

# Pillar Wealth Advisors, LLC

ADV Part 2A, Brochure

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**This Brochure provides information about the qualifications and business practices of Pillar Wealth Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at (302) 409-3500. 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 Pillar Wealth Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Pillar Wealth Advisors, LLC as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.**

## **Item 2           Material Changes**

Since Pillar Wealth Advisors, LLC’s (“Pillar Wealth Advisors”) most recent annual amendment filing on March 30, 2022, this Part 2A Brochure has been revised as follows:

- At Item 4 to increase and enhance disclosures related to limitations applicable to held-away assets, broker-dealer transaction fees, and cash positions
- At Item 5 to revise fee ranges for retirement plan consulting services and to clarify agreement termination provisions
- At Item 8 to incorporate additional disclosure regarding fees attributable to private investments and the impact of margin loan balances on client fee calculations
- At Item 14 to revise the description of solicitor activities and related regulatory obligations

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#### **Item 4            Advisory Business**

- A. Pillar Wealth Advisors is a limited liability company formed in the State of Delaware. The Firm became registered as an Investment Advisory Firm in December 2011. For some client engagements, Pillar Wealth Advisors may operate under the dba name of DGK Financial Advisors Group. The Firm is owned by Michael C. Bree and Richard C. Clark.
- B. Pillar Wealth Advisors offers a variety of wealth management services, which include financial planning, retirement plan consulting, and portfolio management. Prior to the rendering of the foregoing advisory services, clients are required to enter into a written agreement with Pillar Wealth Advisors setting forth the relevant terms and conditions of the advisory relationship (the “Agreement”).

#### **FINANCIAL PLANNING AND CONSULTING SERVICES**

Pillar Wealth Advisors offers clients a range of financial planning and consulting services which include any or all of the following functions, depending on the client engagement:

- Business Planning
- Cash Flow Forecasting
- Asset Allocation
- Retirement Planning
- Education Funding
- Estate Planning
- Financial Statement & Portfolio Reports
- General Analysis & Planning
- Insurance Needs Analysis
- Retirement Plan Analysis

While each of these services is available on a stand-alone basis, certain of them may also be rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement. In performing these services, Pillar Wealth Advisors is not required to verify any information received from the client or from the client’s other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Pillar Wealth Advisors may recommend the services of itself, its Supervised Persons in their individual capacities as insurance agents or registered representatives of a broker-dealer, and/or other professionals to implement its recommendations.

Clients are advised that a conflict of interest exists if Pillar Wealth Advisors recommends its own services. Clients are under no obligation to act upon any of the recommendations made by Pillar Wealth Advisors under a financial planning or consulting engagement or to engage the services of any such recommended professional, including Pillar Wealth Advisors itself. Clients retain absolute discretion over all such implementation decisions. Clients are advised that it remains their responsibility to promptly notify Pillar Wealth Advisors if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Pillar Wealth Advisors’ previous recommendations and/or services. **Please Note:** If the client engages any professional, recommended or otherwise, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from the engaged professional. At all times, the engaged licensed professional(s), and not Pillar Wealth Advisors, shall be responsible for the quality and competency of the services provided.

## **INVESTMENT MANAGEMENT SERVICES**

Pillar Wealth Advisors manages its clients' investment portfolios on a discretionary or non-discretionary basis.

Pillar Wealth Advisors primarily allocates assets among various Independent Managers, mutual funds, ETFs, individual debt and equity securities, as well as the securities components of variable annuities and variable life insurance contracts in accordance with the investment objectives of its individual clients. In addition, where appropriate, Pillar Wealth Advisors may also recommend, on a non-discretionary basis, that clients who qualify as accredited investors, as defined in Rule 501 of the Securities Act of 1933, invest in private placement funds and securities, which may include debt and equity securities, as well as collective investment vehicles such as hedge funds. The Firm also provides advice about any type of legacy position or investment otherwise held in its clients' portfolios.

Clients may also engage Pillar Wealth Advisors to 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, Pillar Wealth Advisors directs or recommends the allocation of client assets among the various investment options available within the product. Client assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider. Clients are advised that, in these engagements, Pillar Wealth Advisors may be limited to those investment options made available in the relevant account, and Pillar Wealth Advisors will generally have no authority or influence in determining what investment options are made available for investment.

Except in very rare instances where specifically agreed in writing, Pillar Wealth Advisors' investment management services are provided exclusively on a wrap fee basis. Under our wrap fee program, the client receives the firm's investment management services, the execution of securities brokerage transactions, custody, investment platform fees, and reporting services for a single specified fee. When managing a client's account on a wrap fee basis, Pillar Wealth Advisors receives as payment for its services, the balance of the wrap fee after all other costs incorporated into the wrap fee program have been deducted. Participation in a wrap program may cost the client more or less than purchasing such services separately. The terms and conditions of a wrap program engagement are more fully discussed in our separate Wrap Fee Program Brochure. **Conflict of Interest:** Because we pay wrap program transaction fees and/or commissions to the account custodian/broker-dealer, we have an economic incentive to minimize the number of trades in client accounts. Participation in the wrap program may cost more or less than purchasing such services separately. The fee that Pillar Wealth Advisors charges for participation in the wrap program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

Clients who wish to engage Pillar Wealth Advisors for investment management services must be willing to accept that these services are only provided on a wrap fee basis. Except in very rare instances, Pillar Wealth Advisors does not provide its investment management on a non-wrap fee basis. Clients are also advised that transaction costs paid by Pillar Wealth Advisors in wrap fee engagements can be materially impacted by changes to the transaction fee practices of the wrap fee program broker-dealer/custodian.

