

**Form ADV Part 2A
Investment Advisor Brochure**



S T E R L I N G
WEALTH MANAGEMENT

Name of Registered Investment Advisor (RIA)	Sterling Wealth Management, Inc.
Address	301 N. Neil Street, Suite 203, Champaign, IL, 61820
Phone Number	217-398-1900
Website Address	www.SterlingWealthManagement.com
E-mail Address	sharon@sterlingwealthmanagement.com
Date of Last Revision	March 27, 2023

This Form ADV Part 2A (Investment Advisor Brochure) gives information about the investment advisor and its business for the use of clients and prospective clients. If you have any questions about the contents of this brochure, please contact us using one of the methods listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration is mandatory for all persons meeting the definition of investment advisor and does not imply a certain level of skill or training.

Additional information about our firm is available on the SEC's website at: www.adviserinfo.sec.gov.

Item 2 - Material Changes

This Brochure provides you with a summary of Sterling Wealth Management, Inc.'s services and fees, certain business practices and policies, as well as actual or potential conflicts of interest. The Brochure is required to be updated at least annually within 90 days after our fiscal year end, or sooner when material changes to our business take place. Each year we will deliver to you, by no later than April 30th, either: (i) a free updated Brochure that includes or is accompanied by a summary of material changes; or (ii) a summary of material changes and an offer to provide a free copy of the updated Brochure and how to obtain it.

We have revised the following Item(s) of this Brochure to reflect material changes to our business since our last annual update of this Brochure on March 31st, 2022:

- *Item 5 Fees and Compensation no longer includes a one-time fee for financial planning.*
- *Item 18 Financial Information has been updated to remove a previously disclosed loan that has since been forgiven.*

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Item 4 - Advisory Business

Advisory Firm

Sterling Wealth Management, Inc. (“Sterling”) is a fee-only private wealth management firm that utilizes a consultative approach to financial and investment planning. Sterling has been providing investment advisory services since 2004. Sharon C. Allen is the founder and CEO of Sterling and has been in the financial services industry since 1994.

Advisory Services

① Sterling provides private wealth management services that fall into two different categories: “Wealth Management Services” or “Asset Management Services”. These services may include investment consulting, asset management, financial planning, relationship management, and concierge services. We also provide Asset Management Services for certain qualified retirement plans.

Our “Wealth Management Services” include ongoing investment consulting, asset management, financial planning, relationship management, and concierge services.

Our “Asset Management Services” include ongoing investment consulting, asset management, relationship management, and limited financial planning.

Specific Descriptions of Services Provided

The subcategories of services within our two main services are described as follows:

Investment Consulting includes the rendering of advice with respect to equity securities, corporate debt securities, commercial paper, certificates of deposit, municipal securities, mutual fund shares, exchange traded funds (“ETFs”), United States government securities, and other financial products.

Asset Management refers to the rendering of advice about equity securities, corporate debt securities, commercial paper, certificates of deposit, municipal securities, mutual fund shares, exchange traded funds, United States government securities, and other financial products. Clients typically grant Sterling discretionary authority to direct investments on their behalf, but Sterling does not take custody of client assets.

Financial Planning includes the identification of goals, value and objectives, collection and assessment of client data, identification of client challenges and possible solutions, preparation of a written wealth plan, monitoring implementation of any recommendations, and regular progress meetings to review and update the wealth plan. The limited financial planning available as part of our “Asset Management Services” includes only the identification of financial goals, values and objectives, collection, and assessment of client data as it relates to the investment portfolio, providing general financial planning advice as needed, and regular progress meetings with the client. Planning may be comprehensive, or segmented and focus on items such as investments, insurance, taxes, and/or estate plans.

Relationship Management includes maintaining contact with our clients to ensure their needs are being met, as well as coordinating efforts of the client’s other professional advisors as requested by the client.

Concierge Services includes services not directly related to asset management but provide clients with assistance in lifestyle matters.

