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DATE OF BROCHURE: MAY 2020

## **Wealth Management Solutions Firm Brochure**

This brochure provides information about the qualifications and business practices of Wealth Management Solutions, LLC (“WMS”). If you have any questions about the contents of this brochure, please contact us at 480-609-4334 or by email at [david@wmsus.com](mailto:david@wmsus.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.

Additional information about Wealth Management Solutions, LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**In regards to any reference to the term “registered investment advisor” or “registered”:**

Such terms do not imply a certain level of skill or training.

## **Item 2: Material changes from last year.**

### **May 2020 Update**

This Disclosure Brochure has been revised to reflect an update to the firm's assets under management, and change under Item 5.B to reflect that we may receive fees in advance. In addition, Item 18 of this Disclosure Brochure has been amended to reflect that the Firm has applied for and received a loan under the Paycheck Protection Program (PPP) established by the U.S. Small Business Administration in connection with COVID-19 to be used for permitted purposes under the PPP.

### **March 2019 Update**

This Disclosure Brochure has been revised to reflect an update to the firm's assets under management.

### **June 2018 Update**

This Disclosure Brochure has been revised to reflect the current date of June 2018.

### **March 2018 Update**

This Disclosure Brochure is a revised brochure that reflects: Simplified fee schedule & description of services, elimination of auto investment & retirement planning, and an updated amount of assets under management.

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## Item 4: Advisory Business

### A. Description of firm, length of time in business, principals/owners.

Wealth Management Solutions, LLC ("WMS"), in business since 2003, is a financial services firm that provides investment advice and financial planning on a fee-only basis. Fee-only means WMS does not sell commissioned products or accept commissions of any kind from the sale of a product or service. WMS' compensation comes directly from clients in the form of an hourly rate, or a quarterly fee that is based on services provided and/or assets under management.

David S. Rosenthal is the owner and officer responsible for the financial planning services, investment advisory services, and is the sole member of the Investment Committee of WMS:

#### David S. Rosenthal, YOB: 1971

##### Education Background:

- BS, Finance, 1995 Seton Hall University, South Orange, NJ;
- MBA, Finance, 1999, Seton Hall University, South Orange, NJ;
- \*Certified Financial Planner, CFP®, 9/02. (qualifications described below)

##### Business Background:

- Wealth Management Solutions, LLC, 06/03 to present, Principal & Senior Financial Advisor;
- RSM McGladrey Inc., 10/00 to 5/03, Lead Planner & Financial Advisor;
- Asset Management Group (AMG) 3/96 to 10/00, Financial Counselor.

#### Certified Financial Planner™:

- CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the "CFP® marks") are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. ("CFP Board"). The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification.
- To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:
  - **Education** – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
  - **Examination** – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;
  - **Experience** – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and

- **Ethics** – Agree to be bound by CFP Board’s Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP® professionals.
- Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:
  - **Continuing Education** – Complete 30 hours of continuing education hours every two years, including two hours on the Code of Ethics and other parts of the Standards of Professional Conduct, to maintain competence and keep up with developments in the financial planning field; and
  - **Ethics** – Renew an agreement to be bound by the Standards of Professional Conduct. The Standards prominent requires that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

## **B. Types of Services offered**

- **Comprehensive Financial Planning** - A typical WMS client will engage us for Comprehensive Financial Planning Services on an ongoing basis. These services are described below. Comprehensive Financial Planning includes investment advice and investment management.
- **Hourly Services** – A few WMS clients engage us on an hourly basis to help them with specific decisions that fall within one or more of the categories described below. With hourly services it is the client’s responsibility to engage us for any additional planning steps. For hourly clients we do not initiate ongoing service or advice unless requested.
- **Investment Advice/Investment Management** - A few WMS clients engage us for investment advice or investment management only. Planning services are not provided to these clients unless they initiate and request the additional service.
- **401(k) Plans** – Some WMS clients are companies that provide or want to provide a company sponsored retirement plan for their employees in the form of a self-directed 401(k). WMS acts as a consultant and the investment advisor for the 401(k) plan providing plan level and investment level advice. All investment decisions within participants’ accounts are the sole responsibility of the individual participant.

