



## DISCLOSURE DOCUMENT – FORM ADV PART 2A

Registered Investment Advisor's Name:

**Beacon Wealthcare, Inc.**

IARD/CRD Number: 108103

Main Office Mailing Address:

1633 Glenwood Avenue, Raleigh NC 27608

Main Business Phone:

(919) 821--5225

Primary Website:

[beaconwc.com](http://beaconwc.com)

This Brochure provides information about the qualifications and business practices of Beacon Wealthcare, Inc. ("BEACON"). If you have any questions about the content of this Brochure, please contact Patty Hall of BEACON's Compliance Department at (919) 821-5225 or at [phall@beaconwc.com](mailto:phall@beaconwc.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

BEACON is an SEC registered investment advisor. Registration of an investment advisor does not imply any level of skill or training. The oral and written communications distributed by BEACON provide you with information to assist you in determining whether to hire BEACON as your Investment Advisor.

Additional information about BEACON is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Beacon Wealthcare, Inc. is listed above.

**Dated: May 20, 2020**

## Item 2 – Material Changes

This section is used to identify any material changes since the last annual update.

Each year Beacon Wealthcare Inc. will deliver to clients each year, by no later than March 31<sup>st</sup>, a free Relationship Summary and updated Disclosure Brochure that includes, or is accompanied by a summary of material changes, or a summary of material changes and an offer to provide a copy of the updated Disclosure Brochure and how to obtain it.

The following material changes have occurred since the last filing:

none

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### Company History

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Beacon Wealthcare, Inc. (“BEACON”) is a North Carolina corporation headquartered in Raleigh, North Carolina. The company was founded in 1998, and is privately owned by its founder, Samuel Quincy Bass, Jr. BEACON’s mission is to empower clients to live more abundant and purposeful lives.

BEACON began as an investment management firm with the primary goal of generating returns for its clients. In 2006, in order to provide greater value to its clients, BEACON became a wealth advisor offering planning and investment management.

Our process is focused on advising our clients to **avoid unnecessary investment risk, avoid needless or irrational sacrifices to their lifestyle** and to constantly **measure, in easily understandable terminology, their progress toward accomplishing the goals they value**. These functions are carried out in the context of understanding the inherent uncertainty of financial markets, which neither we nor our clients can control, and by balancing a client’s range of goal choices and priorities in order to provide the client **with a sufficient level of confidence of accomplishing those goals**. We rationally minimize the controllable cost of investment portfolio expenses and income taxes by primarily utilizing tax-efficient, broadly diversified indexed exchange-traded funds. Our clients’ financial goal plans are highly likely to change as we adapt to changing lives, aspirations, goals, priorities, and changes in asset values.

BEACON’s value proposition to its clients consists of the following:

- controlling the investment process to minimize expenses, taxes, and underperformance
- ongoing monitoring and reaffirmation of the client’s goals
- ongoing reaffirmation of the prioritization of goals related to each other

Ongoing advice derived from daily monitoring of portfolios, frequent review of the financial goal plan’s confidence levels and periodic meetings to reaffirm and identify new goals and priorities provide significant value-adds over a client’s lifetime.

In all of our efforts to deliver the best planning and management for our clients we strive to remain objective and unbiased, continually seeking to advance our methods, supporting tools, and research while attempting to establish ourselves as the standard by which our industry measures quality, honesty, and integrity.

BEACON requires those giving investment advice to clients to have a bachelor’s degree and an advanced degree in business or finance, or comparable investment industry experience.

### Principals of the Firm

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Samuel Q. Bass, Jr. is the founder and president of Beacon.

Patricia A. Hall is Corporate Secretary, Office Manager and Compliance Officer

We will discuss the backgrounds of both more fully in Part 2B of our ADV, the Brochure Supplement.

### Types of Advisory Services Offered

#### Services

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#### SERVICES FOR INDIVIDUALS/TRUSTS/ENDOWMENTS

BEACON offers investment advisory services to clients based on our Investment Advisory Agreement.

BEACON and its associates will perform any or all of the following advisory services on behalf of its clients:

- 1) Understanding the client's financial circumstances.
- 2) Discovering the client's ideal and acceptable levels for the following:
  - i) Personal and related financial or event goals of all types
  - ii) Savings and other sources of income, and
  - iii) Levels of target investment allocation risk
- 3) Prioritizing each of the client's financial and related non-financial goals relative to others. For example, would the client be willing to work longer or to save more or take more investment risk, or some combination in order to improve the confidence of higher a more valued goal - retirement spending? Alternatively, would the client prefer to accept and plan for more modest retirement spending to sleep better now by reducing exposure to the volatility of equity markets?
- 4) Obtaining such other relevant information necessary to make determinations or recommendations for the investment of the client's assets (e.g., pension information, social security estimates, rental income, etc.).
- 5) Analyzing investment portfolio allocation alternatives in the context of prioritized financial goals for the likelihood of supporting those goals in combination with any other client sources of income.
- 6) Recommending a goal package with an appropriate asset allocation the Financial Goal Plan in conjunction with any overall savings or other sources of income that strikes a balance between providing an adequate level of confidence of meeting goals and avoiding unnecessary investment risk and compromises to the client's lifestyle.
- 7) Implementing an action plan for adopting recommended investment alternatives.
- 8) Performing ongoing review of the client's financial goals to restate, if necessary, current ideal and acceptable goal ranges and priorities.
- 9) Providing ongoing monitoring of the Financial Goal Plan's funded status which relates to its level of confidence.
- 10) Reporting on a periodic basis, the client's investment results on assets managed by BEACON.
- 11) Providing daily monitoring of all portfolios for variances between actual allocations and those required by the recommended target allocations. Exceptions may be allowed indefinitely when tax consequences, transaction costs, expected cash flows, or input from the client outweigh or override the benefits of rebalancing.
- 12) Providing management-only services to clients who do not require or desire the financial plan. These management services are branded and referred to as Quest (QUEST). These management-only services are offered at a lower fee than our full-service planning platform. See [Fees and Compensation](#) on page 7.
- 13) In some cases, relying on another registered investment advisor or registered investment advisor representative to perform one or more of the above services.
- 14) Clients may also give Beacon permission to view and give advice as to invest and reinvest on accounts held with an outside custodian, referred to as "Held Away" assets. In some cases, clients may give Limited Power of Attorney for trading purposes only.
- 15) Provide a once a year flat fee for Financial Planning which includes a financial plan and a Social Security Analysis.

We also offer for accounts beginning with \$5000, portfolio management services through Institutional Intelligent Portfolios platform, an automated, online investment management platform offered by Schwab Performance Technologies ("SPT"), a software provider to independent investment advisors and an affiliate of Charles Schwab & Co., to operate the Program (the "Program" or "SPT"). Through this program we offer clients a range of investment strategies we have constructed, all consisting of a portfolio of exchange traded funds and a cash allocation. The client's portfolio is held in a brokerage account opened by the client at SPT's affiliate, Charles Schwab. This platform enables us to make the Program available to clients online and includes a system that automates certain key p in response to the client's answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but we then make the final decision and selected a portfolio based on all the information we have

about the client with what they have provided.

Once the client has opened the account online and funded (part of the opening process), the accounts are managed by Schwab Performance Technology with an automated investment engine (robo-advisor) and rebalanced when necessary, for example when funds are deposited, needed, or a market movement making the portfolio out of line with the investment model chosen. The program also offers a way to reduce taxes with tax-loss harvesting (if the client is eligible and elects). Clients have online access to view, request funds, or transfer in fund and/or securities. Rebalancing to keep the accounts diversified for their investment strategy are automatic.

Clients do not pay fees to SPT however we charge clients a fee for our services as described in item #5.

### SERVICES FOR PLAN SPONSORS AND PLAN PARTICIPANTS

BEACON does not have any outside contracts with plan sponsors and plan participants at this time.

### Customization of Client Accounts

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The entire premise of our process is to define individual goals and requirements to develop customized plans for each client. Although BEACON has trading discretion over clients' account(s), every client has the right to direct his or her own account(s). For "Held Away" assets, Beacon only gives advice and does not have trading discretion.

### Wrap Fee Programs

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BEACON does not participate directly or indirectly in any wrap fee programs.

### Assets Under Management

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As of May 20, 2020 BEACON manages approximately \$164 million in client assets on a discretionary basis.

## **Item 5 – Fees and Compensation**

### Fees and Compensation

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BEACON provides independent, fee-only investment management services to individuals, families, benefit plans, foundations, and institutions. We receive no commissions from trading marketable securities or compensation for financial products and services that we recommend to our clients. We receive one fee, which is generally based upon a client's account household total managed assets, but may also include a minimum flat fee of \$5,000 where planning services exceed the cost of any assets being managed. In more complex engagements the fee can range \$7,500 to \$10,000.

The specific manner in which fees are charged by BEACON is described in the client's Investment Advisory Agreement. Fees are typically billed quarterly in advance and are usually debited by the custodian, Charles Schwab (SCHWAB) from the client's custodial account and remitted by the custodian to BEACON. Fees are augmented by the pro-rata portion of any significant capital contribution (greater than \$10,000) during a calendar quarter. In the event of termination of a relationship, any prepaid, unearned fees associated with this Agreement are refunded. Clients may also be billed and send a check for payment. Held-Away assets managed by us are invoiced and paid by check, credit or debit card, or other agreed-upon method, not to include direct debiting of the account itself.

Currently BEACON charges fees that normally range from 0.50% to 1.25% per annum for advisory relationships with natural persons or non-benefit plan institutional relationships. The fee agreement used in our management-only QUEST program stipulates a lower percentage fee than that paid by our full-service planning accounts (0.9%), but it includes a \$50.00 annual minimum. Certain other agreements contain a minimum fee of \$5000 to compensate BEACON when planning fee minimums exceed revenues that would accrue asset fees alone.

