

# Stoffer Wealth Advisors, LLC

## Brochure



Stoffer Wealth Advisors

VALUES BASED PLANNING, THE RECIPE FOR SUCCESS

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February 1, 2020

This Brochure provides information about the qualifications and business practices of Stoffer Wealth Advisors. If you have any questions about the contents of this Brochure, please contact us at 415.706.7800 or [jeff@stofferwealthadvisors.com](mailto:jeff@stofferwealthadvisors.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.

Stoffer Wealth Advisors is a Registered Investment Adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

## Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure, dated February 1, 2020, is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Jeff Stoffer at 415.706.7800 or [jeff@stofferwealthadvisors.com](mailto:jeff@stofferwealthadvisors.com), without charge.

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## Item 4 - Advisory Business

### Investment Management Services

Founded by Jeffrey Stoffer in 2008, Stoffer Wealth Advisors provides financial planning and investment management services to individuals, families, and businesses owners.

The following four services are the core strengths of Stoffer Wealth Advisors:

*Comprehensive Financial Planning:* consists of an extensive and highly detailed analysis of all five areas of ones' financial life. These are retirement planning, investments, insurance (risk management), estate planning and taxes. Fees are hourly and determined by the expected amount of work needed to complete the analysis. Prices range from \$2,500 to \$5,000, or more for more complex situations. The average price for a financial plan is about \$4,000. There is no minimum level of assets to engage in planning services with us.

*Investment Analysis and Asset Allocation:* This is a review of all of a client's financial assets to determine the investment mix: stocks, bonds, cash, real estate and alternative investments. SWA assesses the portfolio relative to the clients' ability and willingness to assume risk. This is compared to the values and goals of the client. We will then make investment recommendations consistent with your goals and risk preferences. Prices are quoted on an hourly basis and depend on the hours of work estimated to complete the analysis. We quote a range of time necessary so the client has an idea of what they will spend. However, occasionally the amount of time goes beyond our estimate and we reserve the right to charge for the additional time incurred. We do our best to communicate this beforehand so that you have the opportunity to adjust your expectations.

*Retirement Planning:* Identifies all sources of income that a person is likely to have in retirement. Comparing that to projected expenses, we create a roadmap to best match the income, expenses and goals of clients. Prices are quoted on an hourly basis as explained above. No minimum level of assets required.

*Investment management services:* People who wish to delegate the management of their investments may hire SWA to do so. An *Investment Policy Statement* (IPS) is created that states how a clients' investments will be managed and why. It takes into consideration a client's values, goals and objectives. It specifies a recommended asset allocation, or the

percentage of assets in each of the major categories of investment (stocks, bonds, etc.) Fees are based upon the amount of assets being managed.

Other planning and analysis services include: Education Funding, Employee stock options, Cash Flow and Spending Plans, Real Estate Investments, Review of Insurance Needs, and Estate Plan Review.

Additional information regarding our investment services: Investment advice provided by SWA is based on a number of factors; the client's values, investment objectives, risk preferences, when they need to draw on the portfolio, liquidity needs and expected returns. SWA will help each of its clients identify a strategic asset allocation that is consistent with these criteria.

For investment management services, SWA requires a minimum account size of \$200,000. Multiple client accounts may be aggregated to meet this minimum. Under certain circumstances, SWA may modify or waive the minimum account size requirement. The minimum annual fee for investment management services is \$2,000.

SWA is generally granted full investment discretion over client assets including the authority to select the investments and the quantity of securities to be bought and sold. This means that when SWA manages your portfolio we make the decisions and implement them on your behalf. Our fiduciary duty to you, our client, *is to always put your interests first.*

Our discretion is limited by investment guidelines (as outlined in the individualized *Investment Policy Statement* referred to above) and any investment restrictions established by the client. SWA does not custody assets. We don't take possession of your investments. Clients give us *limited* power of attorney to make decisions and take actions on their behalf.

