

# Item 1: Cover Page

## Wealth Mode Financial Planning, LLC

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### **Form ADV Part 2A – Firm Brochure**

(435) 363-9445

Dated January 2, 2018

This Brochure provides information about the qualifications and business practices of Wealth Mode Financial Planning, LLC, “Wealth Mode”. If you have any questions about the contents of this Brochure, please contact us at (435) 363-9445. 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.

Wealth Mode Financial Planning, LLC is registered as an Investment Adviser with the State of Utah. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about Wealth Mode is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and can be found using the firm’s identification number 284136.

# Item 2: Material Changes

August 5, 2016 - Initial filing

October 28, 2016 - Wealth Mode's business address has been updated to reflect a new location; phone number has also been changed

March 27, 2017 - The Advisor has changed the Outside Manager's fee regarding Betterment. Please see Item 5 for additional information

August 23, 2017 - One-Time Financial Plan service added. See Item 5 for additional information. Other Business Activities updated. Please see Item 19 for additional information.

January 2, 2018 - Wealth Mode's business address has been updated to reflect a new location. Prices for some services updated; see Item 5 for details. Added CFP® designation for Justin Chidester; see Item 19 for additional information.

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# Item 4: Advisory Business

## Description of Advisory Firm

Wealth Mode Financial Planning, LLC is registered as an Investment Adviser with the State of Utah. We were founded in January 2016. Justin Richard Chidester is the principal owner of Wealth Mode. As of December 31, 2017, Wealth Mode had less than \$100,000 of assets under management, all of which was managed on a discretionary basis.

## Types of Advisory Services

### Investment Advisory Services (Outside Firm manages accounts)

We offer investment advisory services through use of third-party money managers (“Outside Managers”) for portfolio management services. We assist clients in selecting an appropriate allocation model, completing the Outside Manager’s investor profile questionnaire, interacting with the Outside Manager and reviewing the Outside Manager. Our review process and analysis of outside managers is further discussed in Item 8 of this Form ADV Part 2A. Additionally, we will meet with the client on a periodic basis to discuss changes in their personal or financial situation, suitability, and any new or revised restrictions to be applied to the account. Fees pertaining to this service are outlined in Item 5 of this brochure.

### Financial Planning

We provide financial planning services on topics such as retirement planning, risk management, college savings, cash flow, debt management, work benefits, and estate and incapacity planning.

Financial planning is an evaluation of a client’s current and future financial state by using currently known variables to seek a best course of action regarding a particular financial decision (or set of decisions). The key defining aspect of financial planning is that through the financial planning process, all questions, information and analysis will be considered as they affect and are affected by the entire financial and life situation of the client. Clients purchasing this service will receive a written or an electronic report, providing the client with a detailed financial plan designed to achieve his or her stated financial goals and objectives regarding the topics or decisions about which they sought advice.

In general, the financial plan/advice will address any or all of the following areas of concern. The client and advisor will work together to select the specific areas to cover. These areas may include, but are not limited to, the following:

- **Cash Flow and Debt Management:** We will conduct a review of your income and expenses to determine your current surplus or deficit along with advice on prioritizing how any surplus should be used or how to reduce expenses if they exceed your income. Advice may also be provided on which debts to pay off first based on factors such as the interest rate of the debt and any income tax ramifications. We may also recommend what we believe to be an appropriate cash reserve that should be considered for emergencies and other financial goals, along with a review of accounts (such as money market funds) for such reserves, plus strategies to save desired amounts.
- **College Savings:** Includes projecting the amount that will be needed to achieve college or other post-secondary education funding goals, along with advice on ways for you to save the desired amount. Recommendations as to savings strategies are included, and, if needed, we will review your financial picture as it relates to eligibility for financial aid or the best way to contribute to grandchildren (if appropriate).
- **Employee Benefits Optimization:** We will provide review and analysis as to whether you, as an employee, are taking the maximum advantage possible of your employee benefits. If you are a business owner, we will consider and/or recommend the various benefit programs that can be structured to meet both business and personal retirement goals.
- **Estate Planning:** This usually includes an analysis of your exposure to estate taxes and your current estate plan, which may include whether you have a will, powers of attorney, trusts and other related documents. Our advice also typically includes ways for you to minimize or avoid future estate taxes by implementing appropriate estate planning strategies such as the use of applicable trusts.