### **Comprehensive Financial Planning Services – The following areas of advice might be provided if the advisor and client mutually agree to do so.**

- Net Worth Statements and Cash Flow Projections are used to answer questions such as:
  - How much will I need to retire?
  - What value would I need to receive from the sale of my business or property to be “financially independent”?
  - How much income will I be able to withdraw each year?
  - How can I be sure I won’t run out of money?
  - Should I be paying down my mortgage... or have a different type of mortgage?
- Income Tax Projections are used to determine:
  - What steps can I take to reduce the amount of income tax I pay?
  - How can I better prepare and plan for taxes I may owe?
  - What is the right way to take retirement income withdrawals to minimize the amount of tax I pay?

- A Written Summary of Estate Planning Documents is used to try to make sure:
  - Current beneficiaries are set up properly.
  - The client's assets will transition smoothly to the people they care about most.
- Periodic Insurance Reviews (life, disability, long-term care and property/casualty) will help evaluate whether the client:
  - Has the right type and appropriate amount of insurance.
  - Maintains an appropriate amount of coverage to accommodate for unforeseen events.
- Company/Employee Benefit Review and Analysis for corporate employees helps the client:
  - Understand and utilize the corporate benefits offered to them.
  - More effectively use plans such as deferred comp, stock options, ESOP's, ESPP's, 457's, 401(k)'s, etc.

### **Investment Management/Investment Management Services**

- Investment management services start by gaining an in-depth understanding of a client's goals, future cash flow needs, and their understanding and comfort level with the various risks associated with different types of investments.
- An investment strategy is then designed to meet client's stated objectives and future cash flow needs. This strategy includes advice on investments under the control of WMS and advice on "outside" investment accounts such as 401k plans, annuities, real estate, or other investments that may be used at some point to meet the client's goals and objectives.
- For investments under the control of WMS, WMS manages these investment management accounts in a discretionary capacity. This means within an agreed upon strategy, WMS can make needed changes to the investments without having to consult with the client about each change before it is made. In limited cases WMS will accept non-discretionary accounts.
- Mutual funds and exchange traded funds, specifically passively managed and/or index funds are the most common investment vehicles recommended to build client portfolios.
- WMS investment management services may also include advice on, but is not limited to advice on, closed end funds, individual bonds, certificates of deposit, actively managed funds, structured products and individual securities.
- WMS does not hold itself out to be a stock picker or market timer, nor does it recommend such strategies.
- On an ongoing basis investment advice, recommendations, reviews and quarterly performance reports are used to answer questions such as:
  - What should I be doing differently?
  - Am I making the right investment decisions?
  - What rate of return is realistic?
  - How can I manage risk and protect my assets?
  - How can my investments be structured to meet my retirement income needs?
  - What investment fees am I paying?

### **401(k) Plan Services**

- Review the plan document and make suggestions as to possible changes to plan features - the areas reviewed typically include; vesting, safe harbor, auto enrollment, Roth.
- A review of the plan expenses is done to determine if the fees being charged by the Recordkeeper, Third Party Administrator (TPA), Custodian, Investment Advisor and Investment Options (such as mutual funds) are reasonable.

- Review the available investment options for asset class coverage and performance within an investments asset class.
- WMS helps the plan select the investment options that the plan will make available to the participants in the 401(k).
- Assist the plan with enrolling employees into the 401(k) and the process of the transfer of assets into and out of the plan.
- Assist with the implementation of a new 401(k) plan or the transition from a current platform onto a new platform.
- Employee education meetings regarding plan features and investment options.
- Meetings with the plan sponsor to review employee participation in the plan.

**C. How financial planning services are tailored to client needs.**

- Financial planning services may be provided on a comprehensive or hourly basis.
- A comprehensive plan involves a more detailed review of the client's overall financial position, objective, and goals and over time it typically includes all the elements described under Comprehensive Financial Planning Services. "Over time" means for some clients this process can be done in a few months, and for others it takes years to thoroughly cover all the elements.
- Hourly planning focuses on one or more specific areas that the client wants to review. In the event that a client selects hourly planning, the firm's services will be expressly limited to the topics identified by the client and advisor.
- Information is obtained through personal meetings with the client which can be conducted via face-to-face meetings, phone and/or email exchanges.
- Information is gathered regarding each client's goals, objectives, attitudes toward risk, and investment experience. Information and documents provided by the client (including account statements, oral information, or information sent via email and fax), will be reviewed and, to the extent it is pertinent, incorporated into financial schedules prepared for the client.
- The results of the review and analysis by the advisor are reviewed with the client.
- Recommendations are made based on the advisor and client discussions around those schedules.

