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**PERSONAL  
INVESTMENT  
MANAGEMENT, INC.**

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February 2020

## Firm Brochure

(Part 2A of Form ADV)

Item 1: Cover Page

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**Notice: This brochure provides information about the qualifications and business practices of Personal Investment Management, Inc. If you have questions about the contents of this brochure, please contact us at the telephone number or email address noted on this page. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (SEC) or any state securities authority. Registration with the SEC does not imply a certain level of skill or training.**

**Additional Information about Personal Investment Management, Inc. can be found on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)**

## **Material Changes (Item 2)**

Since our last update to this brochure in February 2019, the following material changes have occurred:

### **1. Ownership/Control Change**

On February 11, 2020, Ronald J. Moskat sold his interest in Personal Investment Management, Inc. to two existing/internal employees and investment advisor representatives, Rodney G. Coyan and Brian C. Fahey. As a result of this sale, Messrs. Coyan and Fahey are now deemed to be “control persons” of the firm. As of February 11, 2020, Ronald J. Moskat is no longer the Chief Compliance Officer of Personal Investment Management, Inc. In addition to remaining a principal and control person of the firm, Christopher J. Reedy also became the Chief Compliance Officer on this date.

### **2. Change in Fee Schedule and Method of Calculation**

Effective January 1, 2020, the fee schedule for managing accounts held at Charles Schwab & Co. has been revised. As a result of this change, we have also eliminated the “maximum fee” that previously applied to clients.

In addition, we have also changed the manner in which, and frequency with which a client’s fee is calculated. Previously, our investment advisory fee was based upon the aggregate household market value of all managed accounts on September 30 of the prior calendar year – and did not change during the course of the year unless a deposit or withdrawal that was >10% of the September 30 prior year value, occurred.

Effective January 1, 2020, a client’s fee is recalculated quarterly and is based upon the aggregate household market value of all managed accounts on the last business day of the prior quarter. See “**II. Fees and Compensation (Item 5)**” on pages 5-7 for additional detail.

### **3. PIM is now a “Fee-Only” Advisor**

Neither PIM, nor any of its management personnel, affiliated employees, or investment advisor representatives receives any compensation for any activity, other than their regular salary and periodic bonus compensation from PIM. Previously, some employees, supervised persons, and/or investment advisor representatives received commissions for insurance products that had been sold to clients prior to December 31, 2017. As of December 31, 2019, that is no longer the case. As such, PIM now holds itself out to the public as a “Fee-only” advisor.

## **Annual Update**

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of this Firm Brochure.

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## **I. Advisory Business (Item 4)**

### **Investment Advisory Services**

Personal Investment Management, Inc. (hereinafter “PIM”) was founded in 1984. PIM is owned by Christopher J. Reedy, Rodney G. Coyan, and Brian C. Fahey. The principal business of PIM is providing professional investment management and financial consulting services to individuals, families and their related entities, trusts, estates and family businesses. For its clients, PIM develops and manages model portfolios consisting primarily of stock (equity) and bond (fixed income) mutual funds, exchange-traded funds (ETF’s) and cash equivalents. Multiple clients with similar investment goals and risk tolerance usually hold substantially the same securities, in the same proportion, at the same time. If it is determined to be in the client’s best interests, PIM reserves the right from time-to-time use individual stock (equity) and/or bond (fixed-income) securities instead of or in addition to mutual funds and ETF’s. PIM will from time-to-time also use alternative investments and/or structured products to further diversify a client’s portfolio and/or to reduce risk. This can include REIT (Real Estate Investment Trust) securities that are not publicly traded. Normally, only a small percentage of a client’s total portfolio will be allocated to alternative investments.

In addition, PIM also develops and manages model portfolios for individual participants of employer-sponsored retirement plans, based upon the investment options available in each plan.

A separate account is established and assets under management are held at an independent qualified custodian, in the client’s name. Independent custodians include Charles Schwab & Co., TIAA, Fidelity Investments, or others. PIM is neither affiliated with, nor receives any commissions or compensation from any of the independent custodians. PIM receives no “soft dollar” benefits from any independent custodians or brokers, based upon directing client securities transactions to them.

A specific model portfolio is assigned to a client, based upon the client’s personal investment goals, objectives, and risk tolerance. These are established both in conversations with clients, as well as by having each client complete the “Investment Objective Worksheet”. This worksheet enables the client to demonstrate their tolerance for investment risk and to indicate their investment time horizon. The client may change their investment objective at any time, by submitting a signed “Investment Objective Change Order” form. Clients are advised that it remains their responsibility to notify PIM promptly if/when a change in their personal financial situation occurs. Examples of such changes include the birth or death of a family member, marriage or divorce, job change, or retirement. Any such change will warrant a review with the client, to determine the appropriateness of the current investment objective and the model portfolio currently being used.

As-of December 31, 2019, PIM was serving a total of 439 client households. The total amount of client assets under management by PIM as-of that date is \$382,433,546. This entire amount is managed on a discretionary basis. Please refer to “XIII – Investment Discretion (Item 16)” on page 14, for an explanation of discretion.

