

# **BKD**

**Wealth Advisors, LLC**

## **Disclosure Documents and Privacy Policy**

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**In Lieu of Form ADV II  
Pursuant to SEC Rule 206(4)-3  
June 2011**

**Main Office:**  
910 E. St. Louis St., Suite 200  
Springfield, MO 65806  
Phone: 417.866.5822

*Please retain a copy of this brochure for your records*



**Wealth Advisors, LLC**

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**Wealth Advisors, LLC**

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## **INTRODUCTION**

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BKD Wealth Advisors, LLC (“BKDWA,” “we” or “us”) is an investment advisory firm registered with the Securities and Exchange Commission (SEC) and a wholly owned subsidiary of **BKD, LLP** (“BKD”), one of the 10 largest CPA and advisory firms in the United States.

Our clients (“you” or “your”) may select from a variety of services, which we define as wealth management. These services include portfolio management, investment consulting, financial planning and estate planning. We provide services to you through individuals registered as Investment Adviser Representatives (IARs) and known internally as Portfolio Managers, Advisors and Registered Accountants (RAs).

Portfolio Managers and Advisors are specialists in the areas of wealth management, investment consulting, portfolio management and financial and estate planning. RA is the internal designation for CPAs registered as IARs that are also employees or partners of BKD, the parent company of BKDWA. RAs are limited to providing financial or estate planning advisory services in most cases.

This form ADV Part II is provided to potential and existing clients to provide an understanding of the services we provide, our potential conflicts of interest and the experience and education of certain BKDWA personnel. Our clients include high net-worth or affluent families, individuals and businesses.

## **ADVISORY SERVICES AND FEES**

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### **WEALTH MANAGEMENT SERVICES**

BKD Wealth Management Services involves gathering information about your current situation and future goals and needs through a process involving personal discussions, completion of a risk tolerance survey and a review of the provided information. Using the goals and objectives determined in this process, we work with you to develop a personal investment policy statement. This statement is used as the basis for developing and managing a portfolio of securities. Our wealth management services are primarily guided by the goals and objectives of your investment policy statement and gathered through our conversations.

#### **Discretionary Management of Accounts**

BKDWA manages most advisory accounts with discretion. This allows the BKDWA Portfolio Manager or Advisor to determine the specific individual



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securities to buy or sell without obtaining prior consent from you. We also manage advisory accounts without discretion (non-discretionary accounts) meaning specific client consent must be granted prior to each transaction. Clients have an unrestricted right to decline to implement any advice issued on a non-discretionary basis. Based on client needs, portfolios are designed and managed using a mix of investments, including:

- Stocks: Recommendations are primarily from an approved selection of large cap growth and value stocks
- Options and Warrants: We limit investment in discretionary accounts to covered call options only
- Bonds: Fixed income asset class
- Mutual Funds: Including stocks, bonds and other asset classes
- Alternative Investments: As selected by our Investment Committee

We will, on a case-by-case basis, consider other investments at your request. We are not obligated to implement other investments if we believe the investment is inconsistent with your risk tolerance or our management style.

For many clients, it may be determined that an investment portfolio consisting primarily or exclusively of mutual funds is most appropriate. In these situations, a portfolio of no-load or load-waived mutual funds will be created and client assets will be allocated among various mutual funds while taking into consideration the goals and objectives of the client and the appropriate overall management style of the funds. The mutual funds will be selected from our internally screened approved list.

### **Restrictions**

In all cases, you will have the opportunity to place reasonable restrictions on the types of investments that will be made on your behalf. We reserve the right to decline or terminate an account if we believe the restrictions imposed are not reasonable or prohibit our effective management of your account.

### **Wealth Management Fee Schedule**

BKDWA imposes a minimum annual fee of \$7,500 and has the ability to negotiate fees on a client-by-client basis. The exact fee charged will be stipulated within your advisory agreement and applies on all assets within the portfolio or household as defined in the agreement. Advisory fees are charged quarterly, in advance, and are not tiered in their calculation. The initial quarterly fee will be charged in arrears,

prorated based on the number of days the account was open during the initial quarter.

Factors we consider when determining fees may include, but are not limited to, the following:

- Size of portfolio/assets under management
- Types of securities to be purchased, sold or held within the portfolio
- The custodian used to hold your assets (Assets held outside of our recommended custodians typically increase our costs of doing business)
- The amount of non-managed assets, if any
- The extent of additional services to be provided
- Whether the account is discretionary or non-discretionary (We typically charge more for non-discretionary account management)
- Other professional services you may utilize from our affiliated firms

<b>Total Assets Under Management</b>	<b>Advisor's Fee</b>
At or below \$2,000,000	1.00%
\$2,000,000-\$4,000,000	0.85%
\$4,000,000-\$6,000,000	0.75%
\$6,000,000-\$8,000,000	0.70%
\$8,000,000-\$10,000,000	0.65%
\$10,000,000-\$15,000,000	0.60%
\$15,000,000-\$20,000,000	0.50%
\$20,000,000-\$25,000,000	0.45%

Employees, officers and partners of BKDWA and BKD may be charged a discounted rate.

Fees are calculated as follows:  
 $(\text{Account value} \times \text{Annual Fee \%}) / 4 = \text{Quarterly Fee}$



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### **Fee Payment**

Clients may select to have fees deducted directed from clients' assets or they may elect to receive an invoice for fees incurred. If authorized, we will deduct your fees directly from your account on a quarterly basis. If direct debiting is not selected, an invoice will be sent to you quarterly. We request payment in full within 30 days of receipt. Statements provided by your custodian will detail the total amount of the fees that were deducted each quarter. In some cases, fee notifications may be sent by BKDWA to you. If you have not paid your invoice(s) in full within 60 days of receipt of the invoice, we may have the fees debited directly from your account(s). Fees are not verified by your custodian; it is your responsibility to do so.

### **Valuation of Securities/Accounts**

BKDWA primarily uses your custodian to price the securities in your account(s). If the market quotations are not available from your custodian, an independent third-party provider may be used. If a pricing issue arises where there is no readily available pricing information, BKDWA shall use its best efforts to obtain all relevant information in order to determine a fair value. If it is deemed necessary or prudent, an independent third party may be hired to provide an appraisal of the security.

We charge advisory fees based upon the valuation of your account(s) as determined by our internal portfolio management system, which interfaces and is reconciled with your custodian. The total portfolio value on which fees are based may vary from the value on the custodian statement (the valuation may be higher or lower) due to such factors as the timing and posting of dividends, settlement dates for trades and accrued interest. (This may not be an all-inclusive list.) The value of your account as of the last business day of the previous quarter (as shown in our internal portfolio management system) is used to determine the fees charged.

### **INVESTMENT CONSULTING SERVICES**

Services may include, but are not limited to:

- Meeting with clients to understand the specific and individual needs to help define investment objectives and risk tolerances
- Drafting an Investment Policy Statement (IPS)
- Reviewing the current portfolio and providing suggestions for changes based on the current and future investment needs
- Assisting in the selection and retention of appropriate money managers or mutual funds



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- Monitoring the performance of the selected money managers or mutual funds and reporting to the client
- Providing advice regarding the retention or dismissal of any money manager or mutual fund that is being used

Consulting services are limited to those assets specifically identified on Schedule B of the Investment Consulting Agreement. These services will be provided until either party terminates the agreement or, if applicable, the project is completed.