A reduction in transaction costs incurred results in Pillar Wealth Advisors retaining a greater portion of the total wrap fee paid by the client. These transaction fee practices are established and maintained at the sole discretion of the broker-dealer/custodian. Clients are encouraged to review the wrap fee program broker-dealer/custodian's commission and transaction fee pricing guide, as well as the volume of trading activity and asset types traded in their wrap fee program account(s), to guide their evaluation of the value of the wrap fee services provided by Pillar Wealth Advisors.

### **USE OF INDEPENDENT MANAGERS**

As mentioned above, Pillar Wealth Advisors recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers ("Independent Managers"). The terms and conditions under which a client engages an Independent Manager are set forth in a separate written agreement between Pillar Wealth Advisors or the client and the designated Independent Manager. In addition to this brochure, clients also receive the written disclosure brochure of the designated Independent Managers engaged to manage their assets. The investment management fee charged by any engaged Independent Manager is separate from, and in addition to, Pillar Wealth Advisors' advisory fee as set forth in the fee schedule at Item 5 below.

Pillar Wealth Advisors evaluates various information about the Independent Managers in which it recommends or selects to manage client portfolios. The Firm generally reviews a variety of different resources, which may include the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves, and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposures. Pillar Wealth Advisors also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other related factors.

Pillar Wealth Advisors continues to provide services relative to the discretionary or non-discretionary selection of the Independent Managers. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers by reviewing the account statements and trade confirmations produced by the Financial Institutions, as well as other performance information furnished by the Independent Managers and/or other third-party providers.

### **RETIREMENT PLAN CONSULTING SERVICES**

Pillar Wealth Advisors also provides retirement plan consulting/management services, pursuant to which it assists sponsors of self-directed retirement plans organized under the Employee Retirement Security Act of 1974 ("ERISA"). The terms and conditions of the engagement shall be set forth in a Retirement Plan Consulting Agreement between Pillar Wealth Advisors and the plan sponsor.

To the extent that the plan sponsor engages Pillar Wealth Advisors in an ERISA Section 3(21) capacity, Pillar Wealth Advisors will assist with the non-discretionary selection and/or monitoring of investment options (generally open-end mutual funds and exchange-traded funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts.

In addition, to the extent requested by the plan sponsor, Pillar Wealth Advisors may also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts.

If the plan chooses to engage Pillar Wealth Advisors in an ERISA Section 3(38) capacity, Pillar Wealth Advisors may provide the same services as described above but may also: create specific asset allocation models that Registrant manages on a discretionary basis, which plan participants may choose in managing their individual retirement account; and/or modify the investment options made available to plan participants on a discretionary basis.

## **MISCELLANEOUS**

### **Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.**

To the extent requested by a client, Pillar Wealth Advisors will generally provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Pillar Wealth Advisors will generally provide such consulting services inclusive of its advisory fee set forth at Item 5 below (exceptions do occur based upon assets under management, special projects, etc. for which Pillar Wealth Advisors may charge a separate planning fee as discussed at Item 5 below). **Please Note:** Pillar Wealth Advisors **does not** serve as an attorney or accountant, and no portion of our services should be construed as legal or accounting services. Accordingly, Pillar Wealth Advisors **does not** prepare estate planning documents or tax returns. To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance, etc.), including certain Pillar Wealth Advisors' representatives, in their separate individual capacities as registered representatives of Hornor Townsend & Kent, Inc. ("HTK"), an SEC registered and FINRA member broker-dealer, and as licensed insurance agents. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Pillar Wealth Advisors and/or its representatives. **Please Note:** If the client engages any professional, recommended or otherwise, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from the engaged professional. At all times, the engaged licensed professional(s), and not Pillar Wealth Advisors, shall be responsible for the quality and competency of the services provided. **Please Also Note-Conflict of Interest:** The recommendation by Pillar Wealth Advisors that a client purchase a securities or insurance commission product from Pillar Wealth Advisors' representatives in their separate individual capacities as representatives of HTK and/or as insurance agents, presents a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any securities or insurance commission products from Pillar Wealth Advisors' representatives. Clients are reminded that they may purchase securities and insurance products recommended by Pillar Wealth Advisors through other, non-affiliated broker-dealers and/or insurance agencies.

