

ITEM 1 - COVER PAGE



630 KENMOOR AVE, SE, STE 100

GRAND RAPIDS, MI 49546

PHONE: (616) 719-2930

FAX: (616) 719-3119

[www.LegacyPlanningAssociatesInc.com](http://www.LegacyPlanningAssociatesInc.com)

APPENDIX 1  
WRAP FEE BROCHURE  
SEPTEMBER 6, 2022

This Wrap Fee Program Brochure provides information about the qualifications and business practices of Legacy Planning & Associates, Inc. ("LPA"). If you have any questions about the contents of this brochure, contact us at (616) 719-2930. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about LPA. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration does not imply a certain level of skill or training.

ITEM 2 - MATERIAL CHANGES

We have no material changes to report since our last annual update dated, March 23, 2021.

ITEM 3 - TABLE OF CONTENTS

ITEM 1 - COVER PAGE .....1

ITEM 2 - MATERIAL CHANGES.....2

ITEM 3 - TABLE OF CONTENTS .....2

ITEM 4 - SERVICES, FEES AND COMPENSATION .....3

ITEM 5 - ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS .....5

ITEM 6 - PORTFOLIO MANAGER SELECTION AND EVALUATION.....5

ITEM 7 - CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS.....7

ITEM 8 - CLIENT CONTACT WITH PORTFOLIO MANAGERS .....8

ITEM 9 - ADDITIONAL INFORMATION .....8

## ITEM 4 - SERVICES, FEES AND COMPENSATION

### **Program Description**

The program is designed to offer clients a diversified, long-term approach to their personal investment goals and objectives through a discretionary asset management and allocation program, which may involve the use of third-party money managers. The program consists of several model portfolios and strategies utilizing various security investments (mutual funds, stocks, bonds, ETFs and other securities). LPA provides continuous advice to clients regarding investment of client funds based on the individual needs of the client. Through personal discussions and other means, goals and objectives based on a client's particular circumstances are established. This information is then used to select the appropriate strategies for managing the client assets.

LPA provides this service to individuals, pension or profit-sharing plans, trusts, estates, charitable organizations and corporations. LPA will manage advisory accounts on a discretionary basis. Account supervision is guided by the stated objectives of the client.

### **Investment Discretion**

Clients authorize LPA to buy, sell or otherwise trade securities in Accounts without discussing the transactions with the Client in advance. This discretion may include; United States government securities, exchange-listed securities, Options contracts on securities and commodities, Warrants, Corporate debt securities, Commercial paper, Interests in partnerships investing in real estate and oil and gas interests, Municipal securities and mutual fund shares. This discretion is exercised under LPA's fiduciary responsibility to manage the account within the acceptable level of risk determined by the Legacy Planning Risk Tolerance Questionnaire as well as conversations between the client and LPA.

The scope of discretion may be modified or changed by LPA upon 30-day advance written notice to Client. Client also authorizes LPA to take all necessary action to effect securities transactions for the Account. This grant of discretion shall remain in full force and effect until terminated by Client or LPA pursuant to an Agreement, or until LPA receives notice of Client's death. If, in the event of Client's death, LPA acts in good faith pursuant to this grant of discretion without knowledge of Client's death, any action so taken, unless otherwise invalid or unenforceable, shall be binding on Client's successors in interest.

### **Advisory Fees, Billing and Compensation**

Under our wrap fee program, clients are charged a specified annual fee — not based directly on transactions in their accounts — for Investment Advisory Services, which include portfolio management, third-party manager selection, custody (except as indicated in the "General Information on Fees" section below), brokerage and other costs of execution of client transactions, and other services provided under the program. A portion of the fee goes to LPA for services provided under the wrap fee program, and a portion goes towards third-party brokerage, execution, and custody costs. Please note that the wrap fee is separate and distinct from the fees and expenses charged by mutual funds & ETFs to their shareholders and is separate and distinct from fees charged by third-party money managers.