### **Consulting Fees**

Fees are charged on an hourly, fixed or percentage of assets basis (or some other combination). The agreed-upon fee may be more or less than other fee payment options. We may charge separately for expenses, such as travel and third-party products necessary to provide your consulting services.

### **Hourly Fees**

Hourly rates range from \$60 to \$450 per hour, based on the knowledge and experience of the individual providing the work. Hourly fees are invoiced monthly. Payment is due within 30 days of receipt of the invoice.

### **Fixed Fees**

Due to the specific nature of this service, there is no range of fixed fees to disclose. The fee is determined on a client-by-client, project-by-project basis. Fixed fees are invoiced on a quarterly basis in advance of the service provided, with payment due within 30 days of receipt of the invoice. Fixed fees are determined in advance and agreed to by the client. Services will vary by client based on the project parameters.

### **Percentage of Assets Fees**

Annual fees are billed quarterly in advance and prorated for accounts opened or closed during a calendar quarter, and are based upon the assets consulted on. The fee will typically range from 0.15% to 1.5% based on the complexity of your needs, frequency and types of reporting, analysis and manager performance plotting, among other factors (including many, but not all, of the criteria listed above under Wealth Management Services). Payment is due within 30 days of receipt of the invoice. In some cases, these fees will be deducted from your account(s).



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### **Referrals to Independent Money Managers**

If suitable, referrals to independent money managers may be made through any of our approved programs. These programs currently include:

- Fidelity Institutional Wealth Services' Managed Account Resource Program
- Charles Schwab and Company's "Managed Account Select Program
- Charles Schwab and Company's Connection Marketplace

*This list may be updated from time to time.*

These programs allow clients to obtain portfolio management services that typically require higher minimum account sizes outside of the program. The money managers selected under these programs will have discretion to determine the securities they buy and sell within the account, subject to reasonable restrictions imposed by the client. Schwab and Fidelity do not have discretionary authority over assets included in the programs, although the money managers will have this discretionary authority. BKDWA does have the discretion to hire or fire managers within their programs. Schwab requires the client's signature to change money managers – even on discretionary accounts.

Due to the nature of these programs, each of the independent money managers is obligated to provide each client with a separate disclosure document. You should carefully review this document for important and specific program details, including pricing.

Under these programs, we may:

- Assist in the identification of investment objectives through preparation of a written investment policy statement
- Recommend specific investment style and asset allocation strategies
- Assist in the selection of appropriate money managers and periodically review performance and progress towards stated objectives
- Recommend reallocation among managers or styles within the program
- Recommend the hiring and firing of money managers utilized by the client and within the chosen program

**Note:** Schwab, Fidelity nor any of their respective affiliates are affiliated with BKDWA or any BKD affiliate.

Under these programs, a fee is negotiated between BKDWA and each client, typically ranging from 0.20% to 1.65%. This fee is separate and in addition to the



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program fees charged by Schwab or Fidelity and may vary based upon specific services provided and/or the nature of the client relationship.

The total fee paid by a client includes the fee paid to BKDWA and the program fee charged by Schwab or Fidelity in conjunction with the fee paid to the independent money manager. Under some of these programs, there are no separate commissions or transaction costs charged to the client. These are commonly referred to as “wrap programs.” In all cases, you should read the disclosure document of the money manager for complete details on the charges and fees you will incur.

**a) Fidelity Managed Account Resource Program**

Investnet Asset Management, Inc. (Investnet) is an investment management firm providing investment management and advisory services through independent investment advisors. Investnet provides Fidelity Brokerage Services, LLC (FBS) and other advisors with the Managed Account Resource Program (MAR Program) via a tri-party agreement that consists of:

- Manager Resource Wrap Program
- Manager Resource Network Program
- Mutual Fund Wrap Program
- Multi-manager Account Wrap Program
- Advisor-directed Models
- Alternative Third-party Models
- Mutual Fund Choice and Exchange-traded Fund (ETF) Wrap
- Invest(K)

For a complete description of the services offered, programs and fees charged, please refer to the Investnet Asset Management, Inc. Form ADV, Part II and Schedule H as related to Investnet’s programs.

**b) Schwab Managed Account Select Program**

Under this program, the Schwab Center for Financial Research provides institutional investment research with insights and decision making tools to help serve our clients needs. Our clients are provided a choice of prescreened money managers across various investment styles. The program then bundles the research, Schwab’s brokerage, custodial and client



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reporting under a single, all-inclusive fee, which is in addition to the fee charged by BKDWA.

Access to managers in this program is offered at the following account levels (although some money managers may have a higher account minimum): \$100,000 for Stock/Equity Managers and \$250,000 for Bond/Fixed Income Managers.

The Schwab Managed Account Select Program fees include the institutional money manager fee, Schwab's program fee and fees for brokerage/clearing/custodial services. Fees may include a minimum monthly fee, please see related program documents for specific fees.

**c) Schwab Connection Marketplace**

We participate in the Schwab Connection Marketplace program for certain larger clients.

The services provided are "unbundled," meaning fees for Schwab's execution and custodial services are negotiated with the individual manager by BKDWA on behalf of the client and are based on the total assets included in the program and the type of management services (equity or fixed income) provided.

Execution of security transactions may be paid in one of two ways:

- A percentage of assets (part of the total fee payable to Schwab)
- On a commission basis, where each transaction is charged a commission as negotiated with Schwab

It may be possible for a client to use Connection Marketplace and receive the same research services and benefits (subject to internal restrictions identified earlier) for a lower fee than available under the Schwab Managed Account Select Program. The bundled fees charged for the Schwab Managed Account Select Program may be higher than the "unbundled fees" charged under Connection Marketplace because of the initial and ongoing due diligence provided by the Schwab Center for Financial Research.

We will provide Connection Marketplace clients a quarterly report from our portfolio accounting system (this report is not provided to Schwab Managed Account Select clients). Schwab will provide custodial statements for Connection clients.



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### **Services to Clients under Employee Retirement Income Security Act of 1974 (ERISA)**

We provide the following services to ERISA clients:

- Limited education and enrollment assistance. Specific and individualized investment advice is not provided to plan participants
- Draft, review and refine the Investment Policy Statement (IPS) until the client (the plan sponsor and/or trustee) believes objectives and risk tolerances are adequately defined
- Assist the trustees of the plan in determining mutual funds or other securities to make available to the plan participants
- Meet with the trustees of the plan to review the performance of the mutual funds and other securities selected by the trustees. Recommendations will be made to the trustees who then have the sole authority to determine the course of action to take on behalf of the plan
- Periodic reports will be provided as agreed upon

We do not have discretionary authority or control over the plan assets nor discretionary authority or control over the administration of the plan. Advice is provided to the plan in the form of recommendations to the trustees. Our role is to serve as a consultant to the plan trustees. The consulting services provided are limited to those assets specifically identified on Schedule B of the executed Investment Consulting Agreement.

### **FINANCIAL PLANNING SERVICES**

We provide financial planning to clients. Financial planning services are offered on a comprehensive or *a la carte* (limited focus) basis. Financial plans encompass all or some of the following areas of financial concern to the client:

- Estate Planning and Estate Goals
- Retirement Planning
- Education Planning
- Insurance Planning/Risk Management
- Investments

Appropriate information will be obtained through personal interviews (including a discussion of your current financial status, future goals and attitude towards risk) and the review of related documents and data that you provide. A



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written financial plan may be prepared and provided, although in many cases there is no written comprehensive document. The implementation of financial planning recommendations is entirely at your discretion. Financial plans are not limited in any way to products or services provided by any particular company and implementation may be done with any appropriately licensed firm or individual. For additional information, please refer to the section “Other Business Activities and Affiliations.