Our Asset Management Services for certain qualified plans are of a discretionary nature. These accounts are custodied with independent qualified custodians. We have no authority about the custody but will make trading decisions according to the overall investment plan for qualified plan accounts, advising the plan sponsor and participants about the investment of assets within the qualified plan. Sub-services may include the selection of mutual fund or other investment options to made available to participants or beneficiaries of the plan, replacement of such investments from time to time, meeting with the plan sponsor annually to review the investment options, prepare/develop an investment policy statement with the client, provide investment education for the plan participants, enroll employees who are eligible to participants in the plan, and provide client with other materials for the plan sponsor.

IRA Rollover Recommendations

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.

Assets Under Management

As of December 31, 2022, Sterling had \$282,978,400 million of assets under management on a discretionary basis, and no assets under management on a non-discretionary basis.

Investment Process

Services are based on the individual needs of the client. An initial discovery process is undertaken to determine the client's financial situation, their goals, investment objectives, and any gaps and challenges in their financial lives. A Sterling adviser (a "Financial Advisor") will meet with the client for regular progress meetings at the client's preferred meeting frequency but generally not less than annually. It is the client's responsibility to notify the Financial Advisor at any time there are changes to their financial situation. The client is free to accept or reject any recommendation made by Sterling.

Clients may call in at any time during normal business hours to discuss directly with the Financial Advisor about the client's account, financial situation, or investment needs.

Clients will receive from their custodian timely trading confirmations and at least quarterly statements containing a description of all transactions and all account activity. The client will retain rights of ownership of all securities and funds in the account to the same extent as if the client held the securities and funds outside the program. In addition to custodial statements, Sterling sends reports to the client at least quarterly.

② On occasion we provide "Financial Consulting" on investment matters and limited financial planning concerns. This type of consultation is non-discretionary in nature and the client is free to accept or reject any recommendation made by Sterling. Sterling charges an hourly rate for this service which is invoiced

after completion of the project. Individualized plans are created based upon the Client's need and may encompass one or more of the following areas: Estate Planning, Investment Planning, Retirement Planning, Business Succession Planning.

Item 5 - Fees and Compensation

Fees for "Wealth Management Services" and "Asset Management Services" are computed at an annualized percentage of assets under management on a sliding scale. Our typical fee schedule is set forth below:

<u>Assets Under Management</u>	<u>Annual Advisory Fee as % of Client's Assets</u>
0 – 1,000,000	1.00%.
1,000,000.01 – 5,000,000	0.75%.
5,000,000.01 +	0.50%

Fees for "Financial Consulting" are computed at an hourly rate. Various rates apply as determined by the person performing the service as follows: \$250/hour for a Certified Financial Planner professional.

General Fee Information

These fees are for Sterling's advisory services only and do not include any transaction fees or brokerage commissions, which may be charged separately by the custodial firm. See Item 12 – Brokerage Practices for more information. In connection with asset management services, clients may be advised to invest in no-load mutual funds. When investing in mutual funds or ETFs, clients pay two levels of fees – the advisory fee payable to Sterling and the fee paid to the fund manager(s). In other words, all fees paid to Sterling are separate and distinct from the fees and expenses charged by mutual funds and ETFs, which expenses are described in each fund's prospectus.

For "Wealth Management Services" and "Asset Management Services", the fee will be payable quarterly in arrears. Payment of fees may be paid direct by the client, or client may authorize the custodian holding client funds and securities to deduct Sterling's advisory fees direct from the client account in accordance with statements prepared and submitted to the custodian by Sterling. The custodian will provide periodic account statements to the client. Such statements will reflect all fee withdrawals by Sterling. It is the client's responsibility to verify the accuracy of the fee calculation. The custodian will not determine whether the fee is properly calculated.

Although Sterling has established the above fee schedule, Sterling retains the discretion to negotiate alternative fees on a client-by-client basis based on, among other things, the dollar amount of assets places under management and the complexity and scope of financial planning and/or consulting services to be provided. Typically, the fee will range between 0.50% and 1.00% annually based on assets under management based on the fee schedule noted above. Sterling may, in its discretion, make exceptions to the fee schedule and waive fees in whole or in part in certain circumstances.

