

*Item 1: Cover Page*

**The Planning Project, LLC**

**DBA**

# **The Sum**

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[www.thesumplanning.com](http://www.thesumplanning.com)

**Form ADV Part 2A – Firm Brochure**

281-940-4859

March 04, 2025

This Brochure provides information about the qualifications and business practices of The Planning Project, LLC DBA The Sum, “The Sum.” If you have any questions about the contents of this Brochure, please contact us at 281-940-4859. 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.

The Planning Project, LLC DBA The Sum is registered as an Investment Adviser with the SEC. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about The Sum is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) which can be found using the firm’s identification number 297658.

*Item 2: Material Changes*

Since of firm's last annual updating amendment the following material changes have occurred:

- Item 4 was amended to disclose our firm's owners.

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## ***Item 4: Advisory Business***

### **Description of Advisory Firm**

The Planning Project, LLC DBA The Sum is registered as an Investment Adviser with the Securities and Exchange Commission. We were founded in March 2018. Paul Michael Rahn, Jr. is the Manager of The Sum, while Christopher Melber and Robert Bard are Members. As of December 31, 2024, The Sum managed \$409,460,174 of assets under management on a discretionary basis only.

### **Types of Advisory Services**

#### **Investment Management Services**

Our firm provides discretionary portfolio management services to many of our clients. Our investment advice is personalized to meet our clients' goals and objectives. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy or an investment plan with an asset allocation target and create and manage a portfolio based on that policy or allocation targets. We may also review and discuss a client's prior investment history, as well as family composition and background.

Account supervision is guided by the stated objectives of the client (e.g., maximum capital appreciation, growth, income, or growth, and income), as well as tax considerations. Once the portfolio is constructed, we will monitor and rebalance the portfolio as required by changes in market conditional and in our clients' circumstances. Participation in a portfolio management relationship requires that our firm is granted discretionary authority to manage each account. Discretionary authorization will allow our firm to determine the specific securities, and the amount, to be purchased or sold for your account without your prior approval for each transaction. Discretionary authority is typically granted by the investment advisory agreement signed with our firm, a limited power of attorney, or trading authorization forms. Clients may impose reasonable restrictions on investing in certain securities by submitting these requests in writing. Fees pertaining to this service are outlined in Item 5 of this brochure.

#### **Comprehensive Financial Planning**

This service involves working one-on-one with a financial planner over an extended period of time. By paying a fixed monthly or quarterly fee, clients get to work with a planner who will collaborate with them to develop and implement their plan. The planner will monitor the plan, recommend any changes, and ensure the plan is up to date.

Comprehensive Financial Planning at The Sum consists of two phases. The first is Onboarding, which is a lengthy dive into the Clients objectives and goals. During the onboarding phase, topics covered could include the following as applicable to the client's situation: retirement planning, income planning, investment planning, tax planning, estate planning, insurance planning, and risk management planning. The second phase is Ongoing and involves reviews with the Clients twice annually. Upon desiring a comprehensive plan, a client will be taken through the Onboarding phase establishing their financial goals and values.. They will be required to provide information to help complete the areas of analysis listed above. 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 engaging in 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. Once the plan is in place, the client shall move to the Ongoing phase. During this phase, clients will meet with a planner twice per year to monitor and execute the plan. Usually one meeting will take place in the first half of the year and one in the second half of the year. Throughout the year, follow-up phone calls and emails will be made to the client to confirm that any agreed upon action steps have been carried out as needed.

## **Project Based or Hourly Financial Planning**

Occasionally, we provide financial planning services on an hourly or project basis.

Hourly Financial Planning involves an evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values, and withdrawal plans. 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.

In general, the financial plan 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:

- **Business Planning:** We provide consulting services for clients who currently operate their own business, are considering starting a business, or are planning for an exit from their current business. Under this type of engagement, we work with you to assess your current situation, identify your objectives, and develop a plan aimed at achieving your goals.
- **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. Working with local partners and tax professionals, 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 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 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.
- **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.
- **Securities Based Line of Credit:** A securities-based line of credit from a bank allows you to borrow against the value of your portfolio, usually at variable interest rates. Assets are pledged as collateral and held in a separate brokerage account at a broker-dealer. The firm currently only has one client in this type of account and it is currently not in our plans to present this to other clients. A securities-based line of credit is subject to a high degree of risk.