### **Fees**

Fees may be charged on an hourly or fixed fee basis. Once determined, the exact fee arrangement is set forth in the financial planning agreement. Fees for expenses such as overnight delivery and travel, if required, may be charged separately as specified in the agreement.

### **Hourly Fees**

Hourly rates range from \$60 to \$450 per hour, based upon the knowledge and experience of the individual providing the work. Fees are billed in 15 minute increments.

### **Fixed Fees**

Fees are typically determined by estimating the number of hours to be spent preparing the plan and then quoting a fixed price. If additional work is requested (beyond the original scope of the project), it may be billed on an hourly basis or a fixed price basis as negotiated and agreed upon between you and your Advisor.

Total costs for financial plans, whether charged per hour or on a fixed basis, may range from \$500 to as much as \$30,000 or more. There is no “typical” plan, as services are customized to the particular needs of the client, thus there is a wide range of fees that may be imposed.

Hourly fees will be billed monthly as the work is provided (in arrears). Fixed fees will be invoiced monthly or quarterly, depending upon the anticipated delivery of the plan. Other limited planning services are billed monthly.

Should a contract be terminated prior to the service being delivered, we will bill for work provided. In the case of prepayment of fees, the prorated refund will be based upon the hourly rate of the individuals who provided the services.



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## **ADDITIONAL SERVICES**

*WealthPlan* offers the professional experience of both BKDWA and BKD professionals in a convenient package. The goal of *WealthPlan* is to help clients grow, preserve and protect their wealth. The integrated suite of services combines the competencies of professionals with advanced techniques and tools in tax, estate, retirement, financial and investment planning. BKDWA professionals provide the *WealthPlan* services of personal wealth planning, investment management and estate planning (non-tax related). BKDWA professionals also participate through arrangements with a nonaffiliated insurance agency. The components of *WealthPlan* are as follows:

- **Investment Management:** Risk tolerance, investment policy development, asset allocation analysis, performance measurement and BKDWA portfolio management
- **Estate Planning:** Wealth transfer needs, estate tax liability analysis and strategies, philanthropic gift strategies, family gifting, document review and asset titling review (with your legal counsel)
- **Personal Wealth Planning:** Cash flow forecasting and budgeting, retirement plan distribution analysis, IRA and qualified plan consulting, debt refinancing and consolidation, bookkeeping and accounting, education planning and financial independence analysis
- **Tax Solutions:** Income tax preparation, income tax projections, tax strategies, compliance checkups, representation before federal and state authorities and estate tax strategies
- **Insurance Solutions:** Life insurance evaluations and strategies, asset and liability risk analysis and disability insurance assessment

Fees are invoiced directly for those services provided, based upon the fee schedules as documented in the advisory agreements.

We do not provide evaluations on property and casualty insurance (P&C), auto or homeowners' insurance policies.

### **Bundled Pricing**

Bundled pricing services may be offered to clients who are clients of both BKDWA and BKD. Bundled pricing is designed to provide the option of paying one fee for multiples services. For example, a client may receive wealth management services provided by BKDWA and tax services from BKD. At the discretion of BKD and BKDWA, additional accounting services such as



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preparation of an individual tax return may be included as part of the standard advisory fee. In some cases, fees for accounting services will be invoiced to the client separately by BKD.

## **GENERAL INFORMATION ON ADVISORY SERVICES AND FEES**

### **Termination**

All advisory agreements can be terminated upon written notification by either party at any time. Upon termination, you will receive a refund of any prepaid and unearned advisory fees (prorated for the balance of the quarter, if needed). If services have been provided, fees are therefore due and payable and you will receive an invoice for the amount due. Any transactional or custodial charges levied by your custodian after the termination of the advisory agreement are your responsibility and not the responsibility of BKDWA. We have no obligation to refund fees charged by your custodian.

### **Additional Costs**

All fees paid to BKDWA for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus, which we recommend you review. These fees will generally include a management fee, other fund expenses and a possible distribution fee. You should review the fees charged by the fund and the fees we charge to understand the total amount of fees paid, as investments in some mutual funds may be made by you, independent of and without the services provided by us.

Although BKDWA Portfolio Managers and Advisors recommend and purchase only no-load or load-waived mutual funds for client accounts, some funds held when opening an account may have imposed (or will impose) an initial or deferred sales charge. We do not participate in the sales charges charged by mutual funds.

We are not compensated based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds of any client. Advisory fees are charged only as described within this disclosure document.

## **TYPES OF CLIENTS**

BKDWA generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates or charitable organizations, state or municipal government entities and corporations or business entities.



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## **TYPES OF INVESTMENTS**

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BKDWA offers advice on a wide variety of investments and investment programs, including equity securities such as exchange listed securities, securities traded over-the-counter and foreign issues; warrants; corporate debt securities (other than commercial paper); commercial paper; certificates of deposit; municipal securities; investment company securities such as variable life insurance, variable annuities and mutual fund shares; U.S. government securities; ETFs (exchange-traded funds); REITs (real estate investment trusts); and other investments that may be suitable for our clients.

## **METHODS OF ANALYSIS, SOURCES OF INFORMATION AND INVESTMENT STRATEGIES**

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BKDWA utilizes a variety of resources and methods to conduct our analysis. These include, but are not limited to charting, fundamental analysis, technical analysis, and cyclical information/analysis. Our primary resources for obtaining information are financial newspapers and magazines, research materials prepared by others, corporate rating services, a company's annual report and press releases, prospectuses and SEC filings.

The investment strategies used to implement any investment advice given to clients include:

- Long-term purchases (securities held at least a year)
- Short-term purchases (securities sold within a year)
- Margin transactions
- Option writing, including covered options, uncovered options or spreading strategies

## **EDUCATION AND BUSINESS STANDARDS**

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To provide advisory services to clients, we prefer that our Advisory employees have one or a combination of the following standards:

- Clean personal and regulatory background history
- College degree: Bachelor of Arts (B.A.), Bachelor of Science (B.S.) or Master in Business Administration (MBA)



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- Appropriate licensing or professional designations, which typically include one or more of the following:
  - FINRA Series 65 (Investment Adviser Law Examination)
  - FINRA Series 7 and 66 examinations
  - Chartered Financial Analyst (CFA<sup>®</sup>)
  - Certified Financial Planner (CFP<sup>®</sup>)
  - Chartered Financial Consultant (CHFC<sup>®</sup>)
  - Certified Investment Management Analyst (CIMA<sup>®</sup>)
  - Certified Trust and Financial Adviser (CTFA<sup>®</sup>)
  - Certified Investment Management Consultant (CIMC<sup>®</sup>)
  - Certified Public Accountant (CPA)
  - Certified Public Accountant – Personal Financial Specialist (CPA/PFS)

## **EDUCATION AND BUSINESS BACKGROUND**

The Principals of BKDWA are:

