



## **Instrumental Wealth, LLC**

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### **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Instrumental Wealth, LLC. If you have any questions about the contents of this brochure, contact us at 813-578-7001. 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 Instrumental Wealth, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Instrumental Wealth, LLC 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

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated March 22, 2022 we have the following material changes to report.

1. Instrumental Wealth updated references to investment on which it provides investment advice. We primarily allocate client assets among various mutual funds and exchange-traded funds ("ETFs") in accordance with client's stated investment objectives. The Firm also expects to allocate certain client assets among fee-based variable annuities, as well as individual debt and equity securities, including privately placed securities and alternative investments. For more information, see *Item 4. Advisory Business*.
2. Fee information related to variable annuity products is provided under *Item 5. Fees and Compensation*.
3. Instrumental Wealth can recommend that certain clients utilize margin in the client's investment portfolio or other borrowing. For more information, see *Item 5. Fees and Compensation*.

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## Item 4 Advisory Business

Instrumental Wealth offers a variety of advisory services, which include financial planning, consulting, and investment management services. Prior to Instrumental Wealth rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with Instrumental Wealth setting forth the relevant terms and conditions of the advisory relationship (the "Advisory Agreement").

Instrumental Wealth registered as an investment adviser in September 2020 and is wholly owned by David Silver. As of February 14, 2023, we provide continuous management services for \$279,357,546 in client assets on a discretionary basis, and \$2,698,320 in client assets on a non-discretionary basis.

While this brochure generally describes the business of Instrumental Wealth, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm's officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or other persons who provide investment advice on Instrumental Wealth's behalf and are subject to the Firm's supervision or control.

### Financial Planning and Consulting Services

Instrumental Wealth offers clients a broad range of financial planning and consulting services, which include any or all of the following functions:

- Business Planning
- Cash Flow and Budget Advice
- Trust and Estate Planning
- General Financial Advice
- Coaching Other Advisors
- Insurance Planning
- Retirement Planning
- Risk Management
- Distribution Planning
- Tax Planning
- Education Planning
- Bill payment support

While each of these services is available on a stand-alone basis, certain of them can also be rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement (described in more detail below).

In performing these services, Instrumental Wealth is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. Instrumental Wealth recommends certain clients engage the Firm for additional related services, its Supervised Persons in their individual capacities as insurance agents and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage Instrumental Wealth or its affiliates to provide (or continue to provide) additional services for compensation, including investment management services. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by Instrumental Wealth under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Instrumental Wealth's recommendations and/or services.

## **Investment and Wealth Management Services**

Instrumental Wealth manages client investment portfolios on a discretionary basis. In addition, Instrumental Wealth provides the majority of its clients with wealth management services which include a broad range of financial planning and consulting services as well as discretionary management of investment portfolios.

Instrumental Wealth primarily allocates client assets among various mutual funds and exchange-traded funds ("ETFs") in accordance with their stated investment objectives. The Firm also expects to allocate certain client assets among fee-based annuities and life policies (both fixed and variable), as well as individual debt and equity securities, including privately placed securities and alternative investments.

Where appropriate, the Firm also provides advice about any type of legacy position or other investment held in client portfolios, but clients should not assume that these assets are being continuously monitored or otherwise advised on by the Firm unless specifically agreed upon. Clients can engage Instrumental Wealth to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Instrumental Wealth directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

Instrumental Wealth tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. Instrumental Wealth consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify Instrumental Wealth if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients can impose reasonable restrictions or mandates on the management of their accounts if Instrumental Wealth determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

## **Fee-Based Variable Annuities and Variable Life Policies**

Instrumental Wealth engages a third-party broker-dealer to transact variable annuity business. For information about how these products are billed and associated fee arrangements, see *Item 5. Fees and Compensation*. A conflict exists in that we will only offer fee-based annuities available to us under this program. This conflict is mitigated, however, because clients are not required to engage Instrumental Wealth for the purpose of investing in variable annuity products.

## **IRA Rollovers**

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.