### **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 or allocation targets (suitability) 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 or penalties. How we are paid depends on the type of advisory service we are performing. Please review the fee and compensation information below.

#### **Investment Management Services**

##### *Investment Management*

Our Investment Management fee includes a flat fee per household of \$2,000 annually, to be paid monthly in arrears. This fee is in addition to any Comprehensive Financial Planning fee which is listed separately. We do not offer Stand Alone Investment Management without Comprehensive Financial Planning.

The fee may be negotiable in certain cases. 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 pro-rated 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. Fees for this service may be paid by electronic funds transfer, check, credit card, or debited by the custodian and the custodian will remit the advisory fee to the adviser.

If Client is participating in both Comprehensive Financial Planning and Investment Management, a separate Financial Planning Agreement will be signed for Comprehensive Financial Planning.

Based on our fixed fee schedule, clients with smaller account balances may pay a fee that is greater than 2.0% of the assets managed, but clients must authorize these payments and we will never directly deduct a fee greater than 2.0% of the assets directly managed by us. Our fees are based on net worth due to our comprehensive approach that includes ongoing advice encompassing clients' holistic assets, rather than being limited to the assets under our management. While our firm always endeavors to offer clients specialized services at reasonable costs, the fees charged by other investment advisors for comparable services may be lower than the fees charged by our firm.

#### **Comprehensive Financial Planning (Investment Management not included)**

<b>Net Worth</b>	<b>Annual Fee</b>
<b>\$0 - \$1,000,000</b>	\$6,000
<b>\$1,000,001-\$2,000,000</b>	\$9,000
<b>\$2,000,001-\$3,000,000</b>	\$12,000
<b>\$3,000,001-\$4,000,000</b>	\$15,000
<b>\$4,000,001-\$5,000,000</b>	\$18,000

<b>Over \$5,000,000</b>	\$21,000 + \$3,000 per additional million
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Comprehensive Financial Planning consists of an ongoing fee that is paid monthly or quarterly, in arrears, in accordance with the above fee schedule. The fee may be negotiable in certain cases. For the sake of calculating the fee, net worth is defined as total net worth minus the equity in a client’s primary home. Fees for this service may be paid by electronic funds transfer, check, credit card, or debited by the custodian and the custodian will remit the advisory fee to the adviser. This service may be terminated with 30 days’ notice. Upon termination of any agreement, the client will be billed for any earned but unpaid fees up to the date of termination.

**Financial Planning Hourly Fee (Investment Management not included)**

Hourly Financial Planning fee is offered at a rate of \$500 per hour. The fee may be negotiable in certain cases and is due at the completion of the engagement. In the event of early termination by the client, any fees for the hours already worked will be due. Fees for this service may be paid by electronic funds transfer, check, or credit card.

**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 and do not engage in side-by-side management.

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

We provide financial planning and portfolio management services to individuals, high net-worth individuals, and corporations or other businesses.

Neither Investment Advisory Services are subject to a minimum asset under management requirement.

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

Our primary methods of investment analysis include the use of modern portfolio theory and an asset allocation approach to investment management.

**Modern Portfolio Theory**

The underlying principles of MPT are:

- Investors are risk averse. The only acceptable risk is that which is adequately compensated by an expected return. Risk and investment return are related and an increase in risk requires an increased expected return.



- Markets are efficient. The same market information is available to all investors at the same time. The market prices every security fairly based upon this equal availability of information.
- The design of the portfolio as a whole is more important than the selection of any particular security. The appropriate allocation of capital among asset classes will have far more influence on long-term portfolio performance than the selection of individual securities. Investing for the long-term (preferably longer than ten years) becomes critical to investment success because it allows the long-term characteristics of the asset classes to surface.
- Increasing diversification of the portfolio with lower correlated asset class positions can decrease portfolio risk. Correlation is the statistical term for the extent to which two asset classes move in tandem or opposition to one another.

