

**Item 1 – Cover Page**



**MODEL WEALTH, INC.**

Form ADV Part 2A

FIRM BROCHURE

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This brochure provides information about the qualifications and business practices of Model Wealth, Inc. If you have any questions about this brochure, please contact us at (630) 381-1170 or [letschat@modelwealth.com](mailto:letschat@modelwealth.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Model Wealth, Inc. is a registered investment advisor. Registration of an Investment Advisor does not imply any level of skill or training. Additional Information about Model Wealth, Inc. is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

## **Item 2 – Material Changes**

Model Wealth, Inc. (“Model Wealth”, the “Firm”, “we”, or “us”) is required to file with the United States Securities and Exchange Commission an updated version of ADV within 90 days of the end of the Firm’s fiscal year. We will ensure that you will receive updated Brochures with a summary of materials changes within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

### **Annual Update**

The Material Changes section of this Brochure will be updated annually with the material changes that have occurred since the previous release of the Firm Brochure:

- There have been no material changes since the Firm’s last Brochure of February 18, 2021.

At any time, you may view the current Brochure on-line at the SEC’s Investment Adviser Public Disclosure website ([www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)). You may also request a copy of this Brochure at any time by contacting us at (630) 381-1170 or [letschat@modelwealth.com](mailto:letschat@modelwealth.com).

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#### **Item 4 – Advisory Business**

Model Wealth, Inc. was incorporated under the laws of Illinois in May 2012. Randall T. Bruns, President, and Alex C. Offerman, Chief Compliance Officer, are the principals of Model Wealth.

Model Wealth provides comprehensive fee-only financial planning and wealth management services that include investment advice to individuals, families, estates, and trusts. These services are provided under two distinct arrangements: (1) Financial Planning Engagements (hourly or project-based) and (2) Wealth Management Relationships that include ongoing financial planning and investment management for flat annual fee.

#### Financial Planning Engagements (Hourly or Project-Based)

Under Financial Planning Engagements, Clients engage Model Wealth to achieve a specific financial goal or develop a comprehensive financial plan for an hourly- or project-based fee. Model Wealth may address some or all the areas noted below in service of client goals:

- I. Asset Allocation
- II. Cash Flow Planning and Management
- III. Education Funding
- IV. Estate Planning and Asset Titling
- V. Investment Portfolio Review
- VI. Investment Management
- VII. Risk Planning
- VIII. Retirement Planning
- IX. Social Security
- X. Stock Option/Restricted Stock Planning
- XI. Tax Planning

At the outset of any engagement, Model Wealth conducts a review of a client's financial situation to determine first whether the client needs Model Wealth's services and, only then, how best to fulfill that need.

It is Model Wealth's intent under this arrangement to have no financial interest beyond the scope of work itself. This is especially true when asset management is not needed or when financial incentives are otherwise in direct conflict with the most optimal advice.

#### Wealth Management Relationships

Model Wealth's Wealth Management program delivers portfolio management and financial planning in a simple, straightforward arrangement for a flat annual fee. This program is best suited for individuals needing both portfolio management and financial planning on an ongoing basis, and in scenarios that cannot effectively be satisfied with less frequent hourly based advice and simpler investment solutions.

Wealth Management Relationships typically begin only after a financial planning engagement has been completed. This allows for all parties to determine if an ongoing Wealth Management Relationship is warranted.

Wealth Management Relationships include the following:

1. Regularly scheduled check-ups for your entire financial life.
2. Complete portfolio oversight across all your accounts in one highly efficient strategy.
3. Access to rebalancing software which helps us manage your portfolio for optimal balance and a close eye on taxes.
4. A digital portal that tracks your inflows, outflows, investment returns, and allocations for every account you own.
5. Online access to financial planning software to organize your entire financial life under one convenient login.
6. Collaboration with CPAs, attorneys, insurance agents, bankers and any other professionals helping you manage your finances.

All client portfolios are in accounts are held at an independent qualified custodian. Model Wealth constructs portfolios based on the client's stated goals and risk tolerance. Clients can impose reasonable restrictions on the management of their account, including the ability to instruct Model Wealth not to purchase certain securities or types of securities. Clients must provide these restrictions to Model Wealth in writing.

For the ongoing management of a client's account, the client will authorize Model Wealth with discretionary investment management authority. This means that Model Wealth will have the authority to place trades in a client's account without prior consent by the client.

If a client does not receive an ADV Part 2 at least 48 hours prior to entering into an advisory agreement, the client has a right to terminate the contract without penalty within five business days after entering into the contract. Otherwise, the client or Model Wealth may terminate the agreement with written notice to the other party at least fourteen (14) calendar days in advance.

Model Wealth does not participate in any wrap fee investment management programs.