In most circumstances, the actual fee charged will depend on the total household assets with typical breakpoints at

various household asset levels, although some clients may be billed a flat percentage or dollar fee regardless of household asset level. In most cases, as the household or asset levels increase, the flat or graduated fee as applicable is reduced as a percentage of assets. BEACON offers discounted rates to its employees and their families as well as to institutional and very high net-worth clients with substantial account balances at fee levels that may be lower than the ranges indicated above. Beacon reserves the right to negotiate fees.

All Advisory Fees are exclusive of transactions fees and other related costs and expenses which shall typically be incurred by the client as charged by the custodian. Mutual funds, exchanged traded funds and annuities all charge internal management fees and other expenses, which are disclosed in a fund's or annuities prospectus or equivalent disclosure document and are directly deducted from the value of such investment vehicles. Such charges, fees and commissions are exclusive of and in addition to BEACON's fee. BEACON and/or its Advisors do not receive any portion of these commissions, fees and costs and do not have any affiliation with the sponsors or providers of these investment vehicles.

For qualified retirement plan consulting services, Beacon charges a fee based upon a percentage of the market value of qualified retirement plan assets at the end of each quarter. Fees are based on an annualized basis and paid quarterly, in most cases at 0.2% annually. Fees can be negotiable. This fee covers view only access to the plan for advising on portfolio (s) fund selections. Generally, fees are directly deducted from the plan.

The client agreement may be terminated by any of the parties to the agreement by provision of written notice to the other parties. Upon termination, any unearned fees will be refunded to the client. Any fees accrued by not yet assessed to the account will be assessed prior to the termination of the agreement.

For our accounts held at SPT, clients do not pay brokerage commissions or any other fees to Charles Schwab. We do charge management fees to the client. We do not pay SPT fees if we maintain \$100 million in client assets in accounts at Charles Schwab not enrolled in the program. If we do not meet this condition, then we pay SPT an annual fee of 0.10% on the value of our client's assets in the Program.

Item 12 of this Brochure further discusses BEACON's selection process for the brokerage or custodian firm(s) it recommends.

Beacon may also offer a once a year flat fee or hourly fee for Financial Planning (one plan per year). The flat fee is no higher than \$5000, varying depending on complexity and scope of the plan environment. Under special circumstances Beacon may charge an hourly fee of \$250 per hour.

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

BEACON does not charge any performance-based fees (fees based on a share of capital gains or on capital appreciation of the assets of a client).

## **Item 7 – Types of Clients**

BEACON provides portfolio management services to individuals, high net worth individuals, trusts, estates, pension and profit-sharing and defined-contribution retirement plans, business entities, charitable institutions, endowments and foundations.

Clients eligible to enroll in the SPT Program include individuals, IRAs and revocable living trust. Clients that are organizations (such as corporations and partnerships) or governments, entities, and clients that are subject to the Employee Retirement Income Security Act of 1974 are not eligible for the Programs. The minimum investment required to open an account in the Programs is \$5000. The Program Disclosure Brochure describes related minimum required account balances for maintenance of the account, automatic rebalancing, and tax-loss harvesting.

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

## Investment Strategies

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The investment philosophy of BEACON is based on the fundamental premise that the capital markets are continuously uncertain, and that our job as managers of wealth is to manage those things which we, or our clients, can control over a client's lifetime, or other relevant time period (for institutions). In accepting the notion that the capital markets are always uncertain, one of our primary tasks is to control the amount of capital market uncertainty that is prudent to accept for each client's financial circumstance, and the effect of that uncertainty on the funding status of each client's unique financial needs and goals. Numerous studies, historical data and common sense, tell us that the primary driver of uncertainty is the amount of a portfolio that is allocated to riskier assets, like equities. This key decision—how much of a portfolio is prudent to allocate to the risk of the equity markets—should not be taken lightly and should be based on the premise that needless risk should be avoided. Our planning process is focused on determining the appropriate level of risk to confidently meet important client goals. Our model portfolios are designed to efficiently provide maximum returns at given levels of risk.

Sam Bass, President of BEACON is responsible for the selection of securities and design of portfolios on behalf of BEACON's client's accounts. Securities selection is based on two basic premises. First, it is imperative to fund our portfolios with assets that behave as closely as possible to the database and our Capital Market Assumptions. Second, we strongly believe the overwhelming evidence that broadly diversified indexes consistently and significantly outperform active managers over longer timeframes (ten-years), especially when taxes and expenses are considered.

Our client's investment portfolios are largely invested in exchange traded funds (ETFs) that are benchmarked to:

- A broad-based domestic equity index
- A broad-based foreign equity index
- A 7-10-year maturity intermediate US government securities index
- Money market fund(s).

Our typically recommended client target portfolios require only three exchange-traded funds to provide an efficient, low cost, well diversified portfolio. Those three exchange-traded funds contain approximately 3,000 to 5,500 underlying stocks and 15-20 U.S. Government Treasury securities. For benefit plan advisory services, indexed mutual funds are used in lieu of exchange-traded funds. On a less frequent basis, we may offer advice on mutual funds, securities traded over-the-counter, corporate debt securities, variable annuities, municipal securities and individual foreign and domestic equities.