- Jeffrey A. Layman, CFA<sup>®</sup>: Chief Investment Officer
- Michael W. Loveless, CFP<sup>®</sup>, CIMC<sup>®</sup>: Principal
- Jack E. Thurman, CIMA<sup>®</sup>: President, Chief Compliance Officer
- Steven L. Toomey, CIMA<sup>®</sup>: Benefit Plan Consulting Principal

The Investment Committee Members are:

- Jeffrey S. Gann
- Rick B. Gutman, CFP<sup>®</sup>
- Edward A. “JR” Humphreys, II, CFA<sup>®</sup>
- Stephanie A. Hurt, CFA<sup>®</sup>
- Jeffrey A. Layman, CFA<sup>®</sup>
- Matthew Wahl, CFA<sup>®</sup>, CPA<sup>®</sup>, CFP<sup>®</sup>
- D. Nicholas Withrow, CFA<sup>®</sup>, CFP<sup>®</sup>

The Office Directors are:

- Nadine S. Givens



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- Randal L. Saul, AIF<sup>®</sup>
- Gregory V. Spears

**JEFFREY A. LAYMAN, CFA<sup>®</sup> (Born 1965)**

**Education**

- Chartered Financial Analyst (CFA<sup>®</sup>)
- Missouri State University, MBA, 1995
- Missouri State University, BS in finance, 1987

**Business Background**

BKD Wealth Advisors, LLC, Springfield, Missouri: Principal, June 2007–Present

BKD Wealth Advisors, LLC, Springfield, Missouri: Chief Investment Officer, April 2008–Present

**BKD, LLP**, Springfield, Missouri: Principal, February 2000–Present

Bank of America: Investment Management, July 1995–March 2000

Boatmen’s Investment: September 1988–July 1995

Boatmen’s Bank: June 1987–September 1988

**MIKE W. LOVELESS, CFP<sup>®</sup>, CIMC<sup>®</sup> (Born 1953)**

**Education**

- Certified Financial Planner (CFP)
- Certified Investment Management Consultant (CIMC<sup>®</sup>)
- University of Central Arkansas, BS in economics, 1976

**Business Background**

BKD Wealth Advisors, LLC, Little Rock, Arkansas: Principal, June 2000–Present

BKD Wealth Advisors, LLC, Little Rock, Arkansas: Principal and Office Director, June 2000–September 2010

**BKD, LLP**, Little Rock, Arkansas: Principal, June 2000–Present



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BKD Wealth Advisors, LLC, Little Rock, Arkansas: Investment Committee Member, June 2000–November 2001

Myers Loveless, Inc.: February 1995–May 2000

Paine Webber: February 1990–February 1995

Stephens, Inc.: December 1979–February 1990

**JACK E. THURMAN, CIMA<sup>®</sup> (Born 1961)**

**Education**

- Certified Investment Management Analyst (CIMA<sup>®</sup>)
- FINRA Registrations: Series 7 and 24
- Drury College, BA in business administration, 1983

**Business Background**

BKD Wealth Advisors, LLC, Springfield, Missouri: Principal, President, February 2000–Present

BKD Wealth Advisors, LLC, Springfield, Missouri: Chief Compliance Officer, August 2008–Present

**BKD, LLP**, Springfield, Missouri: Principal, February 2000–Present

Merrill Lynch: January 1986–February 2000

**STEVEN L. TOOMEY, CIMA<sup>®</sup> (Born 1964)**

**Education**

- Certified Investment Management Analyst (CIMA<sup>®</sup>)
- University of Nebraska, MBA, 1989
- University of Nebraska, BA in business administration, 1985

**Business Background**

BKD Wealth Advisors, LLC, Benefit Plan Consulting Division, Kansas City, Missouri: Principal June 2009–Present

BKD Wealth Advisors, LLC, Kansas City, Missouri: Principal and Office Director, June 2006–Present



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BKD Wealth Advisors, LLC, Kansas City, Missouri: Principal and Office Director, June 2006–March 2011

BKD Wealth Advisors, LLC, Kansas City, Missouri: Senior Managing Advisor and Office Director, October 2002–June 2006

Waddell & Reed, Overland Park, Kansas City, Missouri: Equity Analyst, January 2002–October 2002

George K. Baum, Co.: June 1994–December 2001

Great American Ins.: February 1992–June 1994

Ernst & Young: May 1991–February 1992

**JEFFREY S. GANN (Born 1969)**

**Education**

- Level III CFA<sup>®</sup> Candidate
- Missouri State University, MBA, 1999
- Missouri State University, BS in finance, 1998

**Business Background**

BKD Wealth Advisors, LLC, Springfield, Missouri: Portfolio Manager and Investment Committee Member, February 2003–Present

Springfield Trust Company, Springfield, Missouri: Portfolio Manager, September 1999–January 2003

**RICK B. GUTMAN, CFP<sup>®</sup> (Born 1958)**

**Education**

- Certified Financial Planner (CFP<sup>®</sup>)
- Drake University, BS in human resources, 1981

**Business Background**

BKD Wealth Advisors, LLC, Kansas City, Missouri: Portfolio Manager and Investment Committee Member, January 2002–Present

Commerce Bank, St. Joseph, Missouri, Springfield, Missouri and Wichita, Kansas: Portfolio Manager, June 1988–January 2002



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**EDWARD A. “JR” HUMPHREYS, II, CFA<sup>®</sup> (Born 1967)**

**Education**

- Chartered Financial Analyst (CFA<sup>®</sup>)
- Marshall University, BA in finance, 1990

**Business Background**

BKD Wealth Advisors, LLC, Indianapolis, Indiana: Portfolio Manager and Investment Committee Member, October 2003–Present

United Bank, Charleston, West Virginia: Vice President, Trust Investment Officer and Investment Committee Member, September 2000–September 2003

Charles Schwab & Company, Fisher, Indiana: Option Specialist, September 1995–August 2000

**STEPHANIE A. HURT, CFA<sup>®</sup> (Born 1979)**

**Education**

- Chartered Financial Analyst (CFA<sup>®</sup>)
- Missouri State University, BS in finance, 2002

**Business Background**

BKD Wealth Advisors, LLC, Springfield, Missouri: Portfolio Manager, Investment Committee Member, June 2007–Present

US Bank, Springfield, Missouri: Portfolio Manager, December 2002–June 2007

Springfield Trust Company, Springfield, Missouri: Associate Portfolio Manager, June 2002–December 2002

**MATTHEW WAHL, CFA<sup>®</sup>, CPA<sup>®</sup>, CFP<sup>®</sup> (Born 1975)**

**Education**

- Chartered Financial Analyst (CFA<sup>®</sup>)
- Certified Public Accountant (CPA<sup>®</sup>)
- Certified Financial Planner (CFP<sup>®</sup>)



**Wealth Advisors, LLC**

- University of Arkansas at Little Rock, MBA, 2000
- Hendrix College, BA in economics, 1998

### **Business Background**

BKD Wealth Advisors, LLC, Little Rock, Arkansas: Managing Advisor, June 2008–Present

Morgan Asset Management, Little Rock, Arkansas: Portfolio Manager, August 2004–June 2008

Stephens, Inc., Little Rock, Arkansas: Equity Associate Analyst, March 2000–July 2004

### **D. NICHOLAS WITHROW, CFA<sup>®</sup>, CFP<sup>®</sup> (Born 1978)**

#### **Education**

- Chartered Financial Analyst (CFA<sup>®</sup>)
- Certified Financial Planner (CFP<sup>®</sup>)
- FINRA Series 65 Examination
- University of Missouri-Columbia, BS in personal financial management services, 2001

