

## Item 1: Cover Page

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# **Benchmark Wealth Management, LLC**

## **Form ADV Part 2A**

### **Investment Adviser Brochure**

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[www.BenchmarkWealthMGMT.com](http://www.BenchmarkWealthMGMT.com)

October 2023

This Brochure provides information about the qualifications and business practices of Benchmark Wealth Management, LLC (“we,” “us,” “our”). If you have any questions about the contents of this Brochure, please contact Thomas J. Britt, Managing Director and Chief Compliance Officer at (860) 434-6890 or [Thomas.Britt@BWMLLC.Net](mailto:Thomas.Britt@BWMLLC.Net).

Additional information about our Firm is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). 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.

We are a registered investment adviser. Please note that use of the term “registered investment advisor” and a description of the Firm and/or our employees as “registered” does not imply a certain level of skill or training. For more information on the qualifications of the Firm and our employees who advise you, we encourage you to review this Brochure and the Brochure Supplement(s).

## Item 2: Material Changes

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### **Annual Update**

In this Item of Benchmark Wealth Management, LLC's (the "Firm," "we," "us," "our," etc.) Form ADV Part 2A Brochure, the Firm is required to discuss any material changes that have been made since the Firm's last Annual Amendment.

### **Material Changes since the Last Update**

Since the last Annual Amendment filing on March 23, 2023, the Firm has the following material change to report:

- This Form was amended to disclose a referral arrangement. Please see Item 14: Client Referrals and Other Compensation for more information;
- This Form was amended to disclose Third Party Standing Letters of Authorization. Please see Item 15: Custody for more information; and
- This Form was updated to clarify that we do not vote proxies on behalf of clients. Please see Item 17: Voting Client Securities for more information.

### **Full Brochure Available**

Our Form ADV may be requested at any time, without charge by contacting Thomas J. Britt, Managing Director and Chief Compliance Officer at (860) 434-6890 or [Thomas.Britt@BWMLLC.Net](mailto:Thomas.Britt@BWMLLC.Net).

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## Item 4: Advisory Business

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### **Firm Description**

Benchmark Wealth Management, LLC (the “Firm,” “we,” “us,” “our,” etc.) is an investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. We provide wealth management services to our clients. The Firm was formed in August 2007 and applied for registration in 2016. Thomas J. Britt and Richard W. Stout III are 100% owners of Benchmark Wealth Management, LLC.

### **Wealth Management Services**

We provide wealth management services on a discretionary basis based on the individual needs of our clients. Our wealth management services include financial planning.

Client accounts will be managed according to the client’s overall financial situation, future financial objectives, risk tolerance, time horizons, and investment objectives. We also discuss with our clients their financial needs in order for them to develop the appropriate guidelines and restrictions on their account and for us to ensure the suitability of each client’s investments in order to honor their investment needs. It is our practice to tailor our wealth management services to the individual needs of our clients.

Our discretionary authority includes both asset allocation and security selection. In large majority, client assets will be invested in readily marketable exchange-traded funds, exchange-traded notes, mutual funds, stocks, bonds, and options. Client assets will be held by an independent custodian, which employs controls to protect client assets.

We may provide clients with advice on taxes, insurance, and/or estate matters, but in such matters, we require our clients to also consult with their accountants/tax professionals, insurance professionals, estate attorneys, or other relevant experts.

### **Fiduciary Statement**

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also fiduciaries 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.

We have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. We must take into consideration each client’s objectives and act in the best interests of the client. We are prohibited from engaging in any activity that is in conflict with the interests of the client. We have the following responsibilities when working with a client:

- To render impartial advice;

- To make appropriate recommendations based on the client's needs, financial circumstances, and investment objectives;
- To exercise a high degree of care and diligence to ensure that information is presented in an accurate manner and not in a way to mislead;
- To have a reasonable basis, information, and understanding of the facts in order to provide appropriate recommendations and representations;
- Disclose any material conflict of interest in writing; and
- Treat clients fairly and equitably.