We always recommend that you consult with a qualified attorney when you initiate, update, or complete estate planning activities. We may provide you with contact information for attorneys who specialize in estate planning when you wish to hire an attorney for such purposes. From time-to-time, we will participate in meetings or phone calls between you and your attorney (or other financial professional) with your approval or request.

- **Financial Goals:** We will help clients identify financial goals and develop a plan to reach them. We will identify what you plan to accomplish, what resources you will need to make it happen, how much time you will need to reach the goal, and how much you should budget for your goal
- **Insurance:** Review of existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **Investment Analysis:** This may involve developing an asset allocation strategy to meet clients' financial goals and risk tolerance, providing information on investment vehicles and strategies,

reviewing all investments held by the client (including but not limited to defined contribution plans [401k, 403b, etc], real estate, and employee stock options), as well as assisting you in establishing your own investment account at a selected broker/dealer or custodian. The strategies and types of investments we may recommend are further discussed in Item 8 of this brochure.

- **Retirement Planning:** Our retirement planning services typically include projections of your likelihood of achieving your financial goals, typically focusing on financial independence as the primary objective. For situations where projections show less than the desired results, we may make recommendations, including those that may impact the original projections by adjusting certain variables (e.g., working longer, saving more, spending less, taking more risk with investments).

If you are near retirement or already retired, advice may be given on appropriate distribution strategies to minimize the likelihood of running out of money or having to adversely alter spending during your retirement years. All sources of actual or potential income streams will be considered, including (but not limited to) retirement accounts, pension benefits, social security, and part-time employment or self-employment.

- **Insurance/Risk Management:** A risk management review includes an analysis of your exposure to major risks that could have a significant adverse impact on your financial picture, such as premature death, disability, property and casualty losses, or the need for long-term care planning. Advice may be provided on ways to minimize such risks and about weighing the costs of purchasing insurance versus the benefits of doing so and, likewise, the potential cost of not purchasing insurance (“self-insuring”).
- **Tax Planning Strategies:** Advice may include ways to minimize current and future income taxes as a part of your overall financial planning picture. For example, we may make recommendations on which type of account(s) or specific investments should be owned based in part on their “tax efficiency,” with consideration that there is always a possibility of future changes to federal, state or local tax laws and rates that may impact your situation.

We recommend that you consult with a qualified tax professional before initiating any tax planning strategy, and we may provide you with contact information for accountants or attorneys who specialize in this area if you wish to hire someone for such purposes. We will participate in meetings or phone calls between you and your tax professional with your approval.

## **Comprehensive Financial Planning**

This service involves working one-on-one with a planner over an extended period of time. By paying an annual fee, paid monthly, clients get continuous access to a planner who will work with them to design their plan. The planner will monitor the plan, ensure the plan is up to date, and recommend and help implement changes over time.

Upon desiring a comprehensive plan, a client will be taken through establishing their goals and values around money. They will be required to provide information to help complete the following areas of analysis: net worth, cash flow, insurance, credit scores/reports, employee benefit, retirement planning, insurance, investments, college planning and estate planning. Once the client's information is reviewed, their plan will be built and analyzed, and then the findings, analysis and potential changes to their current situation will be reviewed with the client. Clients subscribing to this service will receive a written or an electronic report, providing the client with a detailed financial plan designed to achieve his or her stated financial goals and objectives. If a follow up meeting is required, we will meet at the client's convenience.

The plan and the client's financial situation and goals will be monitored throughout the year on an ongoing basis, and the client and adviser will agree upon a service schedule to review and/or implement areas of the financial plan throughout each year. These ongoing services may include: semi-annual goals and financial plan review meetings, quarterly implementation check-in calls, cash-flow/budgeting and debt plan updates, annual credit report and score review, retirement and college projections updates, IRA/HSA contributions review, annual income and salary benchmarking, annual insurance review, annual estate plan update, annual employee benefits assessment, and end-of-year tax planning. These ongoing services will be accomplished through systematically scheduled follow-up phone calls, meetings, and emails with the client to confirm that any agreed upon action steps are being carried out.

## **Client Tailored Services and Client Imposed Restrictions**

We offer the same suite of services to all of our clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

## **Wrap Fee Programs**

We do not participate in wrap fee programs.