Termination of the Advisory Relationship for All Clients, Wealth Management Services, Asset Management Services, and Financial Consulting

In Illinois, unless a client has received Sterling's Form ADV Part 2 disclosure brochure at least 48 hours prior to signing the investment advisory agreement (the "Advisory Agreement"), the client may terminate the Advisory Agreement within five (5) business days of signing such agreement without incurring any advisory fees.

For “Wealth Management Services” and “Asset Management Services”, services will continue until either party terminates the Agreement on 30 days written notice. For “Financial Consulting”, services will continue until either party terminates the Agreement on 30 days written notice or automatically after the project is completed.

If termination occurs prior to the end of a calendar quarter, the client will be invoiced for fees due on a pro-rata basis. The Advisory Agreement contains a pre-dispute arbitration clause. Arbitration is final and binding on the parties.

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

Sterling does not charge performance-based fees, which is based on a share of capital gains on or capital appreciation of the assets in the client account.

Item 7 - Types of Clients and Account Minimums

Sterling provides advisory services to individuals, families, trusts, estates, charitable organizations, business entities, and pension and profit-sharing plans and other ERISA accounts.

Sterling has no minimum annual fee. Generally, the minimum account size is \$1,000,000. Sterling, in its sole discretion, may require a lesser account minimum and/or reduce its advisory fee based upon certain criteria (i.e., anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

Methods of Analysis

Analysis utilized by Sterling is primarily fundamental. Consistent with our evidence-based investing philosophy, Sterling uses long-term historical data of various asset classes as a source of information for analysis.

Evidence-based investing delivers the performance of the capital markets and increases returns through state-of-the-art portfolio design and trading. Our philosophy and strategies are based on the precepts that risk and return are related, over the long-term markets are efficient, diversification is essential and should be global in nature, identifying and capturing the dimensions of meaningful risk factors, and costs to invest should be minimized.

Investment Strategies

Sterling uses asset allocation strategies for portfolio management, seeking to diversify client portfolios across and within various asset classes.

By its nature, financial planning looks to the long-term. After the client's goals are defined and gaps are evaluated, investment strategies are designed to help the client achieve his or her financial goals. Review of a client's estate plan and risk management coverage is covered generally and at the client's request, additional review and analysis would be provided by an outside expert in these areas.

Risks of Loss

While there is risk in all investments, some carry a greater degree of risk or higher costs. There is no guarantee that the investment strategy selected for the client will result in the client's goals being met, nor is there any guarantee of profit or protection from loss. For those investments sold by prospectus, clients should read the prospectus in full.

Sterling is disclosing those risks and opportunities for our investment strategy or for types of securities used

- **Market Risk.** Prices of securities in which an account invests may decline in response to certain events taking place around the world, including those directly involving the companies whose securities are owned by an account; conditions affecting the general economy; overall market changes; local, regional, or global political, social, or economic instability; and currency, interest rate and commodity price fluctuations. Clients should have a long-term perspective and be able to tolerate potentially sharp declines in market value.

- **Equity Risk.** Equity securities tend to be more volatile than other asset classes. The value of an individual mutual fund can be more volatile than the market. This volatility affects the value of the client's overall portfolio. Small- and mid-cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product lines, financial resources, and less management experience than larger companies.

- **Fixed Income Risk.** The issuer of a fixed income security may not be able to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation. If a rating agency gives a debt security a lower rating, the value of the debt security may decline because investors demand a higher rate of return. As nominal interest rates rise, the value of fixed income securities is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate.

- **Junk Bond Risk.** A client's portfolio may be subject to greater levels of interest rate and credit risk because of investing in high-yield securities and unrated securities of similar credit quality (commonly known as "junk bonds") than client portfolios that do not invest in such securities. These securities are considered predominately speculative with respect to the issuer's continuing ability to make principal and interest payments. An economic downturn or period of rising interest rates could adversely affect the market for these securities and reduce the client's ability to sell these securities (liquidity risk). If the issuer of a security is in default with respect to interest or principal payments, the client's portfolio may lose its entire investment.