**Retirement Rollovers – No Obligation / Conflict of Interest:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the

client's age, result in adverse tax consequences). If Pillar Wealth Advisors recommends that a client roll over their retirement plan assets into an account to be managed by Pillar Wealth Advisors, such a recommendation creates a conflict of interest if Pillar Wealth Advisors will earn a new (or increase its current) compensation as a result of the rollover. **No client is under any obligation to rollover retirement plan assets to an account managed by Pillar Wealth Advisors.**

**ERISA / IRC Fiduciary Acknowledgment.** When Pillar Wealth Advisors provides investment advice to a client regarding the client's retirement plan account or individual retirement account, it does so as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA") and/or the Internal Revenue Code ("IRC"), as applicable, which are laws governing retirement accounts. The way Pillar Wealth Advisors makes money creates some conflicts with client interests, so Pillar Wealth Advisors operates under a special rule that requires it to act in the client's best interest and not put its interests ahead of the client's.

Under this special rule's provisions, Pillar Wealth Advisors must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put its financial interests ahead of the client's when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that Pillar Wealth Advisors gives advice that is in the client's best interest;
- Charge no more than is reasonable for Pillar Wealth Advisors' services; and
- Give the client basic information about conflicts of interest.

**Use of Mutual and Exchange Traded Funds:** Most mutual and exchange funds are available directly to the public. Thus, a prospective client can obtain many of the mutual and exchange traded funds that may utilized by Pillar Wealth Advisors independent of engaging Pillar Wealth Advisors as an investment advisor. However, if a prospective client determines to do so, he/she will not receive Pillar Wealth Advisors' initial and ongoing investment advisory services.

**Asset Based Pricing Limitations.** Certain Independent Managers engaged by Pillar Wealth Advisors may recommend that clients enter into an asset based pricing agreement with the account custodian. Under an asset based pricing arrangement, the amount that the client will pay the custodian for account commission/transaction fees is based upon a percentage (%) of the market value of the client's account (generally, the greater the market value, the lower the %). This differs from transaction-based pricing, which assesses a separate commission/transaction fee against the client's account for each account transaction. Account investment decisions are driven by security selection and anticipated market conditions and not the amount of transaction fees payable by the client to the account custodian. The client may retain the ability to switch from asset based pricing to transactions based pricing, however, there can be no assurance that the volume of transactions will be consistent from year-to-year given changes in market events and security selection. Thus, given the variances in trading volume, any decision by the client to switch to transaction based pricing could prove to be economically disadvantageous.

**Schwab.** As discussed below at Item 12, when requested to recommend a broker-dealer/custodian for client accounts, Pillar Wealth Advisors generally recommends that Schwab serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Schwab charge brokerage commissions and/or transaction fees for

effecting certain securities transactions. As indicated herein, Pillar Wealth Advisors primarily provides its investment management services on a wrap fee basis, pursuant to which the client receives the firm's investment management services, the execution of securities brokerage transactions, custody, investment platform fees, and reporting services for a single specified fee. Conversely, clients who receive investment management services on a non-wrap basis would incur applicable commissions and transaction fees with respect to account trading activity, in accordance with the commission and transaction fee schedule maintained by Schwab (or the client's other engaged custodian). Commissions and/or transaction fees, to the extent applicable, are separate from and in addition to the advisory fee charged by Pillar Wealth Advisors. All clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

**Independent Managers.** Pillar Wealth Advisors may allocate a portion of client assets be allocated among unaffiliated independent investment managers. In such situations, the *Independent Manager[s]* shall have day-to-day responsibility for the active, discretionary management of the allocated assets. Pillar Wealth Advisors shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. **Please Note:** The investment management fee charged by the *Independent Manager[s]* is separate from, and in addition to, Pillar Wealth Advisors' advisory fee as set forth in the fee schedule at Item 5 below.

**eMoney.** Pillar Wealth Advisors may provide its clients with access to an online platform hosted by "eMoney Advisor" ("eMoney"). The eMoney platform allows a client to view their complete asset allocation, including those assets that Pillar Wealth Advisors does not manage (the "Excluded Assets"). Pillar Wealth Advisors does not provide investment management, monitoring, or implementation services for the Excluded Assets. Unless otherwise specifically agreed to, in writing, Pillar Wealth Advisors' service relative to the Excluded Assets is limited to reporting only. Therefore, Pillar Wealth Advisors shall not be responsible for the investment performance of the Excluded Assets. Rather, the client and/or their advisor(s) that maintain management authority for the Excluded Assets, and not Pillar Wealth Advisors, shall be exclusively responsible for such investment performance. Without limiting the above, Pillar Wealth Advisors shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. The client may choose to engage Pillar Wealth Advisors to manage some or all of the Excluded Assets pursuant to the terms and conditions of an Investment Advisory Agreement between Pillar Wealth Advisors and the client. The eMoney platform also provides access to other types of information and applications including financial planning concepts and functionality, which should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by Pillar Wealth Advisors. Finally, Pillar Wealth Advisors shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the eMoney platform without Pillar Wealth Advisors' assistance or oversight.