We benefit financially from the rollover of your assets from an ERISA account to an account that we manage or provide investment advice, because the assets increase our assets under management and our advisory fees. In contrast, we receive less or no compensation if assets remain in the current plan or are rolled over to another Company plan in which you may participate.

### **Retirement Plan Consulting Services**

Instrumental Wealth provides various consulting services to qualified employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans. Each engagement is individually negotiated and customized, and includes any or all of the following services:

- |                                 |                               |
|---------------------------------|-------------------------------|
| • Plan Design and Strategy      | • Plan Fee and Cost Analysis  |
| • Plan Review and Evaluation    | • Plan Committee Consultation |
| • Executive Planning & Benefits | • Fiduciary and Compliance    |
| • Investment Selection          | • Participant Education       |

As disclosed in the Advisory Agreement, certain of the foregoing services are provided by Instrumental Wealth as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In accordance with ERISA Section 408(b)(2), each plan sponsor is provided with a written description of Instrumental Wealth's fiduciary status, the specific services to be rendered and all direct and indirect compensation the Firm reasonably expects under the engagement.

## **Item 5 Fees and Compensation**

Instrumental Wealth offers services on a fee basis, which includes fixed fees, as well as fees based upon assets under management. Additionally, certain of the Firm's Supervised Persons, in their individual capacities or through the Firm or an affiliate, offer insurance products under a separate commission-based arrangement.

### **Financial Planning and Consulting Fees**

Instrumental Wealth charges a fixed fee for providing financial planning and consulting services. These fees are negotiable, but range from \$1,000 to \$15,000, depending upon the scope and complexity of the services and the professional rendering the financial planning and/or the consulting services. The fee can be for a defined project, such as the delivery of a plan, or for ongoing services. If the client engages the Firm for additional investment advisory services, Instrumental Wealth can offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

The terms and conditions of the financial planning and/or consulting engagement are set forth in the Advisory Agreement. For project-based services Instrumental Wealth typically requires one half of the fee (estimated hourly or fixed) payable upon execution of the Advisory Agreement. The outstanding balance is due upon delivery of the financial plan or completion of the agreed upon services. Ongoing

services are generally charged as described in the investment management section, below. The Firm does not, however, take receipt of \$1,200 or more in prepaid fees, six or more months in advance of services rendered.

### **Investment Management Fees**

Instrumental Wealth offers investment management services for an annual fee based on the amount of assets under the Firm's management. This management fee varies in accordance with the following tiered fee schedule:

<b>PORTFOLIO VALUE</b>	<b>BASE FEE</b>
First \$100,000	1.50%
Next \$150,000	1.35%
Next \$250,000	1.25%
Next \$1,500,000	1.00%
Next \$3,000,000	0.75%
Amounts more than \$5,000,000	0.50%

The annual fee is prorated and charged monthly, in advance, based upon the market value of the assets being managed by Instrumental Wealth on the last day of the previous month as determined by a party independent from the Firm (including the client's custodian or another third-party). If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is not adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a pro rata basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

Assets in each of your account(s) are included in the fee assessment unless specifically identified in writing for exclusion. Additionally, the 529 accounts will be assessed advisory fees on a separate flat rate basis of 1.0%. This fee may be negotiated at the discretion of Instrumental Wealth.

For asset management services the Firm provides with respect to certain client holdings(e.g., held away assets, accommodation accounts, alternative investments, etc.), Instrumental Wealth can negotiate a fee rate that differs from the range set forth above. Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage Instrumental Wealth for additional services for compensation, including rolling over retirement accounts or moving other assets to the Firm's management. Clients retain absolute discretion over all decisions regarding engaging the Firm and are under no obligation to act upon any of the recommendations.

For those assets "held away," the Firm charges an annual fee for services which is deducted from an account under being managed by the Firm. These fees may be taken quarterly, in advance (rather than monthly as described above) or by other means such as invoicing. Fees are based on the assets within these accounts at a rate agreed upon according to the valuation of the accounts as valued by the account custodian.

