

# ADV Part 2A

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**Effective Date: March 15, 2019**

*The enclosed brochure has not been approved by the U.S. Securities & Exchange Commission (SEC) or any state securities authority. This part of the Form ADV gives information about the registered investment advisor and its business for the use of clients. When referring to the firm as a registered investment advisor with the SEC, the registration does not imply a certain level of skill or training. More information about Schneider Downs Wealth Management Advisors, LP is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

*If you should have any questions regarding the content of this brochure, please contact Schneider Downs Wealth Management Advisors, LP at 412-697-5200 or email [sdteam@schneiderdowns.com](mailto:sdteam@schneiderdowns.com)*

## **Item 2: Material Changes**

This ADV Part 2A has been updated effective March 15, 2019.

Changes with this update:

Language regarding the legacy services offered by the SD Retirement Solutions group has been removed. The legacy services had client assets held at TD Ameritrade. Effective December 31, 2018, there are no clients utilizing these services and it is no longer offered.

We have engaged with a third party solicitor and have updated Item 14 to reflect this change.

We are no longer voting proxies for individuals participating in the SD IRA Program. Due to a recordkeeping system enhancement, proxies are now being sent directly to the client. We have updated Item 17 to reflect this change.

Changes over the last year:

June 30, 2018, Karl Kunkle retired from the firm. Karl Kunkle focused on the Retirement Solutions side of the practice.

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## **Item 4: Advisory Business**

Schneider Downs Wealth Management Advisors, LP (“SD Wealth Management”) was established in 2000 and became a Registered Investment Advisor with the U.S. Securities & Exchange Commission in October 2003. Nancy Skeans is the Chief Executive Officer of SD Wealth Management. Along with Nancy Skeans; Don Linzer, Jason Lumpkin and Derek Eichelberger are limited partners that work directly in the practice. The practice has two groups servicing our clients; SD Personal Financial Services and SD Retirement Solutions.

SD Personal Financial Services offers fee based investment management services, including financial planning services when applicable. SD Retirement Solutions offers a fee based retirement plan investment platform including retirement planning guidance, services and tools. Qualified accounts are designed to offer individuals added tax benefits, such as a 401(k) or IRA account, while non-qualified accounts are those that are not eligible for tax-deferral benefits, such as an individual or joint account.

You may opt to engage SD Wealth Management for any or all of the services offered. Fees are based upon the nature of the services to be provided and are not derived from any investment product or manager. Fees are described in further detail in ***Item 5: Fees and Compensation***.

The assets under management for all services as of December 31, 2018 are:

Discretionary	\$ 889,141,842.00
Non Discretionary	<u>\$ 535,942,271.00</u>
<b>Total</b>	<b>\$1,425,084,113.00</b>

For discretionary accounts, SD Wealth Management will work with you to set the overall direction and goals for the account. SD Wealth Management will then implement your strategy and purchase the individual investments or appropriate model. SD Wealth Management will also have authority to decide when to buy and sell securities within your account, without obtaining your pre-trade approval. You will see the transactions through trade confirmations and on your monthly account statements provided directly from the custodian.

For accounts in which SD Wealth Management does not have trading authority, we will not have the ability to buy or sell securities for your account. Occasionally SD Wealth Management will have trading authority; however, the client has requested notification prior to conducting any transaction in the account or has restricted the advisor regarding trading of specific securities in the account. SD Wealth Management does not recommend that you restrict or limit the advisor’s trading authority. In this situation, you may suffer or benefit from the trading restriction. For example, if SD Wealth Management liquidates ABC mutual fund and cannot reach you to obtain approval for a week or if you do not place the order upon receipt of the call, the price of the security to be liquidated may have fluctuated during this time.

SD Wealth Management also has client relationships in which we monitor and report on portfolios, offer professional advice, and/or make investment recommendations on accounts for which we do not have discretion. Any recommended purchases or sales will be communicated to you and you will be responsible for executing the respective trades should you decide to implement them.

## Services Overview:

Service *	Account Minimum *	Description *
<b>SD Personal Financial Services</b>		
A. Investment Management	\$1,000,000	Intended to assist individuals or businesses with the management of their investment portfolios. Generally includes portfolio construction, trade execution, monitoring, rebalancing, risk tolerance review, and account maintenance / support.
B. Financial Planning	N/A	Various financial analysis performed specific to the client's needs. This may include retirement, cash flow, major goal funding and insurance analysis / projections. This service is provided to investment management clients upon request and is also offered at the discretion of management to non-investment management clients.
<b>SD Retirement Solutions</b>		
A. SD Advantage Retirement Plan Platform	No Minimum	Assists plan sponsors and trustees of qualified retirement plans, such as a 401(k), or Profit Sharing plans, in establishing a menu of mutual funds and models that allows plan participants to self direct their account.
B. SD Advantage IRA Platform	\$25,000	Intended for individual clients with a qualified account, such as an IRA or Roth IRA. We will assist individuals in choosing one of six asset allocation models or a cash option. Models are monitored, rebalanced and when appropriate changes are made.

\* Please see the appropriate service within this section for more complete details.

### **SD Personal Financial Services:**

**A. Investment Management** - SD Personal Financial Services investment management services include the management of investment portfolios on a discretionary and non-discretionary basis for individuals, companies, trustees, endowments, profit-sharing plans and defined benefit pension plans. A minimum dollar value of \$1,000,000 in investable assets has been implemented as a condition for managing client accounts. This minimum can be waived at the sole discretion of SD Personal Financial Services' management.

Assets are maintained at custodial firms not affiliated with SD Personal Financial Services. For investment management accounts that SD Personal Financial Services has trading authority on, client assets are primarily held at Charles Schwab & Co., Inc. or Fidelity Investments. Further details regarding these custodians can be found in **Item 12: Brokerage Practices**. Other nonaffiliated custodians, selected by you, are utilized for accounts in which SD Personal Financial Services monitors a portion or your entire portfolio in which SD Personal Financial Services does not have the ability to trade in your account.