Regulations prohibit us from:

- Employing any device, scheme, or artifice to defraud a client;
- Making any untrue statement of a material fact to a client or omitting to state a material fact when communicating with a client;
- Engaging in any act, practice, or course of business which operates or would operate as fraud or deceit upon a client; or
- Engaging in any manipulative act or practice with a client.

We will act with competence, dignity, integrity, and in an ethical manner, when working with clients. We will use reasonable care and exercise independent professional judgement when conducting investment analysis, making investment recommendations, trading, promoting our services, and engaging in other professional activities.

#### **Benchmark Wealth Management Wrap Fee Program**

The Firm is the sponsor and investment manager of the Benchmark Wealth Management Wrap Fee Program ("Program"). A "wrap-fee" program is one that provides the client with advisory and brokerage execution services for an all-inclusive fee. Clients are not charged separate fees for the respective components of the total service. We actively solicit advisory clients for the Program. We are also responsible for the marketing of the Program.

We provide investment management services through the Program, defined as giving continuous advice to a client or making investments for a client based on the individual needs of the client. Through our qualified Investment Advisor Representatives ("IARs") will continuously manage client portfolios based on the individual needs of the client. All IARs hold all required licenses and/or qualifications. At the time of a client's initial investment in the program, an IAR will assist the client in determining the client's current financial situation, financial goals and objectives, and attitudes toward risk. This determination will allow the IAR to review the client's situation and determine an appropriate asset allocation. Account supervision is guided by the stated objectives of the client.

Our IARs are the sole portfolio managers in the Program.

Pursuant to contractual authority from the client, we will execute all securities transactions in client accounts without commission costs. We do not have the discretionary authority to determine the broker dealer to be used. We request that clients direct us to use Charles Schwab & Co., Inc. (Schwab), member FINRA/SIPC/NFA, or a broker-dealer unaffiliated with the Firm to implement transactions for their Program account. Therefore, we do not negotiate commission rates with other broker dealers and best execution may not be achieved. Transactions in the Program are effected "net," i.e., without commission, and a portion of the wrap fee is generally considered to be in lieu of commission. Clients pay a single fee for advisory and brokerage services. However, the client may incur additional costs for the fees and expenses charged by mutual funds, exchange-traded funds (ETFs), and similar investments to their shareholders, mark-ups, mark-downs, exchange fees, transfer taxes, and certain administrative fees for wire transfers or certificate issues.

In evaluating the Program, clients should consider, depending upon the level of the wrap fee charged, the amount of portfolio activity in the client's account, the broker dealer's usual commission rates and other factors, the wrap fee may be more or less than the aggregate cost of such services if they were to be provided separately and if the Firm were to negotiate commissions and seek best price and execution of transactions for the client's account.

We reserve the right to decline acceptance of any client account that directs the use of a broker dealer other than Schwab. Our Program costs are based on an established relationship with Schwab and the designation of a broker other than Schwab would not be consistent with our wrap fee platform.

We will ensure that the client has reasonable access to our professional(s) managing the client's account.

We receive a portion of the total wrap fee for its investment management services. More detail on the wrap program may be found in Form ADV Part 2A Appendix 1.

### **Financial Planning and Consulting Services**

We offer financial planning services, which may include a review of all aspects of a client's current financial situation, including the following components: cash management, risk management, insurance, education funding, goal setting, retirement planning, estate and charitable giving planning, tax planning, and capital needs planning. Clients understand that when we are engaged to address only certain components, the client's overall financial and investment issues may not be taken into consideration.

We meet with the client to review risk tolerance, financial goals and objectives, and time horizons. Additional meetings may include a review of additional financial information; sources of income, assets owned, existing insurance, liabilities, wills, trusts, business agreements, tax returns, investments, and personal and family obligations.

The financial plan may include both long and short-term considerations, depending upon the individual scenario. Upon completion, a plan is presented to the client. At this meeting, the client is provided with recommendations that are deemed to be compatible with the client's stated goals and objectives. An implementation schedule is reviewed with the client to determine which steps will be pursued, and with whom the steps may be accomplished. The client is under no obligation to utilize additional services of our ongoing wealth management services and is under no obligation to implement the advice or plan. Clients may choose all or certain components of advice and recommendations and can implement the recommendations through the service providers of their choice.