**How investment management services are tailored to client needs.**

- The WMS advisor meets with the client to obtain information regarding the client's investment experience, investment objectives, understanding of investment risk, cash flow needs and current and future estimated tax brackets.
- WMS uses investment research and various schedules to evaluate alternative portfolio designs and alternative investment options.
- In connection with developing a recommended portfolio, the client's existing investments and investment fees are evaluated to determine how well they currently matchup with the client's stated objectives.
- Written investment guidelines are prepared and provided to the client. In most cases, with the client's permission, WMS can directly assist the client in implementing any needed changes.
- If the client so chooses, WMS will work with the client to develop a transition plan in order to reallocate assets.
- Even within discretionary accounts, clients may impose restrictions on investing in certain securities or types of securities. These restrictions need to be delivered in writing and agreed to by WMS.

**D. WMS does not participate in or offer any wrap fee programs.**

**E. Amount of assets managed, discretionary and non-discretionary.**

As of March 31, 2020, the firm's total amount of discretionary and non-discretionary assets under management was \$99,807,000 and \$1,889,000 respectively.

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

**A. How WMS is Compensated for Advisory Services**

### **Comprehensive Financial Planning and Investment Management Services Fees**

- Most WMS clients are Comprehensive Financial Planning clients, in which case financial planning services and investment advisory services are both provided based upon the asset based Fee Schedule A below.

### **Hourly Rates**

- For hourly planning services WMS charges an hourly rate typically between \$120.00 and \$250.00 per hour, depending upon the complexity of the work and the experience level of the WMS employee working with the client.

### **Investment management/Investment Management Services Fees**

- Clients have the option of hiring WMS to provide only investment management services based on the Flat Rate Fee Schedule B below.

### **401(k) Plans**

- Certain WMS clients are **401(k) Plan** clients, in which case, services for company retirement plans are provided based upon the asset based Fee Schedule C below.

### **Other Fee Arrangements**

- For some clients financial planning fees and/or investment management fees may be structured as a flat annual fee invoiced on a quarterly basis.

**FEE SCHEDULE- A**

**TIERED RATE Fee Schedule for:  
Comprehensive Financial Planning (CFP)**

<b><u>Total Account Value</u></b>		<b><u>Annual Fee</u></b>
Less Than	\$1,000,000	1.20%
\$1,000,001 to	\$2,000,000	0.85%
\$2,000,001 to	\$5,000,000	0.75%
\$5,000,001 +		Negotiable

- Note:
- 1) Financial Planning Services are included in the fee, not in addition.
  - 2) CFP fees are based on a TIERED schedule.
  - 3) WMS may discount fees typically not to exceed 20%.
  - 4) WMS reserves the right to impose a minimum annual fee:  
CFP = \$10,000

**FEE SCHEDULE- B**

**FLAT RATE Fee Schedule for:  
Investment Only (IO)**

<b><u>Total Account Value</u></b>		<b><u>Annual Fee</u></b>
Less Than	\$1,000,000	1.20%
\$1,000,001 to	\$2,000,000	0.85%
\$2,000,001 to	\$5,000,000	0.75%
\$5,000,001 +		Negotiable

- Note:
- 1) Financial Planning Services are not provided to IO clients
  - 2) IO fee is based on a FLAT RATE schedule.
  - 3) WMS may discount fees typically not to exceed 20%.
  - 4) WMS reserves the right to impose a minimum annual fee:  
IO = \$6,000

**FEE SCHEDULE– C**

**TIERED RATE Fee Schedule for:  
401(k) Plans**

<b><u>Total Account Value</u></b>		<b><u>Annual Fee</u></b>
Less than	\$2,000,000	0.75%
\$ 2,000,001 to	\$5,000,000	0.50%
\$ 5,000,001 to	\$10,000,000	0.40%
\$10,000,001 to	\$20,000,000	0.20%
\$20,000,001 +		Negotiable

- Note: 1) 401(k) Plan fees are based on a TIERED schedule.  
2) WMS may discount fees typically not to exceed 20%.  
3) WMS reserves the right to impose a minimum annual fee:  
401K = \$6,000

Based on the service provided, only one of the above fee schedules will apply. The fee is not a combination of more than one fee schedule.