**Retirement Plan Consulting Fees**

Instrumental Wealth charges as fixed project-based fee to provide clients with retirement plan consulting services. Each engagement is individually negotiated and tailored to accommodate the needs of the individual plan sponsor, as memorialized in the Agreement. These fees vary, based on the scope of the services to be rendered, and ranges as disclosed above, depending upon services provided and the amount of assets to be advised on.

**Technology Fee**

For clients with less than \$50,000 in assets under management with Instrumental Wealth, the Firm will charge an annual fee of \$40 per account. The fee is charged in advance, beginning upon the opening of the account. The Firm will, in its sole discretion, aggregate certain household accounts (which can include immediate and extended family) to calculate whether this fee is necessary. The calculation is done monthly. This fee is charged to offset certain technology expenses that the Firm has in order to allow smaller accounts to receive those services.

**Fee Discretion**

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

**Additional Fees and Expenses**

In addition to the advisory fees paid to Instrumental Wealth, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions(collectively "Financial Institutions"). These additional charges include securities brokerage commissions, transaction fees, custodial fees, fees attributable to alternative assets, margin and other borrowing costs, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus(e.g., fund management fees and other fund expenses), 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. The Firm's brokerage practices are described at length in Item 12, below.

**Direct Fee Debit**

Clients provide Instrumental Wealth with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Instrumental Wealth.

**Use of Margin**

Instrumental Wealth can recommend that certain clients utilize margin in the client's investment portfolio or other borrowing. Instrumental Wealth only recommends such borrowing for noninvestment needs, such as bridge loans and other financing needs. The Firm's fees are determined based upon the value of the assets being managed gross of any margin or borrowing.

**Account Additions and Withdrawals**

Clients can make additions to and withdrawals from their account at any time, subject to Instrumental Wealth's right to terminate an account. Additions can be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client's account. Clients can withdraw account assets on notice to Instrumental Wealth, subject to the usual and customary securities settlement procedures. However, the Firm designs its portfolios as



long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Instrumental Wealth may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

### **Fee-Based Variable Annuities and Variable Life Policies**

When the third-party writes a fee-based variable annuity or variable life policy for a client, a broker-dealer, not affiliated with Instrumental Wealth, will receive a transaction fee from the insurance company. Neither the third-party insurance company nor the broker-dealer will charge clients a commission or transaction fee. Additionally, the third-party Instrumental Wealth engages for the purpose of writing variable annuities and variable life policies for clients is not an investment adviser and does not charge advisory fees. Only Instrumental Wealth will charge an advisory fee to manage the investment, and such fees are paid directly to us. A conflict exists in that we will only offer fee-based annuities available to us under this program. This conflict is mitigated, however, because clients are not required to engage Instrumental Wealth for the purpose of investing in variable annuity and/or variable life products.

### **Compensation for the Sale of Other Investment Products**

Persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling non-variable insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. Additionally, our firm receives reimbursement of marketing expenses from licensed insurance agencies Charter Oak Financial and 1847 Financial.

This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products and/or refer you to specific insurance agencies. Our adviser representatives recommend products based on your insurance needs and this conflict is mitigated because you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

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

Instrumental Wealth does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

## **Item 7 Types of Clients**

Instrumental Wealth offers services to individuals, trusts, estates, charitable organizations, corporations and other business entities, pension, and profit-sharing plans.

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

Instrumental Wealth is a comprehensive financial planning organization that strives to help high net worth clients understand all of the different moving parts and intricate details around their financial world. Instrumental Wealth specifically works with business owners in helping them understand the ramifications of financial decisions and incorporating legal, tax, insurance/risk management, employee benefits, debt management, and how their banking relationships all interweave together to help create

maximum efficiencies across their financial lives. Instrumental Wealth works to help clients understand how certain decisions impact others and give them a clear picture of what decisions would look like incorporating all of these different aspects of the financial world together.

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

The methods of analysis and investment strategies used vary depending on the client's financial situation and goals. Instrumental Wealth may use one or more of the following methods of analysis:

- Mutual Fund/ETF/Closed End Fund /Separate Accounts Analysis – Analysis of investment performance, risk metrics, investment strategy, investment personnel and firm strength.
- Fundamental Stock Analysis – Attempt to determine a security's value by focusing on underlying factors that affect a company's business and its future prospects. This typically entails analyzing the company's financial statements to determine its profitability, efficiency, solvency and value.
- Technical Stock Analysis – Attempt to predict the direction of the company's stock price based on an analysis of past price patterns and trends in the financial markets. This can include looking at various technical indicators and chart patterns and momentum factors.

