



Sterling Wealth Management, LLC

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**Form ADV Part 2A – Firm Brochure**

718-677-6869

Dated March 21, 2022

This brochure provides information about the qualifications and business practices of Sterling Wealth Management, LLC (“SWM”). If you have any questions about the contents of this brochure, please contact us at (718) 677-6869 or by email at: [elchanan@sterlingwm.com](mailto:elchanan@sterlingwm.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 Sterling Wealth Management, LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Sterling Wealth Management, LLC’s CRD number is: 114270.

## Item 2: Material Changes

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There are no material changes in this brochure from the last annual updating amendment of Sterling Wealth Management, LLC on March 15, 2021. Material changes relate to Sterling Wealth Management, LLC's policies, practices or conflicts of interests only.

# Item 3: Table of Contents

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# Item 4: Advisory Business

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## **Description of Advisory Firm**

Sterling Wealth Management, LLC is registered as an Investment Adviser with the Securities and Exchange Commission. We were founded in April of 2002. Elchanan Abramowitz is the principal owner of SWM. As of December 31, 2021, we managed \$132,764,830 on a discretionary basis.

## **Types of Advisory Services**

### **Investment Management Services**

We are in the business of managing individually tailored investment portfolios. Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy or an investment plan with an asset allocation target and create and manage a portfolio based on that policy and allocation target. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. We may also review and discuss a client's prior investment history, as well as family composition and background.

Account supervision is guided by the stated objectives of the client (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. Fees pertaining to this service are outlined in Item 5 of this brochure.

### **Financial Planning**

We provide financial planning services on topics such as retirement planning, risk management, college savings, cash flow, debt management, work benefits, insurance planning, tax planning, and estate and incapacity planning.

### **Retirement Plan Services**

We offer retirement plan services to employee benefit plans of small- to medium-sized companies and their fiduciaries based upon an analysis of the needs of the plan. In general, these services may include the following:

- Assist plan sponsors assist in evaluating and selecting service providers as well as individual mutual funds and ETFs that are suitable for your situation;

- Assist in designing an investment policy statement (IPS). An IPS outlines a detailed, prudent plan of action for the investment managers and advisors to follow. It describes the plan's investment philosophy, risk tolerance and long-term goals to help guide all decisions – and changes – made regarding the plan;
- Annual plan reviews. This includes an analysis of the investments utilized by the plan versus benchmarks as well as correlation with fund investment objectives stated in the IPS;
- Employee education and consultations by phone, or email and via webinar when requested;

All accounts to which we provide pension consulting services are regulated under the Employee Retirement Income Securities Act ("ERISA"). We will provide consulting services to the plan fiduciaries as described above. The plan fiduciary is free to seek independent advice about the appropriateness of any recommended services for the plan.

### **Client Tailored Services and Client Imposed Restrictions**

We offer the same suite of services to all of our clients. However, specific client services are dependent upon client's current situation and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and goals.

### **Wrap Fee Programs**

We do not participate in wrap fee programs.

# Item 5: Fees and Compensation

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Please note, unless a client has received the firm's disclosure brochure at least 48 hours prior to signing the investment advisory contract, the investment advisory contract may be terminated by the client within five (5) business days of signing the contract without incurring any advisory fees. How we are paid depends on the type of advisory service we are performing. Please review the fee and compensation information below.

## Investment Management Services

Our standard advisory fee is based on the market value of the assets under management and is calculated as follows:

Account Value	Annual Advisory Fee
<b>\$1 - \$1,000,000</b>	1.00%
<b>\$1,000,001 - \$2,000,000</b>	0.75%
<b>\$2,000,001 to \$5,000,000</b>	0.50%
<b>\$5,000,001 and Above</b>	0.40%

The annual fees are negotiable and paid in arrears on a quarterly basis. No increase in the annual fee shall be effective without agreement from the client by signing a new agreement or amendment to their current advisory agreement. Please note: For clients invested in private funds, the fee is 1% regardless of asset level.