We do not make investment decisions based upon marketing timing and discourage clients from investments in alternative investments, which are often less-liquid investment structures. The selection of securities recommended by BEACON includes the evaluation of the historical tracking error relative to the applicable benchmark index, the nature of underlying assets, liquidity of the fund, how efficiently the fund trades in the market (bid/ask spreads), and how underlying securities are weighted in an index mutual fund or ETF.

Portfolio Operations' trades in client accounts when required to conform to allocation guidelines (rebalancing) or client requests (e.g., the need for cash by a client or the infusion of new client household assets from a client) or to execute a model portfolio change when indicated by a revised financial goal plan.

## Methods of Analysis

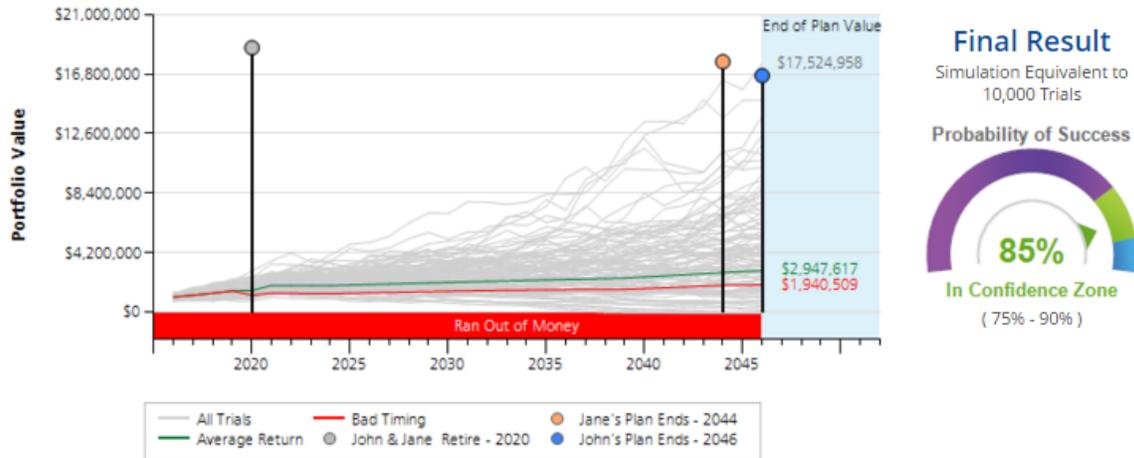
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The Monte Carlo analysis below shows 1,000 potential portfolio values over a sample client's lifetime. We use Monte Carlo or probability analysis to provide a reliable level of statistical confidence in a client's plan given the uncertainty of what capital market returns will be. But as reflected in Figure 2 below, the amount of financial assets required for a client to hold at any point in time in order to have adequate confidence of funding his future goals - can be measured and displayed. It also reveals the broad range of potential outcomes because of the uncertainty of markets, demonstrating the importance of ongoing monitoring.

### **ILLUSTRATION OF POSSIBLE OUTCOMES OF A TYPICAL FINANCIAL GOAL PLAN**

**Figure 2**

- The graph below shows the results for all 1000 Monte Carlo Trials.
- The Probability of Success meter displays the percentage of trials that were successful in funding all of your goals.
- We identify the Confidence Zone as a probability of Success between 75% and 90%.



In the table below, the Best, 25th percentile, 50th percentile, 75th percentile, and Worst trials are ranked based on the End of Plan Value. For each trial displayed, the corresponding portfolio value is illustrated for specific years of the plan. These years serve as checkpoints to illustrate how the portfolio might perform over the life of the plan.

Although the graph and table help illustrate a general range of results you may expect, neither of them reflect the Final Result, your Probability of Success.

Trial	Year 5	Year 10	Year 15	Year 20	Year 25	End of Plan	Year Money Goes to \$0
Best	\$1,908,219	\$3,426,508	\$4,455,046	\$7,950,518	\$12,486,591	\$17,524,958	
25th	\$1,886,466	\$2,684,963	\$3,973,615	\$3,414,589	\$4,050,066	\$6,265,806	
50th	\$1,101,630	\$2,343,653	\$2,616,324	\$2,753,625	\$4,622,885	\$3,689,891	
75th	\$1,365,510	\$1,545,436	\$1,399,550	\$1,839,658	\$1,178,663	\$1,859,860	
Worst	\$948,951	\$961,692	\$670,819	\$287,067	\$0	\$0	2038

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The gauge on the right-hand side of Figure 2 represents our acceptable “Confidence Zone.” It represents the full range of the 1,000 Monte Carlo trials. The purple band represents insufficient confidence (below 75%) of meeting client goals. The green band represents the 750 to 900 trials that met or exceeded the wealth needed to fund all goals. And the blue band represents a range of confidence which we believe is excessively high, where our clients’ plans end with more wealth than they say they want, wealth that could be enjoyed during their lives.