Instrumental Wealth's investment strategies and advice may vary depending upon each client's specific financial situation. As such, the Firm determines investments and allocations based upon the client's predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Client restrictions and guidelines may affect the composition of the portfolio.

### **Risk of Loss**

The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved with respect to the Firm's investment management activities. Clients should consult with their legal, tax, and other advisors before engaging the Firm to provide investment management services on their behalf.

#### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of Instrumental Wealth's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. In addition, investments may be adversely affected by financial markets and economic conditions throughout the world. There can be no assurance that Instrumental Wealth will be able to predict these price movements accurately or capitalize on any such assumptions.

#### *Volatility Risks*

The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

#### *Cash Management Risks*

The Firm may invest some of a client's assets temporarily in money market funds or other similar types of investments, during which time an advisory account may be prevented from achieving its investment objective.

#### *Equity-Related Securities and Instruments*

The Firm may take long positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies may suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small capitalization, mid-capitalization and financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

#### *Fixed Income Securities*

While the Firm emphasizes risk-averse management and capital preservation in its fixed-income bond portfolios, clients who invest in this product can lose money, including losing a portion of their original investment. The prices of the securities in our portfolios fluctuate. The Firm does not guarantee any particular level of performance. Below is a representative list of the types of risks clients should consider before investing in this product.

- Interest rate risk. Prices of bonds tend to move in the opposite direction to interest rate changes. Typically, a rise in interest rates will negatively affect bond prices. The longer the duration and average maturity of a portfolio, the greater the likely reaction to interest rate moves.
- Credit (or default) risk. A bond's price will generally fall if the issuer fails to make a scheduled interest or principal payment, if the credit rating of the security is downgraded, or if the perceived creditworthiness of the issuer deteriorates.
- Liquidity risk. Sectors of the bond market can experience a sudden downturn in trading activity. When there is little or no trading activity in a security, it can be difficult to sell the security at or near its perceived value. In such a market, bond prices may fall.
- Call risk. Some bonds give the issuer the option to call or redeem the bond before the maturity date. If an issuer calls a bond when interest rates are declining, the proceeds may have to be reinvested at a lower yield. During periods of market illiquidity or rising rates, prices of callable securities may be subject to increased volatility.
- Prepayment risk. When interest rates fall, the principal of mortgage-backed securities may be prepaid. These prepayments can reduce the portfolio's yield because proceeds may have to be reinvested at a lower yield.
- Extension risk. When interest rates rise or there is a lack of refinancing opportunities, prepayments of mortgage-backed securities or callable bonds may be less than expected. This would lengthen the portfolio's duration and average maturity and increase its sensitivity to rising rates and its potential for price declines.

#### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for index-based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

#### *Use of Private Collective Investment Vehicles and Other Private Investments*

Instrumental Wealth can recommend that certain clients invest in privately placed securities, including collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The issuers of private securities and the managers of collective vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. Hedge funds, for example, may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because private investments are not registered as investment companies or securities, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each investment's private placement memorandum and/or other documents explaining such risks prior to investing.

#### *Currency Risks*

An advisory account that holds investments denominated in currencies other than the currency in which the advisory account is denominated may be adversely affected by the volatility of currency exchange rates.

#### *Interest Rate Risks*

Interest rates may fluctuate significantly, causing price volatility with respect to securities or instruments held by clients.

#### *Concentration Risks*

The risk that by concentrating investments in a smaller number of stocks (or other investments) your portfolio returns may be at greater risk because there is too much dependency on a single set of factors or triggers.

#### *Foreign Securities Risks*

Investments in foreign securities including American Depositary Receipts (ADRs) and foreign securities trading on US exchanges include risk relating to political, social and economic developments in other countries, in addition to the differences in US securities regulations as compared to those of foreign markets. These involve but are not limited to greater price changes, dissimilar business reporting, and accounting practices, political or financial changes, and higher costs such as custodial and transactions costs.