### **Financial and Retirement Planning Services**

General financial and retirement counsel is offered to all clients who have engaged PIM to provide investment advisory and portfolio management services, at no additional cost. More complex, detailed financial and retirement planning services, including preparation of a written plan document, is also offered at no additional cost, on an ‘as-needed’ basis and based upon the relationship with the client. Depending upon the complexity of the client’s personal financial situation, a written financial plan would

generally include an analysis of and provide information related to the following: identification of financial problems; cash flow and budget management; tax planning; risk exposure review; education funding; retirement planning; estate planning; special needs planning or other issues specific to the client. For more complex planning situations, a written evaluation of the client's situation would be provided and would include specific action and implementation recommendations.

Retirement planning services involve a more limited analysis of a client's financial and investment situation for retirement, based upon information provided by the client. A cash flow analysis including action recommendations would be generated for the client, depending upon the complexity of the situation.

### **Other Adviser**

PIM provides back-office administrative services to another adviser (the "other adviser") and receives compensation from the other adviser for the services provided. These services consist primarily of client billing. PIM's clients and the other adviser's clients do not overlap for any advisory services.

Appropriate systems and procedures are in place for preventing overlap and maintaining confidentiality and are reviewed periodically.

## **II. Fees and Compensation (Item 5)**

### **Fees for Investment Advisory Services**

PIM is compensated by investment advisory fees that are paid by clients. Fees are based upon the aggregate household market value of all assets under management by PIM. PIM has two separate and exclusive investment advisory fee schedules (noted on next page). One schedule applies to both retirement and non-retirement accounts that are held in custody at Charles Schwab and Co. The other schedule applies to participant accounts of employer-sponsored retirement plans that are held in custody at Fidelity Investments, as well as to retirement accounts, including IRA's, that are held in custody at TIAA. The difference in fee schedules is based primarily upon the fact that the menu of investment options available in participant accounts of employer-sponsored retirement plans held at Fidelity Investments, as well as in retirement plan accounts and IRA's at TIAA, is significantly limited and generally consists solely of those investment options or funds that the client's employer (the plan sponsor) and the employers' retirement plan provider, offer to plan participants or customers. The amount of time required to research, analyze, select and monitor the more limited number of investments in such plans and accounts is generally less than would be required if the number of investment options available were significantly greater or unlimited.

If a client has retirement and/or non-retirement account(s) at Charles Schwab, and also has retirement plan or IRA account(s) at Fidelity Investments or TIAA under management, then each respective type of account(s) is/are subject to each separate fee schedule, as noted below. In such a situation, the total fee paid by the client would be the sum of the applicable fee for all aggregate household retirement and non-retirement accounts held at Charles Schwab, plus the applicable fee for all aggregate household retirement accounts held at Fidelity Investments and/or TIAA (see "Minimum Fee" on page 7).

PIM's fee is charged quarterly, in advance. A client's fee is recalculated each calendar quarter. The fee that applies to any calendar quarter is based upon the aggregate household value of all accounts on the last business day of the prior calendar quarter. As a result, the fee amount paid by clients changes each quarter, as the value of their portfolio changes. For new clients, the applicable fee is based upon the

aggregate beginning value of their managed assets.

A conflict of interest exists between the client and PIM insofar as PIM is incented to recommend to clients when they retire or separate from their current employer, that they rollover or transfer their workplace retirement plan or IRA account balance that is being managed at a lower fee rate at Fidelity Investments or TIAA, to an IRA account at Charles Schwab—at a higher fee rate. As a fiduciary, PIM and its employees have a duty to always place the client’s interests ahead of its and our own. As such, any recommendation to rollover or transfer a retirement account or IRA at Fidelity Investments or TIAA to Charles Schwab, would be based upon our belief that investing in an open architecture environment, where the number of investment choices is substantially greater or unlimited—vs. in a significantly more limited or ‘closed’ system of proprietary investment vehicles, is in a client’s best interest. Fees are negotiable. We reserve the right to discount or waive certain fees in our sole discretion, based upon the relationship with the client.

If a client terminates their agreement with PIM, any unearned fees that have been paid in advance will be refunded on a pro-rata basis, based upon the termination date. If fees have been deducted directly from the client’s managed account at a qualified custodian, PIM will disburse the fee refund directly to the qualified custodian, for deposit to the client’s account. If the client has paid fees by check or via ACH electronic transfer from their checking account, PIM will remit a fee refund check via US Mail, directly to the client. All such refunds will be processed within 30 days of the termination date.

The Fee Schedules for Investment Advisory Services are as Follows:

**Retirement and Non-Retirement Accounts Held at Charles Schwab & Co.**

<b><u>Portfolio Value</u></b>	<b><u>Annual Rate*</u></b>
Up to \$1,000,000	1.00%
\$1,000,001-\$1,999,999	0.70%
Balance of Assets	0.50%

**Employer-Sponsored Retirement Plan and/or IRA Accounts Held at Fidelity Investments or TIAA\*\***

<b><u>Portfolio Value</u></b>	<b><u>Annual Rate*</u></b>
Up to \$1,000,000	0.50%
Balance of Assets	0.25%

\*See “Minimum Fee” section below for additional details regarding exceptions. Fee is recalculated at the beginning of each calendar quarter. Fees are due and payable at the beginning of each calendar quarter, in advance.