We also offer investment advice on a more limited basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, reviewing a client's existing portfolio, or any other specific topic. Additionally, we may provide advice on non-securities matters; generally, in connection with the rendering of estate planning, insurance, and/or annuity advice.

#### **Tailored Services**

Clients may impose reasonable restrictions on the types of investments for their account and will maintain ownership of all securities in their account. In order to best serve our clients, we advise clients to notify us of any changes in their financial situation that may require a change to their investment objectives.

#### **Assets Under Management**

As of December 31, 2022, we manage \$340,665,436 under management; \$298,614,860 in discretionary assets, and \$42,050,576 in non-discretionary assets.

## Item 5: Fees and Compensation

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### **Wealth Management Fees – Wrap**

We base our Wrap Program Wealth Management fees on a percentage of assets under management. Our fee includes the cost of transaction charges and custodial fees that are assessed by Schwab for transactions, clearing, and settlement of each client account. These client transaction and account charges are paid for the client by us to Schwab out of a portion of our advisory fees. Unless otherwise agreed, the client will not pay Schwab or us any transaction or custodial services charges since those charges are generally included in the advisory fee client pays to us.

Our Wealth Management fees, for new clients, are charged as a percentage of assets under management, as follows:

<b><u>Household Assets</u></b>	<b><u>Annual Fee</u></b>
\$0 - \$ 2,000,000	1.00%
\$ 2,000,001 - \$ 5,000,000	0.75 %
\$ 5,000,001 - \$ 10,000,000	0.45 %
\$10,000,001 - \$ 15,000,000	0.25%
Over \$ 15,000,001	Custom Pricing based on situation and needs

### **Wealth Management Fees – Non - Wrap**

We base our Wealth Management fees on a percentage of assets under management. Our fee does not include the cost of transaction charges and custodial fees that are assessed by Schwab for transactions, clearing, and settlement of each client account. These client transaction and account charges are paid for by the client.

Our Wealth Management fees, for new clients, are charged as a percentage of assets under management, as follows:

<b><u>Household Assets</u></b>	<b><u>Annual Fee</u></b>
\$0 - \$ 2,000,000	1.00%
\$ 2,000,001 - \$ 5,000,000	0.75%
\$ 5,000,001 - \$ 10,000,000	0.45%
\$10,000,001 - \$ 15,000,000	0.25%
Over \$ 15,000,001	Custom Pricing based on situation and needs

### **Fee Terms**

For accounts held at Schwab, fees are billed on a quarterly basis, in advance, based upon the market value of the average daily balance of the Household Assets, including cash, for the preceding quarter as valued by the Custodian.

Fees are paid via automatic deduction from the client's custodial account.



Fees are payable when the account is established, pro-rated for the first partial quarter, if applicable. Thereafter, the fee will be payable on the first day of each calendar quarter based on the asset value of the account as of the last business day of the prior quarter. Additional deposits to the account are subject to the same fee procedures. If an account is closed, any fees paid in advance will be refunded.

### **Fees for Security Recommendations**

Our Investment Advisor Representatives, ("IARs"), in their individual capacities as registered representatives of Private Client Services ("PCS"), an unaffiliated SEC registered broker-dealer and FINRA member, are permitted to sell securities products to our wealth management clients. A conflict of interest exists to the extent that the IARs may recommend the purchase of securities where they receive commissions or other additional compensation as a result of such recommendations. We have procedures in place to ensure that any recommendations made by such IARs are in the best interest of clients regardless of any additional compensation earned.

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

For financial planning and consulting services, we charge an hourly, quarterly or flat fee. Services may be provided both on an ongoing or a one-time basis based on the client's goals, needs and objectives. The total estimated fee, as well as the actual fee, is based upon the scope and complexity of the engagement. Our hourly fees range between \$250 to \$500 based upon the experience of the IAR. Our quarterly fees range between \$300-\$500 per quarter. Our flat fee ranges between \$1,500 to \$10,000 annually. Fees are charged quarterly in advance.

