



WEALTH  
MANAGEMENT

**Form ADV Part 2A  
Item 1 – Cover Page**

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March 29, 2023

This Brochure provides information about the qualifications and business practices of Echo Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at (763) 432-7875 or [Echo@echowm.com](mailto:Echo@echowm.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about Echo Wealth Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 174136.

## **Item 2 – Material Changes**

This Item of the Brochure will discuss only specific material changes that are made to the Brochure since the last update and provide clients with a summary of such changes. The last annual update of our Brochure was March 29, 2022.

We have the following material changes to report since the last annual update of this brochure:

1. Jared Johnson, Associate Wealth Manager & Shareholder, reviews accounts and assists with trading in accounts as well as monitors our portfolio models.

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## **Item 4 - Advisory Business**

Echo Wealth Management, LLC (hereinafter “EWM” or “firm” or “we”) is an SEC-registered investment adviser with its principal place of business located in Minnesota. EWM is owned by Fang Echo Huang and has been providing comprehensive wealth management services since March 2015. EWM provides wealth management services including investment management services to individuals, high net worth individuals, trusts and foundations. As a registered investment adviser, EWM is held to the highest standard of client care – a fiduciary standard. As a fiduciary, EWM always puts clients’ interest first and must fully disclose any potential conflict of interest.

We offer the following advisory services to our clients:

### **INVESTMENT MANAGEMENT SERVICES**

Clients can engage EWM to manage all or a portion of their assets on a discretionary basis. We tailor investment management services to the individual needs of clients. We consult with clients initially and on an ongoing basis to determine the client’s individual objectives, risk tolerance, time horizon, and liquidity needs.

Clients are advised to promptly notify EWM if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon EWM’s management services. Clients may impose reasonable restrictions or mandates on the management of their accounts (e.g. holding onto a certain stock longer or maintaining higher cash balance than usual) if, in EWM’s sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities: no-load mutual funds, exchange traded funds, individual fixed income securities, individual equity securities and/or option as well as the securities components of no-load variable annuities and variable life insurance contracts in accordance with the investment objectives of the client.

### **Additional Service for Held Away Accounts**

We offer an additional investment management service for “Held Away accounts,” such as 401(k), 403(b), and 529 plan accounts. These accounts are not opened at TD Ameritrade or Charles Schwab. We use a third-party platform, Pontera (formerly FeeX), to leverage an Order Management System to implement asset allocation and opportunistic rebalancing strategies on behalf of clients. We regularly review the available investment options in these accounts, monitor them, and rebalance and implement our strategies in the same way we do other accounts, though using different tools as necessary.

A link will be provided to Clients allowing them to connect account(s) to the platform. Once a client's account is connected to the platform, we will review the current account allocations. When deemed necessary, we will rebalance the account considering the Client's investment goals and risk tolerance, and any change in allocations will consider current economic and market trends. The goal is to improve account performance over time, minimize loss during difficult markets, and manage internal fees that harm account performance. Client account(s) will be reviewed at least quarterly and allocation changes will be made as deemed necessary.

The Pontera's platform allows us to avoid having custody of Clients' funds since we do not have direct access to Client log-in credentials. We are not affiliated with Pontera and receive no compensation from Pontera for using their platform. Pontera charges EWM an annual fee of 0.25% of the assets on their platform.

### **PENSION CONSULTING SERVICES**

EWM also provide advisory services to participant-directed retirement plans through third-party administration services, which are online bundled service providers offering an opportunity for plan sponsors to provide their participants with daily account access, valuation and investment education.

EWM will analyze the plan's current investment platform and assist the plan in creating an investment policy statement defining the types of investments to be offered and the restrictions that may be imposed. We will recommend investment options to achieve the plan's objectives, provide participant education meetings, and monitor the performance of the plan's investment vehicles.

EWM will recommend changes in the plan's investment vehicles as may be appropriate from time to time. We generally will review the plan's investment vehicles and investment policy as necessary.

We will continue to work with plans to monitor plan investments, provide fiduciary plan advice including regular considerations of the goals and objectives of the plan, and provide participant education services to the plan.

### **FINANCIAL PLANNING SERVICES**

We provide financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives. In addition, each client is given access to their personal financial homepage (called Echo Dashboard) that consolidates all account

data every night in one secure location, accessible whenever desired from anywhere internet is available. Clients can see updated financial projections such as cash flow and balance sheet year by year any time, on their own time.

