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# Schwallier Wealth Management LLC

## Form ADV Part 2A Summary

### Disclosure Brochure

Dated: February 23, 2017

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

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This Brochure provides information about the qualifications and business practices of Schwallier Wealth Management LLC [“SWM”]. If you have any questions about the contents of this Brochure, please contact SWM at (616) 855-2051 or [adam@swmadvisor.com](mailto:adam@swmadvisor.com). 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.

Schwallier Wealth Management LLC is a registered investment adviser with the states of Michigan and Indiana. Registration as an investment adviser does not imply any level of skill or training.

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

**Item 2 - Material Changes**

Since its last annual update (January 23, 2017), Schwallier Wealth Management LLC (SWM) has added language related to EXCELSWM, its automated investment program.

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#### **Item 4 – Advisory Business**

SWM is an independent fee-only registered investment adviser providing investment advisory services to both individuals and company sponsored retirement plans. To best serve clients, SWM is committed to minimizing potential conflicts of interest and providing transparent pricing.

SWM has been in business since 2007 and is privately owned by Adam Schwallier (100%).

As of January 14, 2018, SWM had \$63,294,007 of assets under management, of which \$54,154,440 was managed on a discretionary basis and \$9,139,567 was managed on a non-discretionary basis.

Prior to engaging SWM to provide any of the foregoing investment advisory or financial planning services, the client is required to enter into one or more written agreements with SWM setting forth the terms and conditions under which SWM renders its services (collectively the “Agreement”).

This Disclosure Brochure describes the business of SWM. Certain sections will also describe the activities of Supervised Persons. Supervised Persons are any of SWM’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on SWM’s behalf and is subject to SWM’s supervision or control.

#### **Investment Management Services**

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Clients may engage SWM to manage all or a portion of their investment portfolios on a discretionary basis. SWM typically will assist clients in determining their investment objectives, risk tolerance, and cash flow needs before constructing an appropriate investment portfolio. SWM may also provide clients with financial planning services as a part of its investment management services. SWM does not participate in wrap fee programs.

SWM primarily allocates client assets among various investments, with a strong bias for low-fee, tax advantaged investments typically embodied through a passive approach to the markets. However, where certain opportunities present themselves or SWM believes that a manager has an unusual advantage in a marketplace; SWM may suggest and employ other strategies. These strategies may include mutual funds, exchange-traded funds (“ETFs”), or other listed securities, in accordance with the investment objectives of its individual clients. Where appropriate, SWM may also provide advice about client-selected securities, legacy positions, or other investments held in client portfolios.

SWM may, in special circumstances, offer our clients the services of unaffiliated third-party asset management providers [“TAMP”]. We have entered into a master agreement with each TAMP that governs our relationship with the TAMP with respect to our clients. Under a TAMP program, we will develop an overall asset allocation mix for a client and then implement the strategy using managers prescreened by the TAMP and/or managers that we have screened ourselves. The TAMP provides account reports on a periodic basis, and we review those reports with the clients to evaluate performance and discuss strategy. We currently have a master agreement with Charles Schwab & Co., Inc. [“Schwab”] as a TAMP and may enter into additional agreements with other TAMPs in the future. Clients who choose a TAMP enter into a direct agreement with the TAMP and a separate direct client agreement with us, and pay separate compensation directly to the TAMP and directly to us. Clients who engage TAMP services will be provided with the TAMP disclosure brochure prior to the time of engagement.