As of December 31, 2021, Model Wealth managed approximately \$180,747,499 of discretionary assets and \$0 non-discretionary assets.

### **Item 5 – Fees and Compensation**

The specific fees charged by Model Wealth are established in a client's written agreement with Model Wealth and depend upon the nature of the engagement and the services rendered. Fees are negotiable at Model Wealth's sole discretion.

#### Financial Planning Fees

Clients engage Model Wealth initially to provide services on specific tasks or to evaluate their financial situation and provide a comprehensive financial plan without an ongoing relationship. Under those circumstances, Model Wealth will either bill specifically by the hour or will quote a fixed fee based upon an estimate of the amount of time involved to provide that service. Model Wealth's current hourly rate is \$300, which may change from time to time.

Hourly based fees are due upon completion of the work involved.

At the outset of project-based engagements, one half of the agreed upon fee is due. The remainder of the fee is payable on the delivery of the plan or completion of the service. Clients can terminate the agreement, and Model Wealth will refund any unearned portion of the fee, which is determined at Model Wealth's sole discretion. Following the delivery of the plan or the completion of the service, clients can seek out clarification from Model Wealth for a period of 30 days without incurring a charge; thereafter, clients can, from time to time, seek out the guidance and advice of Model Wealth regarding revisions and implementation at the then current hourly rate.

Clients can pay these fees via check or credit card.

#### Wealth Management Fee

Model Wealth provides ongoing financial planning and investment management services for a flat annual fee. Model Wealth bases this fee on the scope of the services that the client needs and the complexity of the client's overall financial situation. The fee is billed quarterly, in advance and ranges between \$6,000 and \$18,000 per year.

Alternatively, Model Wealth may enter an agreement with clients to charge a percentage-based fee not to exceed 0.75% of the client's total portfolio value where the size of a client's portfolios could make the annual flat fee excessive. Under these circumstances, the fee will not exceed what would otherwise be charged in an annual flat fee arrangement.

Pre-existing advisory clients are charged advisory fees in effect at the time the client entered in the advisory relationship. Therefore, there are clients with advisory fees that may differ from those described above.

#### Fee Billing

Clients can choose to pay the Wealth Management annual fee via check, or have it debited directly from their account kept at an independent custodian. As client situations change, Model Wealth may recalculate its fee. However, no increase in the annual fee will be effective without the client's prior consent and right to terminate the engagement. Accounts initiated or terminated during the quarter will be charged a pro-rated fee based on the amount of time remaining in the billing period. Upon termination, Model Wealth will refund any prepaid fees based on the amount time remaining in the billing period.

#### Other Fees and Expenses

Clients may incur fees from the custodian selected to provide services related to record keeping, tax reporting and statement production. These fees may include IRA and retirement account annual fees, nominal trade ticket charges or banking fees. Clients may also incur fees and expenses charged by mutual funds or exchange traded funds, which are described more thoroughly in each fund's prospectus, and can include management fees and other expenses. No portion of any of the fees described above is retained by or remitted to Model Wealth. Clients who choose to pay Model Wealth's fees via credit card may incur a transaction fee depending upon the policy of their credit card company.

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

Model Wealth does not charge any performance-based fees or fees related to side-by-side management.

### **Item 7 – Types of Clients**

Model Wealth's clients are primarily individuals, high net worth individuals, families, pension and profit-sharing plans, trusts, estates, charitable organizations and small businesses.

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

Model Wealth believes that investments should be managed passively and implemented with cost-effectiveness and tax-efficiency in mind. Our investment strategy begins with a general long-term acceptance of the Efficient Market Hypothesis, which states that the primary driver of a portfolio's risk and return characteristics is determined by asset allocation and not security selection. As countless studies have proven, active management underperforms the market. Model Wealth believes that selecting investments or investment managers that will outperform the market is more an act of luck than skill. To protect Model Wealth, Inc. clients from the higher costs of active management and the underperformance that can result, clients are advised to invest in passive strategies.

The investment vehicles most commonly purchased for Model Wealth, Inc. clients are shares of registered, open-end mutual funds, exchange-traded funds, and individual equity and fixed income securities. Many of these investments can be purchased directly by clients without utilizing the services of an advisor. Mutual funds and exchange traded funds have embedded management fees and trading expenses. These fees and expenses are detailed in each fund's prospectus.

The following is a non-exclusive, non-static list of securities that Model Wealth, Inc. utilizes for its clients:

- Equity Securities
- Mutual Fund Securities
- Exchange-traded funds
- Corporate debt securities, commercial paper, and certificates of deposit
- Municipal securities
- U.S. Government Securities
- Closed-end funds

Investing in securities involves a risk of loss that clients should be prepared to bear. Different types of investments carry varying degrees of risk, and an investor should not assume that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Model Wealth, Inc.) will be profitable or equal any specific performance levels. Without limitation, investors generally face the following risks:

**Interest Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

**Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk may be caused by external factors independent of the fund's specific investments as well as due to the fund's specific investments. Additionally, each security's price will fluctuate based on market movement and emotion, which may, or may not, be due to the security's operations or changes in its true value. For example, political, economic and social conditions may trigger market events which are temporarily negative, or temporarily positive.

**Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

**Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

**Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

**Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a decline in market value.

Model Wealth, Inc. methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risk.

#### **Item 9 - Disciplinary Information**

Neither Model Wealth nor any of its associated persons have ever been convicted of, pled guilty or no contest to any felony or misdemeanor in a criminal or civil action in any foreign or domestic court.

Neither Model Wealth nor any of its associated persons have ever been part of a proceeding before the SEC or any other industry regulatory agency or self-regulatory organization.

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

Model Wealth serves its clients only as a registered investment advisor; it is not registered as a securities broker-dealer, or a futures commission merchant, commodity pool operator or commodity trading advisor.

Model Wealth is not affiliated with a related person who is a broker-dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships.



Alex C. Offerman is on the board of directors for the Financial Planning Association of Illinois.

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

### Code of Ethics

Model Wealth strives to comply with applicable laws and regulations governing its practices; therefore, the Code of Ethics includes guidelines for professional standards of conduct for its Associated Persons. Model Wealth's goal is to protect client's interests at all times and to demonstrate a commitment to the fiduciary duties of honesty, good faith, and fair dealing with clients. All Associated Persons are expected to adhere strictly to these guidelines. Persons associated with Model Wealth are also required to report any violations of our Code of Ethics. Additionally, Model Wealth maintains and enforces written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about clients or client account holdings by persons associated with Model Wealth.

Clients or prospective clients may obtain a copy of the Code of Ethics by contacting Model Wealth at the telephone number on the cover page of this brochure.

Model Wealth also abides by the Code of Ethics and Professional Responsibility adopted by the CFP Board of Standards, Inc. the principles of which include:

Principle One – Integrity: Provide professional services with integrity.

*Integrity demands honesty and candor which must not be subordinated to personal gain and advantage. Certificants are placed in positions of trust by clients, and the ultimate source of that trust is the certificant's personal integrity. Allowance can be made for innocent error and legitimate differences of opinion, but integrity cannot co-exist with deceit or subordination of one's principles.*

Principle Two – Objectivity: Provide professional services objectively.

*Objectivity requires intellectual honesty and impartiality. Regardless of the particular service rendered or the capacity in which a certificant functions, certificants should protect the integrity of their work, maintain objectivity and avoid subordination of their judgment.*

Principle Three – Competence: Maintain the knowledge and skill necessary to provide professional services competently.

*Competence means attaining and maintaining an adequate level of knowledge and skill, and application of that knowledge and skill in providing services to clients. Competence also includes the wisdom to recognize the limitations of that knowledge and when consultation with other professionals is appropriate or referral to other professionals*

*necessary. Certificants make a continuing commitment to learning and professional improvement.*

Principle Four – Fairness: Be fair and reasonable in all professional relationships.

*Fairness requires impartiality, intellectual honesty and disclosure of material conflicts of interest. It involves a subordination of one's own feelings, prejudices and desires so as to achieve a proper balance of conflicting interests. Fairness is treating others in the same fashion that you would want to be treated.*

Principle Five – Confidentiality: Protect the confidentiality of all client information.

*Confidentiality means ensuring that information is accessible only to those authorized to have access. A relationship of trust and confidence with the client can only be built upon the understanding that the client's information will remain confidential.*

Principle Six – Professionalism: Act in a manner that demonstrates exemplary professional conduct.

*Professionalism requires behaving with dignity and courtesy to clients, fellow professionals, and others in business-related activities. Certificants cooperate with fellow certificants to enhance and maintain the profession's public image and improve the quality of services.*

Principle Seven – Diligence: Provide professional services diligently.

*Diligence is the provision of services in a reasonably prompt and thorough manner, including the proper planning for, and supervision of, the rendering of professional services.*

#### Participation or Interest in Client Transactions

Model Wealth does not currently participate in securities in which it has a material financial interest. Model Wealth and its Associated Persons, as a matter of policy, do not recommend to clients, or buy or sell for client accounts, securities in which the firm or its Associated Persons has a material financial interest.

#### Personal Trading Practices

Model Wealth or its Associated Persons may buy or sell the same securities that they recommend to Clients or securities in which clients are already invested. A conflict of interest may exist in such cases because Model Wealth Associated Persons have the ability to trade ahead of clients and potentially receive more favorable prices than they will receive. To eliminate this conflict of interest, it is Model Wealth's policy that its Associated Persons shall not have priority over client accounts in the purchase or sale of securities.