You will sign an Investment Management Agreement which describes the engagement and the services to be provided.

Investment Management services typically includes:

- Product / Manager Research and Selection
- Risk Tolerance Review
- Individualized Portfolio Construction

- Individualized Quarterly Performance Reporting
- Trade Executions
- Rebalancing
- Assistance with Cashiering Services and Account Maintenance
- Income Tax Planning Support
  - Tax Loss Harvesting
  - Charitable Gift Planning with Appreciated Securities
  - Calculating Required Minimum Distributions
  - Tax Impact Analysis
  - Use of Taxable vs Tax-Free Investments
- Additional Services as Stated in the Agreement

The first step in the investment management process is for SD Personal Financial Services to gather data about you to determine your needs, investment objectives, risk tolerance and tax status. This may require more than one meeting. SD Personal Financial Services will then prepare a proposed allocation along with any additional recommendations. The portfolio recommendations may involve asset allocation strategies including the sale of positions currently held by you and the acquisition of individual bonds, mutual funds, and / or exchange traded funds. Individual bonds may be purchased through an unaffiliated third party bond broker. Also, when suitable, the use of a separate account manager (“SAM”) or interests in hedge funds may also be incorporated. SAMs chosen are unaffiliated independent registered investment advisors that may manage a portion of your account.

SD Personal Financial Services does not purchase individual equity securities for your account unless directed to do so by you. SD Personal Financial Services will, from time to time, use SAMs to invest in individual equity positions, based on that SAM’s specific style and investment objective, i.e. large cap growth, large cap value, international. The use of a SAM is based upon the aggregate size of the portfolio. SAMs are generally not used in portfolios that are less than \$2 million. SD Personal Financial Services will monitor the SAM, including but not limited to, performance reviews, benchmark comparisons and management research. SD Personal Financial Services will determine when a manager will be added or removed from an account. Additional information regarding the unaffiliated SAM is available from the SAM’s ADV Part 2A. Fees charged by the SAM are separate from those charged by SD Personal Financial Services. Please refer to ***Item 5: Fees and Compensation*** for more details.

Accounts managed by SD Personal Financial Services are subject to regular review to assure conformity with your objectives and investment guidelines. Annual or more frequent meetings are offered by SD Wealth Management to review market conditions, portfolio performance, portfolio allocation and recommend changes to the portfolio. SD Wealth Management will also review the client’s projected cash flow needs for the coming twelve months to ensure sufficient liquidity.

**B. Financial Planning Services** - SD Personal Financial Services offers financial planning services to its investment management clients upon request for such advice. Generally, there is no additional cost for these services for our investment management clients unless the scope of the requested service is considered by management as excessive or your total household assets are below our stated investment management account minimum. If such determination is made, you will be informed of the proposed fee prior to any work being accomplished and can decide to move forward or change the scope of the project.

SD Personal Financial Services, at the discretion of management, may on occasion offer standalone planning to non investment management clients. The Agreement between you and SD Personal

Financial Services will specify the financial planning services to be provided and the applicable fee to be charged for the services rendered. There are no conditions, such as minimum value of assets, in connection with the financial planning services. Fees are described in further detail in ***Item 5: Fees and Compensation***.

Financial planning services only apply to the financial planning process and not to any subsequent execution or implementation of the recommendations, if any, that result from the planning process. You are fully responsible for all decisions relating to any recommendations or any alternatives presented and for implementation of the financial plan.

Financial Planning services typically includes:

- Retirement Analysis / Projections
- Cash Flow Analysis / Projections
- College and Major Goal Funding Analysis / Projections
- Insurance Needs Analysis (Life or LTC) / Risk Analysis
- Stock Option Planning
- Estate Review
- Investment Related Tax Planning

As part of each project, you will furnish SD Personal Financial Services with complete and up-to-date information about your personal financial circumstances and investment objectives. It is your responsibility to ensure that any material changes are disclosed on a timely basis. Once all relevant information is collected, SD Personal Financial Services will analyze the information and produce a written or electronic report and recommended actions.

SD Personal Financial Services is not authorized or qualified to, give legal advice or prepare legal documents, prepare or amend the filing of personal income, gift, or estate tax returns, or to act as a trustee. You should consult your attorney, accountant and other personal advisers for these services.

### **SD Retirement Solutions:**

**A. SD Advantage Retirement Plan Platform** - SD Retirement Solutions offers a fee based qualified retirement plan platform that primarily provides non-discretionary investment advisory services to sponsors and trustees of qualified retirement plans. SD Retirement Solutions will assist you in establishing a menu of mutual funds and / or models to offer to participating employees of the qualified retirement plan. Employees will self-direct the investments of their accounts within the plan.

In certain engagements with select qualified retirement plan sponsors, SD Retirement Solutions will instead act in a discretionary role as defined under ERISA 3(21) and/or ERISA 3(38). In both instances the end result will be a plan established allowing for participants to self-direct their accounts.

As an ERISA 3(21) fiduciary, SD Retirement Solutions will recommend investments to the plan sponsor, monitor the plan's investments, suggest replacements as appropriate, and provide participant education. SD Retirement Solutions will provide guidance to the plan sponsor in meeting its fiduciary responsibilities, including development of an investment policy statement. In addition, SD Retirement Solutions will monitor service providers of the plan. The plan sponsor retains decision making authority and may accept or reject any recommendations.

If appointed as an ERISA 3(38) fiduciary, SD Retirement Solutions would have full discretionary authority to select, monitor, and remove the investment options offered in a qualified retirement plan. An ERISA 3(38) fiduciary will also have the ability to hire and monitor service providers.

SD Wealth Management does not custody plan assets and non-affiliated firms provide custodial services to the accounts. Some clients use SD Advantage Retirement Solutions, LP, an affiliated firm to SD Wealth Management, as the plan's third party administrator and recordkeeper. In this instance, shareholders common to both entities may indirectly derive a benefit from the third party administrative and recordkeeping services provided. Please see **Item 5: Fees and Compensation** for more details.

