

### Code of Ethics

PDM Investment Services is a Registered Investment Advisor acting as a fiduciary under ERISA code, putting client's interest first. PDM Investment Services acts as an independent investment advisor with strong fiduciary responsibilities. We strive to comply with applicable laws and regulations governing our practices. We put the client's interests first and act in good faith. We do not receive any compensation that is contingent on any client's purchase or sale of a financial product.

PDM Investment Services, LLC is a Registered Investment Advisor with the Exchange Commission of the State of Michigan. For our complete brochure see our Firm Brochure Form ADV 2. All clients will receive a copy of this form from PDM Investment Services annually. Additional information about PDM Investment Services, LLC or Philip Michalek is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for PDM Investment Services, LLC is 155217.

### Strategy

See our Focused Growth Investor newsletter for detail of our investment strategy.

We do not use risky strategies like derivatives, margin, options, shorting stocks, leverage, and penny stocks. We only use strategies and invest in securities we would personally invest in for ourselves. PDM Investment Services practice a pro-investor structure offering independent advice, open architecture, transparency, liquidity, and low-cost solutions. The client's portfolio transactions and holdings are accessible to them thru their custodial account.

Our portfolio design and management employ the following strategies:

- Tactical Equity Allocation (Active Risk Management)  
(Fundamental, Valuation, Technical, Market Sentiment and Cycle & Seasonality Analysis)
- Strategic Adaptive Asset Allocation (Active Asset Class & Sector Allocation)
- Diversified Mutual Fund & Sector Portfolios (Active & Passive Mutual Fund and Individual Stocks)

We use 4 Model Portfolios:

- Model 1 - Large Highly Diversified Mutual Fund and Stock Sector Portfolio (\$300,000)
- Model 2 - Medium Diversified Mutual Fund and Fund Sector Portfolio. (\$100,000 to \$300,000)
- Model 3 - Small Asset Allocation Fund Portfolio. (< \$100,000)
- Model 8 Fund – Medium Size, Diversified 3 Passive & 5 Active Fund Portfolio.
- T. R. Price Retirement and American Funds Target Date Fund. Simple, easy to use and gets you to your goal.

### Service to Other Clients

PDM Investment Services purchases recommended securities for themselves and client portfolios. PDM Investment Services has discretionary managed accounts that may buy or sell the same securities listed in our newsletter before or after they are recommended. Managed accounts own many, but not necessary all, recommended securities depending on the size of their account, goals and objectives and risk level.

### Trading Error

A trading error is when the unintended security or amount is executed during a trade. In the event a trading error occurs in your portfolio we will restore your account to the position it should have been in had the trading error not occurred. A trade error would be identified at the time of the trade or the next day when the portfolio sheet is updated from a custodian download. Most trades are small between 1% and 3% of total portfolio.

The price change and transaction fees will be used to calculate the amount. The difference will be deducted from the next portfolio management quarterly fee. If a trade error results in a profit, you will keep the profit.

### Trading Frequency

Our portfolios that invests in individual stocks has a higher frequency of trades. Higher trading frequency involves higher transaction costs and tax consequences. Most of our mutual fund purchases are long-term purchases of over one year.

### Errors and Omission

The opinions and analysis are based on sources believed to be reliable and written in good faith, but no representation or warranty, expressed or implied, is made as to their accuracy, completeness, timeliness, or correctness. Neither we nor our information providers shall be liable for any errors or inaccuracies.

### Information Sources & Forward-Looking Statements

PDM Investment Services uses research material prepared by others including newspapers, newsletters, on-line services, timing services and company press releases. All market, mutual fund and index performance data presented in the newsletter is available at [www.morningstar.com](http://www.morningstar.com). Other information sources are disclosed in the content of the article. Research and data used in our ratings, analysis, newsletter, plans, performance analysis and education include: Morningstar, Barron's, Schwab, Cypress Capital, Dow Theory Forecast, Bigcharts.com, Stockcharts.com, Manifest Investing, Investment Advisory Service and Fidelity Monitor. Company news sources are [businesswire.com](http://businesswire.com), [zacks.com](http://zacks.com), [marketwatch.com](http://marketwatch.com), [dowjones.com](http://dowjones.com) thru [Morningstar.com](http://Morningstar.com) and company websites.

### Investment Performance and Risk of Loss & Responsibility

PDM Investment Services does not in any way guarantee the portfolio from loss, nor guarantee any minimum investment performance for client portfolios. Investing in securities involves risk of loss that clients should be prepared to bear. PDM Investment Services shall be responsible only for the satisfactory performance of all duties expressly assumed. Past performance is no assurance of future results. All investments involve individual security risk and market risk. Recommendations and advice are given with the understanding that the client assumes all risks involved. Always consider investment objectives and risk before investing. Investing in individual stocks generally carries more risk than diversified mutual funds. It is not recommended to invest more than 3% of a portfolio into any individual stock.