# Item 5: Fees and Compensation

Please note, unless a client has received the firm's disclosure brochure at least 48 hours prior to signing the investment advisory contract, the investment advisory contract may be terminated by the client within five (5) business days of signing the contract without incurring any advisory fees. How we are paid depends on the type of advisory service we are performing. Please review the fee and compensation information below.

## **Investment Advisory Services**

The standard advisory fee is based on the market value of the account and is 0.10% of assets under management (AUM). The Outside manager used by Wealth Mode is MTG, LLC dba Betterment Securities ("Betterment Securities").

The annual fees are non-negotiable and are prorated and paid in arrears on a quarterly basis. The Outside Manager will debit the client's account for both the Outside Manager's fee, and Wealth Mode's advisory fee, and will remit Wealth Mode's fee to Wealth Mode. Please note, the above fee schedule does not include the Outside Manager's fee of 0.20% of AUM (starting April 1, 2017). No increase in the annual fee shall be effective without agreement from the client by signing a new agreement or amendment to their current advisory agreement.

Accounts initiated or terminated during a calendar quarter will be charged a prorated fee based on the amount of time remaining in the billing period. An account may be terminated with written notice at least 30 calendar days in advance. Since fees are paid in arrears, no rebate will be needed upon termination of the account.

## **Comprehensive Financial Planning - "Wealth Mode Planning"**

Comprehensive Financial Planning will be performed under the service of "Comprehensive Wealth Mode Planning" and consists of an upfront/initial engagement fee and an ongoing annual fee that is paid monthly.

The upfront fee ranges from \$449 to \$1,999 and is based on complexity and projected time needed to gather data and complete an initial comprehensive financial plan. This initial engagement fee will cover the following services: an introductory meeting to determine current financial situation and goals, a meeting and follow-up communication necessary to gather data and relevant information, analysis and formation of a comprehensive financial plan, and a recommendation meeting to present the plan to the client. 50% of the upfront fee is paid in advance, and 50% is paid at the completion and delivery of the initial plan.

The ongoing annual fee, paid monthly in advance, ranges from \$720 to \$4,800 (\$60 to \$400 per month when billed monthly) and is likewise based on scope, complexity, and projected time needed to

provide ongoing comprehensive financial planning services for any topics, issues, or financial decisions that may be applicable, relevant, and desired by the client, as projected in the client service calendar, described below. The ongoing fee begins after the initial comprehensive financial plan is developed and presented, and is updated on an annual basis.

Ongoing services may include: semi-annual goals and financial plan review meetings, quarterly implementation check-in calls, cash-flow/budgeting and debt plan adjustments, annual credit report and score review, retirement and college projections updates, IRA/HSA contributions review, annual income and salary benchmarking, annual insurance review, annual estate plan check-in, annual employee benefits assessment, and end-of-year tax planning. These ongoing services will be accomplished through systematically scheduled follow-up phone calls, meetings, and emails with the client to confirm that any agreed upon action steps are being carried out.

Each client, upon engaging for ongoing services, will create a client service calendar together with the adviser, broken down by month, projecting which services will be provided and at what times during the year. An example of a client service calendar is shown below:

**January** - Goals & Financial Plan Review Meeting, Cash Flow & Debt Review, Rebalance 401(k) & Investment Accounts

**February** - IRA/HSA Contribution Check-In, Annual Credit Report Review, Update IPS and Retirement/College Projections

**March** - Income Tax filing preparation and planning

**April** - Quarterly Call/Meeting and Investment Review

**May** - Life, Health, Disability Insurance Check-in, Financial Organization Check

**June** - Income/Salary Benchmarking Review

**July** - Mid-Year Goals & Financial Plan Review Meeting, Mid-Year Cash Flow & Debt Review, Rebalance 401(k) & Investment Accounts

**August** - Update Retirement/College Projections

**September** - Estate Planning Check-In, Property & Casualty Insurance Check-In

**October** - Quarterly Check-in Call/Meeting & Investment Review

**November** - End-Of-Year Tax Planning Review, IRA/HSA Contributions Planning

**December** - Employee Benefits Review, Income/Salary Benchmarking Review, 401(k) Election Review

This service may be terminated with 30 days' notice. Upon termination of any account, the fee will be prorated and any unearned fee will be refunded to the client.