Unlike clients in the wrap fee program, clients in the non-wrap fee program pay LPA on a per-trade commission basis, and pay the costs of brokerage, execution, and custody separately. The wrap fee program may cost more or less than purchasing the covered wrap fee services separately, depending on a variety of factors, including the amount of trading in the account and the costs of the services purchased separately.

The annual fee for Investment Advisory Services is billed quarterly in advance based on the month-end value of assets under management at the end of the previous calendar quarter. The authorization or agreement to remove any assets from the Accounts is limited to the agreed upon investment adviser fee as stated on the client agreement. If the Advisory Agreement is executed at any time other than the first day of a calendar quarter, the

fee will apply on a pro rata basis, meaning that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client.

For example: if you enter into the Advisory Agreement on February 15th, you will be billed an advisory fee from Feb 15<sup>th</sup> through March 31<sup>st</sup> based on the Feb month end Value (February 28<sup>th</sup>). If the account value on February 28th is 100,000 with a 1.5% Quarterly fee, the prorated amount deducted for the first quarter would be  $(\$100,000 * 1.5\% / 4) = 375 * (45/90) = \mathbf{\$187.50}$

The custodian of the account will provide the client with a statement, not less than quarterly indicating all amounts disbursed from the account including, separately, the amount of advisory fees paid. On an annualized basis, LPA's fees for ongoing investment advisory services, subject to negotiation, range from 1.00% to 2.00%. All fees are negotiable.

When authorized by clients, advisory fees are withdrawn from the client's account on or about the 4th business day of April, July, October and January for the upcoming quarter.

### **Termination of Advisory Agreement**

An LPA agreement may be terminated by either party at any time without penalty upon receipt of written notice. Such termination shall not, however affect liabilities or obligations incurred or arising from transactions initiated under a client agreement prior to such termination, including the provisions regarding arbitration, which shall survive expiration or termination of the agreement. Upon termination, client shall have the exclusive responsibility to monitor the securities in the account, and LPA shall have no further obligation to act or advise with respect to client's assets.

You may terminate the Client Agreement upon written notice to our firm. Written notice must be sent to Legacy Planning & Associates, Inc. 630 Kenmoor Ave SE, Suite 100 Grand Rapids MI 49546. You will incur a pro rata charge for services rendered prior to the termination of the Advisory Agreement, which means you will incur an advisory fee only in proportion to the number of days in the quarter for which your account is under the signed advisory agreement. If you have pre-paid advisory fee that we have not earned yet, you will receive a prorated refund of those fees.

For example: if you terminated the advisory agreement on March 1<sup>st</sup> you will only be responsible for the advisory fee from Jan 1 through Feb 28 (59 of the 90 days in the quarter). If the 1<sup>st</sup> quarter fee (billed in January based on the 12/31 value) is \$1,000, you would only pay 65.55% of that fee (59/90) and therefore receive a rebate of \$344.44  $(31/90 * \$1,000)$ .

### **Negotiability of Fees**

LPA's fees may vary among clients for the services provided due to differing client needs, circumstances, objectives and services. The above fee schedules are the firm's basic fee schedules generally charged to clients, absent negotiable circumstances.

### **General Information on Fees**

Mutual Fund, ETF or Custodial Fees and Expenses: Our wrap fee does not cover all fees and costs. The fees not included in the wrap fee include charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, fees (such as a commission or markup) for trades executed away from [Schwab/Custodian] at another broker-dealer, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. Trading Fees: All fees charged by the clearing firm to enact mutual fund, ETF, stock, bond or other securities transactions for Wrap Accounts are paid by LPA. Clients are not responsible for trading fees in a Wrap Account.

Fee Calculation: The advisory fee charged by LPA is calculated as described above and is not charged on the basis of a share of capital gains or capital appreciation of the funds or any portion of the funds of an advisory account (Section 102(b) of the Michigan Uniform Securities Act).

Advisory Fees in General: Clients should note that similar advisory services may, or may not, be available from other registered investment advisors for similar or lower fees.

#### RETIREMENT ROLLOVER CONFLICTS OF INTEREST

When we recommend you rollover a retirement account for us to manage, this creates a financial incentive because we charge a fee for our services. We attempt to mitigate the conflict of interest by acting in your best interest and applying an impartial conduct standard to all rollovers. Please note that you are not under any obligation to roll over a retirement account to an account managed by us.