## **Item 5 – Fees and Compensation**

### Investment Management Fees

For investment management clients, SWA charges a blended fee based on a percentage of the market value of each client's account(s). Assets in the account are included in the fee assessment unless specifically identified for exclusion. The management fee is billed quarterly, in advance, and prorated for accounts established or terminated at

times other than the start of the quarter. The management fee is based on the value of the assets as of the last day of the prior quarter and subject to the following schedule:

<u>Value of Accounts</u>	<u>Annual Fees</u>
• On amounts up to \$1,000,000	1% plus
• On the next \$1,000,000 million	.75% plus
• On the next \$3 million	.60%
• For accounts greater than \$5 million	.40%

SWA assesses a minimum annual investment management fee of \$2,000. Under certain circumstances, based upon the nature of the client's account and the services requested, SWA may modify or waive the minimum annual fee. The minimum account size does not apply to financial planning clients.

The client's investment management fee to SWA is determined in accordance with the above standard fee structure. Any deviations from the standard fee structure are based upon a number of factors including the amount of work involved, the amount of assets placed under management and the attention needed to manage the account. Services provided for the above fees are for investment advice, management, quarterly reporting of asset holdings, and performance reviews.

Brokerage commissions, custodial charges and asset specific fees such as those charged by mutual funds or exchange traded funds (ETFs) for fund management/administration are *not* included in the above fees. Stoffer Wealth Advisors does not receive any portion of these commissions, fees, or costs.

SWA does not sell anything on a commission basis. We are a *fee-only* provider of financial planning and investment management services.

Clients customarily authorize SWA to deduct its quarterly investment advisory fee directly from their accounts. This authorization is granted under the terms of the client's signed investment management agreement and the client's instructions to the custodian. SWA sends the client a copy of the investment advisory fee invoice at the same time it requests payment from the client's custodian. Payment may also be made by check. It is the Client's responsibility to verify the accuracy of the fee calculation, as the custodian will not determine whether the fee is properly calculated. We strive for accuracy, down to the penny, and take this very seriously. Any discrepancy in fees should be communicated immediately.

Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

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

Stoffer Wealth Advisors 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**

Stoffer Wealth Advisors provides financial planning and portfolio management services to individuals and high net worth individuals. For our investment management services the minimum account size is \$200,000, which equates to a minimum annual fee of \$2,000. Should the account fall below \$200,000, the minimum annual fee would apply. The minimum account size does *not* apply to financial planning clients.

We have done financial plans for people with under \$100,000 in investments and for clients having in excess of \$10 million in investments. Our typical investment management client has between one half and three million dollars in investment accounts.

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

Stoffer Wealth Advisors' investment strategy is based on the client's unique situation. SWA seeks to determine clients' personal values and investment objectives, when they need to draw on their assets, willingness and ability to take risk, and other special characteristics or needs. An individualized *Investment Policy Statement* outlines how the clients' assets will be managed and provides a recommended strategic asset allocation. This specifies the percentages of the portfolio that will be invested in stocks and bonds.

We employ a strategy that consists of broadly diversifying investments across a number of different asset classes as well as geographic diversification. SWA believes that the most important decision an investor makes is the asset allocation decision, i.e., the percentages of investments in each major category (stocks, bonds, etc.) This decision involves the amount of risk a client takes as well as how much the portfolio is likely to grow over time.

SWA primarily uses an indexing approach. We believe that most active money managers fail to beat their index benchmarks. Thus, we choose to own the indexes. SWA believes that investors should not take unnecessary risks and seeks to provide the

best return for a given level of risk. We also strive to provide the lowest risk for any specific return target.

A major risk is that our models are constructed using historical and forward looking projections of investment returns. Over any particular time period investors may not achieve those projected returns.

Another risk is that SWA uses primarily exchange-traded funds (ETFs) to execute its investment strategy. These instruments have gained considerable popularity and growth in assets over the last five years. They are desirable for their low expenses, ease of trading, tax efficiency and transparency (this refers to the investor having knowledge of what the ETF holds in its portfolio.) ETFs enable investors to easily buy diversified baskets of stocks (or bonds) that represent specific asset classes. Examples of these are high yield bonds, municipal bonds, small company US stocks, emerging markets stocks, etc.