#### **Item 12 - Brokerage Practices**

Model Wealth recommends the brokerage and custodial services of TD Ameritrade Institutional and its affiliates (collectively referred to as "TD Ameritrade"), a registered broker-dealer and a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor

Protection Corporation (SIPC). We believe that TD Ameritrade provides quality execution services for clients at competitive prices. Price is not the sole factor Model Wealth considers in evaluating best execution. We also consider the quality of the brokerage services provided by TD Ameritrade, including the value of research provided, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of research services and additional brokerage products and services TD Ameritrade provides, clients may pay higher commissions and/or trading costs than those that may be available elsewhere.

#### Research and Other Soft Dollar Benefits

As a registered investment adviser, Model Wealth will have access to the institutional platform of account custodian (TD Ameritrade). As such, we will also have access to research products and technology services from your account custodian and/or other brokerage firm. These products may include financial publications, information about particular companies and industries, research software, rebalancing software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making and account maintenance responsibilities. Such products and services are provided to all investment advisers that utilize the institutional services platforms of these firms and are not considered to be paid for with soft dollars. However, you should be aware that the commissions charged by a broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide services or products might charge.

#### Block Trades

In general, we do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (the practice of combining multiple orders for shares of the same securities is commonly referred to as "block trading"). Accordingly, you may pay different prices for the same securities transactions than other clients pay. Furthermore, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than other clients.

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

For clients who retain Model Wealth for ongoing, comprehensive services, Model Wealth conducts account reviews on an ongoing basis; however, all such clients bear the responsibility to advise Model Wealth of any changes in their investment objectives and/or financial situation.

Model Wealth reviews client portfolios at least quarterly, and any of Model Wealth's financial adviser may conduct those reviews. Reviews include an inspection of portfolio holdings, change in account values, and actual allocation of the account as compared to the recommended allocation.

Model Wealth may conduct account reviews upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections, and by a client request.

Model Wealth provides clients with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian at least quarterly. Model Wealth may also provide a written periodic report summarizing account activity and performance.

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

Model Wealth does not receive any compensation for client referrals, nor does Model Wealth compensate third parties for client referrals received.

**Item 15 - Custody**

Model Wealth, Inc. does not take physical custody of clients' assets or provide custodial services; however, because the Client's independent custodian may directly debit their account(s) for the payment of advisory fees, Model Wealth is deemed to have constructive custody over client funds or securities. Client funds and securities are held by a bank, broker-dealer, or other independent, qualified custodian. Clients will receive account statements from the independent, qualified custodian(s) holding their funds and securities at least quarterly. The account statements from custodian(s) will indicate the amount of Model Wealth's advisory fees deducted from their account(s) each billing period. Clients should carefully review account statements for accuracy.

Model Wealth reports may vary from custodial statements based on account procedures, reporting dates, or valuation methodologies or certain securities.

Model Wealth also aids with asset movements to simplify the management of client's complex financial situations. As such, clients can issue to Model Wealth Standing Letters of Authority (SLOAs) that direct Model Wealth to move funds from and among client accounts from time to time and without obtaining written client consent for each movement of funds.

Because of the authority and discretion invested in Model Wealth in the use of these SLOAs, Model Wealth is deemed to have constructive custody over client funds or securities. In the use of SLOAs, Model Wealth at all times adheres to the requirements set forth by the SEC to avoid the annual surprise audit otherwise required.

**Item 16 - Investment Discretion**

Model Wealth, Inc. accepts limited power of attorney to act on a discretionary basis for most of its clients to execute trades on their behalf; it results in Model Wealth's authority to determine, without obtaining specific client consent, both the amount and type of securities to be bought or sold to satisfy client account objectives. Additionally, Model Wealth may accept any reasonable limitation or restriction to such authority on the account placed by the client. All limitations and restrictions placed on accounts must be present to Model Wealth in writing.

If Model Wealth, Inc. has not been given discretionary authority, Model Wealth consults with the client prior to each trade.

**Item 17 - Voting Clients Securities**

Model Wealth, Inc. does not have authority to and does not vote proxies on behalf of clients. Clients retain the responsibility for receiving and voting proxies for securities maintained in their portfolios. Clients receive these proxies directly from either Custodian(s) or transfer agents.

If requested, Model Wealth may provide advice to clients regarding proxy votes. If any conflict of interest exists, it will be disclosed to the client.

**Item 18 - Financial Information**

Registered investment advisors are required in this Item to provide you with certain financial information or disclosures about their financial condition. Because Model Wealth has no financial condition that impairs its ability to meet contractual and fiduciary commitments to clients, has not been the subject of a bankruptcy proceeding, and does not require prepayment of fees of \$1,200 more than six months in advance and there is not required to provide a balance sheet to clients, Model Wealth is not required to provide such financial information.