#### ITEM 5 - ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

LPA has established an asset under management minimum of \$25,000. The account size and related fees may be negotiated under certain circumstances, such as its applicability to family members, employees of affiliated companies and their family members. For purposes of this section only, a family member is defined as spouse, and/or minor children.

LPA offers investment advisory services to individuals, trusts, estates, participants in 401(K) plans, charitable organizations, corporations, profit sharing plans, and other business entities.

#### ITEM 6 - PORTFOLIO MANAGER SELECTION AND EVALUATION

LPA is the Sponsor of our Wrap Fee Program. Portfolio Management for all Model Portfolios and Strategies under this Wrap Fee Program is the responsibility of LPA's Investment Advisory Committee (IAC). The IAC is made up of certain Investment Advisors Representatives and Officers of LPA. Consideration for IARs to be included on this advisory committee is based on certain criteria including, but are not limited to:

- Capability and experience specific to Portfolio Management
- Investment philosophy and management style.
- Years of industry experience.
- Educational background.
- Professional designations
- Regulatory History

The IAC holds internal Model Portfolio and Strategy review meetings on a quarterly basis to review and assess performance, market conditions and potential allocation or strategy changes.

#### **Methods of Analysis**

LPA uses Modern Portfolio Theory to construct and manage client portfolios. Modern Portfolio Theory proposes that investing in a predetermined asset mix derived from the efficient frontier (dictated to achieve a specific client objective within a certain risk tolerance) and rebalancing with discipline, the portfolio is diversified across the various asset classes to mitigate unnecessary risk. This also provides for a portfolio that can operate without reliance on market timing and security selection; however, as with all equity investments positive returns are not guaranteed. In conjunction to investing in a diversified portfolio, each portfolio is constructed to meet specific parameters set forth in the individual client's investment policy statement and/or other documents. These parameters can include - but are not limited to - tax efficiency, concentrated stock positions and management history. Once again, the risk associated with a diversified portfolio is that each class has different

levels of risk and return, so each will behave differently over time and despite being diversified there is no guarantee that an account will grow.

### **Investment Management**

LPA offers clients a variety of structured, rules-based diversified portfolios that are primarily constructed using exchange traded funds (ETFs), Individual stocks, and load-waived or no-load mutual funds. Your Investment Advisor Representative will assist you in selecting an appropriate allocation model.

The investment strategies used include long term purchases (securities held at least a year), short term purchases (securities purchased and sold within a year), margin transactions, and option writing. Investment returns are highly dependent on the value of underlying securities which are impacted by trends in the various investment markets.

Some portfolios use alternative assets classes such as managed futures funds to mitigate the potential downside volatility of the stock and bond markets. There is no requirement that you use alternative assets classes within your portfolio. We will discuss the potential benefits and risks of including such assets in your portfolio.

### **Risk of Loss**

Prior to entering into an agreement with LPA you should carefully consider:

- That investing in securities involves risk of loss which you should be prepared to bear;
- That securities markets experience varying degrees of volatility;
- That over time your assets may fluctuate and at any time be worth more or less than the amount you invested.

### **Risks of Specific Investments**

#### **Mutual Funds (Open end Investment Company)**

A mutual fund is a company that pools money from many investors and invests the money in stocks, bonds, short-term money-market instruments, other securities or assets, or some combination of these investments. The combined holdings the mutual fund owns are known as its portfolio. Each share represents an investor's proportionate ownership of the fund's holdings and the income those holdings generate. The price that investors pay for mutual fund shares is the fund's per share net asset value (NAV) plus any shareholder fees that the fund imposes at the time of purchase (such as sales loads). Some of the risks of mutual funds include having to pay taxes on any capital gains distribution the investor receives even if the fund's NAV decreases. When it comes to investing in mutual funds, investors have literally thousands of choices. Most mutual funds fall into one of three main categories—money market funds, bond funds (also called “fixed income” funds), and stock funds (also called “equity” funds). Each type has different features and different risks and rewards. Generally, the higher the potential return, the higher the risk of loss.