#### *Inflation Risk*

When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

#### *Liquidity Risk*

The risk that an investment may not be able to be readily converted into cash. Lack of liquidity may also cause a negative impact on price received when trading in the market.

#### *Reinvestment Risk*

The risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate).

#### *Treasury Inflation Protected/Inflation Linked Bonds*

The Risk of default on these bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Bonds carry risk of principal loss due to market conditions prior to maturity. The risk of loss holding to maturity is minimal but the market risk during the life of the bond may be substantial and is dependent on market interest rate levels.

#### *Margin Transactions*

Securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan. If the value of the shares drops sufficiently, the investor will be required to either deposit more cash into the account or sell a portion of the stock in order to maintain the margin requirements of the account. This is known as a "margin call." An investor's overall risk includes the amount of money invested plus the amount that was loaned to them.

## **Item 9 Disciplinary Information**

Instrumental Wealth has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

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

This item requires investment advisers to disclose certain financial industry activities and affiliations.

#### **Insurance Agency Affiliation**

Instrumental Wealth, LLC is a licensed insurance agency. Therefore, insurance products recommended to you may be transacted through Instrumental Wealth for a commission. The insurance agency is regulated by the professional organizations to which it belongs and must comply with the rules of those organizations. These rules may prohibit paying or receiving referral fees to or from investment advisers that are not members of the same organization. Referral arrangements with an affiliated entity present a conflict of interest for us because we may have a direct or indirect financial incentive to recommend an affiliated firm's services. While we believe that compensation charged by an affiliated firm is competitive, such compensation may be higher than fees charged by other firms providing the same or similar services. You are under no obligation to use the services of any firm we recommend, whether affiliated or otherwise, and may obtain comparable services and/or lower fees through other firms.

#### **Licensed Insurance Agents**

A number of the Firm's Supervised Persons are licensed insurance agents and offer certain insurance products on a fully disclosed commissionable basis. The Firm expects this to be done either in the Supervised Persons' individual capacities as insurance producers with various companies, or through the Firm or an affiliate that is registered with state insurance commission(s). A conflict of interest exists to the extent that Instrumental Wealth recommends the purchase of insurance products where its Supervised Persons are entitled to insurance commissions or other additional compensation. The Firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

Specifically, Mass Mutual has provided the Firm or its Supervised Persons with a transition loan which is forgiven over a period of time as long as the Firm or its Supervised Persons are affiliated with Mass Mutual. Therefore, the Firm and its Supervised Persons have a conflict of interest because there is an incentive to remain affiliated with, and recommend the products of, Mass Mutual. That being said, the Firm will always endeavor to recommend products and carriers that are best for the client.

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

Instrumental Wealth has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. Instrumental Wealth's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of Instrumental Wealth's personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, the Firm's Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by money market funds; and iv) shares issued by other unaffiliated open-end mutual funds.

Clients and prospective clients may contact Instrumental Wealth to request a copy of its Code of Ethics by contacting the Firm at the phone number on the cover page of this brochure.

## **Item 12 Brokerage Practices**

### **Recommendation of Broker-Dealers for Client Transactions**

Instrumental Wealth recommends that clients utilize the custody, brokerage and clearing services of National Financial Services LLC and Fidelity Brokerage Services LLC (together with affiliates, "Fidelity") for investment management accounts. The final decision to custody assets with Fidelity is at the discretion of the client, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA account holder. Instrumental Wealth is

independently owned and operated and not affiliated with Fidelity. Fidelity provides Instrumental Wealth with access to its institutional trading and custody services, which are typically not available to retail investors. Factors which Instrumental Wealth considers in recommending Fidelity or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Fidelity enables the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. Fidelity has also agreed to reimburse clients for exit fees associated with moving accounts to Fidelity. The reimbursement is only available up to a certain amount for all of the Firm's clients over a twelve-month period. Fees are reimbursed on a first-come-first-served basis so that no clients are favored. The commissions and/or transaction fees charged by Fidelity may be higher or lower than those charged by other Financial Institutions. The commissions paid by Instrumental Wealth's clients to Fidelity comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Instrumental Wealth determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Instrumental Wealth seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Consistent with obtaining best execution, brokerage transactions are directed to certain broker dealers in return for investment research products and/or services which assist Instrumental Wealth in its investment decision-making process. Such research will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Instrumental Wealth does not have to produce or pay for the products or services.