#### **Business Background**

BKD Wealth Advisors, LLC, Kansas City, Missouri: Managing Advisor, June 2009–Present

BKD Wealth Advisors, LLC, Kansas City, Missouri: Supervising Advisor, October 2005–June 2009

BKD Wealth Advisors, LLC, Kansas City, Missouri: Staff Advisor, September 2002–October 2005

Wells Fargo Financial, Liberty, Missouri: Credit Manager, June 2002–September 2002

GE Financial Advisors, Columbia, Missouri: Advisor, January 2002–May 2002

GE Financial Advisors, Columbia, Missouri: Intern, August 2001–January 2002



**Wealth Advisors, LLC**

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**NADINE S. GIVENS (Born 1961)**

**Education**

- Miami University, BS in marketing, 1984
- Securities Licenses: Series 7, 9, 10, 24 and 66

**Business Background**

BKD Wealth Advisors, LLC, Indianapolis, Indiana: Office Director and Senior Managing Advisor, November 2008–Present

JPMorgan Chase, Indianapolis, Indiana: Managing Director, Market Manager, July 1988–October 2008

Northern Trust Company, Indianapolis, Indiana: Marketing and Product Development, August 1984–June 1988

**RANDAL L. SAUL, AIF<sup>®</sup> (Born 1950)**

**Education**

- Accredited Investment Fiduciary<sup>™</sup> (AIF<sup>®</sup>)
- Southeast Missouri State University, MA in teaching, 1974
- Southeast Missouri State University, BS in education, 1972

**Business Background**

BKD Wealth Advisors, LLC, Springfield, Missouri: Associate and Office Director, January 2002–Present

Bank of America Private Bank, Springfield, Missouri: Senior Vice President, April 1998–January 2002

**GREGORY V. SPEARS (Born 1959)**

**Education**

- Missouri State University, BS in finance, 1981
- Securities Licenses: 3, 7, 9, 10, 52, 53 and 66

**Business Background**

BKD Wealth Advisors, LLC, Kansas City, Missouri: Office Director, March 2011–Present

Wells Fargo Advisors, Kansas City, Missouri: Kansas City Market Manager, November 2004–March 2011



**Wealth Advisors, LLC**

USB Financial Services, Louisville Kentucky: Branch Complex Manager,  
April 1997-November 2004

Merrill Lynch, Kansas City, Missouri: Branch Manager, January 1990-April  
1997

Walton Bank Group, Bentonville, Arkansas: Senior Vice President  
Investment Division, January 1985-December 1989

Smith Barney Capital Markets, Kansas City, Missouri: Institutional Fixed  
Income Sales, January 1982-January 1985

## **OTHER BUSINESS ACTIVITIES AND FINANCIAL INDUSTRY AFFILIATIONS**

### **ACCOUNTING FIRM**

Persons associated with BKDWA may also be partners and/or employed by and affiliated with BKD, a certified public accounting firm and the parent company of BKDWA. BKD's principal services include auditing financial statements and other financial statement services, preparing tax returns and other related accounting, business and tax services. BKD does not sell products other than computer software. We may recommend this accounting firm to clients in need of tax, accounting or business consulting services. These services are separate from our advisory services, but may be "bundled" for pricing purposes as outlined above. You are not obligated to use BKD's services.

### **INSURANCE AGENCY/BROKER**

We are licensed as a general insurance broker and agency and may provide analysis of, and recommend, the purchase and sale of certain insurance products. This licensing is in addition to our registration as an investment adviser. Individuals are appointed as agents under our license, where necessary. Commissions are paid to the firm, not to specific individuals within the firm. Clients are not obligated to use us as their insurance broker or agent, or to use any recommended insurance company for any recommended insurance transaction.

We are, through common control and ownership, affiliated with BKD Insurance, LLC (BKDI). BKDI is registered as an insurance agency, as well as a broker/dealer. Insurance licensing is now primarily handled through BKDI and not through BKDWA. We utilize the services of Schwartz Benefit Services, Inc. (Schwartz) for most insurance recommendations. Upon agreement, clients may be introduced to Schwartz for insurance and analysis recommendations. The recommended products may also be sold to the client if



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the client agrees that it meets their needs. BKDI and Schwartz are insurance agencies and brokers. Schwartz pays BKDI up to 50% of the commissions and other compensation received in exchange for the introduction. This agreement only applies if the client purchases insurance through Schwartz. Schwartz is not affiliated with BKDWA or with BKDI. You are not obligated to use our insurance broker or agent, or to use any insurance recommendations we provide.

### **BROKER-DEALER**

We are, through common control and ownership, are affiliated with BKD Corporate Finance, LLC, a limited purpose broker-dealer registered with the Financial Industry Regulatory Authority (FINRA) and the SEC. BKD Corporate Finance, LLC is licensed to perform corporate finance functions such as merger and acquisitions and business valuations. We may make uncompensated client referrals to this entity for services that may be useful to our clients. Besides these potential referrals, there is no material relationship between the services provided by BKD Corporate Finance, LLC and BKDWA.

BKDI is also a limited purpose broker-dealer registered with FINRA and the SEC. BKDWA and BKD may introduce clients to Schwartz, which is also an introduction to NFP Securities, Inc. (NFP). Individuals who represent Schwartz are also registered representatives of NFP. NFP is a licensed securities broker-dealer registered with FINRA and the SEC.

If a client purchases variable annuities or variable life insurance through a representative of NFP after an introduction by BKDWA or BKD, BKDI is paid up to 50% of the total commission compensation earned.

### **TIME SPENT ON OTHER ACTIVITIES**

Registered Accountants may spend more than 50% of their time on other activities.

### **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

Through our professional activities, we realize a potential conflict of interest if the firm or individuals associated with the firm purchase or sell securities, for their personal accounts, identical to those recommended to customers. We may have an interest or position in one or more securities, which may also be



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recommended to you. However, BKDWA has policies and procedures in place to monitor the personal trading activities for all access persons to ensure front running or other potential conflicts do not occur as outlined below in the summary of our Code of Ethics.

In compliance with Section 204A of the Investment Advisers Act of 1940 (“Advisers Act”), we have adopted written policies and procedures designed to detect and prevent the misuse of material, nonpublic information. As some associated persons of the firm are also CPAs with an affiliated entity, BKD, additional procedures are in place should accounting services be provided to public or private companies who issue securities. We may render advisory opinions or recommend action on these securities to clients.

### **CODE OF ETHICS**

A Code of Ethics (Code) has been developed for employees and partners. This code was developed to provide general ethical guidelines and specific instructions regarding our duties to you as our client. As part of our Code, no person we employ may benefit, either directly or indirectly, from transactions placed on behalf of advisory accounts. Employees may not buy or sell securities for their personal accounts where their decision is substantially derived, in whole or part, from their employment, unless the information is also available to the investing public on reasonable inquiry. We do not prefer our interests to yours.

We monitor employee personal and proprietary trading activity on a quarterly basis to ensure compliance with internal policies and procedures and applicable regulatory requirements. We strive to ensure that all employees act in accordance with applicable regulations governing registered investment advisory practices as applicable to the firm. Employees not in observance of this goal are subject to sanctions, including termination of employment.

