

## Answers to Important Questions You Should Ask

*In order to provide you with background information regarding Michael L. Schwartz (hereinafter referred to as the Advisor) here are answers to some questions you may have.*

### 1. Who is the Advisor?

The advisor is a wealth manager and investment counselor registered as a Principal and Investment Advisor Representative with First Allied Securities, Inc. (Member FINRA – SIPC)

### 2. What does the Advisor offer?

Sound wealth management advice regarding taxes, investments, insurance, estate planning, pensions, retirement planning and general financial matters.

### 3. Whom do we serve?

Individuals, corporations, small businesses, pensions and profit sharing plans, estates and trusts.

### 4. Who can benefit most by our services?

Any client who has a financial, tax or investment problem or who wishes to plan prudently for their financial future. Furthermore, clients who desire a higher, more sophisticated level of financial or investment planning services that they are receiving from their other advisors may find our programs appealing.

### 5. How much money do you need to start a Wealth Management program?

Whether a minimum dollar amount is required depends on the needs of the client and on the advisory program recommended by the advisor. We recognize that persons with modest assets have financial problems or needs as well. However, our services are geared towards those individuals and families with at least \$250,000 of invested assets and are retired or look to prepare to retire comfortably. Some of the Advisory accounts we may recommend may have minimums ranging from \$50,000 - \$100,000.

### 6. What is a Financial Plan?

An overall review of your financial situation, taking into account your goals, values and objectives then focusing on such areas as: income tax planning, asset management, estate planning, risk management, educational planning and retirement. Typically, the Advisor conducts consultations with each client to prepare a “financial plan” based on that individual client’s financial status, needs and objectives. This plan may be formal or informal and is used to guide the implementation of the plan.

### 7. How is the plan implemented?

Implementation may be effected through various advisory programs highlighted below or through the purchase of commission based products. The client is free to choose how such implementation occurs and will typically rely on the recommendation of an Advisor. Specifically, the client may implement his or her investment objectives through the following means:

- a) By purchasing commission-based products.
- b) Client may be presented with an opportunity to have Advisor select a First Allied Securities approved outside third-party investment advisor to manage client’s assets using investment strategies such as asset allocation, timing or a combination of such investment strategies and an ongoing fee (usually a percentage of assets) is assessed;
- c) Client may be given an opportunity to have the Advisor manage the assets for an ongoing fee (usually a percentage of assets)

In all cases it is customary for the Advisor to meet periodically with client and typically no less than annually, to review the client’s investments as well as the changing needs and objectives of client.

The advisor will generally contact the client at least quarterly and will make inquiries regarding changes in the client’s financial situation and needs or investment objectives. In addition the Advisor will contact the client no less than annually to review the performance of the programs managed by the third-party investment advisor. The Advisor will be available for the client’s consultation during normal business hours.

In all cases, the client does receive regular account statements from those companies where investments are held. There are various programs with respect to alternatives (b) and (c) above and each has its own guidelines with respect to minimum investments, fees, structure and reporting. The client is informed of such guidelines and specifics prior to entering into an advisory program. **Under no circumstances will the Advisor place client with an investment program where the client’s monies are not held at an independent custodian separate from the investment program advisor.**



## 8. How do we help clients?

We work with clients on their 13 Wealth Management issues that over time we have found to be the most pressing. These issues are:

- a) Investment
- b) Insurance
- c) Liability Issues
- d) Qualified Retirement Plan/IRA
- e) Stock Options
- f) Business Succession Plan
- g) Durable Power of Attorney
- h) Gifting to Children
- i) Charitable Gifting
- j) Titling of Assets
- k) Distribution of Wealth at Death
- l) Charitable Inclinations at Death

## 9. How much do we charge for planning services?

Although in the majority of cases Advisor is fully compensated for planning services by way of commissions and fee-based asset management, Advisor may be compensated for planning services by the client on an hourly or pre-determined fixed fee basis. Advisor does complete financial plans for a set fee and performs financial consulting work on an hourly basis periodically. The charge for a financial plan typically ranges from \$1,000 - \$3000, but may be more or less, and will depend on the circumstances. The charge for hourly work ranges from \$150 - \$350 per hour. Advisor's set fees and hourly charges may be negotiable depending on the client's preferences, services to be performed and the circumstances.

If the client elects to have Advisor implement the plan using commission-based investment, a sales charge will apply. Sales charges are determined by the individual investments being offered. Sales charges vary from investment to investment, are disclosed in the investments prospectus and are not negotiable, are a one-time charge and are not refundable. Sales charges are generally based upon the level of assets invested with the investment and decline for larger investments. If the client elects to have the Advisor implement the plan, an ongoing annual fee for such services will be charged. Varied fee schedules exist depending on whether the client elects to have the Advisor manage the investment portfolio or have the Advisor select a third-party advisor but in no case will the annual fee exceed the fee named in the investment contract.

It is typical for fees to start at 2.2% on the first \$250,000 under management and to decline for larger account sizes. Advisor may charge less than the typical fee schedule at its sole discretion, but may never exceed those maximums specified by an advisory program.

The portfolio size and the nature of the services being provided are the primary determinates of the agreed upon fee to be charged. Fees may be negotiable depending on the circumstances. Although the fees are based on a percentage of assets, they may also represent compensation for other non-asset related management services provided.

## 10. Is the fee tax deductible?

Section 212 of the Internal Revenue Code permits an itemized deduction for tax and/or investment advice.

## 11. Do we sell financial planning products such as investments and insurance?

Yes, the Advisor provides wealth management advice and investment management advice on a fee-paid basis. Certain financial products, however, can be purchased from the Advisor. If these products are purchased by the client, the Advisor will receive the normal commission. Thus, a conflict may exist between representative's interest and those of the clients.

## 12. Do we provide legal services?

No.

## 13. Do we provide tax preparation services?

Yes, our office has prepared tax returns from 1981. These services are available for an additional fee.

## 14. What types of Securities do we provide advice about?

Bank deposits, U.S. Government Securities, corporate bonds, commercial paper, municipal securities, equities, mutual funds, unit investment trusts, variable annuities, variable life, real estate investment trusts, and alternative investments.

## 15. Do we guarantee investment performance?

No.

## 16. What are the principal sources of information we use?

The Advisor utilized the general media of domestic, international and governmental newspaper, bulletins, magazines, books and other publications. Materials prepared by the investment companies and research releases prepared by others and timing services may also be utilized.

## 17. Will Client information be kept confidential?

Yes. It is the law.

## 18. Once a program is completed, does our relationship end?

Absolutely not. Working with the Advisor is a process and not a "one shot" transaction. We offer ongoing service, periodic review and day to day consultation as necessary. Additional fees may be charged for these services.

## 19. How do we get started?

Contact us at the telephone number below, tell us your problem or need and we'll let you know if and how we can be of assistance to you.

**Michael L. Schwartz, RFC®, CWS®, CFS**



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Michael L. Schwartz, RFC®, CWS®, CFS offers securities through First Allied Securities, Inc. (Member FINRA-SIPC) A Registered Broker Dealer and advisory services through First Allied Advisory Services, Inc. A Registered Investment Advisor.