SWM may, for emerging investors, offer an automated investment program, EXCELSWM [the “Emerging Investor Program”], through which clients are invested in a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange-traded funds [“ETFs”] and a cash allocation. The client may instruct us to exclude up to three ETFs from their portfolio. The client’s portfolio is held in a brokerage account opened by the client at Schwab. We use the Institutional Intelligent Portfolios® platform [“Platform”], offered by Schwab Performance Technologies [“SPT”], a

software provider to independent investment advisors and an affiliate of Schwab, to operate the Emerging Investor Program. We are independent of and not owned by, affiliated with, or sponsored or supervised by SPT, Schwab, or their affiliates [together “Schwab”]. We, and not Schwab, are the client’s investment advisor and primary point of contact with respect to the Emerging Investor Program. We are solely responsible, and Schwab is not responsible, for determining the appropriateness of the Emerging Investor Program for the client, choosing a suitable investment strategy and portfolio for the client’s investment needs and goals, and managing that portfolio on an ongoing basis. We have contracted with SPT to provide us with the Platform, which consists of technology and related trading and account management services for the Emerging Investor Program. The Platform enables us to make the Emerging Investor Program available to clients online and includes a system that automates certain key parts of our investment process [the “System”]. The System includes an online questionnaire that helps us determine the client’s investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that we will recommend a portfolio via the System in response to the client’s answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but we then make the final decision and select a portfolio based on all the information we have about the client. The System also includes an automated investment engine through which we manage the client’s portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects). We charge clients a fee for our services as described below under Item 5 Fees and Compensation. Our fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to Schwab as part of the Emerging Investor Program. Schwab does receive other revenues in connection with the Emerging Investor Program. We do not pay SPT fees for the Platform so long as we maintain \$100 million in client assets in accounts at Schwab that are not enrolled in the Emerging Investor Program. If we do not meet this condition, then we pay SPT an annual licensing fee of 0.10% (10 basis points) on the value of our clients’ assets in the Emerging Investor Program.

SWM also may render discretionary or non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client’s primary custodian. In so doing, SWM either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

Although SWM does have certain investment strategies that it seeks to execute for all of its clients, SWM will tailor its advisory services to the individual needs and preferences of each client. SWM’s investment advisory services have been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is specifically applicable to SWM’s management of client assets:

1. Initial Interview – at the opening of the account, SWM, through its designated representatives, shall obtain from the client information sufficient to determine the client’s financial situation, investment objectives, and any reasonable restrictions;
2. Individual Treatment – the client’s account is managed on the basis of the client’s financial situation, investment objectives, and in accordance with any reasonable restrictions imposed by the client;
3. Quarterly Notice – on client’s quarterly statement, SWM shall ask each client to advise SWM whether or not the client’s financial situation or investment objectives have changed, or if the client would like to impose and/or modify any reasonable restrictions on the management of the client’s account;
4. Annual Contact – at least annually, SWM shall contact the client to determine whether the client’s

financial situation or investment objectives have changed, or if the client would like to impose and/or modify any reasonable restrictions on the management of the client's account.

5. Consultation Available – SWM shall be reasonably available to consult with the client regarding the status of the client's account;
6. Quarterly Statement – each client shall be provided with a quarterly performance report.
7. Ability to Impose Restrictions – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct SWM not to purchase certain investments; and,
8. Ownership – each client retains indicia of ownership of the account (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

### **Financial Planning and Consulting**

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SWM makes financial planning and consulting available to its investment management clients for no additional cost. This service provides guidance in the areas of retirement planning, estate planning, education funding, tax planning, cash flow analysis, and Social Security maximization.

Individuals, who are not investment management clients, may engage with SWM on an hourly basis or a flat-fee-per-engagement basis for financial planning services.

### **Company Sponsored Retirement Plans**

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SWM also specializes in providing investment advisory services to company sponsored retirement plans. Advisory services provided are in the nature of research, analysis, and selection of investment alternatives. SWM may manage a plan's assets on a discretionary or nondiscretionary basis. SWM's services also include participant education and enrollment. SWM typically does not make specific investment recommendations to plan participants. However, participants may contract directly with SWM for investment advisory services.