### **Cash Balances**

Some of your assets may be held as cash and remain uninvested. Holding a portion of your assets in cash and cash alternatives, i.e., money market fund shares, may be based on your desire to have an allocation to cash as an asset class, to support a phased market entrance strategy, to facilitate transaction execution, to have available funds for withdrawal needs or to pay fees or to provide for asset protection during periods of volatile market conditions. Your cash and cash equivalents will be subject to our investment advisory fees unless otherwise agreed upon. You may experience negative performance on the cash portion of your portfolio if the investment advisory fees charged are higher than the returns you receive from your cash.

### **Retirement Plan Rollover Recommendations**

As part of our investment advisory services to our clients, we may recommend that clients roll assets from their employer's retirement plan, such as a 401(k), 457, or ERISA 403(b) account (collectively, a "Plan Account"), to an individual retirement account, such as a SIMPLE IRA, SEP IRA, Traditional IRA, or Roth IRA (collectively, an "IRA Account") that we will advise on the client's behalf. We may also recommend rollovers from IRA Accounts to Plan Accounts, from Plan Accounts to Plan Accounts, and from IRA Accounts to IRA Accounts.

If the client elects to roll the assets to an IRA that is subject to our advisement, we will charge the client an asset-based fee as set forth in the advisory agreement the client executed with our firm. This creates a conflict of interest because it creates a financial incentive for our firm to

recommend the rollover to the client (i.e., receipt of additional fee-based compensation). Clients are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if clients do complete the rollover, clients are under no obligation to have the assets in an IRA advised on by our firm. Due to the foregoing conflict of interest, when we make rollover recommendations, we operate under a special rule that requires us to act in our clients' best interests and not put our interests ahead of our clients'.

Under this special rule's provisions, we must:

- meet a professional standard of care when making investment recommendations (give prudent advice);
- never put our financial interests ahead of our clients' when making recommendations (give loyal advice);
- avoid misleading statements about conflicts of interest, fees, and investments;
- follow policies and procedures designed to ensure that we give advice that is in our clients' best interests;
- charge no more than a reasonable fee for our services; and
- give clients basic information about conflicts of interest.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, clients should consider the costs and benefits of a rollover. Note that an employee will typically have four options in this situation:

1. leaving the funds in the employer's (former employer's) plan;
2. moving the funds to a new employer's retirement plan;
3. cashing out and taking a taxable distribution from the plan; or
4. rolling the funds into an IRA rollover account.

Each of these options has positives and negatives. Because of that, along with the importance of understanding the differences between these types of accounts, we will provide clients with an explanation of the advantages and disadvantages of both account types and document the basis for our belief that the rollover transaction we recommend is in your best interests.

### **General Information on Compensation and Other Fees**

In certain circumstances, fees, account minimums and payment terms are negotiable depending on client's unique situation – such as the size of the aggregate related party portfolio size, family holdings, low-cost basis securities, or certain passively advised investments and pre-existing relationships with clients. Certain clients may pay more or less than others depending on the amount of assets, type of portfolio, or the time involved, the degree of responsibility assumed, complexity of the engagement, special skills needed to solve problems,

the application of experience and knowledge of the client's situation. Lower fees for comparable services may be available from other sources.

Other than as described for the Program, our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

For non-wrap accounts, fees and commissions are exclusive of and in addition to our fee, and we shall not receive any portion of these commissions, fees, and costs.

Advice offered by us may involve investment in exchange-traded funds, exchange-traded notes, mutual funds, unit investment trusts and closed end funds. Clients are hereby advised that all fees paid to us for investment advisory services are separate and distinct from the fees and expenses charged by these investment vehicles (described in each vehicle's prospectus) to their shareholders. These fees will generally include a management fee and other expenses. Clients should review all fees, including our advisory fee, underlying investment vehicles and others to understand the total amount of fees paid.

Clients should note that similar advisory services may (or may not) be available from other registered investment advisors for similar or lower fees.