- **Mutual Fund and ETF Risk.** Open-end and closed-end mutual funds and ETFs invest in a broad range of equity and fixed income securities, including foreign securities and securities of issuers located in emerging markets. Underlying funds may also invest in equity securities of any market capitalization including micro-, small- and mid-cap companies, real estate, commodities-related assets, fixed income securities of any maturity or credit quality, including high-yield, high-risk debt securities, and they may engage in leveraged or derivative transactions. We have no control over the investment strategies, policies, or decisions of the underlying funds and, in the event of dissatisfaction with such a fund, our only option would be to liquidate clients' investments in that fund. Mutual funds and ETFs charge their own management fees and expenses, which may be duplicative.

- **Foreign Securities Risk.** Mutual funds or ETFs in which clients invest may invest in foreign securities. Foreign securities are subject to additional risks not typically associated with investments in

domestic securities. These risks may include, among others, currency risk, country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability, currency devaluations and policies that have the effect of limiting or restricting foreign investment or the movement of assets), different trading practices, less government supervision, less publicly available information, limited trading markets and greater volatility. To the extent that underlying funds invest in issuers located in emerging markets, the risk may be heightened by political changes, changes in taxation, or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.

- ***U.S. Government Securities.*** Adviser may recommend securities issued by the U.S. Government and by U.S. Government agencies and instrumentalities. Only U.S. Government securities are supported by the full faith and credit of the United States.

- ***Capital Gains Tax Risk.*** There are tax consequences for short-term trading wherein capital gains are taxed as ordinary income. While we are not short-term traders, there may be instances where investments are sold within a year and short-term capital gains are triggered as a result.

Item 9 - Disciplinary Information

An investment advisor must disclose material facts about any legal or disciplinary event that is material to a client's evaluation of the advisory business or of the integrity of its management personnel. Sterling does not have any legal or disciplinary events to report.

Item 10 - Other Financial Industry Activities and Affiliations

Sterling is not actively engaged in another business, does not sell products, and is not affiliated with any broker/dealers.

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

Code of Ethics

Sterling maintains a Code of Ethics. The Code of Ethics sets forth standards of conduct expected of personnel; requires compliance with federal securities laws; and addresses conflicts that arise from personal trading by advisory personnel. Clients may request a copy of the Code of Ethics free of charge by contacting Sharon Allen at 217-398-1900.

Participation or Interest in Client Transactions

Sterling generally does not recommend investments to clients in which Sterling, or its principal owner has a financial or ownership interest. If any such investment were proposed, Sterling would be required to disclose any participation or interest in the transaction to the client.

Sterling associates may invest in the same or similar securities as recommended to our clients.

Personal Trading

At times Sterling and/or its Financial Advisors may take positions in the same securities as clients, and we will seek to avoid conflicts with clients. We will not violate our fiduciary responsibilities to our clients. Incidental trading not deemed to be a conflict (i.e., a purchase or sale which is minimal in relation to

the total outstanding value, and as such would have negligible effect on the market price) would not be disclosed at the time of trading.

Principal and Agency Transactions

Sterling does not participate in Principal or Agency Transactions.

Item 12 - Brokerage Practices

Selection or Recommendation of Broker/Dealers

For our “Wealth Management Services” and “Asset Management Services”, Sterling does not have the authority to choose the brokerage firm used to facilitate the purchase or sale of securities. However, we will assist clients with establishing custodial account(s) with a bank, trust company, brokerage firm or other qualified custodian.

Should our clients choose to utilize the services of TD Ameritrade, clients may pay transaction fees to TD Ameritrade for the purchase of "no-load" funds.

Sterling is independently operated and owned and is not affiliated with TD Ameritrade. Financial Advisors of our firm are not registered representatives of TD Ameritrade and do not receive any commissions or fees from recommending these services.