A copy of our Code may be obtained by contacting Jack Thurman, CCO, via email at [jthurman@bkd.com](mailto:jthurman@bkd.com).

### **CONDITIONS FOR MANAGING ACCOUNTS**

#### **WEALTH MANAGEMENT SERVICES**

There is no minimum dollar value to open or maintain an account. However, it should be noted that this type of program does incur transaction costs, which may impact performance. In addition, BKDWA imposes a minimum annual fee of \$7,500 on your account.



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## **FINANCIAL PLANNING, INVESTMENT CONSULTING AND REFERRALS TO INDEPENDENT MONEY MANAGERS**

There are no minimum account sizes for financial planning or investment consulting clients. Independent Money Managers may impose account minimums. This information will be disclosed in their respective Form ADV.

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## **REVIEWS AND REVIEWERS OF ACCOUNTS**

### **WEALTH MANAGEMENT SERVICES**

Each account receives an indirect review by the Portfolio Manager and/or the firm's Investment Committee through the ongoing review of securities that occurs as we monitor and maintain our approved list.

More formal reviews are based on objectives and parameters established by the client through their individual risk tolerance survey and investment policy statement. All client materials are reviewed by Portfolio Managers or Advisors authorized to perform this function. Each reviewer handles a different number of client accounts as the number varies from office to office. The number of reviewers may increase as client demand increases. We encourage annual reviews and face to face meetings with your Advisor.

Reviews may also be triggered by special client request, a change in a client's financial situation or investment objectives or significant world, economic or market events.

### **INVESTMENT CONSULTING SERVICES**

Reviews vary depending upon the client's request and ongoing services agreed to between the client and BKDWA.

### **FINANCIAL PLANNING SERVICES**

Financial plans may not be reviewed after the plan is delivered (for written plans) or after the service is performed (for consulting on a plan). Exceptions to this include clients with an annual service contract for which an annual update is purchased or if the client requests a periodic review



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## **REPORTS PROVIDED TO CLIENTS**

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### **WEALTH MANAGEMENT SERVICES**

Wealth management clients are provided a report on a quarterly basis. This report may identify some or all of the following information: current market value, capital contributions and withdrawals. In addition, a summary performance analysis report, which includes the portfolio rate of return, will be provided for the most recent quarter end. This report also shows the return from inception of the account. Taxable clients may receive an annual realized gain and loss report for tax purposes. All reports are in addition to account statements and transaction confirmations received from your custodian.

### **INVESTMENT CONSULTING SERVICES AND FINANCIAL PLANNING SERVICES**

Regular reports are not provided to financial planning clients unless a plan update or additional service is requested. Regular reports are not provided to investment consulting clients unless outlined in the client agreement.

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## **INVESTMENT OR BROKERAGE DISCRETION**

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### **INVESTMENT DISCRETION AND RESTRICTIONS**

For many clients, we have discretionary authority, *i.e.*, the authority to act without first obtaining client consent, to determine the securities to be bought or sold and the amount to be bought or sold.

You may impose reasonable restrictions on this authority. For example, no defense stocks, no tobacco stocks, etc. All such restrictions shall be documented in writing. You may modify the imposed restrictions by providing us with written documentation. We reserve the right to refuse to open an account if we believe that the restrictions placed are excessive and would limit our abilities to manage the account effectively and prudently.

You should understand that the imposition of portfolio restrictions may affect performance of your portfolio(s), in either a positive or negative way.

### **BROKERAGE DISCRETION-PRIME BROKERAGE**

For a number of discretionary client accounts, we currently have discretionary authority to pick a non-related broker (other than your current custodian) to execute a fixed income trade. Each trade placed at a broker other than your selected custodian costs up to \$25.00, which is charged by the custodian to



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settle the trade. This is in addition to any mark up or mark down that may be paid to the broker-dealer we select to buy or sell the security.

Clients must qualify for prime brokerage to participate in these transactions. To qualify, you must maintain a minimum portfolio value of \$150,000, and an allocation of fixed income on your Investment Policy Statement as required by your custodian and sign the appropriate prime brokerage paperwork with the custodian. We use this discretionary authority to trade away from the custodian when purchasing or selling fixed income securities only. It is not used in all cases. Reasonable restrictions on this authority may be imposed, as described above.

#### **NO BROKERAGE DISCRETION**

If a client account does not qualify for prime brokerage, we do not have the ability to trade at any other broker other than your selected custodian. All transactions for your account will be directed to your custodian unless permission is granted by you to us for prime brokerage trades.

#### **COMMISSION NEGOTIATION**

We generally do not have the authority to negotiate the commission that will be charged to any client who uses the brokers that we recommend on a trade-by-trade basis. We may negotiate commissions in certain circumstances to allow clients to divest themselves of low dollar amount security positions. This exception is determined on a case-by-case basis and is at the discretion of BKDWA and the client's custodian.

#### **TRADE ERRORS**

From time-to-time, the Advisor may make an error in submitting a trade order on the client's behalf. If a trade error occurs in a client account and it is our error, we will correct the error so that your account does not incur a loss. It is possible that you may not profit from the error, even if the correction results in a profit.

#### **BLOCK TRADING (MINI BLOCKS) AND TRADE ALLOCATION**

We may aggregate purchases or sales of the same security for multiple accounts. We may also include employee transactions with those of nonaffiliated clients. Each account participating in the block will receive the average price if multiple executions are required to complete the order.

We may "mini block" transactions. Mini blocks are block trades segregated by custodian and office by office (see below) when purchasing or selling securities.



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Clients participating in a mini block do not receive the benefit of negotiated commissions, as we do not have that authority on an account by account or transaction by transaction basis. Because of our practice of managing portfolios on an individual basis, we do not frequently block transactions. This may result in clients not receiving best execution.

We may block multiple client accounts together that qualify for prime brokerage trading activity. Such block trading is segregated office by office. We do not aggregate block trades across accounts at all offices at the same time.

### **RECOMMENDATION OF A CUSTODIAN**

We generally recommend that all clients select either Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab) or National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, (Fidelity)) as custodian in order to participate in our programs. Both firms are members of FINRA and Securities Investor Protector Corporation (SIPC) and are registered broker-dealers. These firms maintain custody of clients' assets and effect trades in their accounts. BKDWA is not affiliated with either of these entities. Although we normally recommend Schwab or Fidelity, there may be instances in which another Custodian may be used.

In recommending these custodians/brokers, we have evaluated each and determined they offer our clients an excellent blend of service, financial strength, competitive commission rates and access to mutual funds otherwise not available to us or our clients, along with other factors. See the **Additional Compensation** section below for additional details.

Schwab provides BKDWA access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services are generally available to independent investment advisers on an unsolicited basis, at no charge to them as long as a total of \$10 million of the advisers' clients' assets are maintained in accounts at Schwab. Schwab's services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For BKDWA's client accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab that settle into Schwab accounts.

We participate in back office support programs sponsored by Schwab and Fidelity. These programs and the services provided, including trading



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platforms, are essential to our service arrangements and capabilities. As part of our participation in these programs, we receive benefits that we would not receive if we did not offer investment advice. See the **Additional Compensation** section below for additional details.

Ultimately, it is the client's decision whether or not to custody assets with Schwab or Fidelity; however, we generally do not accept clients who direct us to use other custodians. However, under limited circumstances, BKDWA may accept client instructions for directing the client's brokerage transactions to a particular custodian/broker other than those suggested by the firm ("directed brokerage"). In directing us to use a specific custodian, you should understand we will not have the authority to negotiate commissions among various custodians or obtain volume discounts. This may also impact our ability to achieve best execution.