**B. How fees are collected.**

- The value of accounts are totaled on the last business day of each quarter. The appropriate fee from the schedule above is taken and ¼ of that fee is multiplied by the end-of-quarter account values. This fee is debited on or about the second week of each quarter and the client pays in advance for services rendered for that calendar quarter in which the fee is debited.
- For some clients, rather than debiting fees an invoice is sent each quarter for financial planning fees and/or investment advisory fees.
- For hourly clients an invoice is sent when work is completed.
- For 401(k) Plan clients, as agreed to by WMS and the client/401k plan the client will either (i) pay in **arrears** for services rendered for the **previous** calendar month or quarter in which the fee is debited or (ii) pay in **advance** for services to be rendered for the subsequent calendar month or quarter for which the fee will be debited. The 401(k) company may determine to debit the Plan account daily for WMS's fee but WMS shall only be paid on either a quarterly or monthly basis in arrears or advance as applicable to the specific agreed-upon relationship. WMS does not require or solicit clients to pay fees in advance.
- In some circumstances, 401(k) Plan clients will pay fees directly and separately from plan assets.

**C. Any additional fees.**

- All fees paid to WMS for investment advisory services are separate and distinct from any transaction fees charged by the broker/dealer or custodian to purchase or sell any investment. For example, a broker/dealer or custodian may impose a specific transaction fee to buy or sell stocks, ETFs, mutual funds, options, etc. WMS will make all reasonable attempts to negotiate with the broker/dealer or custodian to reduce these fees on behalf of their clients. WMS does not receive fees or compensation from a broker/dealer or custodian, nor does WMS participate in the fees they collect from the client in any way. Additional information on brokerage services can be found in Item 12 of this brochure.
- All fees paid to WMS for investment advisory services are separate and distinct from expense ratios or internal fees directly associated with any underlying investments (such as the management, distribution fee, or expenses incurred in the operation or management of a mutual fund, ETF, annuity, insurance product or separately managed portfolio). WMS works as a fiduciary on behalf of their clients to select appropriate underlying investments which offer the lowest possible cost relative to value. WMS does not receive any portion of these fees, or any other form of compensation, from the underlying investment providers chosen.
- Accordingly, the client should review transaction fees, the fees charged by the funds and the fees charged by WMS to fully understand the total amount of fees to be paid by the client and to thereby evaluate the value of the advisory services being provided. In full disclosure efforts, WMS is happy to assist the client by providing a detailed fee analysis of existing and proposed investment strategies.

**D. Refunds/Termination**

- Clients may terminate the agreement by providing written notice (email is acceptable) at any time. Once written notice is received, WMS will assist clients with any documentation or information needed for the transition through the end of the calendar quarter in which the written notice is received.
- WMS also has the ability to terminate the advisory contract, provided 30 days prior written notice is delivered to the client. If a written termination notice is delivered to the client, WMS will continue services and assist clients with any documentation or information needed for the transition through the end of the calendar quarter in which the written notice is delivered.
- Refunds for any unearned portion of the advisors closing quarter's services may be requested in writing.
- WMS will refund any unearned fee back to all clients if services are terminated mid quarter

**E. Commissions**

- No WMS personnel accept compensation for the sale of securities or other investment related products, nor do they participate in the receipt of any asset-based sales charge or service fees from the sale of mutual funds.
- WMS does not receive commissions or trails from mutual funds, brokerage firms, insurance companies, banks, or from any other source. This means WMS does not receive 12b1 fees, loads, or insurance commissions.

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

WMS does not accept performance-based fees; that is fees based on a share of capital gains on or capital appreciation of the assets of a client, nor are there any performance-based fees that arise from any investments that WMS recommends.

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

- WMS works primarily with individuals and families and on a limited basis with corporate accounts, charitable foundations, 401(k) plans, profit sharing plans and/or defined benefit plans, generally when these accounts or plans are connected with an individual who is a WMS client.
- WMS does not require a minimum account size, but comprehensive planning and investment advisory services are generally most appropriate for those with investable assets of \$1 million or more.
- WMS provides services only after an advisory agreement has been signed by both the client and WMS.