**Asset allocation** is the focus of our investment strategy. In the portfolio construction process, we focus not only on asset classes such as equities, fixed income, and cash, but also on investment strategy styles such as active, and passive. We believe that diversification across both asset classes and investment strategies is critical for achieving an attractive reward-to-risk ratio in the portfolio. Through strategic asset allocation, we construct our long-term target weights for asset classes and strategies based on the client's time horizon, risk tolerance, and required rate of return to meet his or her financial goals.

### **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 the 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**

**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.

**Strategy Risk:** The Adviser's investment strategies and/or investment techniques may not work as intended.

**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.

**Turnover Risk:** At times, the strategy may have a portfolio turnover rate that is higher than other strategies. A high portfolio turnover would result in correspondingly greater brokerage commission expenses and may result in the distribution of additional capital gains for tax purposes. These factors may negatively affect the account's

performance.

**Limited markets:** Certain securities may be less liquid (harder to sell or buy) and their prices may at times be more volatile than at other times. Under certain market conditions we may be unable to sell or liquidate investments at prices we consider reasonable or favorable or find buyers at any price.

**Concentration Risk:** Certain investment strategies focus on particular asset-classes, industries, sectors, or types of investment. From time to time these strategies may be subject to greater risks of adverse developments in such areas of focus than a strategy that is more broadly diversified across a wider variety of investments.

**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.

**Legal or Legislative Risk:** Legislative changes or Court rulings may impact the value of investments, or the securities' claim on the issuer's assets and finances.

**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**

Apart from the general risks outlined above which apply to all types of investments, specific securities may have other risks.

**Commercial Paper** is, in most cases, an unsecured promissory note that is issued with a maturity of 270 days or less. Being unsecured the risk to the investor is that the issuer may default.

**Common stocks** may go up and down in price quite dramatically, and in the event of an issuer's bankruptcy or restructuring could lose all value. A slower-growth or recessionary economic environment could have an adverse effect on the price of all stocks.

**Corporate Bonds** are debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero-coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk.

**Bank Obligations** including bonds and certificates of deposit may be vulnerable to setbacks or panics in the banking industry. Banks and other financial institutions are greatly affected by interest rates and may be adversely affected by downturns in the U.S. and foreign economies or changes in banking regulations.

**Municipal Bonds** are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities. Municipal bonds pay a lower rate of return than most other types of bonds. However, because of a municipal bond's tax-favored status, investors should compare the relative after-tax return to the after-tax return of other bonds, depending on the investor's tax bracket. Investing in municipal bonds carries the same general risks as investing in bonds in general. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, and liquidity and valuation risk.

**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. 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) 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.

**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).

### ***Item 9: Disciplinary Information***

#### **Criminal or Civil Actions**

The Sum and its management have not been involved in any criminal or civil action.

#### **Administrative Enforcement Proceedings**

The Sum and its management have not been involved in administrative enforcement proceedings.

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

The Sum 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 The Sum or the integrity of its management.

### ***Item 10: Other Financial Industry Activities and Affiliations***

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

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

The Sum does not have any related parties. As a result, we do not have a relationship with any related parties.

The Sum 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.

Paul Michael Rahn, Jr. is the Managing Member of The Sum Prep, LLC. The Sum Prep, LLC offers tax preparation services. These services are available to clients for a fee, however, the fee for these services can be waived at the discretion of The Sum Prep, LLC. A conflict of interest exists in that these services provided additional compensation to Paul Michael Rahn, Jr. as an owner of The Sum Prep, LLC. Clients have the right to utilize tax preparation services of their choice and not affiliated with us.

The Sum does not recommend or select other investment advisers.

### ***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.

### **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 the 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 a 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” may buy or sell securities similar to, or different from, those we recommend to clients for their accounts. In an effort to reduce or eliminate certain conflicts of interest involving the firm or personal trading, our policy may require that we restrict or prohibit associates’ transactions in specific reportable securities transactions. Any exceptions or trading pre-clearance must be approved by the firm principal in advance of the transaction in an account, and we maintain the required personal securities transaction records per regulation.

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

From time to time, our firm or its “related persons” may buy or sell securities for themselves at or around the same time as clients. We will not trade non-mutual fund securities ahead of clients.