#### **Fees and Expenses (Mutual Funds Share Class)**

Funds generally offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to retail share classes (typically referred to as class A, class B and class C shares), funds may also offer institutional share classes or other share classes that are specifically designed for purchase by investors who meet certain specified eligibility criteria, including, for example, whether an account meets certain minimum dollar amount thresholds or is enrolled in an eligible fee-based investment advisory program. Institutional share classes usually have a lower expense ratio than other share classes.

The Firm and its IARs who are dually licensed as Registered Representatives have a financial incentive to recommend or select share classes that have a 12b-1 fee because such share classes generally result in higher compensation. The Firm has taken steps to minimize this conflict of interest, including by providing its IARs with guidance on this issue, as well as by conducting periodic reviews of client holdings in mutual fund investments to ensure the appropriateness of mutual fund share class selections and whether alternative mutual fund share class selections are available that might be more appropriate given the client's particularized investment objectives and any other appropriate considerations relevant to

mutual fund share class selection Regardless of such considerations, clients should not assume that they will be invested in the share class with the lowest possible expense ratio.

The appropriateness of a particular fund share class selection is dependent upon a range of different considerations, including but not limited to: the asset-based advisory fee that is charged, whether transaction charges are applied to the purchase or sale of funds, operational considerations associated with accessing or offering particular share classes (including the presence of selling agreements with the fund sponsors and the Firm's ability to access particular share classes through the custodian), share class eligibility requirements; and the availability of revenue sharing, distribution fees, shareholder servicing fees or other compensation associated with offering a particular class of shares.

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

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We do not charge performance-based fees and therefore have no economic incentive to manage clients' portfolios in any way other than what is in the best interests of our clients thus avoiding any potential conflict of interest.

## Item 7: Types of Clients

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We offer our Wealth Management services to various types of clients, including individuals, high-net-worth individuals, related family members, trusts, pension and profit-sharing plans, charitable organizations, partnerships, and other legal entities.

We require a minimum asset level of between \$2,000,000 and \$5,000,000 to establish a relationship with us, depending on the services we will be providing you. However, in our sole discretion, we may reduce the required minimum asset level or group certain related accounts for purposes of achieving the minimum account size.

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

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### Methods of Analysis and Investment Strategies

We utilize fundamental analysis which attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the securities.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time.

Our Wealth Management services extend across multiple, and potentially all types of asset classes. Construction of an investment portfolio includes the use of various investment tools and strategies, including exchange-traded funds, exchange-traded notes, mutual funds, stocks, bonds, mutual funds, options, annuities, CDs, bank deposits, fixed income investments/separately managed fixed income accounts, equities, separately managed accounts, equity options, and other index strategies, hedge funds, private equity funds, real asset funds, and other appropriate investment vehicles. We perform research and due diligence on managers and securities across these asset classes and provide recommendations to the client for the appropriate course of action. Systems have been established to review and monitor portfolios and performance.

### Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear.

**All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings. Although we manage assets in a manner consistent with your investment objectives and risk tolerance, there can be no guarantee that our efforts will be successful. You should be prepared to bear the following risk of loss:**

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

- **Inflation Risk:** When any type of inflation is present, a dollar next year will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Cybersecurity Risk:** A breach in cyber security refers to both intentional and unintentional events that may cause an account to lose proprietary information, suffer data corruption, or lose operational capacity. This in turn could cause an account to incur regulatory penalties, reputational damage, and additional compliance costs associated with corrective measures, and/or financial loss.
- **Pandemic Risk:** Large-scale outbreaks of infectious disease can greatly increase morbidity and mortality over a wide geographic area, crossing international boundaries, and causing significant economic, social, and political disruption.
- **Custodial Risk:** This risk is the probability that a party to a transaction will be unable or unwilling to fulfill its contractual obligations either due to technological errors, control failures, malfeasance, or potential regulatory liabilities.



## **Item 9: Disciplinary Information**

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We are required to disclose all material facts regarding legal or disciplinary events that would be material to a client's evaluation whether to engage us to provide wealth management services. Neither the Firm nor our IARs have been involved in any legal or disciplinary events related to past or present matters.