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

### **A. Methods of analysis and investment strategies**

David Rosenthal is the sole member WMS' Investment Committee and determines two things:

- 1) if changes to WMS' overall strategy are warranted; and
- 2) if changes to investment strategies of specific WMS clients or client segments are warranted.

In general, in determining an overall strategy, WMS follows the guiding principles of Modern Portfolio Theory ("MPT") and the Efficient Market Hypothesis ("EMH").

### **MPT**

- Modern Portfolio Theory says that through diversification, the process of spreading your money across numerous investments, you can reduce risk.
- Over long time frames, research shows that greater returns come from riskier assets, so if short term risk is acceptable in order to achieve a higher long term return, then it is likely a recommendation will be made to allocate a higher percentage of the client's portfolio toward riskier assets.

## EMH

- The efficient market hypothesis states that the financial markets do not allow investors to earn above-average returns without accepting above average risks.
- The efficient market hypothesis does not necessarily mean that markets are rational, or that they always price assets accurately. In the short run, investments can become over-valued (think tech stocks in 1999, or real estate in 2006) or under-valued (think stock prices in March 2009).
- Over long periods of time, however, investment prices will accurately reflect the earnings growth of their underlying assets.
- Research supporting the efficient market hypothesis shows the evidence is overwhelming that, however inconsistent and irregular the behavior of stock prices may be, the market does not create trading opportunities that enable investors to earn extraordinary risk adjusted returns.

Following MPT and EMH does not protect an account, investment or client from investment losses, including the loss of the entire amount invested. Future security returns are unknown. Accounts may go down in value, and emotional decisions that are not in line with a client's long term investment strategy may result in the client losing significant amounts of money. Similarly, even decisions that are in line with a client's long term investment strategy may lead to the same result. Investing in securities involves risk of loss that clients should be prepared to bear.

### **B. Material risks for each method/strategy**

WMS does not follow multiple strategies; rather we design an investment allocation for each client. A clients' allocation may change and become more or less risky.

A higher allocation to equities typically has more risk than a portfolio with a lower allocation to equities. However, high allocation to bonds may create a different set of risks such as rising interest rates and creditor defaults.

### **C. Risks in a particular type of security**

- WMS primarily recommends index funds and Exchange Traded Funds (ETFs) or passively managed funds and Exchange Traded Funds (ETFs) which tend to have a level of risk that matches the underlying stock or bond index which the fund tracks.
- WMS will occasionally recommend actively managed funds and ETFs when there isn't an index or passively managed fund or ETF for the underlying asset class.
- WMS may also recommend the use of structured products, a bond issued by a large financial institution, with the return tied to an underlying index. These products contain issuer risk in addition to market risk; meaning they are backed solely by the company that issues them.

## **Item 9: Disciplinary Information**

There are no legal or disciplinary events to be reported for WMS, any of its principals or supervised persons.

## Item 10: Other Financial Industry Activities and Affiliations

David Rosenthal is a 50% owner of WMS Fund Management, LLC which acts as the manager to WMS Fixed Income Fund I, LLC (the "Fund") which is an affiliated private investment limited liability company which was offered in accordance with Regulation D under SEC regulations. To address and avoid any conflicts of interest, the Fund is closed to new investors and as of July 2008 all management fees within the fund have been suspended. The annual management fee legally payable to WMS Fund Management, LLC under the agreement of the Fund equals .083% per month (1% per year), however no management fees have been collected since July 2008 and WMS Fund Management, LLC does not foresee this fund will collect any management fees in the future. WMS does not charge a management fee on client assets that are invested in the Fund.

The Fund (and thus members of the Fund, who may be WMS clients) is responsible for Fund fees and expenses (such fees and expenses include operating and liquidation expenses, interest and other lenders' charges (if any), taxes (other than income taxes, which will be the responsibility of the limited partners), brokerage commissions paid in the course of the purchase or sale of securities, legal, accounting, auditing and tax return preparation fee and expenses, auditing, tax return preparation fees, and all other expert and consulting fees and expenses arising in connection with Fund's business). Neither WMS nor any of its affiliates are invested in or is a member of the Fund. As referenced in this Item 10 above, WMS does not charge a management fee on client assets that are invested in the Fund.