#### **Money Market Funds**

Money market funds have relatively low risks, compared to other mutual funds (and most other investments). By law, they can invest in only certain high-quality, short-term investments issued by the U.S. Government, U.S. corporations, and state and local governments. Money market funds try to keep their net asset value (NAV)—which represents the value of one share in a fund—at a stable \$1.00 per share. However, the NAV may fall below \$1.00 if the fund's investments perform poorly. Investor losses have been rare, but they are possible. Money market funds pay dividends that generally reflect short term interest rates, and historically the returns for money market funds have been lower than for either bond or stock funds. That is why “inflation risk”—the risk that inflation will outpace and erode investment returns over time—can be a potential concern for investors in money market funds.

## **Bond Funds**

Bond funds generally have higher risks than money market funds, largely because they typically pursue strategies aimed at producing higher yields. Unlike money market funds, the SEC's rules do not restrict bond funds to high-quality or short-term investments. Because there are many different types of bonds, bond funds can vary dramatically in their risks and rewards. Some of the risks associated with bond funds include credit risk, interest rate risk, and prepayment risk.

## **Stock Funds**

Although a stock fund's value can rise and fall quickly (and dramatically) over the short term, historically stocks have performed better over the long term than other types of investments—including corporate bonds, government bonds, and treasury securities. Overall "market risk" poses the greatest potential danger for investors in stocks funds. Stock prices can fluctuate for a broad range of reasons—such as the overall strength of the economy or demand for particular products or services.

## **Tax Consequences of Mutual Funds**

When investors buy and hold an individual stock or bond, the investor must pay income tax each year on the dividends or interest the investor receives. However, the investor will not have to pay any capital gains tax until the investor actually sells and unless the investor makes a profit. Mutual funds are different. When an investor buys and holds mutual fund shares, the investor will owe income tax on any ordinary dividends in the year the investor receives or reinvests them. In addition to owing taxes on any personal capital gains when the investor sells shares, the investor may also have to pay taxes each year on the fund's capital gains. That is because the law requires mutual funds to distribute capital gains to shareholders if they sell securities for a profit that cannot be offset by a loss.

## **Exchange Traded Funds (ETFs)**

An ETF is a type of Investment Company (usually, an open-end fund or unit investment trust) whose primary objective is to achieve the same return as a particular market index. An ETF is similar to an index fund in that it will primarily invest in securities of companies that are included in a selected market index. Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETFs trade throughout the day on an exchange. Like stock mutual funds, ETF prices may be affected by the prices of the underlying securities. ETF prices that track a particular sector may be affected by factors affecting that particular industry segment.

## **Performance-Based Fees and Side-By-Side Management**

LPA does not charge performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client).

## **Voting Client Securities**

As a matter of firm policy, LPA does not vote proxies on behalf of clients. Clients are responsible for their own proxies. *Clients* will receive their proxies or other solicitations directly from the custodian or a transfer agent. If a client of LPA has a question regarding a proxy they have received from investments under our management they may contact our office by phone at (616) 719-2930.

## **ITEM 7 - CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

Your relationship with Legacy Planning & Associates, Inc. is based on trust and confidence. To fulfill our responsibilities to you, LPA requires that you provide current and accurate financial and personal information. LPA will protect the information you have provided in a manner that is safe, secure, and professional. LPA and our employees are committed to protecting your privacy and to safeguarding that information.

We may collect the following kinds of confidential personal information about you:

- Information we receive from you on applications or other forms, such as your name, address, phone number, Social security number, occupation, assets, income and other financial and family information;
- Information about your transactions with us or with brokerages, banks, and custodians with whom you hold investment or cash accounts. This information includes account numbers, holdings, balances, transaction history, and other financial and investment activities.

In addition to the information listed above, LPA requires clients to fill out an initial Risk Tolerance Questionnaire as well as an updated version at least every three years. If any material information listed above changes at any time, we do require that clients notify us as soon as possible.