### ***Item 12: Brokerage Practices***

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

The Sum does not have any affiliation with Broker-Dealers. Specific custodian recommendations are made to the 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 receive benefits in that certain custodians make other products and services available to us, such as trade execution software, investment research, pricing information, market data, recordkeeping, publications, and conferences, in return for effecting transactions through them. Such arrangements will be pursuant to Section 28(e) of the Securities and Exchange Act of 1934 and are available to all of the retail and professional clients of the custodians on an unsolicited basis.

### **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 transactions, and this may cost clients' money over using a lower-cost custodian.

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

We typically recommend Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, member SIPC, as the qualified custodian.

The Sum is independently owned and operated and is not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as a custodian, you will decide whether to do so and will open your account with Schwab 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.

### **Products and services available to the Firm from Schwab**

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like us. Schwab provides The Sum and our clients with access to institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services described below are generally available on an unsolicited basis (i.e., we do not have to request them) and at no charge to us. Here is a more detailed description of Schwab's support services:

#### *Services that Benefit Clients Directly*

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit each client.

#### *Services that May Not Directly Benefit Clients*

Schwab also makes available to us other products and services that benefit us but may not directly benefit a specific client. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We use this research to service all or a substantial number of our clients' accounts. In addition to investment research, Schwab also makes available software and other technology that:

- Provides access to client account data (such as trade confirmations and account statements);
- Facilitates trade execution and allocate aggregated trade orders for multiple client accounts;
- Provides pricing and other market data;

- Facilitates payment of our fees from our clients' accounts; and
- Assists with back-office functions, recordkeeping and client reporting.

#### *Services that Generally Benefit Only Us*

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include (among others) the following:

- Educational conferences and events
- Technology, compliance, legal, and business consulting
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants and insurance providers

Schwab will provide some of these services itself or will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third-party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

#### **Our Interest in Schwab's Services**

The availability of the services described above from Schwab benefits us because we do not have to produce or purchase them. They are not contingent upon The Sum committing any specific amount of business to Schwab in trading commissions or assets in custody. The fact that we receive these benefits from Schwab is an incentive for us to recommend the use of Schwab rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that taken in the aggregate our recommendation of Schwab as a custodian and broker is in the best interest of our clients. Our selection is primarily supported by the scope, quality and price of Schwab's services, and not Schwab's services that benefit only us.

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

We do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading").

#### ***Item 13: Review of Accounts***

Client accounts with the Investment Management Service will be reviewed on a regular basis and no less than annually by Paul Michael Rahn, Jr., Manager 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.

The Sum will not provide written reports to Investment Management clients.

Financial Planning clients' plans will be reviewed, in part, on a regular basis. Plans in their entirety will be reviewed no less than annually by Paul Michael Rahn, Jr.

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

We do not receive any economic benefit, directly or indirectly, from any third party for advice rendered to our clients. Nor do we, directly or indirectly, compensate any person who is not advisory personnel for client referrals.

#### ***Item 15: Custody***

We are deemed to have custody as a result of our Standing Letters of Authorization (“SLOA(s)”) to transfer funds from their account to third parties. In such instances where we act under such an SLOA, it is our policy to only initiate these transactions when directed by the client to transfer funds to a third party the client designates for a designated amount and at a designated time, all of their choosing. A surprise examination is not required in this circumstance where we are deemed to have custody due to SLOAs, as we are relying on the conditions set forth in the No-Action letter issued by the Securities and Exchange Commission on February 21, 2017. Pursuant to the conditions set forth in the No-Action Letter, we confirm that in those situations

- you provide an instruction to the qualified custodian, in writing, that includes your signature, the third party’s name, and either the third party’s address or the third party’s account number at a custodian to which the transfer should be directed;
- you authorize us, in writing, either on the qualified custodian’s form or separately, to direct transfers to the third party either on a specified schedule or from time to time;
- the qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify your authorization, and the qualified custodian provides a transfer of funds notice to you promptly after each transfer;
- you have the ability to terminate or change the instruction to the qualified custodian;
- we have no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in your instruction;
- we maintain records showing that the third party is not a related party of The Sum or located at the same address as The Sum; and
- the qualified custodian sends you, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

#### ***Item 16: Investment Discretion***

For those client accounts where we provide Investment Advisory Services, we typically 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.

#### ***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 \$1,200 in fees per client six months in advance.