In general, the financial plan can address any or all of the following areas:

- **Cash Flow/Budget Planning:** We analyze the client's spending and help them plan for current and future years to increase savings for various goals.
- **Investment Planning:** We analyze the ownership and maintenance of any assets reflected on an individual's balance sheet as well as the appropriate investment management for the individual's portfolio of assets. This includes individual savings, managed investment accounts, qualified retirement plans, business ownerships, home ownership, stock options, and non-traditional assets.
- **Asset Protection:** This area covers wealth management strategies that intend to preserve an individual's wealth and protect it from potential risks. This consists primarily of various types of insurance: Life insurance, health insurance, disability insurance, long-term care insurance, property and casualty insurance.
- **Retirement Planning:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals including retirement cash flow planning.
- **Tax Planning:** We mainly focus on creating strategies to help clients save income taxes based on their projected income in current and future years. We coordinate with your tax accountants to implement the tax strategies.
- **Estate Planning:** We assist the client in strategic planning for asset transfer at death as well as the tracking of any documents that may be relevant to an individual's estate. It also involves charitable planning and gifting strategies. This includes beneficiary designations, legal documents such as trusts and wills, and the assignment of legal representatives. We coordinate with estate attorneys to serve clients.
- **Employer Benefit Planning:** We analyze your employer's benefits including 401(k) plan, medical insurance, equity compensation (stock options, restricted stock awards), pension, and/or Deferred Compensation Plan to help you maximize the benefits. This may involve assistance in helping corporate executives in setting up 10b(5)-1 predetermined trading plan and stock option exercise strategies.
- **Education Planning:** We help clients establish education funding goals and analyze the funding methods including using 529 plans and other accounts.
- **Business Planning:** Once an entrepreneur's new business venture is up and running, a well-structured financial plan should be put in place to meet business and personal goals by incorporating cash flow, tax planning, compensation and benefits, risk management and exit strategy.

Typically the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided. Financial Planning recommendations are not limited to

any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

## **ASSETS UNDER MANAGEMENT**

As of December 31, 2022, EWM was managing \$147,421,429 of client assets on a discretionary basis and \$369,501 of client assets on a non-discretionary basis.

### **Item 5 - Fees and Compensation**

#### **INVESTMENT MANAGEMENT SERVICES FEES**

In certain circumstances, all fees, account minimums and their applications to family or other circumstances may be negotiable. Individual accounts for immediate family members (such as husband, wife and dependent children) are aggregated, and the fee is charged based on the total value of all family members' accounts.

The specific manner in which fees are charged by EWM is established in a client's written Investment Management Agreement with EWM. Investment Management fees are billed in advance at the beginning of each calendar quarter based upon the value (market value based on independent third party sources or fair market value in the absence of market value; client account balances on which EWM calculates fees may vary from account custodial statements based on independent valuations and other accounting variances, including mechanisms for including accrued interest in account statements) of the client's account as of the last business day of the previous quarter. New accounts are charged a prorated fee for the remainder of the quarter in which the account is incepted and will not be billed until the next quarter.

Fees will be automatically deducted from your managed account according to the authorization in the Investment Management Agreement unless the Client has made arrangements to pay by check. Fees for held away accounts (e.g., 401(k), 403(b), 529 plans and Roth IRAs using Pontera's platform will be deducted from a Household taxable/non-retirement account.

The annual fee for investment management services will be charged as a percentage of assets under management, according to the schedule below:

<b><u>Total Assets under Management</u></b>	<b><u>Maximum Annual Fee*</u></b>
\$0 - \$1,000,000 .....	1.00%
Next \$2,000,000 .....	0.80%
Next \$7,000,000 .....	0.60%
Next \$5,000,000 .....	0.40%
\$15,000,001 plus .....	0.25%

\*The fee schedule is a blended schedule whereas when the assets under management reaches the threshold, the assets above the threshold are charged the lower percentage.

We charge only against those assets we consider to be managed.

The fee schedule may be amended from time to time by EWM upon at least forty-five (45) days in advance written notice to client, subject to client's right to terminate the investment management agreement before an increased fee schedule takes effect upon at least thirty (30) days written notice to EWM.

For retirees, EWM typically requires a minimum account size or client relationship of \$1,000,000 for investment management services. Client household where the total balance of all accounts is less than \$1,000,000 will be accepted only on a case-by-case basis based on certain criteria (for example, future earning capacity, anticipated future additional assets, related accounts, family relationships and pro bono work).

EWM may waive or reduce advisory fees and/or minimums for certain clients, such as charitable organizations or employees and members of their families. The client's Investment Management Agreement will outline the agreed upon fee.