## **Financial Planning Fixed Fee - “One-Price Advice”**

Financial Planning will also be offered on a fixed fee, “à la carte” basis, known as the “One-Price Advice” service. The fixed fee will be agreed upon before the start of any work. The fixed fee can range between \$149 and \$249, based on which topics or decisions the client is seeking financial planning advice about, as shown:

**Cash Flow Coaching** - \$149

**Debt Elimination / Student Loans Consultation** - \$199

**College Savings Consultation** - \$199

**Buy-a-Home Consultation** - \$249

**Insurance Review** - \$249

**Income Tax Review** - \$299

**Employee Benefits Analysis** - \$299

**Investment Advice & Retirement Plan** - \$349

**One-Time Financial Plan** - \$499

**Other topics, by Request** - quoted on case-by-case basis

If two or more “One-Price Advice” services above are bundled together, there will be a 20% discount off the total price.

The fee is non-negotiable. In extreme cases of higher complexity that will require additional time, the client will be serviced according to the terms of a “Custom Consultation”, as described below. If a fixed fee program is chosen, half of the fee is due at the beginning of process and the remainder is due at presentation upon consultation meeting. However, Wealth Mode will not bill an amount above \$500.00 more than 6 months in advance.

Within 30 days of the end consultation meeting for a One-Price Advice service, the fee paid can be credited toward the upfront engagement fee if the client wishes to upgrade to comprehensive, ongoing financial planning services.

## **Financial Planning Hourly Fee - “Custom Consultation”**

Financial Planning services can also be performed on an hourly basis at an hourly rate of \$125 per hour. Hourly services are performed under the moniker of “Custom Consultation”. The fee is non-negotiable; 50% is due upon signing the agreement to begin the engagement, and the remaining 50% is due at the completion of the engagement. All hourly engagements and projects will be quoted in advance, and the estimates noted on the client agreement. In the event of early termination by client, any fees for the hours already worked will be due. Hourly work will be billed in half-hour increments.

## **Other Types of Fees and Expenses**

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual fund and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to our fee, and we shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that we consider in selecting or recommending broker-dealers for client's transactions and determining the reasonableness of their compensation (e.g., commissions).

We do not accept compensation for the sale of securities or other investment products including asset-based sales charges or service fees from the sale of mutual funds.

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

We do not offer performance-based fees.

## **Item 7: Types of Clients**

We provide financial planning and portfolio management services to individuals and high net-worth individuals.

We do not have a minimum account size requirement.

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

When clients have us complete an Investment Analysis (described in Item 4 of this brochure) as part of their financial plan or consultation, our primary method of investment analysis are selection of other advisers and passive investment management. Our primary method of risk profiling is a FinaMetrica risk profile questionnaire adjusted (if necessary) by Wealth Mode based on a follow-up discussion with the client.

### **Selection of Other Advisers**

We refer clients to third-party investment advisers ("outside managers"). Our analysis of outside

managers involve the examination of the experience, expertise, investment philosophies, and past performance of the outside managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks. A risk of investing with an outside manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in an outside manager's portfolio. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

### **Passive Investment Management**

We primarily practice passive investment management. Passive investing involves building portfolios that are comprised of various distinct asset classes. The asset classes are weighted in a manner to achieve a desired relationship between correlation, risk and return. Funds that passively capture the returns of the desired asset classes are placed in the portfolio. The funds that are used to build passive portfolios are typically index mutual funds or exchange traded funds.

Passive investment management is characterized by low portfolio expenses (i.e. the funds inside the portfolio have low internal costs), minimal trading costs (due to infrequent trading activity), and relative tax efficiency (because the funds inside the portfolio are tax efficient and turnover inside the portfolio is minimal).

In contrast, active management involves a single manager or managers who employ some method, strategy or technique to construct a portfolio that is intended to generate returns that are greater than the broader market or a designated benchmark. Academic research indicates most active managers underperform the market.

### **Material Risks Involved**

Wealth Mode does not provide investment management, however investment recommendations may be made as part of the financial planning service. **All investing strategies we offer involve risk and may result in a loss of your original investment which you should be prepared to bear.** Many of these risks apply equally to stocks, bonds, commodities and any other investment or security. Material risks associated with our investment strategies are listed below.