**Portfolio Activity.** Pillar Wealth Advisors has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Pillar Wealth Advisors will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, and/or a change in the client's



investment objective. Based upon these factors, there may be extended periods of time when Pillar Wealth Advisors determines that changes to a client's portfolio are neither necessary nor prudent. Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity. Of course, as indicated below, there can be no assurance that investment decisions made by Pillar Wealth Advisors will be profitable or equal any specific performance level(s).

**Client Obligations.** In performing our services, Pillar Wealth Advisors shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify Pillar Wealth Advisors if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

**Non-Discretionary Services Limitations.** Clients that determine to engage Pillar Wealth Advisors on a non-discretionary investment advisory basis must be willing to accept that Pillar Wealth Advisors cannot effect any account transactions without obtaining prior consent to such transaction(s) from the client. Thus, in the event that Pillar Wealth Advisors would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, Pillar Wealth Advisors will be unable to effect the account transaction(s) (as it would for its discretionary clients) without first obtaining the client's consent.

**Cash Positions.** Pillar Wealth Advisors considers cash and cash equivalents to be a material component of a client's investment allocation. As a result, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), Pillar Wealth Advisors may maintain cash and cash equivalent positions (such as money market funds, etc.) for defensive, liquidity, or other purposes. Unless otherwise agreed in writing, all such cash positions are included as part of assets under management for purposes of calculating Pillar Wealth Advisors' advisory fee.

**Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Pillar Wealth Advisors) will be profitable or equal any specific performance level(s).

- C. Pillar Wealth Advisors tailors its advisory services to accommodate the needs of its individual clients and continuously seeks to ensure that its clients' portfolios are managed in a manner consistent with their specific investment profiles. Clients are advised to promptly notify Pillar Wealth Advisors if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Pillar Wealth Advisors determines, in its sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to the Firm's management efforts.

- D. Except in very rare instances, as agreed in writing, the investment management services described above are offered exclusively on a wrap fee basis arrangement (i.e., where Pillar Wealth Advisors covers most securities brokerage charges and transaction fees). Additional information about the wrap fee program is available in the Pillar Wealth Advisors Wrap Brochure, which appears as Part 2A, Appendix 1 of the Firm's Form ADV.
- E. As of December 31, 2022, the Firm had approximately \$249,076,931 in assets under management on a discretionary basis and \$11,286,468 in assets under management on a non-discretionary basis.

## **Item 5 Fees and Compensation**

- A. Pillar Wealth Advisors offers its services on a fee basis, which includes fixed fees and/or fees based on assets under the Firm's management depending on the client engagement. In addition, certain of the Firm's Supervised Persons may also provide insurance products and securities brokerage services under separate commission-based arrangements.

### **FINANCIAL PLANNING AND CONSULTING FEES**

Pillar Wealth Advisors generally charges a fixed fee to provide clients with stand-alone financial planning or consulting services. These fees are largely determined by the scope and length of the agreed upon services and may range up to \$100,000 for highly extensive and involved engagements. The specific terms and fee structure are negotiated in advance and set forth in a Financial Planning Agreement with Pillar Wealth Advisors.

### **INVESTMENT MANAGEMENT FEES**

Pillar Wealth Advisors provides investment management services for an annual fee based on the amount of assets under the Firm's management. The fee varies between 25 and 200 basis points (0.25% – 2.00%).

### **RETIREMENT PLAN CONSULTING FEES**

Pillar Wealth Advisors provides retirement plan consulting services on a fixed fee or asset based pricing arrangement. Asset based fees vary between 10 and 75 basis points (0.10% – 0.75%) of the retirement plan assets, while fixed fees range from \$1,000 to \$35,000 annually.

**Please Note:** Fees shall vary depending upon various objective and subjective factors, including but not limited to: the amount of assets to be managed; account composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; the professional(s) rendering the service(s); and negotiations with the client. As a result of these factors, similarly situated clients could pay different fees, and the services to be provided by Pillar Wealth Advisors to any particular client could be available from other advisers at lower fees.

- B. Pillar Wealth Advisors' Wealth Management Agreement and the separate agreement with any financial institutions generally authorize Pillar Wealth Advisors and/or Independent

Managers to debit the client's account for the amount of Pillar Wealth Advisors' fee and to directly remit that management fee to Pillar Wealth Advisors and/or the Independent Managers. Financial institutions include, but are not limited to, Schwab, another broker-dealer recommended by Pillar Wealth Advisors, another broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "Financial Institutions"). Any Financial Institutions that serve as qualified custodian for Pillar Wealth Advisors' clients have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Pillar Wealth Advisors.

- C. As further discussed in response to Item 12, Pillar Wealth Advisors generally recommends that clients utilize the brokerage and clearing services of Charles Schwab & Co., Inc. (hereinafter "Schwab") for investment management accounts.

Pillar Wealth Advisors may only implement its investment management recommendations after the client has arranged for and furnished Pillar Wealth Advisors with all information and authorization regarding accounts with the appropriate Financial Institutions.