### **PENSION CONSULTING FEES**

Our fees for Pension Consulting Services are based on a percentage of assets under advisement. The annual fee percentage ranges from 0.25% to 0.75% based on plan asset balances.

Fees are billed quarterly (or monthly based on the written agreement) in advance based upon the market value of the Plan assets on the last business day of the previous quarter and will be due the following business day. The initial fee will include both the quarterly in advance fee due for the initial Fee Period and an amount prorated for the number of days occurring from the effective date of the agreement to the end of the calendar quarter in which that effective date occurred. Thereafter, the fee will be based upon the market value of the Plan assets on the last business day of the previous fee period (without adjustment for anticipated withdrawals by Plan participants or other anticipated or scheduled transfers or distributions of assets) and will be due the following business day. Clients can elect to be billed directly or have their fees deducted directly from the Plan assets. For purposes of determining and calculating Fees, Plan assets are based on Included Assets.

If the agreement is terminated prior to the end of a fee period, EWM shall be entitled to a fee, prorated for the number of days in the fee period prior to the effective date of termination. Any prepaid, unearned fees will be refunded within fourteen (14) days to the client via check or return deposit back into the client's account.



## FINANCIAL PLANNING FEES

Our Financial Planning fees are calculated and charged on a fixed flat fee basis, typically ranging from \$2,500 to \$6,000 depending on the nature of the services to be provided and complexity of the client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

We request a 100% fixed flat fee upon entering into the agreement. However, we will make an exception for younger clients (i.e., those clients who are in their 20s and 30s). Those clients may pay an initial set-up fee with the balance due to be paid on a monthly basis. Advance payment will never exceed \$1,200 for work that will not be completed within six months.

If the agreement is terminated prior to completing the financial plan, Echo Wealth Management, LLC shall be entitled to a fee based upon the percentage of work that has been completed. Any prepaid, unearned fees are refunded with a check mailed to the client within fourteen (14) days of terminating the agreement.

### **General Information**

***Limited Negotiability of Advisory Fees:*** Although Echo Wealth Management, LLC has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be refunded within fourteen (14) days.

***Mutual Fund Fees:*** All fees paid to Echo Wealth Management, LLC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expense are called expense ratios and are described in each fund's prospectus. These fees will generally include a management fee and other fund expenses. For example, an expense ratio of 0.40 means that the mutual fund company or ETF charges 0.40% per year for their services. Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

***Grandfathering of Minimum Account Requirements:*** Pre-existing advisory clients are subject to Echo Wealth Management, LLC's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements may differ among clients.

***Advisory Fees in General:*** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

***Limited Prepayment of Fees:*** Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

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

EWM does not charge performance-based fees.

## **Item 7 - Types of Clients**

EWM provides advisory services to individuals, trusts, estates, high net worth individuals, pension and profit sharing plans, charitable organizations and businesses.

As previously disclosed in Item 5, our firm has established certain initial minimum account requirements, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

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

Our investment philosophy is based upon Modern Portfolio Theory (MPT). MPT states that assets should be selected on the basis of how they interact with one another, rather than how they perform in isolation. Capital markets are composed of many classes of securities, including stocks and bonds, both domestic and international. A group of securities with shared economic traits is commonly referred to as an asset class. There are several asset classes, all with average price movements, that are distinct from one another. According to MPT, investors can benefit by combining the different asset classes in a structured portfolio.

The goal of our evidence-based philosophy is to create a high likelihood of appropriate and desirable outcomes for clients. It also means that we actively and continuously seek opportunities to identify better methods for achieving this objective.

We tend to not chase investment returns, or move capital to “hot” sectors or assets. We focus on long-term results by allocating capital to areas of the market where we perceive the most attractive relative valuations and therefore the greatest potential returns.

Operating with a long-term perspective, we strive to avoid being reactive to market swings; our belief is that if we haven’t prepared for a sudden fluctuation, by the time it happens it’s too late to act in a meaningful way. We are committed to educating and coaching clients to promote an understanding of the value of the longer time horizon.

The Investment Committee which is led by Echo Huang, CFA, CFP®, CPA, incorporates this approach into our portfolio construction process.

### **Investment Strategies**

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

- We typically incorporate 12-18 distinct asset classes when building portfolios. Our goal is to choose investments that offer good asset class diversification at a low price. We determine the amount to allocate to each asset class based upon each asset class’ risk characteristics and the investment goal of the portfolio. We invest in mutual funds and exchange traded funds (ETFs) chosen based upon their diversification characteristics, internal expenses and tax efficiency. We often choose institutional funds (investments available only through an investment adviser) and investments that fall in the lowest quartile of expenses for their category.
- In addition to the ETFs using traditional indexing, we also include some smart beta strategy ETFs or institutional class mutual funds in the portfolios. Smart beta is a term for rules-based investment strategies that do not use conventional market-cap weightings. For example, Fundamental Weighting is an index construction methodology that uses indicators of company size (such as sales, cash flow, dividends, and book value) to select index holdings and set their weights. They are intended to give investors access to sources of potential additional return in their low cost passive portfolios.