Prior to providing advisory services to an account, or to offering any recommendations, SD Retirement Solutions gathers data about the company and/or plan sponsor and the employee/participants of the qualified retirement plan to determine the needs, investment objective and range of risk tolerance to be offered on the investment menu of the plan. Recommendations resulting from this review will include a customized plan menu consisting of various mutual funds over a broad spectrum of asset classes. The recommendation may also include asset allocation models utilizing the mutual fund investments from the plan menu. The two options will allow plan participants to individually direct their funds to an allocation they choose or to utilize a model based on their specific goals and tolerance for risk.

SD Retirement Solutions does not offer individual equity or fixed income securities; however, securities may be made available to individual qualified retirement plan participants through the use of a brokerage window available in some instances on the platform. SD Retirement Solutions will neither advise on nor receive compensation for investments made by qualified retirement plan participants through the use of the brokerage window except under a separate and distinct investment management agreement between SD Retirement Solutions and the participant.

Mutual fund investments on the qualified retirement plan platform, with the exception of investments purchased using the above-described brokerage window, are subject to periodic review to assure conformity with the plan's objectives and investment guidelines. Annual or more frequent meetings are conducted by SD Retirement Solutions with each plan sponsor or investment committee to review market conditions, portfolio performance, portfolio allocation and recommend changes to the plan menu.

The Investment Advisory Agreement between SD Retirement Solutions and the plan sponsor will further outline the services provided.

SD Advantage Retirement Plan Platform services typically include:

- Assisting in developing a menu to meet the diverse needs of the participants in the qualified retirement plan including selection of investments,
- Monitoring the performance of the investments on the plan menu,
- Providing educational support and retirement plan projections for plan participants, and
- If necessary, acting as liaison between the client, third party administrator, recordkeeper, custodian and auditor.

**B. SD Advantage IRA Platform** - SD Retirement Solutions provides investment advisory services to assist individuals in establishing a qualified account, such as an IRA or a Roth IRA. Client assets are invested through a collective trust in which the custodian, MG Trust, serves as Trustee. Please see **Item 12: Brokerage Practices** for more details. Non-affiliated firms provide custodial and recordkeeping services to the accounts.

Prior to providing advisory services to an account or to offering any recommendations, SD Retirement Solutions gathers data to determine your time horizon, investment objectives and tolerance for risk. Recommendations resulting from this review involve asset allocation strategies utilizing a menu of six asset allocation models or a cash option.

SD Retirement Solutions does not purchase individual equity or fixed income securities for these accounts. The asset allocation models are diversified models comprised of various mutual funds. Mutual fund investments on the SD Advantage IRA platform are subject to periodic review to assure conformity with models' objectives and investment guidelines. SD Retirement Solutions will have discretion on these accounts and will have the ability to add or remove specific funds utilized in the models when necessary.

SD Retirement Solutions is available to review market conditions, portfolio performance, portfolio allocation and answer specific questions through a SD Retirement Solutions Investment Advisor Representative or through the SD Retirement Solutions Center help desk. The help desk hours are Monday through Friday during normal eastern standard business hours.

SD Advantage IRA Platform services typically include:

- Establishing the appropriate IRA account
- Assisting in transferring the assets
- Assisting in choosing an appropriate investment model
- Monitoring the performance of the investments in the asset allocation models
- Providing telephone support

The services to be provided will be described in the Investment Management Agreement between SD Retirement Solutions and the client.

## **Item 5: Fees and Compensation**

**SD Personal Financial Services Investment Management** - The fee for investment management services is generally based upon a percentage of the value of assets under management as of the close of business on the last day of the billing period. The first and last period's fees will be billed on a prorated basis, based upon the number of days you utilize the investment management services.

Fees are calculated by SD Personal Financial Services on a quarterly basis and are payable in advance. For accounts held at Fidelity or Schwab, SD Personal Financial Services will directly deduct the advisory fee from your accounts. Upon request, fees may be payable by check. For accounts in which advisory fees are directly debited, the custodian does not independently calculate the amount of the fee to be debited. The custodian will make payment based on the information we supply to them. SD Personal Financial Services will provide you with a paper or electronic copy of your invoice. It is important that you review this invoice and contact your advisor with any questions. Fees for non-discretionary accounts are generally payable by check.

Based upon the nature of the services to be provided by SD Personal Financial Services and the account size, fees may be negotiated at the sole discretion of management. SD Wealth Management shareholders and employee family members, may have a reduced advisory fee compared to other SD Personal Financial Services clients.

The typical advisor fee for investment accounts managed by the SD Personal Financial Services will be as follows:

<b>Value of Assets Under Management *</b>	<b>Annual Fee</b>
First \$2,000,000	1.00%
\$2,000,000 - \$5,000,000	0.75%
\$5,000,000 - \$10,000,000	0.60%
Above \$10,000,000	0.50%

In addition, the advisory fee does not include any internal mutual fund management fees, exchange traded fund fees or mark-up associated with the purchase of an individual bond. Information with respect to the fees charged by a specific third-party fund can be found in the fund's prospectus or offering documents. There may also be an additional transaction fee charged by the custodian associated with buying or selling an exchange traded fund, mutual fund, individual bond, or individual security position, if applicable. This fee is charged at the time of the trade directly by the custodian.

SD Personal Financial Services generally uses a combination of mutual funds, individual bonds, and exchange traded funds to build portfolios. SD Personal Financial Services does not receive any monetary compensation from the funds we recommend.

For larger accounts, SD Personal Financial Services will occasionally recommend an unaffiliated SAM to manage a portion of your portfolio when suitable. For accounts that utilize an unaffiliated SAM, you will be charged the SD Personal Financial Services advisory fee described above and you will also be charged a separate advisory fee from the SAM. Depending on the product and the manager, SAM fees are based on the value of your assets and range between 0.25% and 1.00%. In addition to the advisory fee, you will have transaction costs for buying and selling of securities in the account. The account will be established with either transaction based pricing ("TBP") or asset based pricing ("ABP"). TBP accounts are charged a transaction fee per trade. This fee will be shown in your trade confirmation and goes directly to the third party custodian. ABP is charged quarterly by the custodian and is assessed on the value of the account. This amount is debited from the account each quarter. The actual fee can be found in the custodian's agreement, but typically ranges from 0.10% - 0.45% depending on the amount of turnover and account size.