In addition to Pillar Wealth Advisors' fees, clients may incur charges imposed by the Financial Institutions and other third parties such as brokerage commissions and other transaction costs, fees charged by Independent Managers, fees and expenses related to alternative investments, margin costs, reporting charges, custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are 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. Additional charges incurred by clients participating in the wrap fee program are described in the wrap brochure.

- D. The Firm's investment management fee is charged monthly in advance and is derived from the market value of the client's assets being managed on the last day of the prior billing period. Fees charged outside of the wrap fee program are exclusive of and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Pillar Wealth Advisors does not, however, receive any portion of these commissions, fees, and costs. In the event assets are deposited into or withdrawn from an account after the inception of a billing period, the fee with respect to such assets is prorated to reflect the change in portfolio value. For the initial period of service, the fee is calculated on a pro rata basis. In the event the agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the remaining balance is refunded to the client, as appropriate. Terminations are subject to the termination provisions contained in the client agreement with Pillar Wealth Advisors, including a thirty day advance written notice requirement where applicable. Clients are advised to consult their Pillar Wealth Advisors agreement for specific termination provisions. **Please Note:** Fees charged by certain *Independent Managers* may be subject to different billing schedules and/or arrangements than those utilized by Pillar Wealth Advisors. Clients are encouraged to carefully review the *Independent Manager's* disclosure brochure and the client's separate agreement with the *Independent Manager* (if applicable) for further details on such *Independent Manager's* billing practices. **Please Also Note:** Fee arrangements for Retirement Plan Consulting clients may vary from Pillar Wealth Advisors' general practices described herein, based on the capabilities of a plan's recordkeeper. Timing and frequency of Retirement Plan Consulting fees shall be set forth

in the *Retirement Plan Consulting Agreement* between Pillar Wealth Advisors and the retirement plan.

Clients may make additions to and withdrawals from their account at any time, subject to Pillar Wealth Advisors' right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to Pillar Wealth Advisors, subject to the usual and customary securities settlement procedures. However, Pillar Wealth Advisors designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Pillar Wealth Advisors will consult with its clients about the options and implications of transferring securities, as necessary. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

For financial planning clients, Pillar Wealth Advisors generally requires one-half of the financial planning or consulting fee payable upon execution of the Agreement and the balance due at the time the financial plan is delivered or the underlying services are rendered to completion. In other cases, the nature of the planning relationship may be ongoing. Fees for ongoing financial planning or consulting service are generally charged on a quarterly basis. Depending on the arrangement, if the client engages Pillar Wealth Advisors for additional investment advisory services, Pillar Wealth Advisors may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

E. **Securities Commission Transactions.** In the event that the client desires, the client can engage Pillar Wealth Advisors' representatives, in their individual capacities, as registered representatives of HTK, an SEC registered and FINRA member broker-dealer, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through HTK, HTK will charge brokerage commissions to effect securities transactions, a portion of which commissions HTK shall pay to Pillar Wealth Advisors' representatives, as applicable. The brokerage commissions charged by HTK may be higher or lower than those charged by other broker-dealers. In addition, HTK, as well as Pillar Wealth Advisors' Representatives, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment. Mutual funds and mutual fund share classes that pay 12b-1 fees generally maintain high internal expense ratios than those funds or share classes which do not pay 12b-1 fees. Higher expense ratios can adversely impact investment performance.

1. **Conflict of Interest:** The recommendation that a client purchase a commission product from HTK presents a **conflict of interest**, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Pillar Wealth Advisors' representatives.
2. **Please Note:** Clients may purchase investment products recommended by Pillar Wealth Advisors through other, non-affiliated broker dealers or agents.

3. Pillar Wealth Advisors does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products Pillar Wealth Advisors recommends to its clients.
4. When Pillar Wealth Advisors' representatives sell an investment product on a commission basis, Pillar Wealth Advisors does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, Pillar Wealth Advisors' representatives do not also receive commission compensation for such advisory services. **However**, a client may engage Pillar Wealth Advisors' to provide investment management services on an advisory fee basis and, separate from such advisory services, purchase an investment product from Pillar Wealth Advisors' representatives on a separate commission basis.

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

Pillar Wealth Advisors 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**

Pillar Wealth Advisors provides its services to individuals, high net-worth individuals, businesses, trusts and estates.

Pillar Wealth Advisors does not impose any stated account requirements for investment management clients, but does impose a minimum fee of \$300 for clients who engage the Firm to provide stand-alone financial planning or consulting services. Pillar Wealth Advisors, in its sole discretion, may waive its minimum annual 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 client relationships, account retention, and pro bono activities.

Certain Independent Managers may also maintain more restrictive account requirements and varying billing practices than Pillar Wealth Advisors. In these instances, Pillar Wealth Advisors may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

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

- A. Pillar Wealth Advisors develops individual investment strategies based upon each client's specific risk profile and investment objectives. The Firm employs a largely fundamental analytical approach. Pillar Wealth Advisors generally seeks to target ETFs, stocks, unit investment trusts ("UITs"), closed-end funds, mutual funds, bonds and structured products which are designed to achieve clients' stated goal.