We couple liquid alternatives with a passive low cost indexing approach. Liquid alternatives include equity alternatives and fixed income alternatives in mutual funds or ETFs structures with liquidity. Equity alternatives may include hedged

equity funds, managed futures funds and options writing funds. Fixed income alternatives are included to reduce interest rate risk while broadening investment options. Examples are bank loans, non-traditional bonds, and interest rate hedged ETFs.

In specific situations, and when appropriate based on individual circumstances, EWM may also utilize other investment options, such as private investments, variable or immediate annuities (without getting paid commissions).

We use the following as sources of information and methods of analysis:

- Research materials prepared by other corporate rating services
- Riskalyze
- Morningstar
- Annual reports
- Prospectuses
- SEC filings
- Company press releases
- Financial newspapers and magazines
- Academic journals and articles
- Historical return information.

### **Risk of Loss**

Securities investments are not guaranteed and you may lose money on your investments. We will use our best judgment and good faith effort in rendering services to you. We cannot warrant or guarantee any particular level of account performances, or that an account will be profitable over time.

We attempt to manage risk in several ways:

- By designing our portfolios based on clients' time horizon and withdrawal needs
- By mixing stocks with bonds in order to lower volatility
- By investing in multiple asset classes that are not correlated to each other (i.e., asset classes that do not move up and down in tandem)
- By investing in highly diversified mutual funds and ETFs that provide access to a large number of investments within each asset class
- By investing in inflation protection bonds and highly rated corporate and government bonds
- By minimizing investment cost including taxes and internal fund expenses

**Investing in securities involves risk of loss that you should be prepared to bear. We ask that you work with us to help us understand your tolerance for risk.**

## **Item 9 - Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our firm and our management personnel have no reportable disciplinary events to disclose.

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

The President of EWM, in her individual capacity, is an agent for various insurance companies. As such, she is able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. Clients, however, are not under any obligation to engage her when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client. Clients should be aware that the receipt of additional compensation creates a conflict of interest that may impair objectivity when making advisory recommendations. EWM endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- we conduct regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

The employees of Echo Wealth Management have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of the employees and addresses conflicts that may arise. The Code defines acceptable

behavior for employees of EWM. All Echo Wealth Management, LLC services are delivered in accordance with the following standard of care:

- Act with honesty, integrity, competence, and diligence.
- Act in the client's best interests.
- Exercise due care.
- Avoid or disclose and manage conflicts of interest.
- Maintain the confidentiality and protect the privacy of client information.
- Act in a manner that reflects positively on the financial planning profession and CFP® certification.

EWM and its employees do not recommend to clients securities in which we have a material financial interest.

EWM and its employees may buy or sell securities that are also held by clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide EWM with copies of their brokerage statements.

We do not allow any employees to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our clients.

EWM officers and advisors have a fiduciary duty to our clients and must diligently perform that duty to maintain the complete trust and confidence of our clients. When a conflict arises, it is our obligation to put the client's interests over the interests of either employees or the company.

The Code applies to "access" persons. "Access" persons are employees who have access to non-public information regarding any clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to clients, or who have access to such recommendations that are non-public.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [echo@echowm.com](mailto:echo@echowm.com) or by calling us at (763) 432-7875.

## **Item 12 - Brokerage Practices**

EWM will endeavor to select brokers/custodians which will provide the best services at the lowest possible cost. They are selected based on their respective financial strength, reputation, ability to provide professional services, competitive commission rates and prices, research, trading platform, and other services.

As EWM will not request the discretionary authority to determine the broker-dealer to be used or the commission rates to be paid when implementing client securities

transactions, clients must direct EWM as to the broker-dealer to be used. In directing the use of a particular broker-dealer, it should be understood that EWM will not have the authority to negotiate commissions among various brokers or obtain volume discounts, and best execution may not be achieved. Not all investment advisers require clients to direct the use of specific brokers.

EWM does not have any affiliation with product sales firms. EWM will likely suggest that clients use one of the firms described below as broker and custodian for their assets.

### **Charles Schwab & Co., Inc.**

EWM may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. EWM is independently owned and operated and not affiliated with Schwab.