## **Item 5 – Fees and Compensation**

### **Investment Management Fees**

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SWM provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by SWM. SWM's annual fee is negotiated as a percentage of assets under management, not to exceed an annualized fee of 1.0%. SWM, in its sole discretion, may decrease its annual minimum fee and/or charge a lesser management fee. SWM's annual fee is exclusive of, and in addition to, brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. SWM does not, however, receive any portion of these commissions, fees, and costs. Item 12 further describes the factors that SWM considers in recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions). SWM's annual fee is prorated and charged quarterly, in arrears, based upon the market value of the assets being managed by SWM on the last day of the most recent quarter. SWM deducts the fee from the client's account unless the client specifically requests the fee to be direct billed. If investment management services are terminated, earned fees unpaid will be ratably charged and immediately due. The fee is calculated based on the number of days that assets were under management in the quarter as a percentage of the number of total days in the quarter times the market value as of the last day of management. Clients may terminate the Advisory relationship during the first 5 days at no cost.

As described in Item 4 - Advisory Business, clients do not pay fees to SPT or brokerage commissions or other fees to Schwab as part of the Emerging Investor Program. Schwab does receive other revenues in connection with the Emerging Investor Program. Brokerage arrangements are further described below

in Item 12 - Brokerage Practices.

### **Financial Planning and Consulting Fees**

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For individuals who are not investment management clients, SWM may agree to provide financial planning and consulting services charged at an hourly rate or by a flat fee per engagement based upon the work to be done, the extent and complexity of the individual client's personal circumstances, and the client's gross income. Fees for specific financial planning and consulting services will be billed at an hourly rate of \$250 per hour and shall be due and payable as earned. Flat fees per engagement for financial planning and consulting services will typically range from \$500 to \$2,000, with a minimum fee of \$250. The fee will be due and payable at the time the financial plan/recommendation is delivered to the client.

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

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

### **Item 7 – Types of Clients**

SWM provides portfolio management services to individuals, high net worth individuals, corporations/businesses, and corporate pension and profit-sharing plans.

Clients eligible to enroll in the Emerging Investor Program include individuals, IRAs, and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and clients that are subject to the Employee Retirement Income Security Act of 1974, are not eligible for the Emerging Investor Program. The minimum investment required to open an account in the Emerging Investor Program is \$5,000. The minimum account balance to enroll in the tax-loss harvesting feature is \$50,000.

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

#### **Methods of Analysis and Investment Strategies**

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SWM assists clients with long-term investment plans that are guided by documented client goals, constraints and risk profiles. To this end, SWM makes initial investment recommendations only after thoroughly analyzing each new client's risk tolerance, goals and financial situation. Once SWM has established an appropriate investment portfolio for a new client based on these guiding factors, SWM then meets or interacts with each client at least annually to review any changes to their situation that may require adjustments to their investment portfolio.

To manage investment risk, SWM uses a range of strategic asset allocation models for various investor time horizons, risk profiles and investment objectives. SWM uses these models as a starting point to develop asset allocation strategies that are tailored to the unique needs of each client.

To widely diversify investments, SWM uses asset allocation models that employ multiple asset classes, and typically recommends only well-diversified mutual funds and exchange-traded funds as investment options within these asset classes.

To optimize investment performance, SWM pursues the following three strategies:

- 1) SWM seeks to select sound and well-performing investments (i.e., mutual funds, exchange-traded funds, etc.) in each asset class it utilizes. To this end, SWM uses a disciplined investment review process that employs both internal and externally-purchased investment screening methodologies and tools to assess investments on both quantitative and qualitative factors. Some examples of screening criteria used include: i) level of regulatory oversight, ii) historical investment performance relative to

appropriate benchmarks and peer group, iii) size of fund in terms of total assets managed., iv) stability of the organization, v) investing style and history relative to asset class and stated investment objectives, vi) expense ratio and/or fees relative to peer group, and vii) investment manager tenure.

Once SWM selects investments to recommend to clients, it monitors performance of these investments at least quarterly to ensure they continue to perform satisfactorily relative to the original qualitative and quantitative screens used to initially select them.

2) SWM periodically rebalances client portfolios back to their target asset allocation to methodically capture gains in well-performing asset classes and take advantage of depressed values in assets classes that may be temporarily out of favor.

