

## Our Fee Structure

### **How does Precedent Wealth Partners charge for its services?**

Other than some very rare exceptions, clients pay a single fee that is calculated as an annual percentage of the investment assets over which we have direct responsibility (which might be all or part of your available investment assets). The highest percentage is typically 1.0% per annum, reducing at different breakpoints as combined household assets increase, ultimately reaching a level of 0.40% per annum on assets exceeding \$10 million. This fee includes not only portfolio management but also our ongoing wealth and financial planning advice.

### **As a current client, if I have a question on a personal finance topic like funding home improvements or helping out my kids or grandchildren, will you send me an invoice for your time?**

No, our guidance is covered by the single management fee you pay us. The PWP team is “on call” for anything that comes up in your financial life. We encourage you to reach out to us with any kind of question so we can set you on the right path.

### **How much does tax and estate planning cost?**

As a current client, we do not charge you an additional fee for these planning services as they are considered an important part of our wealth advice to you. We will work with you to map out a general estate plan. However, we are not practicing attorneys, so we will coordinate with your existing attorney or recommend an attorney to draft the final legal documents. You will be responsible for the cost associated with hiring an attorney. Similarly, we can work with your accountant to review tax planning strategies. But, if you want your tax returns prepared professionally, that will mean payment of a separate fee to your CPA or tax preparer, since we do not offer tax preparation services.

### **What is the “WillShare” program?**

*WillShare* is the name for our special fee concession program that is designed to make you, our client, feel like a fellow-owner of the firm. The full details are available in the program guide you receive when you become a client and are summarized in our Form ADV disclosure document. Simply put, it means that each calendar year, if Precedent Wealth Partners earns an after-tax profit as a firm, and distributes some or

all of that to our employee-owners, an amount equal to one-half of such after-tax distributions will be reserved to be credited as fee reductions in the following year to you and all clients who were on board with Precedent Wealth Partners during the year that after-tax profit was generated. In other words, for every \$2 of after-tax profit distributed to our owners, \$1 will be reserved for fee concessions to the clients who made that profit possible. We do not know of another wealth management firm partnering with its clients in this way. As a reminder of course, there is no guarantee we will generate an after-tax profit for distribution to owners every year or any year.

**Do you or your employees earn commissions for selling me financial products?**

No. The management fee you pay us described earlier is our sole compensation. We receive no compensation from third parties, and we prefer it that way since we do not want to be conflicted in our advice to you. Think of your PWP team as a consultative advisor, rather than as a transactional broker.

**Can you provide a consultation before I agree to become your client?**

Yes, we agree that selecting a financial advisor is a key milestone. With this in mind, we offer an initial consultation at no cost to you. Often this may include what we call a “first draft” analysis that provides some tangible insights into our approach to helping you. Our goal during this introductory meeting is to determine if we work well together. If you like working with us, we can move forward when you are ready. If you do not choose to work with us, you will not be charged for a review of your financial plan.

**How long is the contract term?**

At Precedent Wealth Partners, we do not have minimum contract terms. Our goal is to build long-term client relationships, not lock you into a contract. If you want to discontinue using our services, just give us 30 days’ notice.

## **Our Fiduciary Relationship with You**

### **Is Precedent Wealth Partners a fiduciary?**

Absolutely! Our firm was specifically designed to act as your reliable advisor, and as such, we are legally bound to prioritize your interests above all else. Moreover, we guarantee that every interaction between you and Precedent Wealth Partners will be governed by a fiduciary relationship. You can rest assured that this level of trust and transparency applies to all our services, and there is no need to worry that our fiduciary duty varies depending on the circumstances. This may sound straightforward, but unfortunately, this level of commitment is not standard across the financial services industry. At Precedent Wealth Partners, we firmly believe that anything less than a fiduciary duty would be unacceptable.

### **If I have third-party retirement accounts through my employer [401(k), 403(b)] will you still provide advice?**

Yes! We provide advice for your entire financial picture to ensure all aspects are thoroughly coordinated. We can manage those accounts on your behalf, dealing with such issues as asset allocation, fund selection, ongoing monitoring, tactical repositioning, rebalancing, and fund changes to your employer's investment menu.

### **If I were to hire you, how would it affect my family's involvement in my decision-making process?**

We're thrilled to know that you value the significance of family dynamics in wealth planning. At our firm, we place great emphasis on open communication regarding financial matters. We frequently collaborate with families and advocate for shared financial priorities. It's crucial to involve your spouse or partner in critical parts of the discussion, even if they don't have the same level of interest. Our team takes the responsibility of explaining everything in simple terms, ensuring that everyone stays informed, even if they aren't involved in the day-to-day specifics.

### **Would you be willing to collaborate with my accountant and attorney, whom I have been working with for several years?**

Certainly, we welcome the valuable insight that your other advisory team members can provide and acknowledge the important roles they play in your financial

planning. As your financial advisor, while not mandatory, we often serve as the coordinator or 'quarterback' who facilitates efforts between all your professional advisors. Our team will collaborate closely with your other professionals to ensure the effective implementation of the strategies that you approve, utilizing all your available professional resources to their fullest potential.

**Are you able to assist me with matters related to remuneration packages and executive pay, specifically stock options?**

Absolutely, we're well-equipped to assist you with executive compensation concerns and strive to develop your wealth accumulation plan while minimizing your tax liabilities. Our team comprises various members and consulting resources that can be called upon to provide specialized advice in particular areas. We have two committees, namely the Investment Policy Committee and Wealth Planning Committee, that merge the knowledge of our in-house professionals with independent consultants to ensure that we scrutinize your financial issues without being constrained by a single perspective. With our diverse team, you can rest assured that you're in capable hands.