### Confidentially

All client information is considered strictly confidential and will not be divulged without specific authorization of the client or if allowable by law. PDM Investment Services and its employees have an obligation to keep all information about clients (including former clients) in strict confidence, including a client's identity (unless the client consents in writing), a client's financial circumstances, a client's securities holdings, and advice furnished to a client by the firm. We restrict access to non-public personal information and maintain physical and electronic safeguards to guard your personal information.

E-mail messages are sent primarily to provide information related to our services. This includes notifications when a new newsletter or alert is sent or posted on our website. E-mails will also be sent informing subscribers of any material changes or relevant facts relating to the use of our service. We neither rent nor sell your e-mail address to anyone. We may also send e-mails to current and former subscribers announcing new services, promotions, or special offers. If you do not wish to receive these e-mails, please contact us and you will be removed from our mailing list.

Our [fginvestor.com](http://fginvestor.com) website is a secure site that uses Secure Sockets Layer (SSL) software that encrypts the information, such as credit card numbers that you input. By using this site, you agree to our use of your user information as described in this privacy policy. As we add new technology and new services, we will update our privacy policy. We encourage you to look to this policy on a regular basis for our most current privacy policy practices.

### Marketing and Internet Presence

Our website, [www.fginvestor.com](http://www.fginvestor.com) is not intended to offer investment advice and would only offer advice if registered in that state. The website is designed for product information and posting of the Focused Growth Investor newsletter, alerts, and investor education. The advisor also has a presence on LinkedIn. We have limited marketing campaigns and most of our new clients come from referrals.

### Financial Industry Activities, Affiliations and Brokerage Practices

PDM Investment Services and Philip Michalek are not actively engaged in business other than giving investment advice. There is not a general partner or any partnership in which clients are solicited to invest. PDM Investment Services and Philip Michalek currently do not have any arrangements or are not affiliated with any organization such as a broker-dealer, investment-company, bank, law firm, insurance company or another investment advisor.

PDM Investment Services is currently not affiliated with any broker but suggests low-cost on-line brokerage services to clients. The factors considered when selecting a broker are on-line stock and mutual fund trading, trading costs, number of mutual funds offered, reliability, execution speed, overall satisfaction, access to local branches and research. PDM Investment Services does not use research offered by brokerage firms in its clients' accounts.

All trading costs are the same for all clients with the same broker. Trading costs vary between brokers. We do not receive any compensation that is contingent on any client's purchase or sale of a financial product. The advisor does not receive any compensation from the securities selected.

### Terms of Use

The content of the [fginvestor.com](http://fginvestor.com), Focused Growth Investor newsletter or other reports are the property of PDM Investment Services and subject to copyright, trademark and intellectual property rights. You may not reproduce, retransmit, redistribute, upload or post any part of our website, newsletter or report in any form or by any means, other than those strictly related to your own personal, noncommercial use. Any other use of our content is strictly prohibited unless prior written permission has been obtained from PDM Investment Services. International copyright law protects the content on this website. Focused Growth Investor is a Trademark of PDM Investment Services, LLC. Copyright 2006 © PDM Investment Services LLC, All rights reserved. ISSN 1930-0700

### Custodian Insurance

Cash protection is \$250,000 FDIC plus \$1 million from private insurance in Schwab Bank.

Equity protection is \$500,000 SIPC plus \$25 million from private insurance at Schwab Advisor Services.

## Performance Calculations

Clients receive their own Portfolio Performance Reports in July and January and can use their brokerage statements to verify the calculation.

Our Model 1 Portfolio performance is calculated using our Diversified Mutual Fund and Sector Portfolio with Individual Stocks. The portfolio is a real account and performance is calculated with account statements. The portfolio has not seen any cash additions or subtractions. Brokerage transaction fees and dividends are included in the performance calculations. Performance is calculated before advisor fees and after advisor fees. Advisor fees include Advice, Administrative, Financial Planning and Portfolio Management services. The annual advisor fee for the calculation used was 0.7% from 2012 thru 2019 and 0.6% since 2020.

Performance calculations were verified by Alpha Performance Verification Services from 2012 thru 2021.