**Please Note: Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of

risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Firm) will be profitable or equal any specific performance level(s).

**B. Fundamental Analysis**

Fundamental analysis involves an evaluation of an issuer's fundamental financial condition and competitive position. Pillar Wealth Advisors generally analyzes the financial condition, capabilities of management, earnings capacity, new products and services, as well as the company's markets and position amongst its industry competitors in order to determine the recommendations made to clients. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

**C. Mutual Funds and Exchange-Traded Funds (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 significantly 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 indexed-based ETFs and 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 50,000 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.

**Market Risks**

The profitability of a significant portion of Pillar Wealth Advisors' recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Pillar Wealth Advisors will be able to predict those price movements accurately.

**Management Through Similarly Managed "Model" Accounts**

Pillar Wealth Advisors manages certain accounts through the use of similarly managed "model" portfolios, whereby the Firm allocates all or a portion of its clients' assets

among various mutual funds and/or securities on a discretionary basis using one or more of its proprietary investment strategies. In managing assets through the use of models, the Firm remains in compliance with the safe harbor provisions of Rule 3a-4 of the Investment Company Act of 1940.

The strategy used to manage a model portfolio may involve an above average portfolio turnover that could negatively impact clients' net after tax gains. While the Firm seeks to ensure that clients' assets are managed in a manner consistent with their individual financial situations and investment objectives, securities transactions effected pursuant to a model investment strategy are usually done without regard to a client's individual tax ramifications. Clients should contact the Firm if they experience a change in their financial situation or if they want to impose reasonable restrictions on the management of their accounts.

#### **Use of Independent Managers**

Pillar Wealth Advisors may recommend the use of Independent Managers. In these situations, Pillar Wealth Advisors continues to do ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, Pillar Wealth Advisors generally may not have the ability to supervise the Independent Managers on a day-to-day basis.

#### **Use of Private Collective Investment Vehicles**

Pillar Wealth Advisors recommends that certain clients invest in privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these 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 may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each fund's private placement memorandum and/or other documents explaining such risks prior to investing.

**Private Placements.** Pillar Wealth Advisors, on a non-discretionary basis, may also recommend that certain qualified clients consider an investment in unaffiliated private placement securities. Pillar Wealth Advisors' role relative to the private placements shall be limited to its initial and ongoing due diligence and investment monitoring services. Pillar Wealth Advisors' clients are under absolutely no obligation to consider or make an investment in a private placement(s).

#### **1. Unaffiliated Private Investment Risk Factors:**

Private placements generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each issue's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may own, private placements do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, Private Placement Memorandum, or equivalent, pursuant to which the client shall establish that he/she is qualified for investment, and acknowledges and accepts the various risk factors that are associated with such an investment.

**2. Unaffiliated Private Investment Valuation:**

In the event that Pillar Wealth Advisors references private investments owned by the client on any supplemental account reports prepared by Pillar Wealth Advisors, the value(s) for all private placements owned by the client shall reflect the most recent valuation provided by the issuer. The current value of any private placement could be significantly more or less than the original purchase price or the price reflected in any supplemental account report.

**3. Unaffiliated Private Investment Compensation:**

In the event that a client accepts a Pillar Wealth Advisors non-discretionary private investment recommendation, Pillar Wealth Advisors will include the value of the private investment in the client's assets under management for the purposes of calculating Pillar Wealth Advisors' asset-based fee. As such, Pillar Wealth Advisors is incentivized to recommend that applicable clients fund their private investments using assets that are not currently under the management of Pillar Wealth Advisors. For the purposes of calculating its asset-based fee, Pillar Wealth Advisors will use the more recent of the client's initial investment amount or any updated valuations provided by the private investment sponsor or issuer.

Private investments may also be recommended by representatives of Pillar Wealth Advisors in their separate capacities as registered representatives of HTK. In these instances, the Pillar Wealth Advisors representative will be entitled to receive transaction-based compensation in the form of a commission from HTK, and Pillar Wealth Advisors will not assess a separate asset-based fee.

**Access to Margin.** Pillar Wealth Advisors does not recommend the use of margin as an investment strategy. Use of margin as an investment strategy comes with a high level of inherent risk. Margin can be used to borrow funds to purchase financial instruments and/or to access liquidity. The investor generally obtains the borrowed funds by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. Although clients may retain the ability to use margin, Pillar Wealth Advisors does not use margin for investment purposes and does not recommend such use by clients. Asset-based fees are calculated net of any outstanding margin balance. As a result, Pillar Wealth Advisors is incentivized to recommend that clients satisfy any outstanding margin balances, which would have the effect of increasing the asset-based fee payable to Pillar Wealth Advisors.