In some instances SD Personal Financial Services does not have authority to implement transactions in an account but provides portfolio monitoring services. These services may consist of consolidating and reporting on all of your holdings and / or reviewing 401(k) or other outside accounts. Depending on the nature or scope of the service, a quarterly fixed fee for the services may be charged in lieu of an asset based fee as negotiated by the parties. Quarterly fixed fees are paid in advance, by check.

Should you terminate your relationship, the fees will be prorated, and the unearned portion of prepaid fees, if any, will be refunded to you.

**SD Personal Financial Services Financial Planning** – For current investment management clients with household assets above our stated minimum, the request for financial planning services are generally provided at no additional costs. If the scope of the services requested is considered by management as excessive, then you will be informed of the proposed fee prior to any work being accomplished. For clients below our stated minimum, a fee may be charged based on the scope of

the engagement. You will be informed of the proposed fee prior to any work being performed. These fees may be charged as a fixed fee or billed at an hourly rate.

In instances where SD Personal Financial Services offers financial planning services to non-investment management clients, you may be charged a fixed fee or billed at an hourly rate of \$250 to \$350, based upon the complexity and nature of the engagement and the staff utilized in providing the services. Half the fee is payable by check at the onset of the relationship, and the remaining fee is payable upon the completion of the services.

Should SD Personal Financial Services be retained to provide financial planning services on an ongoing or continuous basis, the fee will be payable in quarterly installments, in advance, and will be prorated for the first and last quarter. Specific services will be stated in the agreement entered into by the parties.

The fee for SD Personal Financial Services' financial planning services applies only to the financial planning process and not to any subsequent execution or implementation of the recommendations, if any, that results from the planning process.

Should a financial planning relationship be terminated prior to the completion of the financial planning services, the amount of the fee that is charged will be based upon the amount of time and resources expended by SD Personal Financial Services prior to such termination at the rate described in your agreement.

**SD Advantage Retirement Plan Platform** - Fees for the fee based retirement plan platform are based upon the nature of the services to be provided by SD Retirement Solutions and the account size. The fee is based upon a percentage of the value of assets under management as of the close of business on the last day of the billing period. The first and last period's fees will be billed on a prorated basis based upon the number of days you utilize the services. Fees are calculated by SD Retirement Solutions on a quarterly basis and are payable in advance, by check, or they may be deducted directly from your accounts held with a third party custodian. The calculated fee is sent from SD Retirement Solutions to the recordkeeper. The plan recordkeeper will then submit the amounts to the custodian and payment will generally be deducted from the account. The custodian does not independently calculate the amount of the fee to be debited and will make payment based on the information that is supplied to them. The plan recordkeeper will send a consolidated report to the plan sponsor each quarter, which includes the fee information. SD Retirement Solutions has implemented an internal review and approval process, but it is important that you review the information provided to you and contact SD Retirement Solutions with any questions.

For a fee-based open architecture retirement plan account, the typical advisory fee will be as follows and may be negotiated at the sole discretion of SD Retirement Solutions management:

<b>Value of Assets Under Management</b>	<b>Annual Fee</b>
Plans under \$2,000,000	Not to exceed 1.00%
Plans \$3,000,000 - \$5,000,000	Not to exceed 0.75%
Plans \$5,000,000 - \$10,000,000	Not to exceed 0.65%
Plans Above \$10,000,000	Negotiable

In addition, the advisory fee does not include any internal mutual fund management fees. Information with respect to the fees charged by a specific third-party fund can be found in the fund's prospectus or offering documents.

Should you terminate your relationship, the fees will be prorated to the date the assets transferred and the unearned portion of prepaid fees, if any, will be refunded to you. The advisory fee for the Schneider Downs & Co, Inc. 401(k) plan, which includes employees from its affiliates, including SD Wealth Management employees, is waived.

Plans will also incur fees from custodians, third party administrators and recordkeepers. These fees vary based on the custodian utilized and size of the plan. Fees for these services are outlined in your agreement with the provider.

In some cases a client may utilize SDAdvantage Retirement Solutions, LP (SDARS) for third party administrative work and for recordkeeping services. Third party administrative services, includes, but are not limited to, such items as preparation of the Form 5500 and plan testing. Recordkeeping services include such items as daily account recordkeeping and reconciliation, contribution processing, distribution and loan services, and quarterly participant statements. The client will be billed separately by SDARS for these services. Since SDARS is affiliated with SD Wealth Management, there are shareholders common to both entities. Due to this overlap, these shareholders may derive a benefit from the third party services provided. Please refer to **Item 10: Other Financial Industry Activities and Affiliations** for more information regarding SDARS.

**SD Advantage IRA Platform** - Fees for the SD Advantage IRA platform are based upon a percentage of the value of assets under management as of the close of business on the last day of the billing period. The first and last period's fees will be billed on a prorated basis based upon the number of days you utilize the services. Fees are calculated by SD Retirement Solutions on a quarterly basis and are payable in advance. Fees are deducted directly from your account held with the custodian, MG Trust Company, LLC ("MG Trust"). The calculated fee is sent from SD Retirement Solutions to the recordkeeper. The plan recordkeeper will then submit the amounts to MG Trust, the custodian, and payment will be deducted from the account. The custodian does not independently calculate the amount of the fee to be debited and will make payment based on the information that is supplied to them. The plan recordkeeper will send a consolidated report to you each quarter, which includes the fee information. It is important that you review this information and contact SD Retirement Solutions with any questions.

