Working with a Financial Advisor

The Choice Between Advisory Services and Brokerage Services

WCG Wealth Advisors, LLC is a registered investment advisor and LPL Financial a broker/dealer. At Family Wealth Management, we work with both companies, which means that we can offer you both investment advisory and brokerage services. We want to make sure you are aware of some of the important considerations you need to take into account when deciding which type of service best serves your investment goals and needs.

What It Means to Work with a Financial Advisor in an Advisory Relationship

WCG Wealth Advisors, LLC is an investment advisor registered with the Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940. As an investment advisor, WCG Wealth Advisors, LLC is a fiduciary to its advisory clients and, as such, is obligated to act solely in the best interests of clients and make full and fair disclosure of all material conflicts of interest. WCG Wealth Advisors, LLC and its Financial Advisors offer a number of investment advisory programs and financial planning services.

Under its investment advisory programs and mutual fund asset-allocation programs, WCG Wealth Advisors, LLC and its Financial Advisors provide ongoing investment advice and monitoring of client portfolios. These services may be on a discretionary basis, which means that you do not need to direct your Financial Advisor to make trades, rebalance your portfolio or make other investment decisions for your account. For such services, clients pay WCG Wealth Advisors, LLC an "all-in" fee for investment management, brokerage, custody and administrative services. The fee, which is negotiated between the WCG Wealth Advisors, LLC Financial Advisor and client, is typically a percentage fee based on the value of the assets in the account. These ongoing services and fees are set out in the Investment Advisory Agreement between WCG Wealth Advisors, LLC and the client, which can be terminated at any time by the client. As an alternative, or in addition to ongoing investment advice in an advisory program, clients may engage with an WCG Wealth Advisors, LLC Financial Advisor for financial planning services. The client pays a flat fee or hourly fee for this type of service, which is not ongoing.

As noted above, when WCG Wealth Advisors, LLC acts as an investment advisor, it is required to disclose all material conflicts of interest between WCG Wealth Advisors, LLC and its advisory clients. WCG Wealth Advisors, LLC delivers to its advisory clients at the time of engagement a Form ADV disclosure brochure that contains important information about WCG Wealth Advisors, LLC, the Financial Advisor, and the advisory services to be provided, the fees to be paid for such services, and material conflicts of interest. When considering whether to engage an WCG Wealth Advisors, LLC Financial Advisor, it is important that you carefully read the account agreements and disclosures that are provided to you.

What It Means to Work with a Financial Advisor in a Brokerage Relationship

LPL Financial is a broker/dealer registered with the SEC and a member of the Financial Industry Regulatory Authority (FINRA). In addition, LPL Financial is registered as a broker/dealer with each of the 50 states. As a broker/dealer, LPL Financial includes the following services:

- Taking customer orders and executing securities transactions
- Making recommendations to buy, sell or hold securities
- Custodial services

Unlike an investment advisory relationship in which clients pay an ongoing asset-based fee, in a brokerage relationship, clients typically pay a commission to LPL Financial on each transaction in the account. Clients do not pay commissions in an advisory relationship. The amount of the commission in a brokerage relationship varies depending on the security or investment product selected by the client. For mutual funds, the commission or sales load is typically paid upfront, is

charged directly against the investment and is based on the amount of assets invested. For example, if you have $1,000 and want to invest it in a mutual fund Class A share with a 5% front-end load through a brokerage relationship, the $50 sales charge you must pay comes off the top, and the remaining $950 is invested in the fund. Mutual funds typically offer multiple share classes that have different fees and expenses and pay brokers in different ways. The applicable sales charge is described in the prospectus or other offering document of the investment product provided to the client in connection with the investment. As a broker/dealer, LPL Financial may also receive other types of fees and compensation, such as trail payments (also called 12b-1 fees) and markups.

When LPL Financial acts as a broker/dealer, it is not a fiduciary under applicable law, but has a duty to deal fairly with its brokerage clients. When an advisor makes a recommendation about a security in a brokerage relationship, LPL Financial has an obligation to determine that the recommendation is suitable for the client based on the client's stated investment objective, risk tolerance, tax status and other financial information provided by the client. Unlike an investment advisory program account, the LPL Financial advisor has no duty to provide ongoing investment advice with respect to a brokerage account. LPL Financial does not take discretion from its brokerage clients; in other words, LPL Financial will only place transactions for its brokerage clients upon direction from the client. The LPL Financial obligation to disclose detailed information to clients about the nature and scope of its business, fees, conflicts of interest and other matters is more limited than in the context of an investment advisory relationship.

Important Things to Consider:

Here are some questions to ask yourself when deciding whether to work with an advisor in an advisory or brokerage relationship:

- Do you want or need a financial advisor to manage your investment portfolio? If so, an advisory relationship may be the right choice.
- Do you prefer, instead, to make the investment decisions yourself and are just looking for the advisor to execute on your orders? If so, a brokerage relationship may be the right choice.
- Do you want to engage a financial advisor as a fiduciary with a duty to provide you ongoing investment services? If so, an advisory relationship may be the right choice.
- Do you desire, instead, only occasional advice or recommendations on particular investments from a financial advisor? If so, a brokerage relationship may be the right choice.
- What do you expect will be the number and size of the holdings and transactions in your portfolio? If you plan to hold a number of securities and to be transacting and rebalancing the portfolio on a frequent basis, an advisory account may be the right choice. However, if you plan to buy only a few securities and follow a buy-and-hold strategy for a long period of time without ongoing advice from a Financial advisor, a brokerage relationship may be the right choice.
- Do you wish to work with a financial advisor where the fee is consistent, and not tied to the number or type of transactions in the account? If so, an advisory relationship may be the right choice.
- Do you prefer, instead, to pay your financial advisor for each transaction that you place? If so, a brokerage relationship may be the right choice.

In some cases, an advisory relationship may cost you more than a brokerage relationship. However, in other cases, a brokerage relationship may cost you more. These questions and the information above will help you determine what level of service and pricing structure is appropriate for you. Keep in mind that your needs and goals may change over time, and how you transact business with your financial advisor may change as well. As such, this should be a topic you review with your Financial advisor over the course of your relationship. If you have any questions about the differences between an advisory and brokerage relationship, you should ask your Financial advisor, who is a valuable resource to help you make the investment decisions that are best for you.

For more information regarding the services provided by Family Wealth Management Group, please visit our website at www.familywmg.com.

FAMILY WEALTH MANAGEMENT GROUP

Financial Life Planning and Wealth Management

This piece is intended for use with retail and institutional accounts. Retirement plan accounts may be subject to other consideration.

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