Exchange-traded funds are a relatively new investment vehicle with new ones being created almost daily (or so it seems.) SWA does considerable research before including new funds in client accounts. We prefer ETFs that have a trading history greater than three years and at least \$300M in invested assets. We do enough research to feel confident that the risks are understood. This is however still a risk.

SWA constructs portfolios and manages investments for the long term. We trade infrequently and strive to keep costs low for our clients. We do however use an *efficient volatility based rebalancing technique* that adds value to client portfolios while managing risks. Rebalancing refers to returning a portfolio back to its target asset mix. We rebalance two to four times a year.

***Investing in securities involves risk of loss that clients should be prepared to bear.***

SWA does its best to match the risk of the investments to each client's willingness and ability to afford risk. We want you to be able to sleep at night. However, there are no guarantees of success in this endeavor. We strive to educate our clients on the risks associated with investing in stocks and that in many years stocks will lose money. Tying the allocation between stocks and bonds to the rate of return that is recommended by your financial plan is one of the ways we manage risk. In order to achieve the targeted return level over time requires that we stay invested and not attempt to "time" the market. The asset allocation (or portfolio investment mix) decision is a strategic decision and one we hold onto unless there are compelling reasons to change it.

## Item 9 – 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 Stoffer Wealth Advisors or the integrity of Stoffer Wealth Advisors' management. Stoffer Wealth Advisors has no information applicable to this Item.

## Item 10 – Other Financial Industry Activities and Affiliations

Stoffer Wealth Advisors does not currently have any relationships or affiliations that compensate, pay or otherwise provide value that would put us in a conflict of interest with our clients.

Mr. Stoffer is dually registered as an investment adviser representative with Elite Investment Team LLC, a SEC registered investment adviser. Stoffer Wealth Advisors expects that clients to whom it offers advisory services may also receive advisory services from Elite Investment Team. Clients are instructed that the fees paid to the firm for advisory services are separate and distinct from management fees earned by Elite Investment Team. Clients to whom the firm offers advisory services are informed that they are under no obligation to utilize the services of Elite Investment Team. In short, we perform some investment management, financial planning and consulting services to Elite Investment Team and their clients.

## Item 11 – Code of Ethics

As a Chartered Financial Analyst (CFA) and a Certified Financial Planner (CFP®) Jeffrey Stoffer has a *fiduciary duty to clients*, according the standards of each credentialing organization. Likewise, Stoffer Wealth Advisors has a *duty of utmost good faith to act solely in the best interests of its clients*. Clients entrust Stoffer Wealth Advisors with their funds, which in turn places a high standard on Stoffer Wealth Advisors' conduct and integrity. This fiduciary duty compels all employees to act with the utmost integrity in all interactions with clients. *Integrity and stewardship are core values of SWA.*

### Participation or Interest in Client Transactions

SWA, its employees and their immediate families are permitted to buy and sell securities for their personal investment accounts. SWA and its employees may trade in the same securities traded for clients. However, it is the policy of SWA not to give preference to orders for its employees in such trades.

From time to time, trading by SWA and/or its employees in particular securities may be restricted in recognition of impending investment decisions on behalf of clients. If a security is purchased or sold for client accounts and SWA and/or its employees on the same day, either SWA and/or its employees will pay or receive the same price as the client account, or the client account will receive the more favorable price. If purchased or sold on different days, it is possible that SWA and/or its employees' personal transactions may be executed at more favorable prices than were obtained for clients.

Employees of Stoffer Wealth Advisors may buy or sell investments, based on personal considerations, which SWA may not deem appropriate to buy or sell for clients. It is also possible that SWA and/or its employees may take investment positions for their own accounts that are contrary to those taken on behalf of clients. SWA and/or its employees may also buy or sell a specific security for their personal account based on personal investment considerations aside from company or industry fundamentals, which are not deemed appropriate to buy or sell for clients (e.g., speculative stocks, micro-cap stocks, penny stocks.) If these securities subsequently appreciate, these personal transactions are not a conflict of interest because they are not securities that SWA would purchase for clients (due to their highly speculative nature.)