For a fee-based IRA account on the SD Advantage IRA Platform, the annual advisory fee will not exceed 0.75% and may be negotiated at the sole discretion of management. This fee does not include internal mutual fund fees. Information with respect to the fees charged by a specific third-party fund can be found in the fund's prospectus or offering documents. In addition to the SD Wealth Management advisory fee, the custodian, MG Trust Company, LLC ("MG Trust") and the independent recordkeeper, ASpire Financial Services, LLC will charge a custody and recordkeeping fee, respectively, based on the value of assets held on the last day of the calendar quarter. The actual custody / recordkeeping fee can be found in your investment management agreement, but typically ranges from 0.10% to 0.20% depending on the account size. For accounts with less than \$100,000 a quarterly account maintenance fee will be deducted from your account. This fee ranges from \$8.75 - \$12.50 per quarter. Additional fee disclosure associated with this account can be found in the Investment Management Agreement.

**Miscellaneous** - SD Wealth Management has two investment advisors that are dually registered with Schneider Downs Corporate Finance, LP (SD Corporate Finance), an affiliated broker / dealer. Please refer to **Item 10: Other Financial Industry Activities and Affiliations** for more details regarding SD Corporate Finance. As an investment banking firm, SD Corporate Finance does not conduct what is typically considered brokerage transactions. Transactions consist of mergers and acquisitions, capital raising and private placements. A conflict of interest may arise if a client of SD

Wealth Management invests in a private placement unit marketed by SD Corporate Finance. In these instances, the client will complete and execute the subscription agreement, along with additional disclosures outlining any potential conflicts, directly with SD Corporate Finance. These private placement holdings are separate from any accounts with SD Wealth Management and SD Wealth Management will not monitor, report or charge a fee on these holdings. There is no obligation for SD Wealth Management clients to purchase units of a private placement offering marketed by SD Corporate Finance. However, if this should occur, shareholders/owners common to both SD Wealth Management and SD Corporate Finance may derive a benefit.

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

SD Wealth Management does not charge performance based fees; therefore, no conflict of interest arises from this situation.

## **Item 7: Types of Clients**

SD Personal Financial Services primarily services individuals, trusts, estates, pension plans, charitable organizations and business entities. The account minimum is currently set at \$1,000,000 in investable assets. In certain instances, SD Personal Financial Services also manages accounts for individuals who fall beneath our minimum. These relationships are approved by management.

The SD Retirement Solutions group offers a fee based Retirement Plan Platform to plan sponsors and investment committees of companies. There currently is not an account minimum with this service. SD Retirement Solutions will assist with existing plans and help with new start up plans.

The services offered through the SD Advantage IRA Platform are intended for individual investors establishing qualified accounts. The account minimum for these services is currently set at \$25,000 to open an account. Accounts below the stated minimum are approved by management.

The minimum can be waived for all services at the discretion of management.

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

The SD Wealth Management Investment Committee is composed of experienced, credentialed, investment professionals from both the SD Personal Financial Services and SD Retirement Solutions practices. The Committee generally meets formally once a quarter to review portfolio investment holdings, to discuss policy, and to weigh any issues that need to be addressed stemming from shifts in the market environment. There may be intra-quarter meetings among committee members in order to work on special projects or to follow-up on issues arising from the formal Committee meeting.

Client portfolio holdings include mutual funds, individual bond holdings, individual securities, including ETF's, separately managed accounts, and (to a lesser extent) limited partnerships. SD Wealth Management does not employ margin as an investment strategy.

SD Wealth Management employs diversified investment strategies. Generally, the higher the equity exposure the greater the potential for future return and a higher potential level of risk within the

portfolio. It is important to note that investing in any capital markets related strategy involves the risk of loss that you should be prepared to bear.

Once you are made aware of the long-term risks associated with a particular equity to fixed income asset allocation strategy, SD Wealth Management seeks to lessen the level of risk within the model by diversifying among asset classes within the portfolio and by investing the portfolio in holdings that on their own have demonstrated a strong trade-off between risk and return. Whether the strategy employs mutual funds, individual bonds, separate accounts, or individual securities, the inherent level of total portfolio risk is considered during the portfolio construction process.

In particular, care is taken to ensure that there is not a concentration of risk within the portfolio, unless otherwise directed by you. Within the equity exposure of any strategy, there will generally be underlying exposure to domestic large cap, mid cap and small cap stocks, with at least some exposure to both the value and growth style of investing. There is also exposure to international equities, which may include exposure to emerging markets. Portfolios may also have some exposure to historically lower correlating asset classes such as real estate, commodities, or hedged equity.

Within the fixed income exposure of any strategy, the underlying holdings are generally diversified among multiple sectors and/or maturity ranges. Tax-exempt strategies are employed when beneficial to the client or requested by you.

When choosing your investments, SD Wealth Management's method of analysis involves a process that focuses on both quantitative and qualitative factors. Quantitative analysis is a technique that seeks to understand behavior by using mathematical and statistical modeling, measurement and research. Quantitative analysis assigns a numerical value to variables. Examples of quantitative analysis include changes in share price, debt-to-equity ratio, price-to-equity ratio, discounted cash flow, or option pricing. Qualitative analysis uses subjective judgment based on information, such as management expertise, industry cycles, strength of research and development, and labor relations. Qualitative analysis increases the insight into the company.

The selection process begins by looking at the universe of offerings based on asset class and investment style, for example large cap domestic growth, mid cap domestic value, or international value. Various screens are then applied to the respective universe to identify quality investments with a long-term, repeatable track record of consistent performance. Rigorous analysis is applied to the underlying strategies, whether they are in the form of mutual funds, separate accounts, or limited partnerships. Factors that are analyzed include historical risk and return patterns, costs (including trading costs), and correlations between and among separate asset classes. On the qualitative side, factors that are weighed include the tenure of the investment team, size of the strategy, underlying process and philosophy, and compliance track record.

Investments are then monitored on an on-going basis and the performance of each is tracked against its appropriate benchmark. The benchmarks generally used include the S&P 500 Index (large cap U.S. equities), the Russell Mid Cap Index (mid cap U.S. equities), the Russell 2000 Index (small cap U.S. equities), the MSCI EAFE Index (international equities), the Barclays Capital U.S. Aggregate Bond Index (taxable bonds), and the Barclays Capital Municipal Bond Index (tax-free bonds).