3) SWM monitors each client's overall investment performance at least quarterly by producing comprehensive performance reports showing each client's entire investment portfolio so appropriate adjustments can be made, as needed.

SWM does not attempt to actively time investment purchases or sales (i.e., market timing) as a method to boost investment performance.

## **Risks**

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It should be noted that all investments are subject to inherent risks, and investments in the portfolios managed by SWM are no exception. Accordingly, you may lose money when investing with SWM. Portfolios utilizing each of SWM's strategies will fluctuate, reflecting day-to-day changes in market conditions, interest rates and numerous other factors. It is possible, even in SWM's conservative strategy, that a client will lose money. Investing in securities involves risk of loss that client should be prepared to bear.

### **Item 9 – Disciplinary Information**

SWM is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. SWM does not have any required disclosures to this Item.

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

Certain of SWM's Supervised Persons, in their individual capacities, may serve as Investment Advisor Representative ("IAR") for a separate Registered Investment Advisor ("RIA") upon getting written approval from SWM. While SWM does not oversee the investments and recommendations a separate RIA manages and has no business relationship with the separate RIA, SWM does due diligence on the RIAs that supervised persons are allowed to affiliate with.

### **Item 11 – Code of Ethics**

SWM has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, 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 supervised persons at SWM must acknowledge the terms of the Code of Ethics annually, or as amended.

SWM anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which SWM has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which SWM, its affiliates and/or clients, directly or indirectly, have a position of interest. SWM's employees and persons associated with SWM are required to follow SWM's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of SWM and its affiliates may trade for their own



accounts in securities which are recommended to and/or purchased for SWM's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of SWM will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

SWM's recommendations do not generally have the potential for a conflict of interest arising from recommendation of securities traded in an active market. Any purchase or sale of such securities by SWM consultants should not alter the price of the investment as sold by the issuer. Such securities or investment products may be publicly traded, not publicly traded, or insurance.

SWM has implemented an investment policy relative to personal securities transactions. This investment policy is part of SWM's overall Code of Ethics which serves to establish a standard of business conduct for all of SWM's Access Persons that is based upon fundamental principles of openness, integrity, honesty and trust. All Access Persons are required to report personal securities transactions as these are monitored by the Chief Compliance Officer to ensure compliance with SWM's Code of Ethics.

SWM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Adam Schwallier.

## **Item 12 – Brokerage Practices**

### **The Custodian and Broker SWM Uses**

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SWM does not maintain custody of the client assets they manage; although SWM may be deemed to have custody of client assets if the client gives SWM authority to withdraw assets from the client's account (see Item 15 – Custody, below). Client assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. Each SWM client reserves the right to direct brokerage/custodian business to any financial institution of choice (subject to SWM's right to decline or terminate the engagement). SWM recommends that its clients use Schwab-"Preferred Custodian"-as the qualified custodian. Schwab is a registered broker/dealer and member of SIPC. SWM is independently owned and operated and is not affiliated with the Preferred Custodian. The Preferred Custodian holds client assets in brokerage accounts and buys and sells securities when SWM/client instructs them to do so. While SWM recommends that clients use the Preferred Custodian, each client decides whether or not to do so and opens an account with the Preferred Custodian by entering into an account agreement directly with the Preferred Custodian. SWM does not open accounts for clients, although SWM may assist clients in doing so. Not all advisors require clients to use a particular broker-dealer or custodian. Although client accounts are maintained at the Preferred Custodian, SWM is able to use other brokers to execute trades for client accounts as described below (see "Client Brokerage and Custody Costs"). If the client directs brokerage to a Non-Preferred Custodian, SWM will not be able to negotiate commissions, achieve best execution, aggregate orders to the extent it may have been possible with the Preferred Custodian, and so the client may pay more than they otherwise would have under the circumstances.