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

### A. Code of Ethics

As an investment adviser, WMS has an undivided duty of loyalty to act solely in the best interests of its clients, an obligation which includes the responsibility to make full and fair disclosure of all material facts, especially where the *Firm's* interests may conflict with those of its clients. In carrying on its daily affairs, the *Firm* and all *Firm* Associated Persons (also known as "Supervised Persons"), shall act in a fair, lawful and ethical manner, in accordance with the rules and regulations imposed by the *Firm's* governing regulatory authority. A full copy of the *Firm's* code of ethics will be provided to any client or prospective client upon request.

### B. Related persons and investment recommendations

- WMS does not recommend investments which a related person has a direct or indirect benefit.

General policies and procedures:

- It is the expressed policy of WMS that no person employed by the firm may benefit, either directly or indirectly from recommendations made to or transactions placed by or on behalf of advisory accounts. Employees of the firm are generally precluded from buying or selling securities for their personal portfolio(s) if their decision is substantially derived, from information obtained through his or her employment unless the information relating to the investment decision is also available to the investing public on reasonable inquiry.

- WMS expressly prohibits any employee from placing his or her interests ahead of its advisory clients.
- WMS monitors personal trading activity and this activity is reviewed quarterly to ensure compliance with the firm's policies and procedures.
- WMS emphasizes the unrestricted right of the client to decline to implement any advice rendered.
- WMS emphasizes the unrestricted right of the client to select and choose any broker or dealer and/or insurance company they wish.
- WMS directs its employees that they must abide by and act in accordance with all applicable Federal and State regulations. Individuals who fail to comply with the firm's policies and procedures may be subject to sanctions and disciplinary action, including termination of employment.

## **Item 12: Brokerage Practices**

### **A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions**

WMS may in various circumstances recommend the use of Charles Schwab & Co, Inc. ("Schwab"), national discount brokerage firms, as broker and custodian. WMS recommends this broker-dealer because WMS has experienced that it has the ability to, and history of, providing excellent service to WMS clients in a timely and cost-effective manner.

Clients will establish an account at a broker for execution of securities transactions and custodial services. Schwab often offers access to no load mutual funds as well as individual securities at discounted transaction costs; in addition it enables the client to have access to mutual funds, such as an institutional share class of a fund, which has a lower cost to the client than the other share classes that would be available to the client without this arrangement. This arrangement also permits the client's investments to be maintained in one location (minimizing administrative burdens for the client and WMS). WMS believes Schwab's transaction costs are very competitive, however, the client may pay more or less with other brokerage firms.

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

Schwab offers services, such as access to its online research or online software, to all firms like WMS that use their services. Some people may perceive this as a conflict of interest as WMS might in certain circumstances be deemed to be receiving a benefit in the form of research, market information, and/or administrative services. WMS does not perceive this as a conflict of interest as the services offered by one broker/dealer or custodian are not materially different from those offered by another, and so this is not a factor used by WMS to make a broker recommendation to a client. When appropriate, research, market information and/or administrative services obtained from Schwab may be used to service all of WMS' clients.

No client transactions have been directed to a particular broker-dealer in return for soft dollar benefits.

## **2. Brokerage for Client Referrals**

WMS does not receive client referrals from brokers.

## **3. Directed Brokerage**

WMS does not recommend, request or require that a client direct WMS to execute transactions through a specified broker-dealer, however WMS does permit a client to direct brokerage if WMS and the client determine this is the most appropriate course of action for the client. In such a circumstance the client is free to select the broker or other service provider of his or her choosing.

While the firm believes the service providers (i.e. Schwab) used by the firm provide benefits to the client, each client is expressly advised to evaluate any recommended broker or other service provider to ensure that the broker or service provider meets the clients' needs and to evaluate the rates or charges so that they are acceptable to the client. When the client selects the broker for any and all securities transactions, the firm does not typically negotiate the commission for or on behalf of the client, so the client may pay more than if the WMS recommended broker had been chosen, and any obligation as to obtaining best execution for transactions is that of the customer.