Starting in 2022 I listed the closing balance of the account each year for performance verification. The portfolio has no cash moved in or out each year. Account statements are available upon request. Statement Balances: 12/31/2011=\$323,754, 12/31/2012=\$370,714, 12/31/2013=\$455,359, 12/31/2014=\$478,930, 12/31/2015=477,693, 12/31/2016=\$511,196, 12/31/2017=\$602,636, 12/31/2018=\$563,627, 12/31/2019=\$690,199, 12/31/2020=\$823,331, 12/31/2021=\$931,090, 12/31/2022=\$765,108, 12/31/2023=\$883,287.

Starting in 2016, our benchmark changed from the Morningstar Moderate Target Risk Benchmark to the Fidelity Asset Manager 70% (FASGX) because Morningstar modified their benchmark structure, and it did not align with our risk profile table.

Past performance is no guarantee of future results. Market and economic conditions have the largest impact on a portfolio's performance. Strategies can go in and out of favor in different market environments. Some periods will see losses. Investment strategies evolved over the past and will continue to evolve in the future. Client investment results may vary from the model due to the timing of implementation, implementation transaction fees, portfolio size, risk profile and actual investments. For details on our calculations see our disclosure page.

## Portfolio Analysis

When reviewing a portfolio against its benchmark consider the specifications below.

### **Performance (Alpha)**

Alpha is the annual performance of the portfolio greater than its benchmark. Alpha is calculated by taking the average of the annual performance of the years reviewed for the portfolio than doing the same for its benchmark. The portfolio average is then subtracted from the benchmark average. A positive number is the percent the portfolio outperformed the benchmark each year annualized.

### **Performance Consistency**

The number of years the portfolio outperformed the benchmark divided by the total number of years reviewed. For close years, a 0.5 credit is used in the calculation.

### **Risk (Standard Deviation-Variation from the mean)**

The Microsoft excel formula STDEV.P for the years reviewed.

### **Risk Adjusted Return (Sharpe Ratio)**

(Average return of the years reviewed minus the 90 Day T-Bill rate) divided by the standard deviation all multiplied by 100. The Microsoft excel formula AVERAGE is used for the years reviewed. The 90 Day T-Bill rate over the past 11 years has been 1.5%.

### **Maximum Drawdown**

The year with the most negative return over the years reviewed is the maximum downdraft.

### **Portfolio Management Cost**

The average annual portfolio management fee for the portfolios managed by PDM Investment Services.

PDM Investment Services is no longer accepting new clients unless they are high-net worth and will be with me at least 5 years.

PDM Investment Services will receive an asset-based fee on a quarterly basis for investment supervision and management of the Portfolio and our other services. Advisory fees are based on the market value of assets under management at the beginning of each quarter. Fees are payable on a quarterly basis after each quarter.

The fee percent is reviewed quarterly and adjusted to schedule based on the assets under management at the beginning of the quarter. The fee percent is not prorated/changed for money movements during the quarter unless the criteria below is met.

**Money added** to a portfolio or new portfolio during the quarter will not be prorated into the quarter. The fees will be adjusted in the beginning of next quarter.

**Money removed** from a portfolio during the quarter, will not be adjusted out of that quarter's fees unless the amount is significant. (Significant is if the adjustment of the withdrawal results in \$100 or more reduction in fee)

**Money Segregated**

If a significant >15% position of one stock (like company stock) is held in a portfolio unmanaged, fees will not be charged until the stock is sold to be mixed into the portfolio.

**Assets under management drop into a higher fee bracket**

If assets from significant withdrawals are expected to stay lower for at least 12 months, the client fee will be adjusted for the next quarter. If client assets fall and put you in a higher fee level from a correction or bear market the fee will not be adjusted for at least 6 months depending on market conditions.

**Portfolio removed or terminated relationship** fees will be prorated for the quarter.

The client is responsible for brokerage transaction fees and any other charges incurred by the custodian on the client's behalf. Clients are billed quarterly and can pay by check or custodian deduction. Clients are sent an invoice 7-days before the fee is processed with their credit card or deducted from their account by the custodian. This gives the client a chance to review the calculation. The quarterly fee is 25% of the annual fee listed below. Fees may vary from schedule for prior clients. The fee schedule below is for combined family assets under management. Portfolio management fees for my immediate family may be lower.

Either the client or advisor may terminate this agreement at any time confirming in writing. In the event this agreement is cancelled, the fee payable by client shall be prorated for the current quarter. Upon advisor receipt of written notice of termination from client, advisor shall terminate portfolio management on an agreed upon date by the client and collect the prorated final fee.

**Fee Table**

Assets Under Management (Fees are paid quarterly) AUM Based on sum of portfolios managed	Annual Fee
\$300,000 to \$500,000	0.9%
\$500,000 to \$1,000,000	0.8%
\$1,000,000 to \$1,300,000	0.7%
\$1,300,000 to \$2,000,000	0.6%
\$2,000,000 and higher	0.5%

There was a 0.1% increase cap when applying the new fee structure on January 1, 2022.