BEACON provides ongoing monitoring of confidence to render advice when needed to adjust portfolio risk and specific client goal changes in order to stay within the Confidence Zone throughout a client’s lifetime. **However, BEACON cannot and does not guarantee to any client that all possible goals at all aspirational spending levels can be achieved.** In fact, as Figure 2 demonstrates (above), the possible portfolio values by the end of the plan range from a loss of \$1 million to a surplus of \$17.5 million.

## Investment Risk

Risk is the measurement of the degree of unpredictability of a given portfolio’s return in any given period. Risk includes the **possibility of losing some or all of your original investment. In plan reports, BEACON references downside risk at the 95th percentile.** This means that for any given 12-month period, only 1 out of 20 periods would have a negative return in excess of the calculated 95th percentile downside risk statistic using 1,000 simulations. Even the most conservative investment strategy is subject to risk. Market risk, also known as systematic risk, is that which is inherent in the entire market or an entire market segment. For example, interest rates, recession, natural disasters and wars all represent sources of nonsystematic market risk that cannot be avoided through market diversification.

Due to investments in foreign stocks, clients may be subject to additional risks such as foreign currency fluctuations, differing financial accounting standards, possible political and economic instability in some markets and higher portfolio holding expenses compared to domestic equities. For these reasons BEACON’s recommended portfolios underweight the allocation of non-U.S. foreign equities held in exchanged-traded or mutual funds relative to

their global market capitalization. Mid and Small cap investing generally involves greater risk and volatility. In a rising interest rate environment, the value of fixed-income securities typically declines.

BEACON cannot guarantee a client will—in all circumstances of changing personal financial goals and market conditions—be able to remain in the "Confidence Zone", as that term is illustrated and described in this disclosure document.

***All investment programs carry the risk of loss and there is no guarantee that any investment strategy will meet its objectives.***

## Item 9 – Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of BEACON or the integrity of BEACON's management. BEACON has no disciplinary events associated with its clients.

## Item 10 – Other Financial Industry Activities and Affiliations

### Other Registrations

BEACON and its employees are not registered, nor have an application pending to register, as a broker-dealer or as a registered representative of a broker-dealer. Additionally, BEACON and its employees are not registered, nor have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, insurance agent or as an associated person of any entity engaged in the foregoing fields.

### Affiliations

BEACON has no contractual relationships with another firm.

### Outside Investment Advisors

BEACON does not use outside investment advisors.

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

The employees of BEACON have committed to a Code of Ethics that establishes a high standard of integrity and professional ethics in conducting business with the firm, its clients and its business vendors and partners. All BEACON associates are required to review and sign a formal Code of Ethics adopted to comply with Rule 204(A)-1.

BEACON's Code of Ethics provides for 1) a high ethical standard of conduct; 2) compliance with all federal and state securities laws; and (3) policies and procedures for the reporting of certain personal securities transactions on a quarterly basis as well as upon hire and annually for all BEACON's professionals and employees. The Compliance Officer of BEACON reviews on a test basis employee trades periodically. The Compliance Officer's trades are reviewed by the President of BEACON or his designee officer of the firm. These reviews help ensure that the personal trading of employees complies with BEACON's Code of Ethics. Due to the nature of BEACON's recommended portfolios, we believe it would be very unusual for employees' personal trades in individual securities to present any ethical conflicts with any ETF portfolio recommendations or trades made on behalf of clients given the huge degree of market diversification represented by our domestic, international, and fixed income ETFs.

BEACON does not recommend to clients any securities in which BEACON or its related persons have a material

financial interest. The primary securities invested in by BEACON on behalf of its clients are passive ETFs and indexed mutual funds (401K models), although portfolio management and advice on prior client positions which may have to stay in a client's portfolio for some time for tax or other personal client reasons is sometimes required. BEACON does not typically recommend the purchase of publicly-traded or privately-placed individual stocks, bonds, master limited partnerships, hedge funds or limited liability companies to its clients.

A copy of BEACON's Code of Ethics is available to BEACON's advisory clients upon written request to the Compliance Officer at BEACON's principal office address or by email request to [phall@beaconwc.com](mailto:phall@beaconwc.com).

## Item 12 – Brokerage Practices

### Broker Selection

BEACON's sole custodian is Charles Schwab & Co. ("SCHWAB"). Significant in our decision are their discounted ETF trade commissions, automation and special services for registered investment advisors to improve efficiency, productivity, and minimize errors. BEACON is not affiliated with SCHWAB. BEACON receives no special financial or other incentives for its relationship with SCHWAB.

The primary factors that determine BEACON's recommending a broker-dealer custodian to a client are in no specific order:

- 1) Commission Cost
- 2) Automation/Technology to improve efficiency, productivity, and the elimination of errors
- 3) Services for independent registered investment advisors to share best practices
- 4) Properly registered with Self-regulated organizations
- 5) Execution capabilities

It should be noted that most benefit plan clients utilize a custodian recommended by our preferred third party administrator, Employee Fiduciary Corporation, mentioned previously in Item 4.

### Soft Dollar Arrangements

BEACON does not have any formal or informal arrangements or commitments to obtain any research or research related products or services on a soft-dollar basis.