LPA is committed to the protection and privacy of your personal and financial information. LPA will not share such information with any non-affiliated third party except:

- When necessary to complete an account transaction such as with the clearing firm or account custodians;
- When required to maintain or service the account;
- To resolve customer disputes;
- When requested by a fiduciary;
- To our attorneys, accountants or compliance consultants;
- When required by a regulatory agency or for other reasons required or permitted by law;
- In any circumstance regarding instruction from, or consent by, a client.

We restrict access to your personal and account information to those employees who need to know that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards to guard your personal information.

If you close your account(s) or become an inactive customer, we will adhere to the privacy policies and practices as described in this notice.

## ITEM 8 - CLIENT CONTACT WITH PORTFOLIO MANAGERS

We encourage you to contact your Investment Advisor Representative with respect to any changes regarding your investment objectives, risk tolerance and requested restrictions with respect to management of your Program Investments.

You should direct any questions regarding your account to your Investment Advisor Representative.

## ITEM 9 - ADDITIONAL INFORMATION

### Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would-be material to a client's evaluation of each supervised person providing investment advice. These include the following:

- A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which the *supervised person*
  1. was convicted of, or pled guilty or nolo contendere ("no contest") to (a) any *felony*; (b) a *misdemeanor* that *involved* investments or an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;



2. is the named subject of a pending criminal *proceeding* that involves an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;
3. was *found* to have been *involved* in a violation of an *investment-related* statute or regulation; or
4. was the subject of any *order*, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, the *supervised person* from engaging in any *investment-related* activity, or from violating any *investment-related* statute, rule, or *order*.

We do not have any information applicable to this item.

- B. An administrative *proceeding* before the SEC, any other federal regulatory agency, any state regulatory agency, or any *foreign financial regulatory authority* in which the *supervised person*
1. was *found* to have caused an *investment-related* business to lose its authorization to do business; or
  2. was *found* to have been *involved* in a violation of an *investment-related* statute or regulation and was the subject of an *order* by the agency or authority
    - i. denying, suspending, or revoking the authorization of the *supervised person* to act in an *investment-related* business;
    - ii. barring or suspending the *supervised person's* association with an *investment-related* business;
    - iii. otherwise significantly limiting the *supervised person's investment-related* activities; or
    - iv. imposing a civil money penalty of more than \$2,500 on the *supervised person*.

In May 2015, Legacy Planning & Associates, Inc. (“LPA”) was examined by the Michigan Department of Licensing and Regulatory Affairs (the “Department”). In a letter, the Department identified deficiencies in LPA’s disclosure statements and the Form ADV’s. As the firm’s owner, Mr. Wood, delegated the correcting of the deficiencies to the then Chief Compliance Officer (CCO”). In September 2016, the Department conducted a follow up examination that discovered the deficiencies were not addressed by the then CCO. The situation was exacerbated immediately after the second examination, when the then CCO attempted to use the examination’s findings and the examiner’s observations to benefit a vendor firm in which he was aspiring to become a partner. Because of these actions, the Department suspended LPA and Mr. Wood. The suspension lasted from November 9, 2016 until December 8, 2017. Additionally, the Department placed Mr. Wood and LPA on a two-year heightened supervision program. Mr. Wood believes the issues would have been resolved prior to the initial hearing had the Department known of the then CCO’s intentions.

- C. A *self-regulatory organization (SRO) proceeding* in which the *supervised person*
1. was *found* to have caused an *investment-related* business to lose its authorization to do business; or
  2. was *found* to have been *involved* in a violation of the *SRO’s* rules and was: (i) barred or suspended from membership or from association with other members or was expelled from membership; (ii) otherwise significantly limited from *investment-related* activities; or (iii) fined more than \$2,500.

We do not have any information applicable to this item.

- D. Any other *proceeding* in which a professional attainment, designation, or license of the *supervised person* was revoked or suspended because of a violation of rules relating to professional conduct. If the *supervised person* resigned (or otherwise relinquished his attainment, designation, or license) in

anticipation of such a *proceeding* (and the adviser knows, or should have known, of such resignation or relinquishment), disclose the event.

We do not have any information applicable to this item.