**Liquidity Constraints.** Pillar Wealth Advisors may utilize mutual funds that provide for limited liquidity, generally on a quarterly basis. Thus, if Pillar Wealth Advisors determined that the fund was no longer performing or if a client ever determined to transfer their account, the Fund could not be sold or transferred immediately. Rather, sale or transfer would need to await the quarterly permitted sale date. Moreover, the eventual net asset value for the Fund could be substantially different (positive or negative) than the Fund value on the date that the sale was requested. There can be **no assurance** that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct Pillar Wealth Advisors, in writing, not to employ any or all such strategies for the client's account.

**Item 9            Disciplinary Information**



Pillar Wealth Advisors 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 management.

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

- A. **Brokerage and Insurance Sales.** As indicated at Item 4 above, to the extent requested by a client, Pillar Wealth Advisors may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance, etc.), including Pillar Wealth Advisors representatives, in their separate individual capacities as registered representatives of HTK and as licensed insurance agents. The recommendation by Pillar Wealth Advisors that a client purchase a commission securities or insurance product from a Pillar Wealth Advisors representative in his/her separate, individual capacity as a representative of HTK and/or as an insurance agent, presents a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any securities or insurance product from a Pillar Wealth Advisors representative. Clients are reminded that they may purchase securities and insurance products recommended by Pillar Wealth Advisors through other, non-affiliated registered representatives and insurance agents.
- B. Neither Pillar Wealth Advisors, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. Pillar Wealth Advisors has no other relationship or arrangement with a related person that is material to its advisory business.
- D. Pillar Wealth Advisors does not recommend or select other investment advisors for its clients for which it receives a fee.

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

- A. Pillar Wealth Advisors has adopted a code of ethics ("Code of Ethics") made up of its personal securities transaction and insider trading policies and procedures.

Clients and prospective clients may contact Pillar Wealth Advisors to request a copy of its Code of Ethics.

- B. In accordance with applicable regulations, Pillar Wealth Advisors maintains and enforces written policies reasonably designed to prevent the unlawful use of material non-public information by Pillar Wealth Advisors or any of its Supervised Persons.
- C. When Pillar Wealth Advisors is purchasing or considering for purchase any security on behalf of a client, no Covered Person (as defined below) may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when Pillar Wealth Advisors is selling or considering the sale of any security on behalf of a client, no Covered Person may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security.

- D. Unless specifically defined in Pillar Wealth Advisors' procedures (summarized above), neither Pillar Wealth Advisors nor any of Pillar Wealth Advisors' Associated Persons may effect for himself or herself, for an Associated Person's immediate family (i.e., spouse, minor children, and adults living in the same household as the Associated Person), or for trusts for which the Associated Person serves as a trustee or in which the Associated Person has a beneficial interest (collectively "Covered Persons"), any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of Pillar Wealth Advisors' clients.

The foregoing policies and procedures are not applicable to (a) transactions effected in any account over which neither Pillar Wealth Advisors nor any of its Supervised Persons (as defined in this Form ADV) has any direct or indirect influence or control; and (b) transactions in securities that are: direct obligations of the government of the United States; bankers' acceptances, bank certificates of deposit, commercial paper, and high quality short-term debt instruments, including repurchase agreements; or shares issued by registered open-end investment companies.

This policy has been established recognizing that some securities being considered for purchase and sale on behalf of Pillar Wealth Advisors' clients trade in sufficiently broad markets to permit transactions by clients to be completed without any appreciable impact on the markets of such securities. Under certain limited circumstances, exceptions may be made to the policies stated above. Pillar Wealth Advisors will maintain records of these trades, including the reasons for any exceptions.

## **Item 12      Brokerage Practices**

- A. In the event that the client requests that Pillar Wealth Advisors recommend a broker-dealer/custodian for execution and/or custodial services, Pillar Wealth Advisors generally recommends that investment Pillar Wealth Advisors accounts be maintained at Charles Schwab & Co., Inc. ("Schwab"). Prior to engaging Pillar Wealth Advisors to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with Pillar Wealth Advisors setting forth the terms and conditions under which Pillar Wealth Advisors shall advise on the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Pillar Wealth Advisors considers in recommending Schwab (or any other broker-dealer/custodian to clients) include historical relationship with Pillar Wealth Advisors, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Pillar Wealth Advisors' clients shall comply with Pillar Wealth Advisors' duty to obtain best execution, a client may pay a transaction fee that is higher than another qualified broker-dealer might charge to effect the same transaction where Pillar Wealth Advisors determines, in good faith, that the transaction fee is reasonable. 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 broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Pillar Wealth Advisors will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged

by the designated broker-dealer/custodian are exclusive of, and in addition to, Pillar Wealth Advisors' investment advisory fee.

1. Non-Soft Dollar Research and Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Pillar Wealth Advisors can receive from Schwab (or another broker-dealer/custodian, investment manager, platform or fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist Pillar Wealth Advisors to better monitor and service client accounts maintained at such institutions. Included within the support services that can be obtained by Pillar Wealth Advisors may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support-including client events, computer hardware and/or software and/or other products used by Pillar Wealth Advisors in furtherance of its investment advisory business operations.

Certain of the above support services and/or products assist Pillar Wealth Advisors in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Pillar Wealth Advisors to manage and further develop its business enterprise.