**Financial Planning**

Free to portfolio management customers. Standard Financial Plan with Financial Summary Sheet.

Advanced Money Guide Pro Plan (Account Aggregation, Client Portal) (Option for clients nearing or in retirement with \$1 million AUM)

**Focused Growth Investor Newsletter**

\$300 for a 2-year subscription. (Only option)

Free to portfolio management customers and their children under 35 years old.

Transitioned clients will receive the Focused Growth Investor Newsletter Free until the publication ends after 2028.

Cancelation policy: A prorated refund will be distributed for the unsent issues of the term.

Once the Focused Growth Investor Newsletter is no longer published you can use my research tools on the market outlook, mutual fund selection, stock selection and portfolio design and management listed below.

**Newsletter Research**

Schwab Research – Market Insight, Asset Allocation, Financial Planning, Stock Research, Schwab Market Update, Market Insights.

JP Morgan, Raymond James, First Trust, and other large investment firms – Market Insight

Barron's – All areas

CNBC – All Areas

Dow Theory Forecasts – Market Insight, Asset Allocation, Individual Stock Ideas

Fidelity Monitor & Insight – Market Insight, Asset Allocation, Investment Portfolios, Fidelity Mutual Funds

Morningstar – Mutual Fund Research (Fund Investor Magazine and Online Premium)

Investor Advisory Service – Individual Stocks Ideas

Manifest Investing – Individual Stock Research

Y-Charts – Individual Stock Research, StockCharts.com – Stock Charting, BigCharts.com – Stock Charting

Philip Michalek is the only employee and user at PDM Investment Services.

Client personal information is not stored electronically on equipment listed below. (SS#, Account Numbers)

Schwab is the only custodian for client accounts and client critical information (SS#, Account Numbers)

Schwab security policy available upon request.

### Equipment

- Apple MAC Book Pro 2021 and 2014 for backup (Big Sir OS with antivirus software, auto updates) encrypted drive  
MAC Book is backed up with Time Machine quarterly to a secured hard drive.
- Apple iPhone 13 Pro Max 2022 (Latest OS, auto updates), image on iCloud
- Apple iCloud, images for restoring hardware, working files in Word, Excel, PDFs, mail, calendar, and contacts. (encrypted)
- Xfinity Internet Provider, Xfinity Gateway XFi Wi-Fi (Xfinity Security protection) Xfinity email server (encrypted)

### Software

- Microsoft Office 365
- Microsoft Outlook, Email, Xfinity Email Server (MacBook and iPhone)
- Schwab Advisor Platform  
Money Guide Pro (access thru Schwab Client login)  
Yodlee Aggregation Software (access thru MGP login)
- Teams and Zoom, no file sharing of documents that contain sensitive client information

### Equipment, Email, Text and Phone Call Guidelines

Email is the easiest way to breach into a system. Breaches come from user error.

- Latest virus protection software running with auto updates.
- No public Wi-Fi usage.
- Do not open attachments or click on links of suspicious emails. Ignore personal information requests by phone, email, or text. Pay close attention to the verbiage style in the email, the exact email address (hover over email address and links).
- Call your contact at your institution before you give information or go to the official company website and call their support number. Only enter your personal information on secure websites that start with https and not http.
- Block suspicious emails and move to trash. Do not reply or unsubscribe.
- Never send an email with personal information in the title or body content.
- Once a virus infests your computer it can send emails that look like you with fake requests, infected links and attachments.

### Password Protection Guidelines

Apple MAC Book password, Apple phone code during setup, fingerprint

Apple iPhone password, Apple phone code during setup, login, facial recognition

Schwab account access requires a login, unique long sentence password and text code.

- Unique passwords and multi-factor authentication are used on critical equipment and services. (Login, password, text code)
- Bank, brokerage, credit card, retail, computer, gateway, and phone should be secured with a strong unique password using capital and small letters, numbers, and symbols.
- Change passwords often or use password manager software  
LastPass - best overall, Dashlane - extra security, 1 Password – for families, LogMeOne – multi device
- Never use your personal names or numbers as a password.

### Services

Schwab Advisor Services is our custodian (Philip Michalek is the only user)

Business Bank of America (Not mission critical and is not connected to clients)

Business Bank of America Mastercard Credit Card (Not connected to clients)

Accountant Personal/LLC tax services, secured portal (My tax returns only)

### Data Protection

Client personal information is not stored electronically on equipment or the iCloud. (SS#, Account Numbers)

Schwab is the only custodian for client accounts and client critical information (SS#, Account Numbers)

All documents are sent to Schwab thru a secure portal.