### Brokerage for Client Referrals

Generally speaking, BEACON does not receive client referrals from broker-dealers. However, should we receive such a referral, BEACON would not necessarily recommend that a client leave or remain with the referring broker.

### Directed Brokerage

As of May 20, 2020 no clients of BEACON have instructed the firm to direct transactions in their account to a specific brokerage firm.

If a client directs BEACON to trade the account's transactions at a particular broker with whom BEACON does not have a business relationship, this may result in greater transaction expenses for the account than for other accounts BEACON manages. The directed accounts may pay higher commissions and/or receive less favorable trade execution than the non-directed accounts. The non-directed accounts may benefit from any negotiated commissions and some operational

client account support services BEACON has arranged for its clients through its preferred custodial relationship with SCHWAB. SCHWAB may discount or waive fees for clients of BEACON that it would otherwise charge to retail clients for the same services.

All clients should understand that any broker-dealer/custodian recommendation made by BEACON represents a conflict of interest as BEACON anticipates continual operational relationships with the broker-dealer/custodian that we recommend. BEACON does limited due diligence reviews of these firms, all of which are well established nationally recognized broker dealer custodians. BEACON solely recommends SCHWAB as custodian for our clients' assets as a convenience to us, to our clients, and to keep costs of operations as low as possible.

## **Aggregation of Orders**

The aggregation or blocking of client transactions allows an advisor to execute transactions in a more timely, equitable, and efficient manner and seeks to provide, when feasible based on similar time frames of information required to make a trade decision, the same execution price for clients at the same custodian and executing broker. Our firm's policy is to aggregate client transactions where possible and when advantageous to clients. In these instances, clients participating in any aggregated transactions will receive an average share price and transaction costs will be charged separately based upon each custodian's commission schedule.

In the event transactions for BEACON, its employees or principals are aggregated with client transactions and conflicts arise, BEACON will always defer to the benefit of the client in the transaction.

## **Item 13 – Review of Accounts**

### Reconciliation of Client Accounts

All active BEACON client accounts are reconciled daily to custodial (SCHWAB) records. Whenever valuation information differs between the custodian's records and our accounting system's records, the differences are investigated and resolved. Once reconciled, electronic copies of the client's SCHWAB statement are maintained along with a copy of a reconciled holdings statement from BEACON's accounting system. In the event there are any differences (i.e. trade settlement, etc.) an explanation is also documented and retained. For accounts Held Away, trades are reconciled daily, but statements are maintained and sent to the client direct from their custodian.

### Financial Plan Review

Each client's Investment Advisor will initiate a review and update the client's financial plan on at least an annual basis for changes in the client's financial situation and plan objectives. Additional reviews may be initiated for several reasons including

- 1) changes in a client's priorities,
- 2) upon demand by the client,
- 3) whenever the Advisor considers a plan update and review is in the client's best interest,
- 4) should there be a material change in circumstances for the client or
- 5) should the client's Plan fall materially outside its Confidence Zone.

### Regular Reports

BEACON clients can view daily and quarterly reports or on demand from BEACON either directly on our website, by mail, or as needed for client meetings that occur at least once a year. These reports show portfolio holdings, performance, values, and their "Confidence Zone" status of their financial goal objectives (Quarterly), which is a mathematical estimate of a client's financial goal plan's status. Each report contains an offer to the client to request and

receive BEACON's most current Form ADV Part 2A and privacy policy. Form ADV Part 2A is also available by hyperlink from the BEACON website. The Quarterly report shows the full quarterly billing statement.

## Item 14 – Client Referrals and Other Compensation

BEACON and its employees do not receive any sales awards or prizes as compensation from third parties. The receipt of such gifts would be a violation of BEACON's Code of Ethics.

As a matter of policy and practice, BEACON does not compensate any third-party persons, either individuals or entities, for the referral of advisory clients to the firm.

## Item 15 – Custody

BEACON is deemed to have custody due to the following :

Beacon directly debits fees from client accounts, and

Beacon will process client requests for client approved money movement transactions

Beacon does not have physical custody of any client funds and/or securities. Client funds and/or securities are held with the custodian Charles Schwab. We have met the seven conditions per the SEC no-action letter and therefore do not fall under the need for the surprise independent audit.

Clients receive statements from SCHWAB, the custodian that holds and maintains client investment assets, monthly in most cases, but at least quarterly. The statements include a list of all securities held in the portfolio, their market value as of the last day of the previous month and all trade activity taking place since the last statement. Statements also reflect BEACON's advisory fee charges to the custodial account when applicable. Method of delivery is determined by the individual client when he or she completes the custodial account application. BEACON urges clients to carefully review such statements and compare such official custodial records to their Financial Goal Plan Status Report that we provide.

## Item 16 – Investment Discretion

BEACON receives discretionary authority from most of its clients at the outset of an advisory relationship to select the security and quantity of securities to be bought or sold within the client's accounts. At this time the client executes the Beacon Wealthcare Investment Advisory Agreement which grants BEACON a limited power of attorney. Additionally, SCHWAB, the custodian, will require the client to execute a limited power of attorney ("LPOA") when opening the custodial account. The LPOA grants BEACON the authority

- 1) to trade securities on the client's behalf in the account,
- 2) to authorize the disbursement of BEACON's quarterly investment advisory fee and
- 3) to authorize BEACON to instruct the custodian to disburse a check from the client's custodial account to their address of record or, with additional paperwork signed by the client, to a bank account registered in the client's name.