Advisory fees are directly debited from client accounts. Accounts initiated or terminated during a calendar quarter will be charged a pro-rated fee based on the amount of time remaining in the billing period. Fees shall not be prorated for each capital contribution and withdrawal made during the applicable calendar quarter. An account may be terminated with written notice at least one calendar day in advance. Since fees are paid in arrears, no rebate will be needed upon termination of the account.

## Financial Planning Hourly Fee

Financial Planning fee is a rate of \$250.00 per hour. The fee may be negotiable in certain cases and is due at the completion of the engagement. In the event of early termination by client, any fees for the hours already worked will be due.

## Consulting Services

Consulting services to investment advisers are provided on a case by case basis and the fee is dependent on the scope and complexity of the service. The fee may be negotiable in certain cases.

## Retirement Plan Services Fee

The fee for this service is 0.125%, charged quarterly, of participant accounts which are collected by the Third-Party Administrator of the Plan. The fee is negotiable.

## Other Types of Fees and Expenses

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual fund and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to our fee, and we shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that we consider in selecting or recommending broker-dealers for client's transactions and determining the reasonableness of their compensation (e.g., commissions).

We do not accept compensation for the sale of securities or other investment products including asset-based sales charges or service fees from the sale of mutual funds.

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

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We do not offer performance-based fees.

## Item 7: Types of Clients

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We provide financial planning and investment management services to individuals, high net-worth individuals, trusts, estates, pension and profit sharing plans, other investment advisers, corporations or other businesses, and charitable organizations.

Our minimum account size requirement is \$150,000, which may be waived by the investment advisor, based on the needs of the client and the complexity of the situation.

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

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Our primary method of investment analysis is fundamental analysis.

**Fundamental analysis** involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience, and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

## Material Risks Involved

**All investing strategies we offer involve risk and may result in a loss of your original investment which you should be prepared to bear.** Many of these risks apply equally to stocks, bonds, commodities and any other investment or security. Material risks associated with our investment strategies are listed below.

**Market Risk:** Market risk involves the possibility that an investment's current market value will fall because of a general market decline, reducing the value of the investment regardless of the operational success of the issuer's operations or its financial condition.

**Limited markets:** Certain securities may be less liquid (harder to sell or buy) and their prices may at times be more volatile than at other times. Under certain market conditions we may be unable to sell or liquidate investments at prices we consider reasonable or favorable or find buyers at any price.

**Strategy Risk:** The Adviser's investment strategies and/or investment techniques may not work as intended.

**Small and Medium Cap Company Risk:** Securities of companies with small and medium market capitalizations are often more volatile and less liquid than investments in larger companies. Small and medium cap companies may face a greater risk of business failure, which could increase the volatility of the client's portfolio.

**Interest Rate Risk:** Bond (fixed income) prices generally fall when interest rates rise, and the value may fall below par value or the principal investment. The opposite is also generally true: bond prices generally rise when interest rates fall. In general, fixed income securities with longer maturities are

more sensitive to these price changes. Most other investments are also sensitive to the level and direction of interest rates.

**Inflation:** Inflation may erode the buying-power of your investment portfolio, even if the dollar value of your investments remains the same.

## **Risks Associated with Securities**

Apart from the general risks outlined above which apply to all types of investments, specific securities may have other risks.

**Investment Companies Risk.** When a client invests in open end mutual funds or ETFs, the client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. The Adviser has no control over the risks taken by the underlying funds in which client's invest.

**Real Estate Risk** includes among others: possible declines in the value of real estate; risks related to economic conditions; possible shortage of mortgage funds; overbuilding and extended vacancies; increased competition; changes in property taxes, operating expenses or zoning laws; costs of environmental clean-up, or damages from natural disasters; limitations or fluctuations in rent payments; cash-flow fluctuations; and defaults by borrowers. Investment performance will be significantly impacted by the performance of the real estate market generally. Property values may fall due to increasing vacancies or declining rents resulting from economic, legal, cultural, or technological developments. Performance also may drop because of the failure of borrowers to pay their loans, poor management, and residential developers, in particular, could be negatively impacted by falling home prices, slower mortgage origination, and rising construction costs. Real estate loans are subject to prepayment risk because the debtor may pay its obligation early, reducing the amount of interest payments.