### **Other Financial Industry Activities and Affiliations**

#### Broker Dealer Affiliation

We are not affiliated with a broker-dealer.

#### Futures/Commodities Firm Affiliation

We are not affiliated with a futures or commodities broker.

#### Other Industry Affiliations

Our owner and associates may be licensed independent insurance agents and they may recommend insurance products to our clients. (Our owner, Mr. Wood, conducts his insurance business through his insurance agency, Capital Accumulation Planning Corp.) This is a conflict of interest because the commissions paid by the sale of insurance products give them a financial incentive to recommend and sell insurance products to clients. However, we attempt to mitigate any conflicts of interest to the best of our ability by placing the clients' interest ahead of our own through our fiduciary duty and by informing clients that they are never obligated to purchase recommended insurance products through any of our associated persons.

In addition, he owns Employee benefits Group, where he provides administrative services and record keeping for retirement plans through this business. This is a conflict of interest because Mr. Wood receives a fee for this services that is separate from the fees described in the above in Item 5. However, Mr. Wood attempts to mitigate any conflicts of interests to the best of his ability by placing the client's interests ahead of his own through his fiduciary duty and by informing the client, that he or she is never obligated to purchase any recommended services through him.

#### Recommendation of Third Party Money Mangers

As disclosed in our ADV Part 2A, Item 4, we may act in the capacity of a solicitor for certain third-party managers. These third-party managers provide various services described in their Form ADV Part 2A, marketing materials and contracts. Typically, we make the recommendation of a third-party manager for its investment strategies. In these situations, we will act as a solicitor and work directly with the client to select and monitor the desired service. The third-party manager will provide money management, reporting, and custodial services. These Solicitation Arrangements are governed by separate agreements provided by the third-party manager. In each instance, clients will be provided copies of the documents to establish such arrangements as well as the third-party manager's ADV Part 2 Brochure. We encourage clients to review these documents. Further information regarding compensation for solicitation arrangements is provided in our ADV Part 2A, Items 4, 5, and 14.

Typically, we receive a portion of the third-party manager's management fee, which creates a financial incentive for us to recommend third-party manager that pay us a higher percentage of the management fee. We attempt to mitigate the conflict of interest to best of our ability by placing the client's interest ahead of our own, through our fiduciary duty and by following our Code of Ethics that establishes ideals for ethical conduct.

### **Code of Ethics**

#### Description

Our Code of Ethics establishes ideals for ethical conduct based on fundamental principles of openness, integrity, honesty, and trust. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

Our Code of Ethics covers all supervised persons and it describes our high standard of business conduct, and fiduciary duty to our clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All of our supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended.

#### Material Interest in Securities

We, our owners and investment adviser representatives do not have securities in which we have a material financial interest.

#### Client Transactions and Personal Trading

Our owners and investment adviser representatives may buy or sell for their own accounts securities that are the same as, similar to, or different than those that they recommend to clients for purchase or sale. Differences can arise due to variations in personal goals, investment horizons, risk tolerance, and the timing of purchases and sales. When trading or recommending the same securities for client accounts that the owners or investment adviser representatives trade for themselves, we attempt to mitigate the conflict of interest to the best of our ability through the enactment of our Code of Ethics, trading policies, and our fiduciary duty. Nonetheless, we attempt to place client transactions ahead of owners and investment adviser representatives' trades. Our associates are aware of their fiduciary duty to the clients and the prohibitions against the use of any insider information. Records of all associates' proprietary trading activities will be reviewed and made available to regulators to review on the premises.

#### **Review of Accounts**

##### Reviews

Michael L. Wood reviews the client portfolios at least quarterly. Events that would trigger more frequent reviews could include, but are not limited to: market volatility, client request, change in client goals, and other events that we feel would warrant a review.

##### Reports

Clients will receive, at a minimum, a quarterly statement from their custodian. This report will show the client's current holdings and values and may also show the effective gain or loss for these holdings and investment activity for the period. The client may also receive confirmations of transactions from their custodian. We may provide additional reports to advisory clients.