Stoffer Wealth Advisors does its best to avoid personal trading on days in which we trade for client accounts. We seek to avoid any and all conflicts of interest with our clients. If there are potential conflicts they will be disclosed.

### **Item 12 - Brokerage Practices**

SWA recommends that its clients custody their accounts at Shareholders Services Group ("Shareholders"). SWAs' evaluation of Shareholders considered a number of factors, some of which are transaction fees, custodial fees charged for holding securities, credits on accounts transfers, commission rates, interest charges on debit balances and interest credits on credit balances, quality of execution and recordkeeping and reporting capabilities. The services provided by Shareholders include monthly account statements to clients.

SWA has entered into an arrangement with Shareholders through which Shareholders may from time to time provide to SWA certain services through Shareholders' transaction processing and recordkeeping "platform." The platform services include, among others, brokerage, custodial, administrative support, record keeping and other services.

All custodians and executing broker-dealers receive compensation in the form of commissions or other transaction fees on securities trades executed through them on behalf of clients. In addition, if an advisor executes trades on its clients' behalf at a

broker-dealer other than the custodian of the client's account, there may be additional charges referred to as "trade away" fees for clearing and settling the trade. These expenses are in addition to commissions paid and other fees charged by the executing broker-dealer.

SWA attempts to minimize investment costs for all clients. However, it may be the case that Shareholders charges a higher fee for a particular type of service than can be obtained from another broker or that the total costs of all services provided by Shareholders may be higher than can be obtained at another broker. Nevertheless, SWA has made a good faith determination that such costs are reasonable in relation to the value of brokerage services provided by Shareholders, viewed in terms of SWA's overall responsibilities to its clients.

For all of its fully discretionary client accounts, SWA has the authority to execute transactions without obtaining prior written consent for each transaction. SWA is authorized to determine the broker to be used for securities transactions for client accounts, which is primarily Shareholder Services Group.

#### Best Execution

SWA is not obligated to obtain the best net price or lowest brokerage commission on any particular transaction. Rather federal law requires investment managers to use their reasonable best efforts to obtain the most favorable execution for each transaction executed on behalf of client accounts. Therefore, SWA has adopted standards with respect to executing trades on behalf of clients. SWA evaluates brokerage services offered on the basis of some or all of the following criteria:

- Execution capability
- Transaction fees and charges
- Effective communications
- Use of electronic efficiencies
- Custodial capabilities and costs
- Ability to execute and settle trades efficiently
- Block trading and block positioning capabilities
- Trade error policies and practices
- Client reporting capabilities
- Financial stability
- General reputation

#### Aggregation of Trades, Allocation of Opportunities and Potential Conflicts

SWA may aggregate orders of more than one client if it is determined that aggregation is in the best interests of the clients. Trade aggregation is usually sought to obtain lower commissions and costs or a better transaction price. SWA does not aggregate

securities transactions for client accounts unless it believes that aggregation is consistent with its duty to seek best execution and is consistent with the investment objectives and guidelines for the client accounts participating in the trade.

When orders are aggregated, the price paid by each account is the average price of the order. Transaction costs are allocated to each client on a *pro rata* basis, based upon the ratio of the amount of particular issue of securities allocated to the account to the overall amount of that issue purchased. It is our policy that trades are not allocated in any manner that favors one group of similarly situated clients over another. Client transactions may be aggregated according to custodial relationship in consideration of execution charges that may be imposed if trades are directed to a non-custodial broker-dealer for execution.

Aggregated trades placed with different executing brokers may be priced differently. Because SWA manages more than one client account, there may be a conflict of interest over the allocation of investment opportunities among all accounts managed by SWA. SWA will attempt to resolve all such conflicts in a manner that is generally fair to all of its clients. SWA may give advice and take action with respect to any of its clients that may differ from advice given or the timing or nature of action taken with respect to any other client based upon individual client circumstances.