Real estate loans are inherently risky, and it is expected that investors will conduct their own due diligence before deciding to participate in any particular loan. Although loans are collateralized and personally guaranteed, there is no guarantee that we will be able to foreclose on the property or otherwise be able to recover the full amount outstanding on the loan. Real estate is an illiquid asset, and it cannot be readily converted to cash. We attempt to structure all loans in a manner which will

best allow them to recover the entire amount of the loan in the event of a default, however we cannot in any way guarantee that the loan amount will be recovered.

## Item 9: Disciplinary Information

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Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of SWM or the integrity of our management. We have no information applicable to this Item.

## Item 10: Other Financial Industry Activities and Affiliations

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No Sterling Wealth Management, LLC employee is registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

No Sterling Wealth Management, LLC employee is registered, or have an application pending to register, as a futures commission merchant, commodity pool operator or a commodity trading advisor.

### **Recommendations or Selections of Other Investment Advisers**

Sterling Wealth Management, LLC does not recommend or select other investment advisers for its clients and does not have any other business relationships with other advisers. However, Sterling Wealth Management, LLC does provide consulting services to other investment advisers and their affiliates. This situation creates a conflict of interest if Sterling Wealth Management, LLC recommends the other investment advisers directly, or any funds they may manage. However, when doing so, the client's best interest and suitability of the other investment advisers or funds they manage will be the main determining factors. This relationship is disclosed to the client at the commencement of the advisory relationship or recommendation.

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

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As a fiduciary, our firm and its associates have a duty of utmost good faith to act solely in the best interests of each client. Our clients entrust us with their funds and personal information, which in turn places a high standard on our conduct and integrity. Our fiduciary duty is a core aspect of our Code of Ethics and represents the expected basis of all of our dealings.

This code does not attempt to identify all possible conflicts of interest, and literal compliance with each of its specific provisions will not shield associated persons from liability for personal trading or other conduct that violates a fiduciary duty to advisory clients. A summary of the Code of Ethics' Principles is outlined below.

- Integrity - Associated persons shall offer and provide professional services with integrity.
- Objectivity - Associated persons shall be objective in providing professional services to clients.
- Competence - Associated persons shall provide services to clients competently and maintain the necessary knowledge and skill to continue to do so in those areas in which they are engaged.
- Fairness - Associated persons shall perform professional services in a manner that is fair and reasonable to clients, principals, partners, and employers, and shall disclose conflict(s) of interest in providing such services.
- Confidentiality - Associated persons shall not disclose confidential client information without the specific consent of the client unless in response to proper legal process, or as required by law.
- Professionalism - Associated persons' conduct in all matter shall reflect credit of the profession.
- Diligence - Associated persons shall act diligently in providing professional services.

We will, upon request, promptly provide a complete code of ethics.

Our firm and its "related persons" (associates, their immediate family members, etc.) may buy or sell securities the same as, similar to, or different from, those we recommend to clients for their accounts. A recommendation made to one client may be different in nature or in timing from a recommendation made to a different client. Clients often have different objectives and risk tolerances. At no time, however, will our firm or any related party receive preferential treatment over our clients.

## Investment Advice Relating to Retirement Accounts

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

In addition, and as required by this rule, we provide information regarding the services that we provide to you, and any material conflicts of interest, in this brochure and in your client agreement.

## Item 12: Brokerage Practices

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### Factors Used to Select Custodians and/or Broker-Dealers

Sterling Wealth Management, LLC does not have any affiliation with Broker-Dealers. Specific custodian recommendations are made to client based on their need for such services. We recommend Fidelity Brokerage Services, LLC based on their reputation and services provided by the firm.

#### 1. Research and Other Soft-Dollar Benefits

We currently do not receive soft dollar benefits.