Schwab will always notify you of check requests, distributions, transfers, and personal information changes by email.

- Clean and delete client documents (forms) real time of receipt or once sent to Schwab.
- Paper files containing client personal information such as social security number and account numbers are filed securely.
- Images for restoring hardware, working files in Word, Excel, PDFs, mail, calendar, and contacts are stored on the Apple iCloud.
- All trades are made on our secured Wi-Fi, company 5G hotspot or Apple iPhone call to Schwab.

### Identity and Credit Protection

Identity and Credit Monitor Services – Costco Experian Complete ID, Discover, Allstate, etc.

Monitors personal information, credit cards and bank accounts. Alerts you if someone contacts a credit report agency to open an account or credit card with your identity.

Credit Report Agencies are Experian, TransUnion, Equifax. You can call each of them and put a credit freeze so no accounts or credit cards can be opened with your identity.

Turn on alerts for your bank and credit card accounts.

### Detection

System notifications, quarterly reviews, and annual audits (review cyber security plan). One person business so no 3<sup>rd</sup> party testing.

### Response

Philip Michalek is the only employee. He will resolve breach and notify clients if effected.

Log in cyber security breach log.

**Recover from Breach or Disaster**

A cyberattack or office disaster would not have any significant impact on portfolio management services due to the custodian arrangement and the file backup process. A duplicate MAC Book is available or a New MAC Book could be restored in 24 hours.

**Training and Awareness**

Continuous Education on Cyber Security, Schwab bullions and webinars.

**Statements**

Bank, credit card and brokerage accounts are available online and reviewed monthly.

In the event of a technical failures, fire, natural disaster, cyber-attack at our home office or area, the following steps are in place to avoid disruption.

**FINRA Rule 4370** requires members to create and maintain a written Business Continuity Plan to identify procedures relating to an emergency or significant business disruption. Reviews of plans must be conducted at least annually to determine whether modifications are necessary. Below are the 10 required areas, at minimum.

1. Data back-up and recovery (hard copy and electronic) – iCloud and safe, backup monthly, and quarterly
2. All mission critical systems – Schwab Advisor Services, MAC Book
3. Financial and operational assessment – Limited capital, no debt, Business Continuity Plan, Bank of America, Yeo and Yeo
4. Alternate communications between customers and the member – Cell phone and email, emergency contact, Schwab contact
5. Alternate communications between the member and its employees – no employees
6. Alternate physical location of employees – Can work anywhere with secure internet access or 5G services.
7. Critical business constituent, bank, and counter-party impact – Bank of America, Schwab Advisor Services
8. Regulatory reporting – FINRA phone, email, and website
9. Communications with regulators – FINRA phone, email and website. Disclosure is updated multiple times a year on website.
10. How the member will assure customers' prompt access to their funds and securities, if the member determines that it is unable to continue its business – Schwab Advisor Services is our custodian.

### Business

- My business is operated out of my home and can operate remotely.
- MacBook and iPhone are backed up to the iCloud real time and can be restored to new devices the same day.
- Schwab Advisor Services is our custodian holding all securities and client account information. (Backup and Cyber-Security)
- Schwab Client Portal is accessible from any computer anywhere.
- Money Guide Pro (financial planning software) is accessible through the Schwab login and Money Guide Pro login.
- Money Guide Pro is accessible from any computer anywhere.
- Working Files (word, excel, pdfs) are accessible from the MacBook and Tablet on the iCloud.
- Working Files are backed up real-time on our MacBook and to the iCloud.
- Emails are accessible from the iPhone, MacBook, Tablet and Comcast.com.
- Emails are on the Comcast mail server and backed up real time to the iCloud.
- Contact Information is accessible from iPhone, MacBook and Tablet.
- Contact Information is backed up real time to the iCloud.
- Apple Calendar (appointments and tasks) is accessible from MacBook and iPhone.
- Apple Calendar is backed up real time to the iCloud.
- Accounting (excel) (Business accounting, accounting files) from the MacBook and Tablet on the iCloud.
- Accounting files are backed up real time to the iCloud.
- Cyber Security (See page 5)

### Hardware, Software, Services and Banking

- Apple MAC Book Pro, Apple iPhone (iCloud connected)
- Comcast Internet and Wi-Fi, Outlook email server, Verizon wireless iPhone and 5G
- Microsoft Office 365 (Outlook email, Word and Excel files)
- Bank of America (Business Bank), Yeo & Yeo (Accounting)

**Temporary Disruption from Management**

If Philip Michalek (only employee) of PDM Investment Services is Unable to Perform Duties for a Short Period of Time (3-6 months). Schwab Advisor Services, Schwab Financial Consultant and Schwab Alliance client portal can assist you. (see below)