**Market Risk:** Market risk involves the possibility that an investment's current market value will fall because of a general market decline, reducing the value of the investment regardless of the

operational success of the issuer's operations or its financial condition.

**Small and Medium Cap Company Risk:** Securities of companies with small and medium market capitalizations are often more volatile and less liquid than investments in larger companies. Small and medium cap companies may face a greater risk of business failure, which could increase the volatility of the client's portfolio.

**Interest Rate Risk:** Bond (fixed income) prices generally fall when interest rates rise, and the value may fall below par value or the principal investment. The opposite is also generally true: bond prices generally rise when interest rates fall. In general, fixed income securities with longer maturities are more sensitive to these price changes. Most other investments are also sensitive to the level and direction of interest rates.

**Inflation:** Inflation may erode the buying-power of your investment portfolio, even if the dollar value of your investments remains the same.

## **Risks Associated with Securities**

**Exchange Traded Funds** prices may vary significantly from the Net Asset Value due to market conditions. Certain Exchange Traded Funds may not track underlying benchmarks as expected.

**Investment Companies Risk.** When a client invests in open end mutual funds or ETFs, the client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. The Adviser has no control over the risks taken by the underlying funds in which client's invest.

# **Item 9: Disciplinary Information**

## **Criminal or Civil Actions**

Wealth Mode and its management have not been involved in any criminal or civil action.

## **Administrative Enforcement Proceedings**

Wealth Mode and its management have not been involved in administrative enforcement proceedings.

## **Self-Regulatory Organization Enforcement Proceedings**

Wealth Mode and its management have not been involved in legal or disciplinary events that are material to a client's or prospective client's evaluation of Wealth Mode or the integrity of its management.

## Item 10: Other Financial Industry Activities and Affiliations

Wealth Mode does not have any related parties. As a result, neither Wealth Mode, or any of its management has any relationship or arrangements with any broker-dealer, municipal securities dealer, or government securities dealer or broker; an investment company or other pooled investment vehicle (e.g. mutual fund, private fund, etc.); another investment adviser or financial planner; a futures commission merchant, commodity pool operator, or commodity trading adviser; a banking or thrift institution; an accountant or accounting firm; a lawyer or law firm; an insurance company or agency; a pension consultant; a real estate broker or dealer; a sponsor or syndicator of limited partnerships.

Wealth Mode only receives compensation directly from clients. We do not receive compensation from any outside source. We do not have any conflicts of interest with any outside party.

No Wealth Mode employee is registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

No Wealth Mode employee is registered, or have an application pending to register, as a futures commission merchant, commodity pool operator or a commodity trading advisor.

### **Recommendations or Selections of Other Investment Advisers**

As referenced in Item 4 of this brochure, Wealth Mode recommends clients to Outside Managers to manage their accounts. In the event that we recommend an Outside Manager, please note that we do not share in their advisory fee. Our fee is separate and in addition to their compensation (as noted in Item 5) and will be described to you prior to engagement. You are not obligated, contractually or otherwise, to use the services of any Outside Manager we recommend. Additionally, Wealth Mode will only recommend an Outside Manager who is properly licensed or registered as an investment adviser.

## Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

As a fiduciary, our firm and its associates have a duty of utmost good faith to act solely in the best interests of each client. Our clients entrust us with their funds and personal information, which in turn places a high standard on our conduct and integrity. Our fiduciary duty is a core aspect of our Code of Ethics and represents the expected basis of all of our dealings. The firm also adheres to the Code of Ethics and Professional Responsibility adopted by the CFP® Board of Standards Inc., and accepts the obligation not only to comply with the mandates and requirements of all applicable laws and regulations but also to take responsibility to act in an ethical and professionally responsible manner in all professional services and activities. Additionally Wealth Mode requires adherence to its Insider Trading Policy, and the CFA Institute's Asset Manager Code of Professional Conduct and Code of Ethics and Standards of Professional Conduct.

## **Code of Ethics Description**

This code does not attempt to identify all possible conflicts of interest, and literal compliance with each of its specific provisions will not shield associated persons from liability for personal trading or other conduct that violates a fiduciary duty to advisory clients. A summary of the Code of Ethics' Principles is outlined below.