Instrumental Wealth periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

### **Software and Support Provided by Financial Institutions**

Instrumental Wealth receives without cost from Fidelity administrative support, computer software, related systems support, as well as other third party support as further described below (together "Support") which allow Instrumental Wealth to better monitor client accounts maintained at Fidelity and otherwise conduct its business. Instrumental Wealth receives the Support without cost because the Firm renders investment management services to clients that maintain assets at Fidelity. The Support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The Support benefits Instrumental Wealth, but not its clients directly. Clients should be aware that Instrumental Wealth's receipt of economic benefits such as the Support from a broker-dealer creates a conflict of interest since these benefits will influence the Firm's choice of broker-dealer over another that does not furnish similar software, systems support or services. In fulfilling its duties to its clients, Instrumental Wealth endeavors at all times to put the interests of its clients first and has determined that the recommendation of Fidelity is in the best interest of clients and satisfies the Firm's duty to seek best execution.

Specifically, Instrumental Wealth receives the following benefits from Fidelity: i) receipt of duplicate client confirmations and bundled duplicate statements; ii) access to a trading desk that exclusively services its institutional traders; iii) access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and iv) access to an electronic communication network for client order entry and account information.

In addition, the Firm receives funds to be used toward qualifying third-party service providers for research, marketing, compliance, technology and software platforms and services. The Support and services are generally available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain amount of the advisor's clients' assets are maintained in accounts at Fidelity. Fidelity's services include brokerage services that are related to the execution of securities transactions, custody, research, 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 client accounts maintained in its custody, Fidelity generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts.

Fidelity also makes available to the Firm other products and services that benefit the Firm but may not benefit its clients' accounts. These benefits may include national, regional or Firm specific educational events organized and/or sponsored by Fidelity. Other potential benefits may include occasional business entertainment of personnel of Instrumental Wealth by 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 Instrumental Wealth in managing and administering clients' accounts. These include software and other 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), provide research, pricing information and other market data, facilitate payment of the Firm's fees from its clients' accounts, 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 the Firm's accounts, including accounts not maintained at Fidelity. Fidelity also makes available to Instrumental Wealth other services intended to help the Firm 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, human capital consultants, insurance and marketing. In addition, Fidelity may make available, arrange and/or pay vendors for these types of services rendered to the Firm by independent third parties. 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 the Firm. While, as a fiduciary, Instrumental Wealth endeavors to act in its clients' best interests, the Firm's recommendation that clients maintain their assets in accounts at Fidelity may be based in part on the benefits received and not solely on the nature, cost or quality of custody and brokerage services provided by Fidelity, which creates a conflict of interest.

### **Brokerage for Client Referrals**

Instrumental Wealth does not consider, in selecting or recommending broker-dealers, whether the Firm receives client referrals from the Financial Institutions or other third party

### **Directed Brokerage**

The client may direct Instrumental Wealth in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to "batch" client transactions for execution through other Financial Institutions with orders for other accounts managed by Instrumental Wealth (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the



case. Subject to its duty of best execution, Instrumental Wealth may decline a client's request to direct brokerage if, in the Firm's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

### **Trade Aggregation**

Transactions for each client will be effected independently, unless Instrumental Wealth decides to purchase or sell the same securities for several clients at approximately the same time. Instrumental Wealth may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and allocated among Instrumental Wealth's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which Instrumental Wealth's Supervised Persons may invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Instrumental Wealth does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

## **Item 13 Review of Accounts**

### **Account Reviews**

Instrumental Wealth monitors client portfolios on a continuous and ongoing basis and regular account reviews are conducted on at least an annual basis. Such reviews are conducted by the Firm's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Instrumental Wealth and to keep the Firm informed of any changes thereto.