Services on Hold

- Focused Growth Investor Newsletter
- Correction Updates and Trade Alerts
- Portfolio Performance Reports (Jan and July)
- Financial Advice
- Behavior coach during market volatility, corrections, and bubbles
- Investment Idea Analysis
- Retirement Transition Planning
- Calls to clients
- Financial Plan updates, 401(k) designs and Money Guide Pro setup and changes
- Reviewing your portfolios periodically for rebalancing, investments and performance to benchmark and make adjustments.
- Current portfolio strategic asset allocation and tactical equity allocation
- Buy investments with new cash and rollovers
- Selling investments to free up large amounts of cash for withdrawals (Portfolios typically hold 5% cash)
- Process money moves
- New Portfolio designs and management
- Opening or closing accounts
- Deceased Client Investment account distributions

Services on Auto Pilot

- Portfolio Management of current portfolios and are designed to go without attention for periods of 6 months or longer.

Schwab Support Services

General financial advice, check requests, annual RMD Distributions, money moves, setup new accounts, account transfers. Check deposits are by mail.

- Schwab Alliance, Client portal
- Schwab Advisor Center, Advisor Portal
- Schwab Financial Consultant (PDM contact)  
Joseph Millard Financial Consultant Troy, MI.  
248-740-0014 (Troy MI branch)

**Business Continuity Plan – Permanent Disruption of Management**

If PDM Investment Services (Philip Michalek) permanently could no longer perform the duties per the Advisory Agreement.

You would be notified by Schwab and my wife Renee Michalek and advised on the steps to take.  
Renee Michalek 248-890-4468, [rcmichalek@comcast.net](mailto:rcmichalek@comcast.net)

When an advisor becomes unable to manage client accounts on the Schwab Advisor Services platform, the client accounts will be de-linked from the RIA's master account and moved to a Schwab branch office based on closest proximity to the client. Clients would be notified, and their accounts would become self-directed.

Client Options

- Self-Managed
- New Advisor

**Retirement Transition Plan - Estimate, Subject to Change****Phase One: 2022**

Clients with less than \$300,000 of assets under management will be transitioned to another advisor or self-managed.

**Phase Two: 2023 – 2024**

Clients with less than \$500,000 of assets under management will be transitioned to another advisor or self-managed.

**Phase Three: 2025 – 2026**

Clients with less than \$1,000,000 of assets under management will be transitioned to another advisor or self-managed.

**Phase Four: 2027 – 2028**

Clients with less than \$1,300,000 of assets under management will be transitioned to another advisor or self-managed.  
Focused Growth Investor Newsletter ends.

**Phase Five: 2029 +**

Yet to be defined for clients with more than \$1,300,000.



## Self-Managed

Your advisor platform will be released to the retail platform for your control.

Before you self-manage your financial plan and investment portfolios consider the following:

How would you describe your investing and financial planning knowledge?

How comfortable are you in researching and following investments?

Do you prefer an active or passive investment style?

How often will you review your financial plan and portfolio holdings?

Do you have the time to manage your investments and your financial plan?

How comfortable are you with logging into your accounts and navigating your way around their website?

This method requires you to be self-driven and interested in doing your own research. Many people lack the interest and time to spent on a plan and investment portfolios. Their risk level is wrong, performance is under benchmark, they have to many accounts of the same type, diversification is weak, asset allocation is weak, no rebalancing, investment selection is weak, portfolios are not analyzed or monitored for performance and maintenance.

Financial Advice – Do your own research.

Social security planning. [Schwab research tools](#).

Market Commentary, Focused Growth Investor Newsletter

[The Focused Growth Investor Newsletter will continue to be free for transitioned clients until the publication ends.](#)

Administrative Services – Do your own.

Fill out and process paperwork. Open new accounts, setup account links, account transfers and rollovers, process money moves and RMDs, make check requests and update your personal information and beneficiaries.

[Schwab on-line, support call or branch visit](#). [Most PDM clients have many of the services above in place. They will have to implement changes.](#)

Financial Planning – Create a financial plan with custodian on-line financial planning tools or hire a Financial Planner.

Financial planner fees will likely be \$2,500 for the initial plan and \$800 per year depending on ongoing services needed.

You could use XY Planning Network to find a Financial Planner.

Create your own financial plan with your custodian on-line financial planning tools.

Client.schwab.com, login, Guidance, tools, retirement planning calculator.

Schwab Client.schwab.com, login, guidance, tools, retirement planning calculator. Fidelity 401(k) financial planning software. TD Ameritrade.com retirement, retirement income solutions, retirement calculator, get started.

