebalance by the client and it is based on the client's expression of personal investment objectives. It is essential that tax and legal planning be undertaken only with the advice of the client's attorney, CPA, and other financial advisors. The written financial plan is not to be construed as offering legal or accounting advice. Clients are encouraged to discuss the financial plan prepared by Rebalance with their attorneys and accountants.

### **Advise 360**

Advise 360 provides clients with access to a knowledge base comprised of whitepapers that provide useful information regarding a wide range of personal financial topics that may arise during the course of a client's financial planning.

### **Other Wealth Management Services**

In addition to Rebalance 360, Rebalance's Managing Directors, Scott Puritz and Mitchell Tuchman, offer a personalized service to a select group of friends, family and high net worth individuals. Services provided by Mr. Puritz and Mr. Tuchman may include financial planning, asset allocation, and investment management services. Rebalance manages some or all of the client's capital in the context of the client's full financial picture. These clients may execute a different Investment Advisory Agreement than the one used for the Rebalance 360 (above).

For these clients, Rebalance prefers, but does not limit its securities selection to Exchange Traded Funds (ETFs), and may in certain cases utilize or oversee the use of mutual funds, equities, bonds, fixed income, debt securities, private equity, commodities, venture capital, hedge funds, and government securities. Rebalance may use other securities as well to help diversify a portfolio when appropriate. These services are provided at the discretion of Rebalance's Managing Directors.

### **Client Assets Under Management**

Rebalance has approximately \$1,041,000 under management as of March 11, 2021. Rebalance has discretionary authority over all of these assets.

### **Wrap Fee Program**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. Rebalance does not participate in any wrap fee programs.

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

Rebalance's advisory fees for existing client accounts with assets under management of up to \$1 million and for new client accounts are (i) 0.70% of the total assets under management in one or more accounts up to \$1 million, (ii) 0.50% of the total assets under management in one or more accounts in excess of \$1 million, and (iii) 0.25% of the total assets under management in one or more accounts in excess of \$5 million; provided, however, that for any assets held in an income ladder portfolio, Rebalance shall charge an annual advisory fee of 0.30% of the total assets under management. Rebalance charges a minimum fee of \$700 annually per account. When a client has multiple accounts (for example a Roth and a traditional IRA), Rebalance may treat those accounts as one account for purposes of satisfying the minimum fee. The advisory fee is charged quarterly in advance based upon the account value as of the last day of the prior quarter. For an account opened intra-quarter, the advisory fee will be pro-rated. For existing accounts, there will be no charges on funds added during the quarter, nor adjustments made for funds withdrawn during the quarter. Fees will be deducted from the accounts. Fees begin from the date a new account has been activated through investment in one of Rebalance's model portfolios. Rebalance will charge an additional one-time set-up fee of \$250 for each account, which may be waived at Rebalance's discretion. The minimum \$250 one-time set-up charge is payable in advance and is non-refundable, unless the client terminates his or her advisory contract within five business days of signing. Fees will be returned within fourteen days to the client via check, credit to credit card or deposit back into client's account. If total assets under management

in a client's accounts with Rebalance are less than \$300,000 and the client elects to receive Rebalance's "Plan 360" financial planning service, Rebalance will charge the client a one-time fee of \$1,500 for a household financial plan. At Rebalance's discretion, the firm may negotiate the Rebalance 360 fees. The account minimum for Rebalance 360 accounts is \$100,000, although this minimum may be waived at Rebalance's discretion.

Clients may terminate the Investment Advisory Agreement at any time by providing five days' written notice to Rebalance. A pro-rata refund of management fees will be returned to the client for any unearned fees during a quarter after the termination request has been received. Clients are responsible for the payment of all third-party fees (i.e. custodian fees, brokerage fees, mutual fund fees, ETF fund fees, transaction fees, etc.). Third-Party fees are separate and distinct from the fees and expenses charged by Rebalance and are charged separately to clients' accounts. Please see Item 12 of this brochure regarding Brokerage Practices.