Soft Dollar Practices

Sterling does not currently participate in any soft dollar arrangements.

Sterling understands its duty for best execution and considers all factors in making recommendations to clients. These research services may be useful in servicing all Sterling clients and may not be used in connection with any account that may have paid compensation to the firm providing such services. While Sterling may not always obtain the lowest commission rate, our firm believes the rate is reasonable in relation to the value of the brokerage and research services provided.

Item 13 - Review of Accounts and Reports on Accounts

Reviews

Sterling monitors the investments and asset allocation of our clients with Wealth Management and Asset Management Services regularly. Portfolio performance is reviewed and reported to clients on a quarterly basis at a minimum. Regular progress reports are presented to each of our clients as determined by their individual preferences, generally not less than annually.

The account reviews are performed by the client’s Financial Advisor. If warranted by the clients’ objectives and transactions costs or changes in the client’s life circumstances, the portfolio will either be rebalanced or continued without changes.

Reports

All clients receive standard account statements from the brokerage firm(s) maintaining custody of their client's assets. Based on the client's preference, these reports may be delivered in written or electronic form. Annual statements and tax reporting information is also provided to our clients by the brokerage firm. Sterling maintains duplicate records of client positions and transactions in portfolio management software that interfaces directly with the brokerage firm maintaining custody of client assets. Written interim account statements are available from Sterling to all clients upon their request.

Item 14 - Client Referrals & Other Compensation

Referral Fees Paid

From time to time, we may compensate persons for client solicitation and referral. We may enter contractual arrangements with such persons ("solicitors") to solicit on our behalf and refer clients to us. These arrangements are made in writing pursuant to Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended, and any corresponding state securities rules and regulations. Our agreements with any such solicitors require that clients receive disclosure of the solicitation and client referral activities as provided by Rule 206(4)-3. The solicitor must, at the time of the solicitation, provide the client with a copy of this Brochure and must also provide the client with a separate document describing the solicitation arrangement, disclosing any affiliation between us and the solicitor, the compensation for the solicitation, and whether advisory fees for solicited clients are higher than those for other clients due to compensation paid to the solicitor. Payments to solicitors may create an incentive for the solicitor to recommend their clients our advisory services.

Item 15 - Custody

Although client assets are held at a third-party independent custodian, Sterling is deemed to have custody of client funds solely because of the fee deduction authority granted by the client in the Advisory Agreement. Except for this fee deduction, we do not have authority to withdraw funds out of client accounts for our benefit.

Clients will receive account statements at least quarterly from their brokerage firm or other qualified custodian. Our clients are urged to compare custodial account statements against statements prepared by Sterling for accuracy. Minor variations may occur because of reporting dates, accrual methods of interest and dividends, and other factors. The custodial statement is the official record of your account for tax purposes.

Item 16 - Investment Discretion

Sterling may maintain full investment discretion or have non-discretionary authority as it relates to investment decisions on behalf of a client.

When our firm maintains full investment discretion, it is authorized through the Advisory Agreement in which the client provides us with a limited power of attorney as to the securities and amount of securities.

When our firm does not have discretion over a client account, it is so stated in the Advisory Agreement between Sterling and the client. A limited power of attorney, limited to the power of executing trades on a non-discretionary basis, will be obtained from clients as part of the investment advisory agreement.

Sterling will not have authority to withdraw funds for our benefit or to take custody of client funds or securities, other than under the terms of the Fees clause in the Advisory Agreement with the client.

The client will designate the qualified custodian to be used for trading and custodial services.

Item 17 - Voting Client Securities

Sterling does not vote proxies. It is the client's responsibility to vote proxies. Clients will receive proxy materials directly from the custodian. Questions about proxies may be made via the contact information on the cover page.

Item 18 - Financial Information

Sterling Wealth Management does not require or solicit prepayment of more than \$1200 in fees per client six months or more in advance; Sterling Wealth Management is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.; or a bankruptcy within the past ten years. Sterling does not have any disclosure items in this section.