**If I hire you as my financial advisor, will I work with you 1 on 1 or with a team of advisors?**

At Precedent Wealth Partners, we distinguish ourselves from other firms by providing you with financial professionals, namely wealth advisors, as your primary contacts, not sales-focused 'relationship managers'. You'll also receive the support of client service professionals, and a team, rather than just a single advisor, who are dedicated to helping you achieve your financial objectives. Additionally, if you require specialized assistance, we have a range of resources available, such as business valuation specialists and experts in special needs planning, to augment our advice and provide tailored solutions. Your team members will be easily accessible by phone or email.

**How often will we meet to discuss my portfolio?**

Naturally, we utilize contemporary technological resources to maintain frequent communication with you through email, phone, and video messaging. This enables us to keep you updated on our market views, opinions, and your progress. Although these tools are effective, we place significant value on arranging face-to-face meetings, videoconferences, or conference calls at least once a year. If you prefer it or

if your circumstances require it, we can organize these meetings more frequently. During the initial year or two of a new client relationship, we recommend meeting more frequently to ensure that all crucial areas are addressed. There are no additional charges for these meetings; they are all covered in your one single fee.

### **Our Investment and Financial Planning Approach**

#### **How do you describe your investment approach?**

Our founders have amassed over 100 years of combined experience in this field, enabling us to identify what strategies have worked and what hasn't. To begin with, we don't believe that anyone can consistently outperform or time the market. However, we acknowledge that an overly simplistic 'buy and hold' approach may not be suitable for anyone except for the very young. Consequently, we have devised a plan that merges passive and active investment elements. We value many perspectives and incorporate independent research too craft well-diversified portfolios appropriate for the current investing climate. Additionally, our team has extensive experience in tax planning since it is one of the few areas where you can potentially increase returns without adding risk. We apply our tax planning expertise to ensure you're always in a position to take advantage of these opportunities.

#### **What level of investment returns can I anticipate generating by hiring your firm?**

Unfortunately, we can't provide any guaranteed returns. Nevertheless, our team has years of expertise in assisting individuals in building their wealth in a stable and sustainable manner. Our primary aim is to assist you in capturing profits when the market presents opportunities and to cautiously harvest and safeguard those gains against inevitable downward trends. In the interim, we continually seek out possibilities to boost your net returns via efficient tax tactics.

#### **How does your approach differ from my previous broker, who was effective in a bull market but incurred substantial losses during the bear market?**

Precedent Wealth Partners employs a careful approach that recognizes the inescapable existence of market risk. Our emphasis is on minimizing risk, as opposed to reacting to it. We aim to leverage our investing expertise and resources to maintain

a watchful and diligent perspective of the market environment to keep a close eye on your risk.

**Will you obtain my consent before implementing a significant modification to my investment portfolio?**

At Precedent Wealth Partners, our processes are designed to be adaptable and tailored to your specific requirements. Prior to making any decisions regarding your investments, we will collaborate with you to create an Investment Policy Statement. This document, which we will mutually agree upon, will set forth the plan and standards for your investments to help ensure that your expectations are met, and we deliver what we promise. If there are any substantial changes to this statement, we will discuss them with you in advance. Our investment team will carry out day-to-day portfolio adjustments as long as they fall within the guidelines established in your Investment Policy Statement without seeking your consent beforehand. You can examine all your account activity via the client portal on our website, which provides a comprehensive account of all of your transactions. If you have any questions, you can contact us via email or phone to discuss further. Our objective is to keep you informed and at ease with what is happening to your funds, at all times.

**Finding a Financial Advisor**

**Would I be a good client fit for Precedent Wealth Partners?**

Our role is to guide clients in reaching their life goals and targets. We will work well together if you are seeking a service-oriented partner. We are passionate when it comes to clients with a vision of where they want to be but don't know how to achieve it. Our drive is to get you there.

**What sort of financial advisor should I select?**

You should start by looking at firms that function as we described earlier -- as your fiduciary. Always ask this question: "Will you be a fiduciary to me in each and every interaction we have?". An advisor's compensation structure is also an important consideration. Fee-only financial advisors never accept any commissions or third-party compensation. This will help you get true objective advice, not product

recommendations. Lastly, you seek out firms that represent a wide variety of professional credentials and experience.

**I am not at all a ‘finance person,’ and understand very little about investments. What sort of advisor should I work with?**

Our clients come from a variety of backgrounds, from nurse practitioners to interior designers, to engineers. We understand that you may not have the inclination or time to study the concepts and vocabulary. Your advisor’s ability to communicate is clearly important, and we will be sure to explain these concepts in a straightforward manner.

**I currently buy and sell investments myself and find it very exciting. Should I continue managing my own portfolio or hire a financial advisor?**

We understand that thinking. As financial professionals, we spend full time involved in these disciplines, and enjoy them very much. With that said, working with a financial advisor, especially with a firm that utilizes a committee approach to portfolio management, can eliminate some of the common emotion or bias-driven decisions that are often easy for individuals to make. As an added layer of accountability, all voting members of the Precedent Wealth Partners Investment Committee are required to engage Precedent to manage a substantial portion of their own personal investment capital as a paying client of the firm.