#### **Client Referrals and Other Compensation**

##### Other Compensation

We do not pay or receive compensation for referrals. However, we participate in TD Ameritrade's institutional customer program and we may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between our participation in the program and the investment advice it gives to its clients, although we receive economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research,

technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our related persons. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit its client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop its business enterprise. The benefits received by us or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, our endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by us or its related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

We also recommend the services of Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. The final decision to custody assets with Schwab is at the discretion of the Advisor's clients, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. We are independently owned and operated and not affiliated with Schwab. Schwab provides us with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to advisors. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, 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.

#### PRODUCTS AND SERVICES AVAILABLE TO US FROM SCHWAB

Schwab also makes available to us other products and services that benefit us but may not benefit our clients' accounts. These benefits may include national, regional or Legacy Planning & Associates, Inc. specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of our firm by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist us in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of our accounts, including accounts not maintained at Schwab Advisor Services. Schwab Advisor Services also makes available to us other services intended to help us manage and further develop our business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to our firm by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a

part of the fees of a third-party providing these services to us. While, as a fiduciary, Legacy Planning & Associates, Inc. endeavors to act in its clients' best interests, our recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to our firm of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

#### Compensation from Solicitation Arrangements

When we recommend a third-party manager as described in our ADV Part 2A, Items 4, 5 and 11, we receive part of the third-party manager's management fee called a "solicitation fee." This fee is disclosed in the Solicitor's Disclosure Statement or applicable Solicitor's disclosure section of the Advisory Agreement. It is also described in the ADV Part 2 Brochure provided by the third-party manager. Information about our current solicitation arrangements, and compensation, is set forth in our ADV Part 2A Items 4, 5 and 11. Please note that these services are not part of our wrap fee program.

#### Client Referrals

We do not compensate non-employee consultants, individuals, or entities for client referrals.

### **Financial Information**

#### BALANCE SHEET

We do not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, we are not required to provide a balance sheet.

#### FINANCIAL CONDITION

We are required in this Item to provide you with certain financial information or disclosures about our financial condition if we have a financial commitment that impairs our ability to service you. We do not have a financial commitment that impairs our contractual commitments to clients.

#### BANKRUPTCY

We have not been the subject of a bankruptcy petition at any time during the last ten years.

### **Custody**

All client funds, securities and accounts are held at a qualified custodian. We do not take possession of a client's securities. However, the client will be asked to authorize us with the ability to deduct our management fee directly from the client's account. This authorization will apply to our management fee only. The client may terminate the ability to deduct the management fee from the account at any time. The client will receive at least quarterly statements from the qualified custodian that holds and maintains the clients' assets. We urge each client to carefully review such statements.

The SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction ("SLOA") is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our custodian, TD Ameritrade:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.

The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

### **Brokerage Practices**

We do not maintain custody of client assets. Your assets must be maintained in an account at a "qualified custodian," which is generally a broker-dealer or bank. We recommend that you use Charles Schwab & Co., Inc., ("Schwab") a registered broker-dealer, member FINRA/SPIC, as the qualified custodian. We are independently owned and operated and not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as the custodian/broker, you will decide whether to do so and open an account with Schwab by entering into an account agreement directly with them; we do not open the account for you. If you do not wish to place your assets with Schwab, then we cannot manage the account.

Schwab has eliminated commissions [or transaction fees] for online trades of U.S. equities, ETFs and options (subject to \$0.65 per contract fee). This means that, in most cases, when we buy and sell these types of securities, we will not have to pay any commissions to Schwab. We encourage you to review Schwab's pricing to compare the total costs of entering into a wrap fee arrangement versus a non-wrap fee arrangement. If you choose to enter into a wrap fee arrangement, your total cost to invest could exceed the cost of paying for brokerage and advisory services separately. To see what you would pay for transactions in a non-wrap account please refer to Schwab's most recent pricing schedules available at [schwab.com/aspricingguide](http://schwab.com/aspricingguide).

We do not charge our clients higher advisory fees based on their trading activity. Also, we are not incentivized to trade client accounts and will only do so for the benefit of the client's portfolio or per the client's request.