Pillar Wealth Advisors' clients do not pay more for investment transactions effected and/or assets maintained at Schwab as a result of this arrangement. There is no corresponding commitment made by Pillar Wealth Advisors to Schwab or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

2. The Firm does not receive referrals from broker-dealers.
3. Pillar Wealth Advisors recommends that its clients utilize the brokerage and custodial services provided by Schwab. Pillar Wealth Advisors generally does not accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Pillar Wealth Advisors will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Pillar Wealth Advisors. As a result, a client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. **Please Note:** In the event that the client directs Pillar Wealth Advisors to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Pillar Wealth Advisors. Higher transaction costs adversely impact account

performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

- B. Transactions for each client account generally will be effected independently, unless Pillar Wealth Advisors decides to purchase or sell the same securities for several clients at approximately the same time. Pillar Wealth Advisors may (but is not obligated to) combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Pillar Wealth Advisors’ clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Pillar Wealth Advisors shall not receive any additional compensation or remuneration as a result of such aggregation.

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

- A. Pillar Wealth Advisors monitors its clients’ investment portfolios on a continuous and ongoing basis, and conducts regular account reviews. 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 Pillar Wealth Advisors and to keep Pillar Wealth Advisors informed of any changes thereto. Pillar Wealth Advisors contacts ongoing investment advisory clients at least annually to review its previous services and recommendations, and to discuss the impact resulting from any changes in their financial situation and/or investment objective.
- B. The Firm **may** conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions. Investment management clients also receive reports from Pillar Wealth Advisors that may include relevant account and/or market-related information, such as an inventory of account holdings and account performance, on a quarterly basis. Clients should compare any supplemental reports they receive from Pillar Wealth Advisors and/or the Independent Managers with the account statements they receive from the Financial Institutions.

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

- A. As indicated at Item 12 above, Pillar Wealth Advisors may receive from Schwab without cost (and/or at a discount), support services and/or products. Pillar Wealth Advisors’ clients do not pay more for investment transactions effected and/or assets maintained at Schwab as result of this arrangement. There is no corresponding commitment made by Pillar Wealth Advisors to Schwab or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangements.

- B. If a client is introduced to Pillar Wealth Advisors by either an unaffiliated or an affiliated solicitor, Pillar Wealth Advisors may pay that solicitor a referral fee in accordance with the requirements of the Investment Advisers Act of 1940 and any corresponding state securities law(s). Any such referral fee shall be paid solely from Pillar Wealth Advisors' investment advisory fee and shall not result in any additional charge to the client.

If a client is introduced to Pillar Wealth Advisors by an unaffiliated solicitor, the solicitor, at the time of solicitation, will disclose the nature of their solicitor relationship and will provide the solicited client with a Solicitor Disclosure Statement, describing the terms of the solicitation arrangement between Pillar Wealth Advisors and the solicitor, including the compensation to be received by the solicitor from Pillar Wealth Advisors, and any applicable material conflicts of interest arising from or in connection with such solicitation activities.

Certain states impose additional requirements upon investment adviser solicitors. For example, if the client is introduced to Pillar Wealth Advisors by an unaffiliated solicitor in the Commonwealth of Pennsylvania, the solicitor, in addition to the above-referenced disclosures, will provide each prospective client with a copy of Pillar Wealth Advisors' written Disclosure Brochure.

## **Item 15      Custody**

Pillar Wealth Advisors shall have the ability to deduct its advisory fee from the client's Schwab account on a monthly basis. Clients are provided with written transaction confirmation notices, and a written summary account statement directly from Schwab, at least quarterly. **Please Note:** To the extent that Pillar Wealth Advisors provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Pillar Wealth Advisors with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of Pillar Wealth Advisors' advisory fee calculation.

In addition, certain clients have established asset transfer authorizations which permit the qualified custodian to rely upon instructions from Pillar Wealth Advisors to transfer client funds or securities to third parties. These arrangements are disclosed at ADV Part 1, Item 9, but in accordance with the guidance provided in the SEC's February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subject to an annual surprise CPA examination.

## **Item 16      Investment Discretion**

In most circumstances, Pillar Wealth Advisors is given the authority to exercise discretion on behalf of clients. Pillar Wealth Advisors is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Pillar Wealth Advisors is given this authority through a power-of-attorney included in the agreement between Pillar Wealth Advisors and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold).

Pillar Wealth Advisors takes discretion over the following activities:

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

Clients who engage Pillar Wealth Advisors on a discretionary basis may, at anytime, impose restrictions, in writing, on Pillar Wealth Advisors' discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Pillar Wealth Advisors' use of margin, etc.).

#### **Item 17      Voting Client Securities**

- A. Pillar Wealth Advisors does not accept the authority to vote clients' securities (i.e., proxies) on their behalf. Clients may obtain a copy of the Firm's proxy voting policies and procedures upon request.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Firm to discuss any questions they may have with a particular solicitation.

#### **Item 18      Financial Information**

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