Rebalance's annual fee for 401(k) and cash balance pension plan clients is 0.7% of the fair market value of the plan assets, excluding certain assets, with a minimum flat fee of \$3,500 per year, payable quarterly in arrears. However, the fee may be changed by Rebalance upon thirty (30) days advance notice to the client. Fees paid as a percentage of plan assets are based on the fair market value of the assets on the last trading day of the month of the previous calendar quarter as reported by the plan custodian. Fees may be paid (i) directly by the client, or (ii) out of the plan assets if the client has provided written instructions to the plan record keeper or custodian to calculate and remit fees directly to Rebalance. All fees will be prorated for partial periods.

Rebalance provides periodic educational seminars and workshops to clients and the general public free of charge.

Additionally, Rebalance's Managing Directors Scott Puritz and Mitchell Tuchman offer a personalized service to a limited number of clients for a fee that is either a quarterly retainer or a percentage of total assets under management, neither of which exceed 0.70% of total assets under management or assets supervised. These fees are negotiable depending upon the needs of the client and complexity of the client's portfolio. The final fee schedule is included in the Investment Advisory Agreement signed by the client. Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in arrears, and clients may terminate their advisory agreements with five days' written notice. In special situations, advisory fees may also be invoiced and billed directly to the client quarterly in arrears. Because fees are charged in arrears, no refund policy is necessary. A client may terminate his or her account without penalty within five business days of signing the advisory contract.

Neither Rebalance nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales, charges, or services fees from the sale of mutual funds.

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

Rebalance does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

Rebalance generally provides investment advice and/or management supervisory services to the following types of clients:

- Individuals
- High net worth individuals
- 401(k) and other retirement plans

Rebalance imposes an account minimum of \$100,000, which may be waived by Rebalance in certain circumstances based on the needs of the client and the complexity of the client's portfolio.

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

### **Methods of Analysis**

Asset Allocation is a top-down investment strategy used by Rebalance that focuses on general movements in the market rather than on performance of individual securities. The rise and fall of certain securities may not react according to predicted trends. Other factors such as risk tolerance, market timing, portfolio size, and investment expenses, may also affect the portfolio performance.

### **Investment Strategies**

Rebalance uses a predominant long-term rebalancing strategy designed to capture market rates of both return and risk. Rebalance generally seeks investment strategies where risk is in line with that of the general domestic and/or international equity and fixed income markets.

Rebalance recommends one of seven basic portfolios. These portfolios are made up of publicly traded ETFs. The risks of these seven portfolios are correlated with the risks of the global equity and bond markets because the ETFs Rebalance recommends are broad market indices. All portfolios have a target of keeping a minimum of 1% in cash. In rare cases, a client may have moved illiquid or unlisted securities because it would be detrimental to the client to sell when investing in one of the seven portfolios. In these rare circumstances, Rebalance will leave these securities in place until such time that the sale of the securities is possible.

Personalized wealth management clients have all or a portion of their portfolios using an asset allocation strategy with ETFs where it is possible. In other cases, for example where highly appreciated stock is held in a taxable account, or where a client wishes to hold existing positions, Rebalance may leverage existing client positions in order to accomplish the asset allocation strategy agreed upon with the client.

### **Risk of Investment Loss**

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear. Additionally, Rebalance relies on the financial and other information clients provide to Rebalance to provide the Rebalance 360 services. Rebalance has no duty or obligation to investigate the accuracy or completeness of this information.**

**Each client agrees in the Investment Advisory Agreement with Rebalance to update any financial and other information provided to Rebalance. Also, any written financial plan prepared for a client by Rebalance is based on assumptions that may or may not occur, and asset values and investment returns will fluctuate based on a variety of factors over time.**

## **Item 9: Disciplinary Information**

There are no criminal or civil actions, administrative proceedings, or self-regulatory organization proceedings to report.

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

Rebalance is not, and has not applied to be, a securities broker or dealer. None of Rebalance's officers, employees, or independent contractors are registered representatives of a securities broker dealer.

Neither Rebalance nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, a Commodity Pool Operator, or a Commodity Trading Advisor.

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Rebalance does not utilize nor select other advisors or third-party managers. All assets are managed by Rebalance management.

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

Rebalance has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Rebalance's Code of Ethics is available free upon request to any client or prospective client.

Rebalance does not recommend that clients buy or sell any security in which a related person to Rebalance or Rebalance has a material financial interest.