#### 2. Brokerage for Client Referrals

We receive no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

#### 3. Clients Directing Which Broker/Dealer/Custodian to Use

We do recommend a specific custodian for clients to use, however, clients may custody their assets at a custodian of their choice. Clients may also direct us to use a specific broker-dealer to execute

transactions. By allowing clients to choose a specific custodian, we may be unable to achieve most favorable execution of client transaction and this may cost clients money over using a lower-cost custodian.

### **Aggregating (Block) Trading for Multiple Client Accounts**

Investment advisers may elect to purchase or sell the same securities for several clients at approximately the same time when they believe such action may prove advantageous to clients. This process is referred to as aggregating orders, batch trading or block trading. We do not engage in block trading. It is our trading policy is to implement all client orders on an individual basis. Therefore, we do not aggregate or “block” client transactions. Considering the types of investments we hold in advisory client accounts, we do not believe clients are hindered in any way because we trade accounts individually. This is because we develop individualized investment strategies for clients and holdings will vary. Our strategies are primarily developed for the long-term and minor differences in price execution are not material to our overall investment strategy.

## **Item 13: Review of Accounts**

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Client accounts with the Investment Management Service will be reviewed regularly on a quarterly basis by Elchanan Abramowitz, Managing Member and CCO. During the regular review the account's performance is compared against like-managed accounts to identify any unacceptable performance deviation. Additionally, reasonable client-imposed restrictions will be reviewed to confirm that they are being enforced. Events that may trigger a special review would be unusual performance, addition or deletions of client-imposed restrictions, excessive draw-down, volatility in performance, or buy and sell decisions from the firm or per client's needs.

Clients will receive trade confirmations from the broker(s) for each transaction in their accounts as well as monthly or quarterly statements and annual tax reporting statements from their custodian showing all activity in the accounts, such as receipt of dividends and interest.

SWM will provide written reports to Investment Management clients with a minimum investment of \$150,000 and multiple accounts, on a quarterly basis. These reports will include market commentary and portfolio holdings. We urge clients to compare these reports against the account statements they receive from their custodian.

## Item 14: Client Referrals and Other Compensation

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We do not receive any economic benefit, directly or indirectly from any third party for advice rendered to our clients. Nor do we directly or indirectly compensate any person who is not advisory personnel for client referrals.

## Item 15: Custody

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SWM does not accept custody of client funds. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. We urge you to carefully review such statements and compare such official custodial records to the account statements or reports that we may provide to you. Our statements or reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

**Standing Letters of Authorization:** SWM does maintain a standing letter of authorization (SLOA) where the funds or securities are being sent to a third party, and the following conditions are met:

- a. The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- b. The client authorizes SWM, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- c. The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
- d. The client has the ability to terminate or change the instruction to the client's qualified custodian.
- e. SWM has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.

- f. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.
- g. SWM maintains records showing that the third party is not a related party of SWM or located at the same address as SWM.

## Item 16: Investment Discretion

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For those client accounts where we provide investment management services, we maintain discretion over client accounts with respect to securities to be bought and sold and the amount of securities to be bought and sold. Investment discretion is explained to clients in detail when an advisory relationship has commenced. At the start of the advisory relationship, the client will execute a Limited Power of Attorney which will grant our firm discretion over the account. Additionally, the discretionary relationship will be outlined in the advisory contract and signed by the client.

## Item 17: Voting Client Securities

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We do not vote Client proxies. Therefore, Clients maintain exclusive responsibility for: (1) voting proxies, and (2) acting on corporate actions pertaining to the Client's investment assets. The Client shall instruct the Client's qualified custodian to forward to the Client copies of all proxies and shareholder communications relating to the Client's investment assets. If the client would like our opinion on a particular proxy vote, they may contact us at the number listed on the cover of this brochure.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward you any electronic solicitation to vote proxies.

## Item 18: Financial Information

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Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding.

We do not have custody of client funds or securities or require or solicit prepayment of more than \$1,200 in fees per client six months in advance.