All underlying portfolio strategies are analyzed on an after-fee basis. The frequency of trading within a strategy is a factor that can detract from your performance, especially on an after-tax basis.

Accordingly, the strategy's historical trading frequency and its effects on performance is considered.

## **Item 9: Disciplinary Information**

SD Wealth Management's personnel do not have any legal or disciplinary events to report.

SD Wealth Management utilized the marketing materials provided by a portfolio subadvisor, F-Squared Investments. Without knowing it was incorrect, F-Squared's materials were distributed to prospects and existing clients. In December 2014, F-Squared Investments admitted it violated federal securities laws related to inaccurate performance reporting. The SEC found SD Wealth Management took insufficient steps to confirm the accuracy of F-Squared's historical data and other information contained in F-Squared's materials. Without admitting or denying the SEC's findings, SD Wealth Management agreed to cease and desist from committing or causing any violations and future violations of Section 204(a) and 206(4) of the Advisers Act and Rules 204-2(a)(16) and 206(4)-1(a)(5) and paid a civil monetary penalty.

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

Schneider Downs & Company, Inc. (SDCO) is a regional firm of Certified Public Accountants. There are shareholders of SDCO that also have ownership in SD Wealth Management. SDCO provides office space and other miscellaneous overhead items to SD Wealth Management for a fee that is determined on an annual basis. SD Wealth Management provides investment advice and other services to certain clients of SDCO and SDCO provides accounting and other services to certain clients of SD Wealth Management. A separate agreement is established between SDCO and the respective client for services rendered. SD Wealth Management clients are not obligated to use SDCO for any additional services.

Don Linzer, Nancy Skeans and Jason Lumpkin, active shareholders of SD Wealth Management, are also shareholders of SDCO and as such regularly engage in activities other than the provision of investment advice through Schneider Downs & Co., Inc. and its various affiliates.

SD Corporate Finance is a registered broker/dealer, member FINRA/SIPC, established to facilitate investment banking or merger and acquisition projects that involve securities transactions. SD Corporate Finance does not receive or hold funds or securities for customers and SD Corporate Finance does not hold accounts for customers. Although an affiliated entity, it has no direct business involvement with SD Wealth Management. However, as noted in ***Item 5: Fees and Compensation***, a conflict of interest may arise through the offering of private placements in which a SD Wealth Management client invests. In some instances, SDCO will also provide accounting services to the issuer of the private placement marketed by SD Corporate Finance. To address these issues, when a client from SD Wealth Management invests in a private placement marketed by SD Corporate Finance, additional documentation will be provided to the client, and signed off on, to ensure the client fully understands the relationship, including SDCO's involvement if any. There is no obligation for SD Wealth Management clients to purchase units of a private placement offering, however, if this should occur shareholders common to SD Wealth Management, SD Corporate Finance, and SDCO may derive a benefit. Don Linzer and Theresa Sekely are registered representatives with SD Corporate Finance.

SDAdvantage Retirement Solutions (SDARS) performs recordkeeping and third party administrative services for qualified retirement plans. Clients may use SDARS in connection with their qualified retirement plans to perform recordkeeping and third party administrative services. Clients are not obligated to use SDARS for its services. If SDARS provides services to a client of SD Wealth Management, the client will execute a contract outlining the services directly with SDARS. Fees for the services will be outlined in this agreement. Since SDARS and SD Wealth Management are affiliates, shareholders common to both entities may derive a benefit and may pose a conflict of interest.

Schneider Downs Insurance Advisers, LP (SD Insurance Advisers) is a licensed insurance agency that provides consultative services regarding life, disability and long-term care insurance to clients. SD Wealth Management, as part of the planning process, may recommend a need for insurance products to you. However, you are not obligated to use SD Insurance Advisers for any services. If SD Insurance Advisers provides services to a client of SD Wealth Management, the fees/commissions associated with such service are separate from the fee of SD Wealth Management. Referral fees are not paid to SD Wealth Management; however, shareholders common to both entities may derive a benefit from insurance services provided by SD Insurance Advisers. You should be aware that while SD Insurance Advisers is a separate entity from SD Wealth Management, receipt of additional compensation by common owners could present a conflict of interest.

Business and Succession Planning Advisors, LLC (BSPA) is a law firm that assists clients in creating wills, powers of attorney's, trusts, and other estate planning documents. BSPA also assists business entities with succession planning and other various legal issues encountered by those entities. BSPA is not affiliated in any way with SD Wealth Management. BSPA does, however, rent office space from Schneider Downs & Company, Inc. and the two companies share certain clerical and administrative employees. Thus, while BSPA is not an affiliate of SD Wealth Management, the business relationship that exists between the two entities may be viewed to present a conflict of interest. SD Wealth Management, as part of the planning process, may recommend BSPA to assist its clients with the preparation of estate planning documents. Clients of SD Wealth Management are not obligated to use BSPA for any services and BSPA clients are not obligated to use SD Wealth Management for any services. If BSPA provides services to a client, the fees charged by BSPA for those services are separate from the fees charged to the client by SD Wealth Management. SD Wealth Management does not receive referral fees from, nor does it pay referral fees, to BSPA.

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

SD Wealth Management has adopted a Code of Ethics which sets forth high ethical standards of business conduct that SD Wealth Management requires of its employees, including compliance with applicable federal and state regulations governing the firm.

The Code of Ethics includes policies and procedures for the review of securities transactions of SD Wealth Management's associated persons. An associated person consists of all SD Wealth Management employees, owners with more than 5% ownership and any other individuals determined applicable by management. Associated persons are identified by the Compliance Officer, at the date of hire and annually, any accounts in which they have a beneficial interest, including accounts for immediate family and household members. Accounts that are opened or

closed, throughout the year, must be reported immediately. All securities transactions in these accounts are reported on a quarterly basis to the Compliance Officer or other designated individual.