In certain instances, WMS may request that it be provided with written authority to utilize particular brokers in the selection of individual fixed income securities to fulfill needs for such securities identified in connection with the formulation of an investment plan or portfolio for the client. In such circumstances, WMS will negotiate transaction costs on behalf of client and arrange for the execution of securities transactions by the broker WMS reasonably believes will provide best execution.

### **B. Aggregation of Purchase/Sale of Securities**

Transactions for each client account generally will be effected independently, as WMS primarily recommends the use of mutual funds, and there is no benefit or detriment to the client or WMS to aggregate purchases of such funds. If WMS decides to purchase or sell the same securities for several clients at approximately the same time WMS may (but is not obligated to) combine or "batch" such orders to obtain "best execution", to save administration time in effecting the transactions, to negotiate more favorable commission rates, or to allocate equitably among WMS' clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among WMS' clients in proportion to the purchase and sale orders placed for each client account on any given day. Due to the nature of the securities WMS primarily recommends, currently there is no benefit to the client for WMS to aggregate purchases and no cost to the client if WMS does not do so. If this should change, and there would be a benefit to the client for WMS to aggregate purchases, WMS would work toward incorporating this into their practice.

To the extent that WMS determines to aggregate client orders for the purchase or sale of securities, including securities in which WMS' principals and/or associated persons may invest, WMS shall generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.* WMS shall not receive any additional compensation or remuneration as a result of the aggregation.

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

### **A. Frequency of review of accounts**

- **Comprehensive Financial Planning:** Financial plans are reviewed by the financial advisor who is the primary contact for the client. WMS recommends that financial planning clients have between two and four meetings per year, depending on the complexity of the client's situation. These meetings are to address new issues as they arise and to review the existing plan.
- **Investment Advisory Services:** Accounts for which investment advisory services are provided by firm personnel are reviewed on a periodic basis, not less than annually. The review is conducted by the financial advisor responsible for the account, in association with the client. There is no minimum number of accounts assigned to the reviewer. The review process consists of each of the following elements: an evaluation of the investment strategy in light of any change in client circumstances and in light of any changes in market conditions; a review of the assets in the portfolio; and discussion with the client as to rebalancing the portfolio, if and as necessary.
- **401(k) Plan services:** Plans for which investment advisory services are provided by firm personnel are reviewed on a periodic basis, not less than annually. The review is conducted by the financial advisor responsible for the account, in association with the Plan Sponsor. There is no minimum number of accounts assigned to the reviewer. The review process consists of each of the following elements: an evaluation of the investment options based on performance, investment objective, and adherence to the plan's Investment Policy Statement (if applicable); a review of the plan utilization by participants and non-participants; and discussion with the Plan Sponsor. Investment options may be placed on a watch list or removed from the plan, if and as necessary.

### **B. Factors that trigger a review**

- Clients may request an account review at any time.
- Reviews are initiated by WMS prior to most client meetings.
- Changes in market conditions may trigger WMS to conduct internal reviews of specific WMS client portfolios. Due to time constraints, and particularly if no changes are warranted, clients are often not aware when these internal reviews are conducted, however it is not uncommon for them to occur several times a year.

### **C. Content and frequency of regular reports**

- **Non-discretionary and discretionary investment advisory services:** Written quarterly performance reports are provided for discretionary and non-discretionary accounts for which WMS is the investment advisor. Reports contain inception-to-date and year-to-date time weighted rates of return.

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

Neither WMS nor any WMS personnel receive sales awards, referral fees or prizes for any business conducted. Any other items that could be perceived as forms of compensation are disclosed under Item 12A.

## **Item 15: Custody**

In the case where a related party is deemed to have custody of client assets, every effort will be made to have those assets held at a qualified custodian where the client will receive account statements at least quarterly directly from that institution or the assets will be under the direction of a court order . We urge our clients to carefully review all statements.

## **Item 16: Investment Discretion**

WMS provides non-discretionary and discretionary portfolio advice as to the client's investment accounts. Prior to engaging WMS to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with WMS setting forth the terms and conditions under which WMS shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian. Before WMS assumes discretionary authority over a client's account(s), the client will execute a power of attorney that is within WMS' Investment Advisory Agreement. For additional information on discretion see "Investment Management/Investment Management Services" under Item 4B and see "How investment advisor services are tailored to meet client needs" under Item 4C.