BKDWA does not participate in soft dollars arrangements. BKDWA does not engage in principal, cross or agency-cross transactions for any client.

Even though we recommend specific custodians, you should evaluate each firm to ensure that the custodian selected will provide the best blend of service and cost for you. To assist in that analysis, the current and standard fee schedules for transaction costs at both firms are noted below. These prices may be amended by the custodians at any time.



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**Schwab's Brokerage Transaction Fee Schedule**

**Equity Transactions:**

Placed via the phone: \$0.06/share; (\$25 min)  
Placed via web trading: \$8.95 Per Trade

**Fixed Income Transactions:**

Corporate Bonds: Live: \$1.20 per bond (\$10 min, \$275 max)  
Electronic: \$1.00 per bond (\$10 min, \$250 max)

Municipal Bonds: Mark-up included in the price.  
Schwab acts as principal.

Treasuries: \$25 fee per broker assisted transaction.  
\$0 fee for electronic trades  
Schwab may act as principal

**Mutual Fund Transactions:**

Placed via Phone  
\$1-\$15,000:  
0.24% principal (\$25 min, \$36 max)  
\$15,001-\$55,000:  
0.12% principal (\$36 min, \$66 max)  
\$55,001+:  
0.10% principal (\$66 min, \$74.95 max)

Placed via web trading: \$20.00 Per Trade

**Mutual Fund STR fees:**

Funds held < 90 days: \$49.95 is the short term redemption on OneSource Mutual funds (Rydex, Profunds & Potomac excluded from STR fees)

**Option Transactions:**

Placed via the phone: \$38.95 + \$1.40/contract  
Place via the web: \$8.95 + \$1.40/contract



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### Fidelity's Brokerage Transaction Fee Schedule

#### **Stock Transactions**

Broker-assisted trades:	Account balances > \$1 million--\$.05 per share, \$29.95 minimum Account balances < \$1 million--\$.05 per share, \$29.95 minimum
Electronic trades:	Account balances > \$1 million-- \$8.00 plus \$0.01 per share for every share over 3,000 Account balances < \$1 million-- \$12.95 plus \$.015 per share for every share over 1,000

#### **Mutual Fund Transactions**

Fidelity Mutual Funds and non-Fidelity No-Transaction Fee Funds	No charge for our clients
Non-Fidelity Transaction Fee Funds	\$25 per purchase or sale \$5 per purchase or sale in automated programs (periodic investment plans, periodic withdrawal plans)

**Note:** Certain mutual fund companies may impose early redemption fees for shares bought and sold within defined time periods, typically 30-90 days after purchase. The redemption fees may be as high as 2%. Please review the mutual fund prospectus to learn more about these fees.

#### **Fixed Income Transactions**

Corporate Bonds	\$2.50 per bond, \$40.00 minimum
Municipal Bonds	\$2.50 per bond, \$40.00 minimum

#### **U.S. Treasuries**

Most executed on a principal basis, mark up or mark down included. If not executed on a principal basis, fees are as follows:

Government Orders:	\$50 (20 bonds or less)
Auction Orders:	\$50 (regardless of size)
Treasury Bills:	\$50 (regardless of size)
Executed on an agency basis:	\$2.50 per bond, minimum of \$40
<b>Options</b>	\$7.95 per transaction + \$0.75 per contract, No minimum/maximum



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## **SCHWAB ADVISOR SERVICES ADVISORY BOARD MEMBERSHIP**

Mr. Jack Thurman, Principal, President and Chief Compliance Officer of BKDWA, serves on the Schwab Advisor Services Advisory Board (the “Board”). As described under the **Recommendation of a Custodian** section of this Form ADV, BKDWA may recommend that clients establish brokerage accounts with Schwab Advisor Services, a division of Charles Schwab & Co., Inc., to maintain custody of the clients’ assets and effect trades for their accounts. The Board consists of approximately 20 representatives of independent investment advisory firms who have been invited by Schwab Institutional management to participate in meetings and discussions of Schwab Advisor Service’s services for independent investment advisors and their clients. Board members serve for two-year terms. Mr. Thurman’s term ends spring of 2013. Board members enter nondisclosure agreements with Schwab under which they agree not to disclose confidential information shared with them. This information generally does not include material nonpublic information about the Charles Schwab Corporation, whose common stock is listed for trading on the Nasdaq Stock Market (symbol SCHW). The Board meets in person approximately twice per year and has periodic conference calls scheduled as needed. Board members are not compensated by Schwab Advisor Services for their participation; nor do they pay or reimburse board members for travel and lodging incurred at board meetings.

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## **ADDITIONAL COMPENSATION**

BKDWA receives economic benefit in the form of commissions for insurance transactions by clients. As previously disclosed, you are not obligated to use any recommended insurance company, agency or broker. We may also receive, but are not compensated by, shareholder servicing fees from various mutual fund companies with respect to our clients whose assets are invested in those mutual funds. Fees range from .05% to .50%, depending on the mutual fund purchased. All shareholder service fees we receive from mutual funds are credited back to the respective client accounts or credited against any fees owed to us (except for group variable annuities as described below).

### **GROUP ANNUITIES**

As an insurance agency/broker, we may recommend (and sell) group annuities when suitable for a client. They are sold through qualified and licensed individuals of our firm. The recommendation and sale of group annuity contracts is an insurance service. This recommendation is provided solely in our capacity as an insurance agency/broker or through our related firm, BKDI.



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We do not utilize any investment advisory contract or agreement when selling these products. Our compensation for the insurance sale is a commission and/or trails on the fund sub-accounts under the group annuity. Although commission for these products may be earned by either BKDWA or BKDI, commission is paid to BKDI. You are not obligated to purchase group annuities from BKDWA or any of our appropriately licensed employees.

### **SCHWAB AND FIDELITY**

Through the programs in place with Schwab and Fidelity, we receive direct access to real-time client account information, electronic download of trades, balances and positions and the ability to directly debit your advisory fee. We also receive software and support services, including reductions in seminar and conference fees from these program sponsors. Program services provided to us are not contingent upon any specific amount of business (assets or trading).

Schwab and Fidelity also make available other products and services to BKDWA that benefits us, but may not benefit our clients' accounts directly. Some of these other products and services assist us in managing and administering our clients' accounts. These include software and technology that provide access to client account data (e.g. trade confirmations and account statements), facilitate trade execution and allocation of aggregated orders for multiple accounts, provide research, pricing information and other market data, facilitate payment of our fees from clients' accounts and assist with back office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of our clients' accounts, including accounts not maintained by Fidelity or Schwab.

Both Fidelity and Schwab have dedicated platforms for investment advisers. This is a key reason for our selection of these two firms. These platforms provide us and our clients with benefits we may not receive from other firms, in terms of pricing and services. Both firms also make available services intended to help BKDWA manage and further develop our business enterprise. These services may include compliance, legal and business consulting, publications and conferences on practice management, information technology consulting, technology, business succession, regulatory compliance consulting and marketing. In addition, they may make available, arrange and/or pay for these types of services rendered to BKDWA by independent third parties.