From time to time, representatives of Rebalance may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of Rebalance to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. Rebalance and its representatives will implement client's transactions before transactions on behalf of Rebalance or its representatives when similar securities are being bought or sold.

## **Item 12: Brokerage Practices**

Because of the trading models used by Rebalance and the type of investment advisory services Rebalance provides, client-directed securities brokerage is not permitted for Rebalance 360. Rebalance requires its clients to use either Charles Schwab & Co. ("Schwab") or Fidelity Brokerage Services, LLC ("Fidelity") for custodial and securities execution services. The decision to direct a client to Schwab or Fidelity is made by Rebalance in its sole discretion.

Rebalance receives research, products, or other services from the broker-dealer firms to which it directs its clients in connection with client securities transactions. There is no specific incentive provided to Rebalance to select Schwab or Fidelity as the client custodian. Rebalance believes that the execution practices and services are substantially equivalent as between Schwab and Fidelity.

Schwab and Fidelity provide Rebalance with access to institutional trading and custody services, which are typically not available directly to Schwab or Fidelity's retail customers.

These services generally are available to independent investment advisers, 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 or Fidelity. Schwab and Fidelity provide brokerage services that are related to the execution of securities transactions, (including that in the form of advice, analyses and reports), 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 Rebalance client accounts maintained in Rebalance's custody, each of Schwab or Fidelity generally do not charge separately for custody services but are compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or Fidelity or that settle into Schwab or Fidelity accounts.

Schwab and Fidelity also make available to Rebalance other products and services that benefit Rebalance but may not benefit its clients' accounts. These benefits may include national, regional, or Rebalance specific educational events organized and/or sponsored by Schwab or Fidelity. Other potential benefits may include occasional business entertainment of personnel of Rebalance by Schwab or Fidelity personnel, including meals, invitations to sporting events (including golf tournaments), and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist Rebalance in managing and administering clients' accounts. These include software and other



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technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts, if applicable), provide research, pricing information and other market data, facilitate payment of Rebalance's fees from its clients' accounts (if applicable), and assist with back-office training and support functions, recordkeeping, and client reporting. Many of these services generally may be used to service all or some substantial number of Rebalance's accounts. Schwab and Fidelity also make available to Rebalance other services intended to help Rebalance manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, and human capital consultants, insurance and marketing. In addition, Schwab and Fidelity may make available, arrange and/or pay vendors for these types of services rendered to Rebalance by independent third parties. Schwab or Fidelity 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 Rebalance. Rebalance is independently owned and operated and not affiliated with Schwab or Fidelity.

Rebalance receives no referrals from Schwab, Fidelity or any other third-party in exchange for directing business to that broker-dealer or third-party. Rebalance does, however, require that clients have either a Schwab or Fidelity account in order for Rebalance to execute transactions.

Rebalance may aggregate or place "block" trade orders for the same securities across accounts, particularly when implementing periodic rebalancing of accounts. Aggregating purchase or sale orders for clients may result in reduced conversion and other trade execution costs. Securities purchased on an aggregate basis will be allocated by Rebalance on a fair and equitable basis in accordance with Securities Exchange Commission ("SEC") guidance.

### **Item 13: Reviews of Accounts**

Rebalance's model portfolios are reviewed periodically by an Investment Advisory Board made up of Mitchell Tuchman (Managing Director), Scott Puritz (Managing Director & Chief Compliance Officer), Burton Malkiel, Charles Ellis, and Jay Vivian. These reviews are intended to determine that the composition of each model portfolio is achieving the expected goals in line with performance of broad indices of similar risk profile.

Registered investment advisor representatives working for Rebalance conduct a thorough review of every client's financial situation to determine that the selected Rebalance model portfolio is in line with the client's risk profile. This process takes place using information gathered during the "diagnostic" interview with the client. After the diagnostic session, the client confirms the model portfolio selected and executes an Investment Advisory Agreement. Regularly scheduled reviews with the client help determine if their risk profile has changed over time, which might necessitate a change in the recommended portfolio utilized for that client. Mitchell Tuchman supervises the registered investment advisor representatives working for Rebalance and assists when needed in reviewing specific client situations.