- Integrity - Associated persons shall offer and provide professional services with integrity.
- Objectivity - Associated persons shall be objective in providing professional services to clients.
- Competence - Associated persons shall provide services to clients competently and maintain the necessary knowledge and skill to continue to do so in those areas in which they are engaged.
- Fairness - Associated persons shall perform professional services in a manner that is fair and reasonable to clients, principals, partners, and employers, and shall disclose conflict(s) of interest in providing such services.
- Confidentiality - Associated persons shall not disclose confidential client information without the specific consent of the client unless in response to proper legal process, or as required by law.
- Professionalism - Associated persons' conduct in all matter shall reflect credit of the profession.
- Diligence - Associated persons shall act diligently in providing professional services.

We periodically review and amend our Code of Ethics to ensure that it remains current, and we require all firm access persons to attest to their understanding of and adherence to the Code of Ethics at least annually. Our firm will provide of copy of its Code of Ethics to any client or prospective client upon request.

## **Investment Recommendations Involving a Material Financial Interest and**

## **Conflicts of Interest**

Neither our firm, its associates or any related person is authorized to recommend to a client, or effect a transaction for a client, involving any security in which our firm or a related person has a material financial interest, such as in the capacity as an underwriter, adviser to the issuer, etc.

## **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Our firm and its “related persons” do not invest in the same securities, or related securities, e.g., warrants, options or futures, which we recommend to clients.

## **Trading Securities At/Around the Same Time as Client’s Securities**

Because our firm and its “related persons” do not invest in the same securities, or related securities, e.g., warrants, options or futures, which we recommend to clients, we do not trade in securities at or around the same time as clients.

# **Item 12: Brokerage Practices**

## **Factors Used to Select Custodians and/or Broker-Dealers**

Wealth Mode Financial Planning, LLC does not have any affiliation with Broker-Dealers. Specific custodian recommendations are made to client based on their need for such services. We recommend custodians based on the reputation and services provided by the firm.

### **1. Research and Other Soft-Dollar Benefits**

We currently receive soft-dollar benefits as a result of our relationship with B4A. Services provided by B4A are outlined below.

### **2. Brokerage for Client Referrals**

We receive no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### **3. Clients Directing Which Broker/Dealer/Custodian to Use**

We do recommend a specific custodian for clients to use, however, clients may custody their assets at a custodian of their choice. Clients may also direct us to use a specific broker-dealer to execute transactions. By allowing clients to choose a specific custodian, we may be unable to achieve most favorable execution of client transaction and this may cost clients money over using a lower-cost custodian.

## **The Custodian and Brokers We Use**

Wealth Mode does not maintain custody of your assets that we manage, although we may be deemed

to have custody of your assets if you give us authority to withdraw advisory fees from your account (see Item 15—Custody, below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We may recommend that our clients use MTG, LLC dba Betterment Securities (“Betterment Securities”), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Betterment Securities. Betterment Securities will hold your assets in a brokerage account and buy and sell securities when we and/or you instruct them to. While we may recommend that you use Betterment Securities as custodian/broker, you will decide whether to do so and will open your account with Betterment Securities by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. If you do not wish to place your assets with Betterment Securities, then we cannot manage your account on B4A (defined below).

## **Your Brokerage and Custody Costs**

For our clients’ accounts that Betterment Securities maintains, Betterment Securities generally does not charge you separately for custody services, but is compensated as part of the B4A (defined below) platform fee, which is a percentage of the dollar amount of assets in the account in lieu of commissions. We have determined that having Betterment Securities execute trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “Factors Used to Select Custodians and/or Broker-Dealers”).

## **Services Available to Us via Betterment for Advisors**

Betterment Securities serves as broker dealer to Betterment for Advisors (“B4A”), an investment and advice platform serving independent investment advisory firms like Wealth Mode. B4A also makes available various support services which may not be available to Betterment’s retail customers. Some of those services help us manage or administer our clients’ accounts, while others help us manage and grow our business. B4A’s support services are generally available on an unsolicited basis (we don’t have to request them) and at no charge to us. Following is a more detailed description of B4A’s support services:

1. **SERVICES THAT BENEFIT YOU.** B4A includes access to a range of investment products, execution of securities transactions, and custody of client assets through Betterment Securities. Betterment Securities’ services described in this paragraph generally benefit you and your account.