In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives and/or the Financial Goal Plan for each client's account.

For Held Away accounts, Beacon typically is only authorized to give advice to clients in order to invest and reinvest their assets held with another custodian. Beacon does not have discretion for these accounts. In some cases the client may give Limited Power of Attorney for Beacon to have trading authority only.

## Item 17 – Voting Client Securities

Since BEACON's recommended portfolios represent broad indices of securities (ETFs) as the primary client holdings, generally speaking, BEACON only votes on matters regarding the fee structure of those securities or a major change in index as these are of primary importance. Otherwise, all non-material issues are viewed as very unlikely to impact the pricing or returns from our holdings in such ETFs.

A complete copy of BEACON's proxy voting Policy can be obtained by sending a request to BEACON's Compliance Officer via email [phall@beaconwc.com](mailto:phall@beaconwc.com) or by telephone at (919) 821-5225.

For our accounts held at SWIA, as described in the Program Disclosure Brochure, clients enrolled in the Program designate SWIA to vote proxies for the ETFs held in their accounts. We have directed SWIA to process proxy votes and corporate actions through an in accordance with the policies and recommendations of a third party proxy voting service provider retained by SWIA for this purpose. Additional information about this arrangement is available in the Program Disclosure Brochure. Clients who do not wish to designate SWIA to vote proxies may retain the ability to vote proxies themselves by signing a special Charles Schwab form available from us.

## Item 18 – Financial Information

Registered investment advisors are required in this Item to provide clients with certain financial information or disclosures about their financial condition. BEACON has no financial commitment or condition that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

A balance sheet is not required to be provided because BEACON does not serve as a custodian for client funds or securities and does not require prepayment of fees of more than \$500 per client six months or more in advance.

## Item 19 – Requirements for State Registered Advisors

BEACON is a SEC Registered Investment Advisor, this section is not applicable.

### Privacy Policy

(Effective January 16, 2020)

BEACON Wealthcare, Inc. has adopted policies and procedures to protect our client's non-public personal information.

As your investment advisor, or service provider to your investment advisor, BEACON collects non-public personal information about you from unaffiliated third-party investment custodial applications and other forms submitted to us by you or submitted to us by your financial consultant, custodian or other authorized representatives (such as your accountant or attorney) and through the normal course of business as your investment advisor or as a service provider to your investment advisor.

The types of non-public personal information BEACON collects and shares will depend on the product or services you receive from us. BEACON regards non-public personal information to be data such as your name, address, telephone/fax numbers, e-mail addresses, Social Security number, date of birth, assets, income, investment objectives, risk tolerance, account numbers, account balances, transaction history, beneficiary information, bank account information and credit card information.

BEACON will not disclose non-public personal information about you to anyone, except:

- For our everyday business purposes - such as to process your transactions or maintain and monitor your account(s)
- To non-affiliated third parties who assist us in administering your investment account(s) - such as your brokerage, mutual fund or other investment custodian(s)
- In connection with a government or self-regulatory organization request or investigation
- For our marketing purposes – to offer *our* services to *you*
- You have asked to you, for example to share information to your CPA

BEACON restricts access to your personal and account information to those employees who need to know that information to provide services to you, your financial consultant or other authorized representative. Employees and third party vendors/contractors governed by confidentiality agreements are prohibited from disclosing non-public personal information to any person or entity outside BEACON, during or subsequent to their employment or contractual engagement with BEACON.

Additionally, BEACON maintains physical, electronic and procedural safeguards that meet federal and/or state standards to guard your non-public personal information.

BEACON's privacy policy applies to current, future and past clients. If you decide to close your account(s) or become an inactive client, BEACON will adhere to the privacy policies and practices as described in this notice. If there is a material change in BEACON's privacy policy, you will be notified via written notice.

If you have any questions regarding this privacy policy, please do not hesitate to call your financial advisor or BEACON's Compliance Officer, Patty Hall at 919-821-5225, or send an email inquiry to [phall@beaconwc.com](mailto:phall@beaconwc.com).



## **Brochure Supplement FORM ADV PART 2B**

### **Beacon Wealthcare, Inc.**

IARD/CRD Number: 108103

**Samuel Q. Bass, Jr.**

**Geoffrey A. Hall**

**Patricia A. Hall**

**Jared B. Korver**

**Ryan Smith**

Main Office Mailing Address:  
1633 Glenwood Avenue Raleigh, NC 27608

Main Business Phone:  
(919) 821-5225

Primary Website:  
[beaconwc.com](http://beaconwc.com)

**Dated: May 20, 2020**

This brochure supplement provides information about our employees, Samuel Q. Bass Jr, Geoffrey Hall II, Patricia Hall, Jared Korver and Ryan Smith that supplements the Beacon Wealthcare Brochure ADV Part 2. You should have received a copy of that Brochure. Please contact Patricia Hall if you did not receive Beacon Wealthcare's Brochure or if you have any questions about the contents of this supplement.