Client accounts enrolled in the Emerging Investor Program are maintained at, and receive the brokerage services of, Schwab, a broker-dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. While clients are required to use Schwab as custodian/broker to enroll in the Emerging Investor Program, the client decides whether to do so and opens its account with Schwab by entering into a brokerage account agreement directly with Schwab. We do not open the account for the client. If the client does not wish to place his or her assets with Schwab, then we cannot manage the client's account through the Emerging Investor Program. Schwab may aggregate purchase and sale orders for ETFs across accounts enrolled in the Emerging Investor Program, including both accounts for

our clients and accounts for clients of other independent investment advisory firms using the Platform.

Schwab Advisor Services™ (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. Through Schwab Advisor Services, Schwab provides us and our clients, both those enrolled in the Emerging Investor Program and our clients not enrolled in the Emerging Investor Program, with access to its institutional brokerage services— trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services described below are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients. Here is a more detailed description of Schwab's support services: Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit the client and the client's account. Schwab also makes available to us other products and services that benefit us but may not directly benefit the client or its account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab in addition to investment research.

Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping, and client reporting. Schwab also offers other services intended to help us manage and further develop our business enterprise.

These services include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel. The availability of services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for these services, and they are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. With respect to the Emerging Investor Program, as described above under Item 4 - Advisory Business, we do not pay SPT fees for the Platform so long as we maintain \$100 Million in client assets in accounts at Schwab that are not enrolled in the Emerging Investor Program. In light of our arrangements with Schwab, we may have an incentive to recommend that our clients maintain their accounts with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on the client's interest in receiving the best value in custody services and

the most favorable execution of transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only us. We have adopted policies and procedures designed to ensure that our use of Schwab's services is appropriate for each of our clients.

#### **How SWM Evaluates Brokers/Custodians for Recommendation to Clients**

SWM seeks to recommend custodian/broker-dealers that hold client assets and execute transactions on terms that are, overall most advantageous to clients when compared to other available providers. SWM considers a wide range of factors, including, but not limited to:

- Overall quality of custodial services
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of investment products available (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)
- Availability of investment research and tools to assist SWM in making investment decisions
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate when special circumstances dictate.
- Reputation, financial strength, and stability
- Availability of other products and services that benefit SWM, as discussed below (see "Products and Services Available to SWM From Preferred Custodians")

#### **Client Brokerage and Custody Costs**

Preferred Custodians generally do not charge SWM clients separately for custody services but rather receive compensation in the form of trade commissions or other fees it may charge to client accounts.

#### **Item 13 – Review of Accounts**

For those clients to whom SWM provides investment supervisory services, account reviews are conducted on an ongoing basis by SWM's Principals and/or Associated Persons. All clients are advised that it remains their responsibility to advise SWM of any changes in their investment objectives and/or financial situation, and impose, modify or add any reasonable restrictions to SWM's management of their accounts. All clients (in person, through e-mail or telephonically) are encouraged to review their financial planning issues (to the extent that SWM has been engaged to provide financial planning services), investment objectives and account performance with SWM on an annual basis.

Statements of each account are mailed at least quarterly to clients directly by the applicable brokerage firms, mutual funds, trust departments and/or financial institutions. SWM does not take possession of any assets of its clients and therefore does not issue its own statements of accounts to clients. However, as part of its quarterly investment management/advisory billing process, SWM does send to its clients (either directly itself, or through an authorized agent), quarterly performance reports. These reports are either mailed, e-mailed, or placed in an encrypted file online that clients have access to depending on the preference of each client. Reports are sent for informational purposes only, and do not, and should not be relied upon to, serve as a substitute for any reports distributed by either the client's mutual fund company or any monthly or annual statements sent by the broker/dealer that maintains custody of the client's account.

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

SWM receives an economic benefit from the Preferred Custodians in the form of support products and services made available to SWM and other independent investment advisors. These products and services, how they benefit SWM, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability of the Preferred Custodian’s products and services is not based on SWM giving particular investment advice to its clients.