Each client has access to view their account through the custodian's website as well as through Rebalance's online portal hosted by a third-party vendor. In addition, each client will receive, at least monthly from the custodian, a statement or an email notification that a statement is available, that provides details on the client's account such as assets held, asset values and transactions in the account, including deductions for fees.

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

Rebalance may enter into arrangements with individuals, including its own employees or contractors ("Solicitors"), who may refer prospective clients to Rebalance. In return, Rebalance agrees to compensate the Solicitors, on the basis of an agreed-upon percentage of Rebalance's investment advisory fee, but only if the referred client enters into a written advisory agreement with Rebalance. Payments to a Solicitor are made pursuant to a written agreement between Rebalance and the Solicitor. The advisory fee charged to clients will not increase as a result of compensation being shared by Rebalance with a Solicitor.

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## **Item 15: Custody**

Rebalance, with client written authority, has limited custody of client's assets through the authority of Rebalance to deduct fees charged by Rebalance directly from client's accounts. Clients should carefully review account statements for accuracy.

## **Item 16: Investment Discretion**

For those client accounts where Rebalance provides ongoing investment management, the client has given Rebalance written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides Rebalance discretionary authority in the written Investment Advisory Agreement and in the contract between the client and the custodian.

## **Item 17: Voting Client Securities (Proxy Voting)**

Rebalance will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

Rebalance does not require nor solicit prepayment of more than \$1,200 in fees for any client six months or more in advance and therefore is not required to include a balance sheet with this brochure. Neither Rebalance nor its management have any financial conditions that are likely to reasonably impair Rebalance's ability to meet contractual commitments to clients. Rebalance has never been the subject of a bankruptcy petition.

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## PRIVACY POLICY

Investment advisers are required by law to inform their clients of their policies regarding privacy of client information. Federal law gives customers the right to limit some but not all sharing of personal information. It also requires us to tell you how we collect, share, and protect your personal information.

### TYPES OF NONPUBLIC PERSONAL INFORMATION WE COLLECT

We collect nonpublic personal information about you that is either provided to us by you or obtained by us with your authorization. This can include but is not limited to your social security number, date of birth, banking information and financial account numbers and/or balances, sources of income, credit card numbers or other information. When you are no longer our customer, we may continue to share your information only as described in this Policy.

### PARTIES TO WHOM WE DISCLOSE INFORMATION

Any investment adviser may need to share personal information to run its everyday business. In the section below, we list the typical reasons that Rebalance may share your personal information:

- For everyday business purposes – such as to process your transactions, maintain your account(s), or respond to court orders and legal investigations, or report to credit bureaus;
- For our marketing – to offer our products and services to you;
- For joint marketing with other financial companies;
- For our affiliates' everyday business purposes – information about your transactions and experiences;
- For non-affiliates to market to you.

Clients may opt out of sharing information for joint marketing to other financial companies, to our affiliates and to non-affiliates. If you are a new customer we may begin sharing your information on the day you sign our agreement. When you are no longer our customer, we may continue to share your information as described in this Policy. However, you can contact us in writing at any time to limit our sharing.

### PROTECTING THE CONFIDENTIALITY OF CURRENT AND FORMER CLIENT'S INFORMATION

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law, including computer safeguards and secured files and building.

### FEDERAL LAW GIVES YOU THE RIGHT TO LIMIT SHARING – OPTING OUT

Federal law allows you the right to limit the sharing of your non-public information by “opting-out” of the following: sharing for affiliates' everyday business purposes – information about your creditworthiness; sharing with affiliates who use your information to market to you; or sharing with non-affiliates to market to you. State laws and individual companies may give you additional rights to limit sharing. Please notify us immediately in writing at our address or telephone number provided in the Rebalance Form ADV filed with the SEC if you choose to opt out of these types of sharing.

**DEFINITIONS:** Affiliates– companies related by common ownership or control. They can be financial and nonfinancial companies; Non-affiliates – companies not related by common ownership or control. They can be financial and nonfinancial companies; Joint marketing – a formal agreement between non-affiliated financial companies that together market financial products or services to you.

Please call if you have any questions. Your privacy, our professional ethics, and the ability to provide you with quality financial services are very important to us.