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

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### **Broker/Dealer – Registered Representatives**

We are not registered as a broker-dealer with the SEC. However, as noted in Item 5, our IARs are registered as registered representatives of PCS. In such capacity, our IARs sell securities for client accounts through PCS and receive normal and customary commissions and other types of compensation, for example, mutual fund 12b-1 fees or variable annuity trails. The potential for receipt of commissions and other compensation when our IARs act as a registered representative gives them an incentive to recommend investment products based on the compensation received, rather than on the client's needs and may create a conflict of interest. We address this conflict by ensuring that the clients' interest is always considered ahead of our own personal gain.

Our IARs can provide services to a client either in a brokerage or advisory capacity. In certain cases, this presents a conflict of interest. In a brokerage account, a client is charged a commission for each transaction, and there is no duty to provide ongoing advice with respect to the account. In a Wealth Management account, a client is provided with ongoing investment advice, and we receive an ongoing advisory fee for that service. If a client intends to follow a buy and hold strategy for an account or does not wish to purchase ongoing investment advice or management services, the client should consider opening a brokerage account rather than a Wealth Management account.

### **Financial Industry Activities – Futures and Commodities**

We nor any of our management persons are registered as (or associated with) a futures commissions merchant, commodity pool operator, or a commodity trading advisor.

### **Insurance**

Our IARs are also insurance agents. In such capacity, they may offer fixed and variable life insurance and long-term care products and receive normal and customary commissions as a result of any purchases made by clients. The client is under no obligation to purchase insurance through us on a commissionable basis. In addition, our IARs may receive other compensation such as fixed or variable life trailing commissions. The potential for receipt of commissions and other compensation when acting as an insurance agent gives an incentive to recommend insurance products based on the compensation received, rather than on the client's needs. We address this conflict by ensuring that the clients' interest is always considered ahead of our own personal gain.

### **Other Investment Advisers**

We do not currently select or recommend other investment advisers for our clients.

### **Firm Succession Plan**

Though not an affiliation, we have entered into an agreement with a regionally accessible Investment Adviser to care for our clients' needs, goals and objectives in the unfortunate event we are no longer able to do so.

Upon activation of this Succession Plan, clients will be notified appropriately as outlined in the client agreement on file at that time.

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

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Our employees must comply with a Code of Ethics (Code), which describes the Firms' high standard of business conduct, and fiduciary duty to its clients. The Code's key provisions include:

- Statement of General Principles
- Policy on and reporting of Personal Securities Transactions
- A prohibition on Insider Trading
- Restrictions on the acceptance of significant gifts
- Procedures to detect and deter misconduct and violations
- Requirement to maintain confidentiality of client information

Thomas J. Britt, Managing Director and Chief Compliance Officer reviews all employee trades each quarter. These reviews ensure that personal trading does not affect the markets, and that our clients receive preferential treatment.

Our employees must acknowledge the terms of the Code at least annually. Any individual not in compliance with the Code may be subject to termination.

Clients and prospective clients can obtain a copy of our Code by contacting Thomas J. Britt, Managing Director and Chief Compliance Officer at (860) 434-6890 or [Thomas.Britt@BWMLLC.Net](mailto:Thomas.Britt@BWMLLC.Net).

### **Participation or Interest in Client Transactions – Personal Securities Transactions**

The Firm and our employees may buy or sell securities identical to those recommended to clients for their personal accounts. The Code, described above, is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code, certain classes of securities, primarily mutual funds, have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of our clients. In addition, the Code requires pre-clearance of certain transactions. Employee trading is continually monitored under the Code and designed to reasonably prevent conflicts of interest between the Firm and our clients.

### **Participation or Interest in Client Transactions – Financial Interest**

As noted above in Item 10, our IARs may sell securities to our clients as registered representatives of PCS.

### **Participation or Interest in Client Transactions – Principal/Agency Cross**

We will not affect any principal or agency cross securities transactions for client accounts.

## Item 12: Brokerage Practices

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### **Research and Other Soft Dollar Benefits**

We have no written or verbal arrangements whereby we receive soft dollars. See disclosure below in “Brokerage – Other Economic Benefits.” It is our policy to not accept soft dollar benefits with the exception of informational meetings required for due diligence purposes.”