SWM does not receive client referrals from unaffiliated and affiliated solicitors.

#### **Item 15 – Custody**

Under government regulations, SWM is deemed to have custody of your assets if, for example, clients authorize SWM to instruct the Preferred Custodian to deduct SWM advisory fees directly from their account or if they grant SWM authority to move their money to another person’s account. The Preferred Custodian maintains actual custody of their assets. Clients will receive account statements directly from the Preferred Custodian at least quarterly. The statements will be sent to the email or postal mailing address they provided to the Preferred Custodian. Clients should carefully review these statements promptly when they receive them. SWM also urges clients to compare the Preferred Custodian’s account statements to the quarterly performance reports they receive from SWM.

#### **Item 16 – Investment Discretion**

SWM advises on equity, fixed income, exchange traded funds, options, annuities and mutual fund investments under written investment management agreements, which includes discretionary authority. Such discretionary authority, together with limited powers of attorney executed by SWM’s clients, allows SWM consultants to determine, without specific client consent, (1) the securities to be purchased or sold, (2) the amount of securities to be bought or sold, (3) the commissions to be paid for each transaction processed. Clients may limit or amend SWM’s discretionary authority by making a written request. While there are no other express limitations on the authority described, SWM requires prior written discretionary authority from its clients in the form of a contract.

SWM has clients where it does not have discretionary authority, typically these clients are corporate pension and profit sharing plans. The individuals participating in these plans can give SWM discretionary authority over their assets inside the plan by signing a contract.

#### **Item 17 – Voting Client Securities**

SWM does not exercise proxy voting authority over clients’ securities, unless a client specifically requests differently.

#### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide clients with certain financial information or disclosures about SWM’s financial condition. SWM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

## Privacy Policy Notice

As a registered investment adviser, SWM has a responsibility and fiduciary duty to protect the privacy of client information. SWM must comply with SEC Regulation S-P, which requires registered investment advisers to adopt policies and procedures to protect clients' non-public personal and financial information ("NPFI"). To comply, SWM holds both the firm and its employees to the highest standards of trust and fiduciary duty in the safeguarding and use of clients' NPFI. SWM is committed to maintaining the confidentiality of the information it collects from current, potential and former clients and therefore SWM adheres to the policies and practices described in this notice.

**Client Information:** In order to provide clients with personalized financial services, SWM requests non-public personal, financial and transactional information. SWM will collect this confidential information from clients directly through conversations, paperwork and correspondence so SWM can compile a full financial picture in order to best serve the client.

**Non-Disclosure of Client Information:** SWM maintains safeguards to comply with federal and state standards to safeguard each client's NPFI. SWM does not share any NPFI with any nonaffiliated third parties, except in the following circumstances:

- As necessary to provide services the client has requested or authorized, or to maintain and service the client's account;
- As required by regulatory authorities or law enforcement officials who have jurisdiction over SWM, or as otherwise required by an applicable law;
- To protect the confidentiality or security of the financial institution's records against fraud and for institutional risk control purposes; and
- To provide information to the firm's attorneys, accountants and auditors or others determining compliance with industry standards.
- To share name and contact information only with another investment adviser who would provide back-up communication services to assist you with your account in the event of our principal's death or medical disability.

**Safeguarding Client Information:** SWM restricts access to NPFI to those employees who need to know such information in order to provide services to clients. SWM maintains physical, electronic and procedural safeguards to restrict the access to such information. Employees are prohibited, either during or after termination of employment, from disclosing NPFI to any person or entity outside SWM, including family members, except under the circumstances described above.

SWM's Privacy Policy remains in effect at all times, even after the client relationship is terminated.