SD Wealth Management does not buy nor sell for itself securities that it also recommends to you, nor does SD Wealth Management engage in principal transactions. However, associated persons with SD Wealth Management may buy or sell securities for their personal accounts identical or different than those recommended to you. It is the policy of SD Wealth Management that no person employed by SD Wealth Management shall prefer his own interest to that of an advisory client or make personal investment decisions based on the investment decisions of advisory clients. SD Wealth Management generally uses a combination of mutual funds and exchange traded funds. When individual equity holdings are used, SD Wealth Management generally does so through the services of an unaffiliated separate account manager. SD Wealth Management does not receive information pre-trade from the separate account manager; therefore, the opportunity of conflict of interest is not present in terms of these equity securities.

SD Wealth Management's Code of Ethics also requires employees to obtain prior approval of any acquisition of securities in a limited offering (e.g. private placement) or initial public offering. Additional policies are in place to assure that if the situation arises, associated persons cannot transact in a manner that may conflict with the interests of SD Wealth Management's clients.

The policies and procedures above do not apply to accounts that hold only direct obligations of the Government of the United States, bankers acceptances, bank certificates of deposits, commercial paper and high quality short-term debt instruments, or shares issued by registered affiliated or unaffiliated open-end investment companies. Examples of the above include CD's, US Treasuries and mutual funds.

SD Wealth Management also maintains and enforces written policies reasonably designed to prevent the unlawful use of material non-public information by SD Wealth Management and any of its Associated Persons. A copy of SD Wealth Management's Code of Ethics is available upon request.

## **Item 12: Brokerage Practices**

For Investment Management accounts, SD Personal Financial Services participates in the Schwab Advisor Services ("Schwab") program, a division of Charles Schwab & Co., Inc., a registered broker-dealer, member SIPC. SD Personal Financial Services also has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively referred to as "Fidelity"), registered broker dealers, member SIPC, through which Fidelity provides institutional platform services. We are independently owned and operated and are not affiliated with Schwab or Fidelity. They will hold your assets in a brokerage account and buy and sell securities when we instruct them to. Not all advisors require directed brokerage; however, SD Personal Financial Services will routinely request that you direct transactions through either Schwab or Fidelity. SD Personal Financial Services has evaluated Schwab and Fidelity and believes that they will provide you with a comparable blend of execution services, commission costs and professionalism.

Factors that SD Wealth Management considers in recommending Schwab or Fidelity to you include their respective financial strength, reputation, execution, pricing, research, and service. Schwab and Fidelity brokerage services include access to a broad range of investment products, execution of securities and custody of your assets. The investment products available through Schwab and Fidelity include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment. They enable SD Wealth Management to obtain

many mutual funds without transaction charges and mutual funds at nominal transaction charges. For accounts Schwab and Fidelity maintain custody on, they do not charge separately for custody, but are compensated by account holders through commissions or other transaction-related fees for securities trades that are executed on their platforms or settle into Schwab or Fidelity accounts. Schwab and Fidelity charge commission rates that are generally considered discounted from customary retail commission rates. The commissions and/or transaction fees charged by Schwab and Fidelity may be higher or lower than those charged by other broker dealers. The brokerage commissions and/or transaction fees charged by Schwab and Fidelity are exclusive of, and in addition to, SD Wealth Management's investment management fees. For further information regarding fees please refer to **Item 5: Fees and Compensation**. In addition, Schwab and Fidelity are compensated by earning interest on the uninvested cash in your account and will also receive fees within their respective money market accounts.

Our interest in Schwab's services: Schwab has agreed to pay SD Wealth Management to assist in payments we would otherwise incur for technology, research, marketing, and compliance consulting products. This creates an incentive to maintain client accounts with Schwab based on our interest in receiving Schwab's services that benefit our business and Schwab's payment for services for which we would otherwise have to pay, which is a potential conflict of interest.

For SD Personal Financial Services investment management services, transactions for each client are generally executed independently. Occasionally, SD Wealth Management will execute a transaction to purchase or sell the same security for numerous accounts. This has the potential to be either advantageous or disadvantageous to one or more accounts. Since mutual fund investments price the same for all clients at the end of the day, this would not be an issue on mutual fund trades. SD Wealth Management will only execute the transaction when it is believed to be in the best interest of the accounts affected. When such transactions occur, the objective will be to allocate the executions in a manner that is deemed equitable to the accounts involved.

In some instances, SD Personal Financial Services will use a third party bond broker, to purchase individual bonds for clients. The bond brokers utilized are third party non-affiliated entities and will execute the trade, at the discretion of your adviser, and deliver the assets, through their clearing firm, to your account, held with Schwab or Fidelity. As part of this service, the bond broker will have the ability to see or download transactions from your designated bond account.

Each SAM also has its own policies with respect to the execution of transactions for client accounts. If a SAM executes a block order in a particular security for multiple clients, it will have to enter a block order for each custodian in which the client accounts are maintained. Since SD Personal Financial Services clients may be custodied at Schwab or Fidelity, you may or may not receive the same execution price as other SD Personal Financial Services clients utilizing the same SAM. SD Personal Financial Services has a reasonable belief that the custodians are able to obtain best execution and competitive prices.

For clients engaged in the SD Advantage IRA Platform, SD Wealth Management participates in the MG Trust program. The platform consists of allocation models comprised of various mutual fund holdings, in which execution price is the same for all clients executed on that day. SD Wealth Management has evaluated MG Trust and believes that they provide you with an acceptable and comparable blend of execution services, costs, and professionalism at the omnibus level.

For clients / participants utilizing the SD Advantage Retirement Plan Platform, the menu consists of various mutual fund holdings, in which execution price is the same for all clients executed on that day. Custodians are chosen based on the best fit for the plan depending on its size and specific

needs. Client relationships are currently custodied at Charles Schwab Trust Company, MG Trust Co., LLC, TD Ameritrade or Vanguard. SD Wealth Management believes that each custodian will provide you with an acceptable and comparable blend of execution services, costs, and professionalism at the omnibus level.