### **Brokerage for Client Referrals**

We do not direct brokerage commissions in exchange for the referral of advisory clients.

### **Directed Brokerage**

As described in Items 5 and 10, certain IARs are also registered representatives of PCS. PCS has supervisory responsibilities over the securities trading activities of these individuals, including oversight of our advisory services. In an effort to meet its supervisory obligations, PCS has exercised influence over the choice of broker/custodian that our clients may use. PCS has allowed these registered representatives to trade client accounts with Schwab.

We require clients to use Schwab for brokerage and custodial services. Due to our relationship with PCS, we reserve the right to refuse to accept any client account that directs the use of a custodian other than Schwab.

We have evaluated Schwab’s clearing services and believe that Schwab will provide our clients with a blend of execution services, commission costs and professionalism that will assist us in obtaining best execution for transactions.

Clients should note, while we have a reasonable belief that Schwab is able to obtain best execution and competitive prices, we will not be independently seeking best execution price capability through other broker dealers.

### **Directed Brokerage – Other Economic Benefits**

Schwab provides general access to research, and any research received is used for the benefit of all clients. We may have the opportunity to receive traditional “non-cash benefits” from Schwab, such as customized statements; receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk servicing Schwab advisors exclusively; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; ability to have Wealth Management fees deducted directly from client accounts; access to an electronic communication network for client order entry and account information; access to mutual funds which generally require significantly high minimum initial investments or those that are otherwise only generally available to institutional investors; reporting features; receipt of industry communications; and discounts on business-related products.

### **Trade Aggregation**

We may aggregate security trades. Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. If the order is filled at different prices during the day, the prices are averaged for the day so that all participating accounts receive the same price. If an order has not been filled completely so that there are not enough shares to allocate among all the clients equally, shares will be allocated in good faith, based on the following considerations: amount of cash in the account, existing asset allocation and industry exposure, risk profile, and type of security. All clients participating in each aggregated order shall receive the average price achieved.

Our allocation procedure seeks to be fair and equitable to all clients with no particular group or client(s) being favored or disfavored over any other clients.

Accounts for our employees may be included in an aggregated trade with client accounts.

### **Wrap Fee Programs**

As disclosed in Item 4, clients participate in the Benchmark Wrap Fee Program ("Program"). In evaluating the Program, a client should recognize that brokerage commissions for the execution of transactions in their account are not negotiated. Transactions are effected net, i.e., without commission and a portion of the wrap fee is generally considered to be in lieu of commissions. Trades are generally expected to be executed only with the broker dealer with which the client has entered into the wrap fee arrangement.

We may not, therefore, be free to seek best price and execution by placing transactions with other broker dealers. Our experience indicates that Schwab generally offers the best price for transactions, but no assurance can be given that such will continue to be the case. The client may wish to ensure that Schwab can provide adequate price and execution of most or all transactions. The client should also consider that depending on the wrap-fee charged by Schwab, the amount of portfolio activity in the client's account, the value of custodial and other services which are provided under the arrangement, and other factors, the wrap-fee may or may not exceed the aggregate cost of such services were they to be provided separately and if we were free to negotiate commissions and seek best price and execution of transactions for the client's account.

## Item 13: Review of Accounts

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Wealth management clients are generally provided with written reports containing information consistent with their goals and objectives. This written report may be reviewed annually, or more frequently, as agreed to by the clients.

Wealth management accounts are monitored and are generally reviewed with the client quarterly or semi-annually by Thomas J. Britt, Managing Director and Chief Compliance Officer and Richard W. Stout III, Managing Director. Other conditions that may trigger a review are changes in market, political or economic conditions, tax laws, new investment information, and changes in a client's own situation.

At least quarterly, the custodian provides clients with an account statement for each client account, which may include individual holdings, cost basis information, deposits and withdrawals, accrued income, and dividends. In addition, the custodian provides clients with trade confirmations for each position bought and sold.