Schwab provides EWM with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. These services are contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to our firm other products and services that benefit EWM but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that:

- provide access to client account data (such as trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;



- provide research, pricing and other market data;
- facilitate payment of our fees from clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help us manage and further develop our business enterprise. These services may include:

- compliance, legal and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to EWM. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

### **TD Ameritrade**

EWM may recommend that clients establish brokerage accounts to participate in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional, a division of TD Ameritrade Inc. Member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. Note: TD Ameritrade is in the process of being acquired by Schwab. It is anticipated that the accounts at TD Ameritrade will be integrated with Schwab by September 4, 2023.

### **Block Trading**

EWM will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a more timely, equitable manner at an average share price. EWM will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. EWM's block trading policy and procedures are as follows:



- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with EWM or our firm's order allocation policy.
- 2) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable EWM to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian, transaction costs may be based on the number of shares traded for each client.
- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- 8) EWM client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 9) Funds and securities for aggregated orders are clearly identified on EWM's records and to the custodians or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 10) No client or account will be favored over another.

## **Soft Dollars**

EWM currently does not maintain any arrangements with broker-dealers or third parties for “soft dollar benefits” in connection with client securities transactions.

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

### **INVESTMENT MANAGEMENT SERVICE**

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are generally formally reviewed quarterly by Fang Echo Huang, President, and Jared Johnson, Associate Wealth Manager & Shareholder. The review process contains each of the following elements:

1. Assessing client goals and objectives;
2. Evaluating the employed strategy(ies);
3. Monitoring the portfolio(s); and
4. Addressing the need to rebalance.

Meetings with clients to review their accounts will be conducted in person or using Zoom Video/Facetime at least annually or if clients goals or needs change. During this meeting, we will review the client’s investment policy statement, risk profile, and discuss the re-balancing of each client’s account(s). On an ongoing basis, we will answer clients’ inquiries regarding their accounts and review periodically with clients the performance of their accounts. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political, securities’ prices or economic environment.

**REPORTS:** In addition to the monthly statements and confirmations of transactions that clients receive from their custodian, we provide quarterly reports summarizing account performance, balances and holdings.

### **PENSION CONSULTING SERVICES**

**REVIEWS:** EWM will review the client's Investment Policy Statement (IPS) whenever the client advises us of a change in circumstances regarding the needs of the plan. EWM will also review the investment options of the plan according to the agreed upon time intervals established in the IPS. Such reviews will generally occur annually. These accounts are reviewed by Fang Echo Huang, President, and Jared Johnson, Associate Wealth Manager & Shareholder.

**REPORTS:** EWM will provide reports to Pension Consulting Services clients based on the terms set forth in the client's Investment Policy Statement (IPS).

### **FINANCIAL PLANNING SERVICES**

**REVIEWS:** We encourage clients to renew financial planning contracts annually in order for them to maintain online access to their personalized financial planning homepage (Echo Dashboard) which provides aggregated account balances daily, projected cash flow and balance sheet. Clients' financial goals and progress are reviewed against previous financial plans. The renewal financial planning fees are generally 50% less than that of the first year financial plan if clients have implemented most of the recommendations in the first year. Clients sign a financial planning contract each year in order to receive proactive and ongoing advice relating to planning such as exercising stock options, making deferral elections and setting up 10b(5)-1 predetermined trading plans. Future annual planning fees can be waived in EWM's discretion for clients who pay minimum investment management fees of \$20,000.

**REPORTS:** Financial Planning clients will receive a completed written financial plan and access to Echo Dashboard. Additional reports will not typically be provided unless otherwise contracted for.

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

It is Echo Wealth Management, LLC's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

#### **Item 15 - Custody**

Our firm is deemed to have constructive custody of client funds and/or securities because advisory fees are directly deducted from client's account by the custodian on behalf of EWM and due to its third party money movement authority. In these circumstances, our firm and its qualified custodian adheres to the following seven conditions in order to avoid maintaining full custody:

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

6. Echo Wealth Management, LLC maintains records showing that the third party is not a related party of Echo Wealth Management, LLC or located at the same address as Echo Wealth Management, LLC;
7. The client's custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

**Direct Debiting of Advisory Fees:** We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On a monthly or quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send quarterly account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

## **Item 16 - Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission. Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

The client approves the custodian to be used and the commission rates paid to the custodian. EWM does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

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

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client

investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

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

EWM has no financial circumstance that would impair our ability to meet contractual and fiduciary commitments to clients, and we have never been the subject of a bankruptcy proceeding. Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.