Quicken Premier (\$75) Limited projection capabilities. Custom Excel projection files. PersonalCapital.com Free financial planning with aggregation, holdings, asset allocation and accumulation/distribution. Mint also has account aggregation and monitors bank accounts, credit cards, loans and investment accounts.

Money Guide Pro, eMoney, Custodian Custom. (\$2,000 to \$3,000 a plan + annual fee)

Client portal, account aggregation, asset allocation analysis, real estate, annuity and municipal bonds, life insurance, debt, home and other real estate, net worth table, social security analysis, asset infusions at specific times in the future, spending levels over time, income levels over time, required minimum distributions annually, effective tax rates.

Portfolio Design and Management – Design and manage your own portfolios or use Asset Allocation Funds.

Custodians – Schwab, Fidelity, Vanguard, or Others.

Fee Structure – 0% + the value of your time (No advisor)

Some clients may want to convert their portfolios into all-in-one managed Asset Allocation Funds for their risk level.

It is easy to move money in and out of these portfolios because they do not require rebalancing. You are only selling or buying one fund not rebalancing many.

Schwab cash in /buy process: Mail check or ACH cash to Schwab, invest cash on-line or with a call-in.

Schwab cash out /sell process: On-line or call in sell to free up cash, request a mailed check or ACH cash out.

## **Advisor Selection Process and Services**

### **Firm and Advisor Characteristics**

#### **What Clients wants**

Advisor who puts client interest first, simple understandable fee structure, speak in understandable terms, useful simple statements (financial plan, portfolio summary, newsletter), reasonable investment returns, quick communication responses, investment ideas, emotional support in turbulent times, tactical market knowledge and easy account access.

Advisor who understands and subscribes to their values and goals. People want to work with people like themselves. Advisor who became successful with the strategies recommended to clients. Advisor who invests in the strategies clients are invested in.

- A Registered Investment Advisor Firm (RIA) and an Investment Advisor Representative (IAR) are best because they are fiduciaries that must put your interest ahead of their own.
- Other designations are Certified Financial Planner (CFP) and Chartered Financial Analyst (CFA).
- Large Institutional Firms are usually Dually Registered (Advisor & broker commission products). They use an in-house custodian, some company products, some outsourced portfolio management, and complex disclosures. Advisors in institutional firms typically have more clients and less personalized advice.
- Mid-Small Independent Firms are usually Advisor only with no commission products. They use outside custodians like Schwab, no corporate products, in-house portfolio management, often lower total fees, simple structure, and simple disclosures. Advisors in small independent firms typically have less clients and more personalized advice.
- Stay away from commission products like loaded mutual funds, annuities, complex life insurance products, non-traded REITS, or high fee hedge funds.
- Research your advisor using the company website and <https://brokercheck.finra.org/>  
Read the ADV1, ADV2, CRS Forms. Look for education, designation exams, experience, and disciplinary actions.
- Will you have a dedicated advisor, team, or use a call center? A diversified team structure may be helpful.
- Is the fee structure competitive including financial planning services?
- Advisor minimum assets under management may limit you to less services and simple passive portfolios.

#### **Financial Advice and Market Commentary**

- Help you establish your financial goals and risk level.
- Help define the type of accounts best for you. (Trust, Joint, IRA, Roth)
- Analyze your current investment accounts and help select investment strategies. Analyze your investment ideas.
- Market Commentary, Focused Growth Investor Newsletter
- General guidance on taxes, estate planning, and Medicare.
- Behavioral coach to guide you through market corrections and bubbles.
- Guide you with your transition into retirement with income planning, tax management, social security optimization, Medicare, portfolio risk level in retirement and your RMD strategy.

#### **Administrative Services**

- Open new accounts and perform account transfers.
- Setup account links, process money moves, and required minimum distributions (RMDs).
- Perform check requests.
- Help with 401(k) rollovers.
- Update your personal information and beneficiaries.

#### **Financial Planning (FA Industry Focus)**

- Financial plans monitor your investment and total net worth.
- Make projections of investment net worth from the start of retirement, during retirement and at the end of your plan.
- Monitor the probability of success of not running out of money before your plan ends.
- Key elements of a financial plan include income, spending, annual contributions, investments, real estate, debt, net worth, goals, investment strategies, tax rates, inflation rate, and your risk level before and during retirement. Life insurance, trust, and health insurance may also be included.
- Retirement Transition Planning: Income planning, tax management, social security optimization, Medicare, portfolio risk level in retirement, required minimum distribution strategy and probability of success projections.