2. SERVICES THAT MAY NOT DIRECTLY BENEFIT YOU. B4A also makes available to us other products and services that benefit us, but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts, such as software and technology that may:
  - a. Assist with back-office functions, recordkeeping, and client reporting of our clients' accounts.
  - b. Provide access to client account data (such as duplicate trade confirmations and account statements).
  - c. Provide pricing and other market data.
  - d. Assist with back-office functions, recordkeeping, and client reporting.
3. SERVICES THAT GENERALLY BENEFIT ONLY US. By using B4A, we will be offered other services intended to help us manage and further develop our business enterprise. These services include:
  - a. Educational conferences and events.
  - b. Consulting on technology, compliance, legal, and business needs.
  - c. Publications and conferences on practice management and business succession.

## **Our Interest in Betterment Securities' Services**

The availability of these services from B4A benefits us because we do not have to produce or purchase them. In addition, we don't have to pay for Betterment Securities' services. These services may be contingent upon us committing a certain amount of business to Betterment Securities in assets in custody. We may have an incentive to recommend that you maintain your account with Betterment Securities, based on our interest in receiving B4A and Betterment Securities' services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Betterment Securities as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Betterment Securities' services and not B4A and Betterment Securities' services that benefit only us.

## **Aggregating (Block) Trading for Multiple Client Accounts**

Outside Managers used by Wealth Mode may block client trades at their discretion. Their specific practices are further discussed in their ADV Part 2A, Item 12.

## Item 13: Review of Accounts

Client accounts with the Investment Management Service will be reviewed, at a minimum, on an annual basis by Justin Richard Chidester, Owner and CCO. The account is reviewed with regards to the client's investment policies and risk tolerance levels. Events that may trigger a special review would be unusual performance, addition or deletions of client imposed restrictions, excessive draw-down, volatility in performance, or buy and sell decisions from the firm or per client's needs.

Clients will receive trade confirmations from the broker(s) for each transaction in their accounts as well as monthly or quarterly statements and annual tax reporting statements from their custodian showing all activity in the accounts, such as receipt of dividends and interest.

Wealth Mode will not provide written reports to Investment Management clients.

## Item 14: Client Referrals and Other Compensation

We receive a non-economic benefit from B4A and Betterment Securities in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Betterment Securities. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12—Brokerage Practices). The availability to us of B4A and Betterment Securities' products and services is not based on us giving particular investment advice, such as buying particular securities for our clients. No adviser, nor related person, directly or indirectly compensates any person for client referrals. B4A is a Custodian, as well a third-party manager. Since Betterment is not the only Custodian that clients may select, we do not perceive this as a conflict of interest.

## Item 15: Custody

Wealth Mode does not accept custody of client funds except of in the instance of withdrawing client fees.

For client accounts in which Wealth Mode directly debits their advisory fee:

- i. Wealth Mode will send a copy of its invoice to the custodian at the same time that it sends the client a copy.
- ii. The custodian will send at least quarterly statements to the client showing all disbursements for the account, including the amount of the advisory fee.
- iii. The client will provide written authorization to Wealth Mode, permitting them to be paid directly

for their accounts held by the custodian.

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. We urge you to carefully review such statements and compare such official custodial records to the account statements or reports that we may provide to you. Our statements or reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## Item 16: Investment Discretion

For those client accounts where we provide investment management services, we maintain discretion over client accounts with respect to securities to be bought and sold and the amount of securities to be bought and sold. Investment discretion is explained to clients in detail when an advisory relationship has commenced. At the start of the advisory relationship, the client will execute a Limited Power of Attorney, which will grant our firm discretion over the account. Additionally, the discretionary relationship will be outlined in the advisory contract and signed by the client.

Wealth Mode will have discretion to facilitate the selection of, and changes to, the B4A portfolio allocation. B4A provides software tools for advisors to facilitate the purchase and sale of securities in the client's accounts, including the amounts of securities to be bought and sold to align with the client's goals and risk tolerance, through a series of 101 incremental model portfolio allocations ranging from 0% to 100% in equities.

Due to the operational features of the B4A trading platform, clients are unable to place specific Limitations on the Adviser's discretionary authority, pertaining to individual securities to be bought and sold.