SWA's intention is to allocate investment opportunities over a period of time on a fair and equitable basis relative to all clients

There may be circumstances in which transactions on behalf of SWA or its associated persons may not, under certain laws and regulations, be combined with those of SWA's clients. In such cases, neither SWA nor any associated person will effect transactions in a security on the same day as clients until after the clients' transactions have been executed.

#### Trade Error Policy

SWA procedures require its personnel to carefully implement investment management decisions. Nevertheless, if a trade error occurs, it is our policy that the error be corrected as soon as possible and in such a manner that the affected client is not disadvantaged and bears no loss. SWA policy prohibits staff from requesting an executing broker to accept financial responsibility for a trade error caused by it in exchange for the promise of future compensation through commissions. This policy applies only to trade errors made by SWA and its employees.

### **Item 13 – Review of Accounts**

Jeffrey Stoffer, Managing Principal, Portfolio Manager and Chief Compliance Officer monitors client investment holdings on an ongoing basis. In addition, client portfolios are reviewed at least quarterly for consistency with SWA's investment strategy and client investment guidelines.

Mr. Stoffer monitors client account holdings to track asset allocations, cash levels and other factors. Account rebalancing and allocation adjustments occur when client investment guidelines change, client deposits and withdrawals and significant life changes for the client (births, deaths, marriage, divorce, etc.) Additionally, client holdings are reviewed in response to changes in the financial markets and/or changes in the Firm's investment strategy.

At least quarterly, SWA sends to clients a report containing a list of portfolio holdings, asset allocation, recent transactions and market value as of the last business day of the reporting period. This report is in addition to the monthly client statement provided by the Custodian.

Client financial plans are reviewed and plan updates are provided on an "as requested" basis.

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

Stoffer Wealth Advisors may refer its clients to other service providers. Currently there are no referral arrangements in which SWA or its employees derive any economic benefit. We do not receive payment when we refer you to others. We will recommend only providers who we feel will deliver the same high standards of conduct and service that we strive to deliver. We won't risk our integrity sending clients to anyone who doesn't share our commitment to placing client interests above all else.

It is not our general policy to compensate others for referring to us. We may however take them to lunch, send flowers, or give them a gift to show our appreciation. Monetary value of this voluntary show of appreciation is usually less than fifty dollars.

### **Item 15 – Custody**

Clients should receive at least monthly statements from the custodian that holds and maintains client's investment assets (usually Shareholder Services Group.) Stoffer Wealth Advisors urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial

statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

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

SWA generally has full investment discretion over client investment accounts. This means that when SWA manages your portfolio that we make the decisions and implement them in your best interest. Our discretion is limited by client investment guidelines (as outlined in the *Investment Policy Statement* referred to above) and any investment restrictions established by the client. SWA does not custody assets. We don't take possession of your investments. By signing our Investment Advisory Agreement clients give us *limited* power of attorney to make decisions and take actions on their behalf.

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

It is SWA policy not to vote proxy solicitations received on behalf of clients from the issuers of securities held in clients' accounts. All such solicitations will be forwarded to client for voting. Any client wishing to review our proxy voting policies in full may request a copy from SWA at his or her convenience.

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

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Stoffer Wealth Advisors' financial condition. Stoffer Wealth Advisors 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.

### **Item 19 – Requirements for State-Registered Advisers**

#### Education and Business Background

Jeffrey G. Stoffer: born 1956

#### Education:

1992 MBA Finance, California State University, Hayward

1980 BA Anthropology, University of California, Berkeley

#### Business:

2/14/2008 – Present

Stoffer Wealth Advisors, LLC, San Rafael, California

Managing Principal, Portfolio Manager, Chief Compliance Officer

2001-2006

Rayner & Haynor Investment Counselors, Mill Valley, California  
Vice President, Portfolio Manager

1998-2000

HighMark Capital Management, San Francisco, California  
Equity Securities Analyst, Assistant Portfolio Manager

1994-1998

RCM Capital Management, San Francisco, California  
Equity Research Associate

Professional Designations:

Chartered Financial Analyst (CFA) 1995

Certified Financial Planner® (CFP) 2007