A financial plan is a written long-term plan to guide you to meet your retirement goals and maintain income in retirement. A plan provides peace of mind to your family, defines your goals, monitors progress, and drives adjustments. Plans make you less likely to overreact to market volatility and increase one's confidence and effectiveness in managing income, spending, saving, investing and debt.

#### **Portfolio Design and Management (Portfolio management is becoming more passive and commoditized)**

- Help you select a risk level and investment strategy to meet your goals.
- Design your portfolios, select investments, and implement portfolios.
- Implement cash inflows and make sales and rebalance after cash outflows.
- Monitor your portfolios, rebalance, and make changes to investments as needed.
- Perform tax-loss harvesting on taxable accounts.
- Annual portfolio analysis reports.
- Find an advisor that invests their personal money in the strategies they recommend. Most advisors design and manage a basic diversified mutual fund or index fund portfolio with rebalancing. Some advisors use more advanced strategies. Some advisors may outsource portfolio management to Corporate or Separately Managed Accounts.

#### **Investment Firm Research Sites**

<https://brokercheck.finra.org/>   <https://adviserinfo.sec.gov/>   <https://www.investor.gov/>   <https://investor.com/>

## Advisor Referral Network

### Large Institutional Firms, Dually Registered (Advisor & broker commission products)

**In-house custodian, some company products, some portfolio management outsourced too corporate, complex disclosures.**

Charles Schwab (Large) (\$0 Robo, \$100k call center, \$500k advisor net, \$1m private client) MI office.

**Financial Planning**, Retirement Income Planning, Tax Management, Estate Planning, Insurance, Endowments, Annuities, Brokerage Services. Schwab also offers an on-line Robo Advisor platform with an advisor support team.

**Portfolio Strategy: Diversified Mutual Fund Portfolios** (Schwab Managed Accounts), Separately Managed Accounts, and other strategies.

<https://client.schwab.com/public/consultant/find>

<https://www.schwab.com/invest-with-us>

Raymond James (Large) (\$200k full-service minimum) MI office

**Financial Planning**, Retirement Income Planning, Tax Management, Estate Planning, Insurance, Endowments, Annuities, Brokerage Services, Private Equity.

**Portfolio Strategy: Diversified Mutual Fund Portfolios**, Separately Managed Accounts, and other strategies.

<https://www.raymondjames.com/marchandmelia>

<https://www.raymondjames.com/about-us>

### Mid-Small Size Independent Firms (Advisor only, no commission products)

**Outside custodian, no corporate products, in-house portfolio management, simple structure, and disclosures**

Provident Investment Management (Midsized) (\$350,000 minimum) MI Office

**Financial Planning (Basic)**, Retirement Income Planning, Tax Management, ~~Estate Planning, Insurance~~

**Portfolio Strategy: Active managed Individual Stock portfolio.** Strategy is based on IAS Newsletter and Better Investing stock selection process, 100% equity. Separate Individual Bond portfolio. Long/Short Hedge Fund strategy.

<https://www.investprovident.com/>

J2 Capital Management (Small) (\$200,000 full-service minimum) MI Office

**Financial Planning**, Retirement Income Planning, Tax Management, Estate Planning, Insurance

**Portfolio Strategy: Very Active Index ETF or individual stocks with strategic asset allocation.** Risk focused over returns.

<https://j2cm.com/>

### Investment Firm Research Sites

Company website

ADV1, ADV2, CRS Form

<https://brokercheck.finra.org/>

<https://adviserinfo.sec.gov/>

<https://www.investor.gov/>

<https://investor.com/>

### Other Firms

Ritholtz Wealth Management (Midsized) Mostly Virtual

\$5,000 Betterment Robo, 0.5% fee, \$500k Inflight Robo with advisor, 1.25% fee

\$1,000,000 Wealth Management full-service with advisor, 1.25% fee with reduction after 3 years.

**Financial Planning**, Portfolio Management, Retirement Planning, Tax Planning, Estate Planning, and Insurance.

**Portfolio Strategy: Diversified Low-Cost Model Portfolios (5 risk levels). Index ETF Funds, Dimensional Active ETFs, Active Mutual Funds, Bonds Funds and SMA Muni Bond Funds.**

Goal Tender Tactical Equity Allocation and Strategic Asset Allocation. Goal to reduce risk not to beat the market. Rule based

<https://ritholtzwealth.com/>

Creative Planning (Large) (\$500,000 full-service minimum) MI small remote office

**Financial Planning**, Retirement Income Planning, Tax Management, Estate Planning, Insurance, Private Equity.

**Portfolio Strategy: Diversified ETF Portfolios with some individual stocks and sub-advisor investments.**

<https://creativeplanning.com/services/>