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**Item 2: EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE**

Sam founded Beacon Wealthcare in 1998. He has over thirty years of experience investing money for his clients. Prior to organizing Beacon, Mr. Bass was associated with Wheat First Securities (now Wells Fargo Advisors) as a registered Representative and a Certified Portfolio Manager. He was a charter member and a production leader in Wheat's fee-based management platform for nine years beginning in 1989. Mr. Bass began his investment career in 1983 as a Registered Representative with Carolina Securities, headquartered in Raleigh, NC. After gaining experience in many aspects of the investment industry, he found his interest and talent lay in fee-based account management. In 2006 Mr. Bass changed the course of his firm from one of portfolio-return focus to client-goal focus.

Mr. Bass holds a Bachelor of Arts degree in English Literature from Hampden-Sydney college, 1975 and a Masters of Business Administration degree from Wake Forest University, 1981. While at Wake Forest, Mr. Bass concentrated in Finance and International Finance.

Following Wake Forest and prior to his career in investments, Mr. Bass worked with First Union for three years as commercial lending officer in the Research Triangle area.

**Item 3: DISCIPLINARY INFORMATION**

None

**Item 4: OTHER BUSINESS ACTIVITIES**

None

**Item 5: ADDITIONAL COMPENSATION**

Sam does not receive any economic benefit from anyone who is not a client for providing advisory services.

**Item 6: SUPERVISION**

Sam is the founder and President of Beacon. His activities are monitored by Beacon's compliance Personnel and supervisory structure.

Additional information about Mr. Samuel Bass Jr. is available on the website of [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## Geoffrey Hall II

### **Item 2: EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE**

Geoff holds a Bachelor of Science degree in the area of Finance from The University of North Carolina at Charlotte. He has 16 years of experience as a financial advisor and holds the Certified Financial Planner™ designation. Geoff is also a member of the Financial Planning Association of the Triangle.

### **Item 3: DISCIPLINARY INFORMATION**

None

### **Item 4: OTHER BUSINESS ACTIVITIES**

None

### **Item 5: ADDITIONAL COMPENSATION**

Geoff does not receive any economic benefit from anyone who is not a client for providing advisory services.

### **Item 6: SUPERVISION**

Geoff reports to the Founder and President of Beacon, Samuel Bass Jr. His activities are monitored by Beacon's compliance personnel and supervisory structure.

Geoffrey A. Hall is not related to Patricia A. Hall

Additional information about Mr. Geoffrey Hall II is available on the website of [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**Item 2: EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE**

Patricia Hall has over 28 years of experience in the securities industry with a broad array of experience, ranging from operations to trading under the supervision of Sam Bass. She has held licenses including series 7, 63, and 65 with the New York Stock Exchange/NASD. Ms. Hall has been with Beacon since its inception and manages the firm's office operations and account-servicing procedures. As the firm's Compliance Officer, her responsibilities include oversight of all regulatory filings, rules, and regulations.

**Item 3: DISCIPLINARY INFORMATION**

None

**Item 4: OTHER BUSINESS ACTIVITIES**

None

**Item 5: ADDITIONAL COMPENSATION**

None

**Item 6: SUPERVISION**

Patricia reports to the Founder and President, Samuel Bass Jr. Her actions are also monitored by Beacon's compliance and supervisory structure.

Patricia A. Hall is not related to Geoffrey A. Hall

**Item 2: EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE**

Jared graduated summa cum laude from Appalachian State University with a Bachelor's degree in Accounting, and received an academic fellowship from North Carolina State University, where he obtained a Master's degree in Accounting. He has previously worked at Ernst & Young in Raleigh, North Carolina serving a range of clients from individuals and partnerships to large multinationals. Jared also holds the Certified Financial Planner™ designation.

**Item 3: DISCIPLINARY INFORMATION**

None

**Item 4: OTHER BUSINESS ACTIVITIES**

None

**Item 5: ADDITIONAL COMPENSATION**

None

**Item 6: SUPERVISION**

Jared reports to the Founder and President of Beacon, Samuel Bass Jr. His activities are monitored by Beacon's compliance personnel and supervisory structure.

Additional information about Mr. Jared Korver is available on the website of [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**Item 2: EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE**

Ryan holds an undergraduate double major in Business Administration and Accounting, as well as a Masters of Science in Financial Planning. He has over 12 years of experience as a financial advisor and holds the Certified Financial Planner™ designation.

**Item 3: DISCIPLINARY INFORMATION**

None

**Item 4: OTHER BUSINESS ACTIVITIES**

None

**Item 5: ADDITIONAL COMPENSATION**

None

**Item 6: SUPERVISION**

Ryan reports to the Founder and President of Beacon, Samuel Bass Jr. His activities are monitored by Beacon's compliance personnel and supervisory structure.

Additional information about Mr. Ryan Smith is available on the website of [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)