Adam Schwallier, CFP®  
Schwallier Wealth Management LLC  
4764 Fulton Street East, Suite 201  
Ada, MI 49301  
616-855-2051  
05/30/2017

This document is a supplement to Schwallier Wealth Management's Summary Disclosure Brochure and is intended to provide information specific to Adam Schwallier. If you have not received a copy of SWM's Summary Disclosure Brochure please contact SWM at 616-855-2051. Additional information about Adam Schwallier is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2- Educational Background and Business Experience**

Adam Schwallier, Born 03/30/1973

**Education:** BS in Mathematics of Finance, University of Michigan, 1996

**Professional Designations:**

**CFP® - Certified Financial Planner™**

Issued by: Certified Financial Planner Board of Standards, Inc. Prerequisites/Experience Required:

Candidate must meet the following requirements:

- A bachelor's degree (or higher) from an accredited college or university, and
- 3 years of full-time personal financial planning experience

Educational Requirements: Candidate must complete a CFP®-board registered program, or hold one of the following:

- CPA
- ChFC
- Chartered Life Underwriter (CLU)
- CFA
- Ph.D. in business or economics
- Doctor of Business Administration
- Attorney's License

Examination Type: CFP® Certification Examination

Continuing Education/Experience Requirements: 30 hours every 2-years

**CMFC - Certified Mutual Fund Counselor**

Issued by: College for Financial Planning

Prerequisites/Experience Required: None

Educational Requirements: Self-Study Course (9 modules requiring 72-90 hours)

Examination Type: Final Designation Exam (online, closed-book, proctored)

Continuing Education/Experience Requirements: 16 hours every 2 years

**Employment:**

- President and Investment Advisor Representative (“IAR”), Schwallier Wealth Management LLC (09/07-Present)
- Financial Consultant, AG Edwards & Sons, Grand Rapids, MI (08/05-09/07)
- Financial Advisor, Morgan Stanley, Grand Rapids, MI (04/01-08/05)
- Actuarial Associate, Lincoln National Life Insurance Company, Fort Wayne, IN (5/97-04/01)

**Item 3-Disciplinary information**

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. There is nothing regarding Adam Schwallier that is applicable to this item.

**item 4- Other Business Activities**

No outside business activities.

**Item 5- Additional Compensation**

None.

**Item 6 - Supervision**

Mr. Schwallier is self-supervised. He can be reached at 616-855-2051.

**Item 7 – Requirements for State-Registered Advisers**

Arbitration claims: None

Award or otherwise found liable in a civil, self-regulatory organization or administrative proceeding:

None

Bankruptcy Petition: None

John C. Bush, MBA  
Schwallier Wealth Management LLC  
4764 Fulton Street East, Suite 201  
Ada, MI 49301  
616-855-2051  
05/30/2017

This document is a supplement to Schwallier Wealth Management's Summary Disclosure Brochure and is intended to provide information specific to John C. Bush. If you have not received a copy of SWM's Summary Disclosure Brochure please contact SWM at 616-855-2051. Additional information about John C. Bush is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2- Educational Background and Business Experience**

John C. Bush, Born 01/24/1990

**Education:** BA in Biochemistry, Spring Arbor University, 2011  
MBA, Spring Arbor University, 2015

**Professional Designations:**

None

**Employment:**

- Investment Advisor Representative ("IAR"), Schwallier Wealth Management LLC (05/17-Present)
- Consultant, Bush Consultants (02/17-Present)
- Tax Preparer, Jackson Hewitt Tax Service (01/17-04/17)
- Research and Development Project Manager, Roskam Baking Company, (08/13-10/16)
- Research Technician, Neogen Corporation, (07/12-08/13)
- Laboratory Technician, Fibertec Environmental Services, (04/12-06/12)

**Item 3-Disciplinary information**

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. There is nothing regarding John C. Bush that is applicable to this item.

**Item 4- Other Business Activities**

No outside business activities.

**Item 5- Additional Compensation**

None.

**Item 6 - Supervision**

Mr. Bush is supervised by Adam Schwallier. He can be reached at 616-855-2051.

**Item 7 – Requirements for State-Registered Advisers**

Arbitration claims: None



Award or otherwise found liable in a civil, self-regulatory organization or administrative proceeding:  
None  
Bankruptcy Petition: None