## Item 17: Voting Client Securities

We do not vote Client proxies. Therefore, Clients maintain exclusive responsibility for: (1) voting proxies, and (2) acting on corporate actions pertaining to the Client's investment assets. The Client shall instruct the Client's qualified custodian to forward to the Client copies of all proxies and shareholder communications relating to the Client's investment assets. If the client would like our opinion on a particular proxy vote, they may contact us at the number listed on the cover of this brochure.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to

you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward you any electronic solicitation to vote proxies.

## Item 18: Financial Information

Registered Investment Advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding.

We do not have custody of client funds or securities or require or solicit prepayment of more than \$500 in fees per client six months in advance.

## Item 19: Requirements for State-Registered Advisers

### Justin Richard Chidester

Born: 1990

### Educational Background

- 2014 – B.S. Family Finance & Personal Financial Planning, Utah State University

### Business Experience

- 01/2016 – Present, Wealth Mode Financial Planning, LLC, Owner and CCO
- 05/2013 – Present, Neighborhood Housing Solutions, Financial Counselor
- 08/2011 – 05/2014, Utah State University, Student
- 07/2009 - 07/2011, LDS Church, Service Missionary

### Professional Designations, Licensing & Exams

**CFP® (CERTIFIED FINANCIAL PLANNER™):** The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and

standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 71,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.
- Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:
- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

**Accredited Financial Counselor (AFC®):** AFC® professionals are certified through the Association for Financial Counseling and Planning Education (AFCPE). The AFC® certification is accredited through The National Commission for Certifying Agencies (NCCA) and is earned through a combination of education, exam, and experience requirements, as well as a commitment to a code of ethics. The education curriculum includes a holistic counseling framework of life cycle financial decisions and was completed by Justin Richard Chidester through a 6-course university program. Upon completing the educational requirement, candidates must pass a comprehensive 3-hour professional examination and accrue 1,000 hours of experience providing financial planning education and counseling to clients. All AFC® professionals commit to a Code of Ethics, Professional Standards, and Standards of Practice.

## **Other Business Activities**

Justin Richard Chidester is currently employed as a financial counselor for Neighborhood Housing Solutions. This activity accounts for approximately 65% of his time. This presents a conflict of interest as Justin Chidester will not be able to devote as much of his time to clients as a full-time investment adviser representative would. A Conflict of Interest Disclosure has previously been signed between NHS and Justin Chidester stating that his work as an investment adviser representative on his own time is never to be referenced or indicated in any matter to clients being served at NHS, and therefore, clients at NHS cannot be referred to the investment advisory business.

Justin Richard Chidester currently provides paraplanning as an independent contractor. In this capacity he is largely unknown to the clients or consumers for whom work is performed, and the service relationship is primarily between him and the company requesting services. No financial relationship exists other than an hourly rate for services rendered. These activities account for approximately 10% of his time. This presents a conflict of interest as Justin Chidester will not be able to devote as much of his time to clients as a full-time investment adviser representative would.

## **Performance Based Fees**

Wealth Mode is not compensated by performance-based fees.

## **Material Disciplinary Disclosures**

No management person at Wealth Mode Financial Planning, LLC has ever been involved in an arbitration claim of any kind or been found liable in a civil, self-regulatory organization, or administrative proceeding.

## **Material Relationships That Management Persons Have With Issuers of Securities**

Wealth Mode Financial Planning, LLC, nor Justin Richard Chidester, have any relationship or arrangement with issuers of securities.

## **Additional Compensation**

Justin Richard Chidester does not receive any economic benefit from any person, company, or organization, in exchange for providing clients advisory services through Wealth Mode.

## **Supervision**

Justin Richard Chidester, as CEO and Chief Compliance Officer of Wealth Mode, is responsible for supervision. Justin Richard Chidester is Principal Executive Officer and sole management person of himself, as the firm's only adviser. There are no other Principals, Executive officers, or Management

persons of Wealth Mode. In addition, Justin Richard Chidester is the only Adviser and supervised person. He may be contacted at (435) 363-9445.

### **Requirements for State Registered Advisers**

Justin Richard Chidester has NOT been involved in an arbitration, civil proceeding, self-regulatory proceeding, administrative proceeding, or a bankruptcy petition.