## Item 14: Client Referrals and Other Compensation

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We do not receive any economic benefits (other than normal compensation and benefits described in Items 5, 10 and 12) from any firm or individual for providing investment advice.

### **Compensation – Client Referrals**

We have been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees, and other similar sources. We do not compensate referring parties for these referrals.

### **Compensation – Client Referrals – Promoter Arrangement**

We may enter into written arrangements to receive cash referral fees from individuals or companies (“Advisor”) to whom we recommend prospective clients. In these cases, there will be a written agreement between us as a Promoter and the other Advisor which clearly defines the duties and responsibilities of the Firm under this arrangement. In addition, we will provide a written disclosure document, which explains to the prospective client the terms under which they are working with the Advisor and the fact that we are being compensated for the referral activities. We will also furnish a copy of the Advisor’s Form ADV Part 2 to the prospective client and obtain a written acknowledgement from the client that both our, and the referred Advisor’s disclosure document, have been received.

## Item 15: Custody

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### **Custody – Fee Debiting**

Client investment assets will be held with a qualified custodian (“custodian”) agreed upon by the client and us. Clients may authorize us (in the client agreement) to debit fees directly from the client’s account at the custodian. The custodian is advised in writing of the limitation of our access to the account. The custodian sends a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to us.

### **Custody – Trusteeship/Executor**

We or a related person acts as trustee for client trusts or as executor for client estates. This form of custody is offered on a limited basis. We comply with the SEC’s Custody Rule with regard to the custody of the trust / estate assets; annually the Firm is subject to a Surprise Examination by an independent accountant.

### **Custody – First Party Money Transfers**

Clients may provide us with written ongoing authorization to wire money between the client’s accounts held with the qualified custodian directly to an outside financial institution (i.e., a client’s bank account). A copy of this authorization is provided to the qualified custodian. The authorization includes the client’s name and account number(s) at the outside financial institution(s) as required.

### **Custody – Third Party Money Transfers**

Clients may provide us with a standing letter of authorization (or similar asset transfer authorization) which allows us to disburse funds on behalf of clients to third parties. We ensure the following conditions are in place when deemed to have custody via third party money movement:

1. The client provides a Written Authorization to the custodian that includes all appropriate information as to how the transfer should be directed;
2. The Written Authorization includes instruction to direct transfers to the third party either on a specified schedule or from time to time;
3. Appropriate verification is performed by the custodian, along with a transfer of funds notice to the client promptly after each transfer;
4. The client may terminate or change the instruction to the custodian;
5. We have no authority or ability to designate or change any information about the third party contained in the instruction;
6. We maintain records showing that the third party is not a related party of the Firm or located at the same address as the Firm; and
7. The custodian sends the client a written initial notice confirming the instruction and an annual written confirmation thereafter.

**Account Statements**

As described above and in Item 13, clients receive at least quarterly statements from the custodian that holds and maintains client's investment assets. Clients are urged to carefully review such statements and compare such official custodial records to the reports that we provide. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## Item 16: Investment Discretion

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We generally accept limited power of attorney to act on a discretionary basis on behalf of clients. A limited power of attorney allows us to execute trades on behalf of clients.

When such limited powers exist between us and the client, we have the authority to determine, without obtaining specific client consent, both the amount and type of securities to be bought to satisfy client account objectives. Additionally, we may accept any reasonable limitation or restriction to such authority on the account placed by the client. All limitations and restrictions placed on accounts must be presented to us in writing.

If we have not been given discretionary authority, we consult with the client prior to each trade.

## Item 17: Voting Client Securities

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### **Proxy Voting**

We do not have any authority to and do not vote proxies on behalf of clients, nor do we make any express or implied recommendation with respect to voting proxies. Clients retain the sole responsibility for receiving and voting proxies that they receive directly from either their custodian or transfer agents. Clients may contact us for information about proxy voting.

## Item 18: Financial Information

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Registered investment advisers are required to provide certain financial information or disclosures about their firms.

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients and we have not been the subject of a bankruptcy proceeding.

We do not require prepayment of fees of both more than \$1,200 per client and more than six months in advance; and therefore, we are not required to provide a balance sheet to our clients.