BKDWA places trades for its client accounts subject to its duty of best execution and other fiduciary duties; however, BKDWA's recommendation that clients maintain their assets at Schwab or Fidelity may be based in part on the



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benefit to us of the availability of some of these products and services and not solely on the nature, cost or quality of their custody and execution services. This may create a potential conflict of interest. Further, Schwab provides various products, services and other benefits to BKDWA at no cost or a reduced cost based on BKDWA's commitment that BKDWA's clients will place or maintain a specified dollar amount of assets in accounts with Schwab within a specified period of time. Specifically, BKDWA has entered into an agreement with Schwab for the provision of certain benefits to the firm, including:

- reimbursement of transfer of account exit fees on client accounts transferred to Schwab;
- waiver of electronic equity trade charges on certain new accounts;
- credit towards marketing, technology, technology consulting, compliance consulting and business consulting services provided by Schwab.

The receipt of these benefits is contingent on the expectation that BKDWA will bring in a certain amount of additional equity (client accounts) to Schwab in 2010 and maintain a certain level of equity with Schwab for a three year period. BKDWA may be influenced by this commitment in recommending that clients establish custodial accounts at Schwab.

## **COMPENSATION FOR CLIENT REFERRALS**

BKDWA has solicitor relationships with various unaffiliated individuals. BKDWA at least annually confirms that these solicitors are providing clients with a current copy of our written disclosure statement along with the required written solicitor disclosure documents. The written disclosure document states that the solicitor is being compensated for referring BKDWA and the terms of the compensation arrangement at the time of the solicitation. BKDWA pays the solicitor for these client referrals for as long as the referral remains a BKDWA client or until the terms of the contract are amended. We may also receive referral fees from other relationships that were established before the account became a client of BKDWA.

### **Schwab Referral Program**

In the past, we have received client referrals from Schwab through our participation in the Schwab Advisor Network program ("the Service"), a service designed by Schwab to refer brokerage customers and other investors to independent investment advisors that do business with Schwab Institutional and provide investment management and/or financial planning services. Under this service, Schwab acted as a solicitor for advisors pursuant to Rule 206(4)-3 of the Advisers Act. Although we no longer participate in this Service, we



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continue to pay Participation Fees to Schwab for assets we received as referrals through the Service.

### **FIDELITY REFERRAL PROGRAM**

We have received client referrals from Fidelity through our participation in the Fidelity Wealth Advisor Solutions Service, a service designed to make information about investment advisers and financial planners available to high net worth investors. Although we do not pay any compensation to Fidelity for referrals received through this program, BKDWA would utilize Fidelity as the custodian for the assets.

### **PROXY VOTING POLICY**

We have adopted policies and procedures to help ensure that proxies are voted in your best interest. We only vote proxies related to securities held by our clients who provide us with written authority to do so. This written authority is provided via your executed client agreement. In an effort to provide the best service and to meet proxy obligations, BKDWA's CIO and President work together to make proxy voting decisions.

ISS, an independent third party, has been retained to act as an independent voting agent. ISS' role is to execute the Proxy Voting Policy and to ensure that the voting procedures are completed and documented. Final voting decisions are based on a pre-established set of policy guidelines and on the recommendation of ISS, based on its independent, objective analysis. This process helps ensure that proxies voted are in the best interest of the clients and insulates as much as possible, voting decisions from conflicts of interest. Should it be necessary, BKDWA may override ISS vote recommendations. The CIO and President will do so, however, only if they each believe that a different vote is in the best interest of its clients.

ISS may vote proxies for clients at the same custodian on an aggregated basis. Should you desire a report of how your proxies were voted or a copy of the BKDWA Proxy Voting Guidelines, you may contact your advisor or the Chief Compliance Officer, Mr. Jack Thurman, via email at [jthurman@bkd.com](mailto:jthurman@bkd.com).

### **Independence Securities**

BKDWA is affiliated with BKD, a public accounting firm. Due to this relationship, accounting industry standards apply. For instance, accountants must maintain their independence when rendering accounting opinions. Consequently, certain securities are classified as unsupervised "Independence Securities" by BKDWA due



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to its affiliation with BKD. An "Independence Security" is considered to be a security of an issuer for whom BKD provides audit or attest work. Please note that investment advice is not rendered and fees are not charged by BKDWA on these securities.

### **Unsupervised Securities**

Should a client's portfolio contain unsupervised securities for whatever reason, such as when the account transfers to BKDWA's management, the Advisor and/or the Portfolio Manager will, after discussion with the client, either promptly sell the securities and re-invest the proceeds or place them on an "unsupervised" list so advice is not rendered and fees are not charged on these assets. Tax implications to the client will also be taken into account before the securities are sold. Ultimately, the sale and reinvestment proceeds is at the direction of the client.

BKDWA will not provide investment advisory services and will not charge a fee in relation to unsupervised securities. Consequently, if a client chooses to hold such a security, BKDWA will not render investment advice regarding that security. Conversely, if a client seeks investment advice regarding such assets, BKDWA will recommend an alternative security in order to maintain the independence of BKD.

## **DISASTER RECOVERY**

BKDWA maintains a written disaster recovery plan that includes specific guidelines that employees will follow in the event of disruption or failure of any critical business capability whether due to an emergency, disaster or otherwise.

## **CUSTODY**

BKDWA is deemed to have custody of certain client funds and/or securities due to its affiliated entity **BKD, LLP** and when it directly debits advisory fees. Some of the Partners of **BKD, LLP** and employees of BKDWA also serve as Trustees on certain client accounts managed by BKDWA. However, in accordance with Rule 206(4)-2 of the Advisers Act, all cash and securities are maintained with a "qualified custodian," clients receive accounts statements directly from the custodian on a quarterly basis and all clients are provided with a notification, in writing, of the name and contact information for the custodian (Schwab or Fidelity).



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## **PRIVACY POLICY**

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As a general policy, BKDWA does not disclose personal information about any client to non-affiliated third parties except as necessary to establish/manage the client's account(s) or as required below. BKDWA (and our affiliates) restricts access to a client's non-personal information to those employees who need to know such information in order to provide the agreed-upon advisory services. In these situations, personal information may be provided to those parties that maintain and/or service your accounts. Permitted disclosures include, for instance, providing information to our employees, and in limited situations, to unrelated third parties who need to know that information to assist us in providing services to you. Employees are prohibited either during or after termination of their employment, from disclosing nonpublic personal information to any person or entity outside of the firm, including family members, except under the circumstances described above. Upon termination of any employee, the CCO will ensure that all access to firm property is immediately restricted. In all such situations, we stress the confidential nature of information being shared. We are also permitted under law to share nonpublic personal information within the **BKD, LLP** family of companies. These affiliated companies include BKD Wealth Advisors, LLC, BKD Corporate Finance, LLC and BKD Insurance, LLC, as well as our parent firm **BKD, LLP**. All affiliates adhere to the same privacy standards when handling your personal information.

We maintain physical, electronic and procedural safeguards that comply with federal standards to guard each client's personal information. If, at any time in the future, it is necessary to disclose any personal information in a manner not consistent with this policy, BKDWA will give advance notice of the proposed change so that clients may opt out of such disclosure. The CCO is responsible for ensuring that at least annually the Privacy Policy is reviewed to ensure that it meets all regulatory requirements and is distributed to the firm's consumers and customers.



**Wealth Advisors, LLC**

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## **BKD WEALTH ADVISORS, LLC OFFICE LOCATIONS**

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