

Rinehart Wealth Management

Greater Trust

Compliance Update

Around this time every year, we renew our Form ADV, the document describing our business practices that we register with the Securities and Exchange Commission (SEC). In 2010, the SEC adopted new amendments to the regulations surrounding the Form ADV that have altered the information we disclose and the manner in which it is presented. We hope to highlight these changes and to explain some new correspondences that might be unfamiliar to you.

What is Form ADV?

Form ADV is the uniform form used by investment advisers with over \$25 million in assets under management to register with the SEC. The form consists of two parts. Part 1 requires information about the investment adviser's business, ownership, clients, employees, business practices, affiliations and any disciplinary events of the adviser or its employees. Part 2 requires information such as the types of advisory services offered, the adviser's fee schedule, disciplinary information, conflicts of interest and the educational and business background of management and key advisory personnel of the adviser.

Investment advisers are required to renew their ADV with the SEC each year, and are required to alert clients of any material changes to their ADV.

What Has Changed?

In the past, the ADV has been largely in checkbox format; this year, the SEC requires that Part 2 be a narrative brochure written in "plain English." The plain English requirement represents an effort to rid the ADV of unnecessary complexity, confusing legalese or the opportunity for an unscrupulous adviser to obscure information. The revised ADV should be user-friendly and fully understandable to the average investor.

New to the ADV this year will be narrative information regarding disciplinary action, fees and custody of assets as well as descriptions of ethics programs and proxy voting policies. At Rinehart Wealth Management, we have always had an internal and ongoing ethics program that dictates practices surrounding privacy and confidentiality of client information, personal trading and non-public information. Each year we present this ethics program to the staff and have each associate sign that they both understand and will abide by the provisions required within it. The major components of this ethics program will now be included in the ADV. Additionally, the information that we disclose to clients each year regarding proxy voting will be included in the ADV.

In addition to these formatting and language changes, there are new rules surrounding the definition of custody. In the past, we have not been deemed to have custody of clients' assets because assets are housed by our independent, third-party custodians, Charles Schwab, Fidelity Investments, and National Advisors Trust Company. Due to altered definitions of "custody," however, we are now deemed to have "indirect custody" of client assets, because we are authorized to debit our management fees from client accounts.

Due to our having "indirect custody" of client assets, we must now confirm with our clients that they have been receiving their third-party account statements from Schwab, Fidelity and/or National Advisors Trust. On a periodic basis, we will be emailing clients asking that they confirm the receipt of these statements. You can expect a forthcoming email asking you for this confirmation.

Another change the SEC will require in 2011 is that we send our clients a copy of this revised ADV Part 2. You can look for this correspondence near the end of May.

We hope that the changes to the ADV will allow clients to find out more information about their advisers should they seek it. Other than the above described changes, no material changes have been made to our 2010 brochure. However, the formatting changes are intended to provide information in a more meaningful and clear manner, and we therefore encourage all readers to review the brochure in its entirety. The SEC's new regulations have been implemented in the spirit of making all advisers' practices more transparent and allowing the everyday investor to understand firm practices and to compare advisers.

To see our Form ADV in this new format, please feel free to find it in the Governance tab on our website or by [clicking here](#). While visiting our website, make sure to check out our recent article on trust services and our partnership with National Advisors Trust Company. Many of you may already know that we can manage trust investments and offer trust administration and service through our relationship with National Advisors Trust Company, but if you would like to learn more, this [article](#) written by Cheryl Sherrard, our Director of Financial Planning, will highlight our abilities and services in this area.

Regards,

Eric Clark, CFP®

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