The Broker / Dealers listed above and utilized by SD Wealth Management make available to us other products and services that assists SD Wealth Management in managing and administering our accounts, but may not directly benefit the client's account. These arrangements include investment research and access to software and technology. Some of the benefits SD Wealth Management derives from the software and technology including; access to client account data, duplicate trade confirmations and account statements, facilitating trade execution and allocating trade orders for multiple accounts, providing pricing and other market data, facilitating payment of our fees from our clients' accounts and assisting with back-office functions, recordkeeping and client reporting.

In addition, SD Wealth Management may utilize services provided to help us manage and further develop our business, such as educational conferences and events, publications and conferences, consulting on technology, compliance, legal and business needs, marketing consulting and support. SD Wealth Management may also receive discounts on services or software we use in our business that are provided by third party vendors.

All custodians utilized by SD Wealth Management are independently owned and operated and not affiliated with SD Wealth Management.

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

Products recommended by SD Wealth Management will be regularly reviewed for the appropriateness of the current holdings, consistency with investment strategy and possible new investment opportunities.

Your portfolio will be reviewed at least quarterly to confirm, along with other matters, that the account's structure is consistent with SD Wealth Management's policies, that the mix of securities is appropriate for you, and the asset allocation is in accordance with your Investment Policy Statement.

You are encouraged to meet at least annually, to review and discuss your investment accounts, financial situation and any changes to your needs, goals and objectives. You are further encouraged to keep SD Wealth Management informed at all times of any changes to your financial condition or events that may impact your investment strategies.

The SD Personal Financial Services relationships are under the supervision of Nancy Skeans (CEO / Partner). Each relationship is assigned a primary and secondary Investment Advisor Representative to oversee their account. Additional information regarding these advisors can be found in the ADV Part 2B, the Brochure Supplement.

The SD Retirement Solutions relationships are under the supervision of Jason Lumpkin (Shareholder) at the plan sponsor level and individual participant reviews are conducted by the Investment Advisor Representative assigned to that relationship. Additional information regarding these advisors can be found in the ADV Part 2B, the Brochure Supplement.

You are provided with transaction confirmation notices and regular account statements directly from the custodian for your accounts. Individual plan participants are provided statements quarterly directly from the plan recordkeeper.

Those clients that SD Personal Financial Services provides investment management services to will receive, in addition to monthly statements from a qualified custodian, a report from SD Wealth Management summarizing the account activity and/or your portfolio's performance on a quarterly basis.

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

SD Wealth Management may, from time to time compensate an individual for a client referral. We currently have one independent third party active solicitor that is compensated for client referrals. When a client is generated from a solicitor, you will pay SD Wealth Management the advisory fee stated in the investment management agreement. Compensation will then be paid directly to the solicitor from the fee SD Wealth Management collected. You will not be charged any fees in addition to the advisory fees and the advisory fees to which you are subject to are in line with advisory fees charged to other clients who are provided similar investment advisory services. Appropriate disclosure and any referral fees are documented in your Investment Management Agreement.

SD Wealth Management also receives an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent advisors whose clients maintain their accounts at Schwab. In addition, Schwab has agreed to pay for certain products and services for which we would have otherwise have to pay for, based on the assets held with Schwab. Please see ***Item 12: Brokerage Practices for additional information.***

## **Item 15: Custody**

SD Wealth Management and its employees do not maintain physical custody of your assets and will not intentionally take custody of your cash or securities. Your assets will be held with an independent third party custodian based on the services provided to you. SD Wealth Management has the ability to directly debit client advisory fees from accounts. If applicable, you will be informed of this procedure to debit fees from your account and will sign or initial acknowledgement. In addition, according to SEC rules, SD Wealth Management claims custody as a result of shareholders/partners of SD Wealth Management acting as trustee or power of attorney for certain client's accounts. These clients have asked the shareholder/partner of SD Wealth Management to serve as trustee or act as power of attorney based on a long standing relationship they have with our firm. SD Wealth Management is subject to a surprise audit by a public accounting firm based on this claim and SEC rules. A copy of our audited report may be obtained by contacting SD Wealth Management at the phone number or email address listed on the cover.

SD Personal Financial Services clients will receive statements directly from the custodian via regular mail or electronically depending on information you provided and how you instruct the custodian to deliver the documents. SD Personal Financial Services will also provide portfolio review statements to investment management clients. These will be provided at least quarterly and you are urged to compare these statements directly with the statements received from your account custodian.

SD Personal Financial Services advisory discretionary client account assets are held by either Fidelity Investments or Charles Schwab & Co., Inc. as described in **Item 12: Brokerage Practices**.

Accounts for clients in the SD Advantage IRA program are held directly at MG Trust Co., LLC. Participants in the SD Advantage IRA program will receive quarterly statements from the recordkeeper, ASpire Financial Services.

Based on the account size and services provided, accounts for clients participating in the SD Fee Based Retirement Plan platform have assets custodied at one of the following custodians; Charles Schwab Trust Company, MG Trust Co., LLC, TD Ameritrade or Vanguard. For more details please see **Item 12: Brokerage Practices**.

Participants in the SD Advantage Retirement Plan platform will receive statements from the plan's designated recordkeeper, while the plan sponsor will receive statements from both the recordkeeper and plan custodian.

### **Item 16: Investment Discretion**

For accounts in which SD Wealth Management has discretion, as evidenced in the executed investment management agreement between SD Wealth Management and you, the adviser may buy or sell securities without obtaining your approval beforehand. Any exceptions to this would be disclosed in the individual investment management agreement.

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

SD Wealth Management, as a matter of policy and practice, does not accept authority to vote proxies on behalf of clients engaged in services with SD Personal Financial Services, SD Retirement Solutions Fee Based Retirement Plan Platform or for accounts held on the SD Advantage IRA Platform as described in **Item 4: Advisory Business**. The policy of having no proxy voting responsibility is disclosed to you in your investment management agreement. Proxies will be sent to you or the plan sponsor directly from the account custodian.

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

SD Wealth Management currently has no financial information to disclose.