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

### Proxy Voting Policy.

Clients of WMS vote via proxy, and WMS does not maintain the authority to vote client securities. Clients will receive their proxies and other solicitations directly from their custodian or a transfer agent. Clients should contact the custodian or transfer agent directly with questions about a particular solicitation, but clients may also call WMS with any questions related to proxies or solicitations they receive.

## **Item 18: Financial conditions reasonably likely to impair ability to meet contractual commitments to clients**

- If all WMS firm principals and employees were to die at once, this would certainly be a circumstance that would impair the firm's ability to meet contractual commitments to clients.
- Under such circumstances, clients should call their custodian or broker/dealer directly. (For example, if the client's accounts were held at Schwab, they would call Schwab directly.)

To account for less tragic and more likely circumstances, WMS does the following:

- WMS maintains what the firm considers to be an appropriate amount of errors and omissions insurance.

#### PPP Loan.

We do not know the total or long-term impact of COVID-19 yet and it would be a poor financial decision not to put WMS in as strong a financial position as possible to the benefit of our clients and employees. WMS values our amazing employees and wants to make sure we keep our team in place. As such, WMS has applied for and has received a loan under the Paycheck Protection Program (PPP) established by the U.S. Small Business Administration in connection with COVID-19 in the amount of \$87,700. The PPP loan will pay WMS employees their full compensation for two months helping WMS remain in a very strong financial position for years to come which we believe will ultimately benefit our existing and future clients. The PPP proceeds will be used for purposes permitted under the PPP, including to pay WMS employees who are primarily responsible for performing advisory functions for clients, and employees who act in support roles. If you have any questions about WMS' PPP loan, please contact David Rosenthal.

### **Item 19: Requirements for State-Registered Advisers**

- A. Identify each of your principal executive officers and management persons, and describe their formal education and business background.

#### **David Rosenthal, CFP®**

##### **Education Background:**

- BS, Finance, 1995 Seton Hall University, South Orange, NJ;
- MBA, Finance, 1999, Seton Hall University, South Orange, NJ;
- Certified Financial Planner, CFP®, 9/02. (qualifications described below)

##### **Business Background:**

- Wealth Management Solutions, LLC, 06/03 to present, Principal & Financial Advisor;
- RSM McGladrey Inc., 10/00 to 5/03, Lead Planner & Financial Advisor;
- Asset Management Group (AMG) 3/96 to 10/00, Financial Counselor.

- B. Describe any business in which David Rosenthal is actively engaged (other than giving investment advice) and the approximate amount of time spent on that business.

As disclosed in Item 10, David Rosenthal is a 50% owner of WMS Fund Management, LLC which acts as the manager to WMS Fixed Income Fund I, LLC (the "Fund") which is an affiliated private investment limited liability company which was offered in accordance with Regulation D under SEC regulations. To address and avoid any conflicts of interest, the Fund is closed to new investors and as of July 2008 and all management fees within the fund have been suspended. The Fund is in the process of liquidation and Mr. Rosenthal's activities for the Fund is solely to oversee its liquidation.

- C. In addition to the description of your fees in response to Item 5 of Part 2A, if you or a supervised person are compensated for advisory services with performance-based fees, explain how these fees will be calculated.

Mr. Rosenthal does not receive any compensation from his activities for the Fund, whether through WMS or otherwise.

- D. If you or a management person has been involved in one of the events listed below, disclose all material facts regarding the event.
1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:
    - (a) an investment or an investment-related business or activity;
    - (b) fraud, false statement(s), or omissions;
    - (c) theft, embezzlement, or other wrongful taking of property;
    - (d) bribery, forgery, counterfeiting, or extortion; or
    - (e) dishonest, unfair, or unethical practices.
  2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
    - (a) an investment or an investment-related business or activity;
    - (b) fraud, false statement(s), or omissions;
    - (c) theft, embezzlement, or other wrongful taking of property;
    - (d) bribery, forgery, counterfeiting, or extortion; or
    - (e) dishonest, unfair, or unethical practices.

None.

- E. In addition to any relationship or arrangement described in response to Item 10.C. of Part 2A, describe any relationship or arrangement that you or any of your management persons have with any issuer of securities that is not listed in Item 10.C. of Part 2A.

See the disclosure above regarding WMS Fixed Income Fund I, LLC.