### **Account Statements and Reports**

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from Instrumental Wealth and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from Instrumental Wealth or an outside service provider.

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

### **Client Referrals**

While Instrumental Wealth does not provide compensation to any third-party solicitor for referrals to the Firm itself, it does provide compensation to third parties who referred clients to the Firm's Supervised Persons while they were affiliated with a predecessor firm. This arrangement presents a conflict of interest because it creates an incentive for the third parties to recommend the services of the Firm. Where the Firm provides such compensation, it will do so on a fully disclosed basis. Unless otherwise disclosed, such compensation is paid solely from Instrumental Wealth's investment management fee and does not result in any additional charge to the client.

### **Other Compensation**

The Firm receives economic benefits from Fidelity. The benefits, conflicts of interest and how they are addressed are discussed above in response to Item 12.

The Firm receives economic benefits from insurance agencies Charter Oak and 1847 Financial. This arrangement is discussed in response to Item 5.

## **Item 15 Custody**

Instrumental Wealth is deemed to have custody of client funds and securities because the Firm is given the ability to debit client accounts for payment of the Firm's fees. As such, client funds and securities are maintained at one or more Financial Institutions that serve as the qualified custodian with respect to such assets. Such qualified custodians will send account statements to clients at least once per calendar quarter that typically detail any transactions in such account for the relevant period. In addition, as discussed in Item 13, Instrumental Wealth will also send, or otherwise make available, periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from Instrumental Wealth. Any other custody disclosures can be found in the Firm's Form ADV Part 1.

### **Standing Letters of Authorization**

Instrumental Wealth also anticipates having custody due to clients giving the Firm limited power of attorney in a standing letter of authorization ("SLOA") to disburse funds to one or more third parties as specifically designated by the client. In such circumstances, the Firm will implement the steps in the SEC's no-action letter on February 21, 2017 which includes (in summary): i) client will provide instruction for the SLOA to the custodian; ii) client will authorize the Firm to direct transfers to the specific third party; iii) the custodian will perform appropriate verification of the instruction and provide a transfer of funds notice to the client promptly after each transfer; iv) the client will have the ability to terminate or change the instruction; v) the Firm will have no authority or ability to designate or change the identity or any information about the third party; vi) the Firm will keep records showing that the third party is not a related party of the Firm or located at the same address as the Firm; and vii) the custodian will send the client an initial and annual notice confirming the SLOA instructions.

## **Item 16 Investment Discretion**

Instrumental Wealth is given the authority to exercise discretion on behalf of clients. Instrumental Wealth is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. Instrumental Wealth is given

this authority through a power-of-attorney included in the agreement between Instrumental Wealth and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Instrumental Wealth takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made.

## **Item 17 Voting Client Securities**

Instrumental Wealth does not accept the authority to vote a client's securities (i.e., proxies) on their behalf. Clients receive proxies directly from the Financial Institutions where their assets are custodied and may contact the Firm at the contact information on the cover of this brochure with questions about any such issuer solicitations.

## **Item 18 Financial Information**

On February 17, 2021, the firm received a Paycheck Protection Program ("PPP") loan in the amount of \$75,534.21 through the U.S. Small Business Administration, which was part of the economic relief provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Due to the economic uncertainties surrounding the current COVID-19 pandemic, we believed it was necessary and prudent for us to apply for, and accept, the Payroll Protection Program loan offered by the Small Business Administration in order to support our ongoing operations. The firm used the PPP funds to continue payroll for the firm's employees, including employees primarily responsible for performing advisory functions for our clients, and make other permissible payments. The loan was forgiven in full under Section 1105 of the CARES Act effective March 21, 2022.

Instrumental Wealth has no further financial information to disclose because:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

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

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

## **Item 20 Additional Information**

### **Trade Errors**

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

## **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

## **IRA Rollover Considerations**

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for our firm to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. Our strategy may have higher or lower risk than the option(s) provided to you in your plan.
4. Your current plan may also offer financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 72.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
  - a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there

can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.

7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.