\*\*For Employer-sponsored Retirement Plan and/or IRA Accounts held at Fidelity Investments or TIAA, the fee schedule noted above became effective on November 1, 2011. Existing clients prior to November 1, 2011 are generally ‘grandfathered’ at a reduced fee rate. As such, all clients do not pay the same fee rate. This creates a conflict of interest between clients paying the older/lower fee and PIM, insofar as PIM has an incentive to retain those clients acquired after November 1, 2011 because they are paying a higher rate. To mitigate this conflict, it is PIM’s policy to treat all clients fairly and consistently, regardless of the fee rate they are paying. We strive to devote an equal amount of time to all clients, based upon their needs and do not intend to show favoritism to clients paying a higher fee rate.

### **Minimum Fee**

The overriding minimum fee for a client household, regardless of the type(s) of account(s), their value, or where they are held in custody, is \$1,000 annually (\$250 quarterly). Client portfolios are regularly monitored to ensure that the minimum fee continues to be reasonable and not excessive on a percentage basis relative to the value of the managed account(s). If the total value of assets under management falls below \$50,000, we will suggest to the client that they consider discontinuing active management, in order to avoid the relatively high percentage fee rate associated with the \$1,000 minimum annual fee.

### **How Fees Are Paid to PIM**

Where possible, PIM prefers to deduct its advisory fees directly from one or more of the clients' managed accounts held at a third-party qualified custodian. In order to establish authorization for PIM to do so, the client must first provide written authorization to the independent custodian of their managed account(s). Once such authorization is established, the independent custodian of the clients' account(s) will remit funds to PIM upon submission of a fee billing notice or request by PIM. If the custodian (or institution/employer, if an employer-sponsored retirement plan) does not permit such authorization for deduction of fees from the managed account, or if the client prefers to pay fees with funds outside the managed account, PIM will mail a billing notice to the client quarterly and the client will remit payment either by check or by granting PIM written authorization to automatically deduct the fee directly from the client's checking account at an independent, qualified custodian bank, via ACH (Automated Clearing House) electronic funds transfer. Authorization for such automatic fee deduction from the client's checking account is granted by the client completing and submitting a fully executed copy of PIM's "Direct Fee Billing Authorization Form". Once such authorization is provided by the client, fees will be deducted from the clients' checking account on a recurring, quarterly basis. In some cases, the qualified custodian and/or employer plan sponsor will allow only a limited amount or portion of the fee that is due to be deducted directly from the managed account, not the entire amount. In such cases, PIM will generally deduct the amount that is permitted directly from the client's managed account and will invoice the client directly for the remaining amount due. The client may then either remit a check for the balance due, or else authorize PIM to deduct the amount due directly from their bank checking account, via ACH electronic funds transfer, as previously noted.

### **Other Fees**

In addition to PIM's fee, clients are also subject to fees imposed by the independent qualified custodian where their account is held, for services that are provided by the qualified custodian. The independent custodian will provide a complete and full disclosure of any and all such fees, upon request. Such fees apply to execution of certain securities transactions and/or other services provided. Examples of other "service" fees are those relating to custody of the clients' assets, settlement of securities transactions, and fees for services such as wiring funds from a client's account.

Clients are also subject to fees that are imposed by "Investment Companies", more commonly known as mutual funds, or ETF's (Exchange Traded Funds), whose shares PIM purchases on their behalf. The funds' internal administrative and management fees and expenses are internally charged to the fund and thereby, to all shareholders. All such fees and expenses are publicly disclosed to all fund shareholders in the fund's prospectus. The prospectus is generally sent directly to the client by the account custodian at the time of purchase and periodically thereafter, as they are updated by the fund.

### **III. Performance-Based Fees and Side-by Side Management (Item 6)**

PIM does not charge any performance-based fees or share in any client's capital gains. No supervised person of PIM manages any accounts who pay such fees. The prior section (II) includes all information pertaining to fees and PIM's compensation.

### **IV. Types of Clients (Item 7)**

PIM provides investment advice exclusively to individuals and families and their related entities, trusts, estates and family businesses. PIM does not have a minimum account size, but does have a minimum annual fee as noted in section II.

### **V. Methods of Analysis, Investment Strategies and Risk of Loss (Item 8)**

PIM employs both fundamental and technical analysis. We gather information from a broad array of financial resources including both sell-side and buy-side institutional research, subscription services, corporate rating services, company press releases, annual reports, prospectuses and filings with the US Securities and Exchange Commission. We determine how to allocate assets among the various asset classes based upon the investment strategy chosen, prevailing economic conditions and our determination of where we are in the economic cycle. Potential risks and opportunities are weighed to determine the degree to which portfolios should be invested into fixed income and equity securities. From time to time, market conditions may cause accounts to vary from established allocations. To remain consistent with established allocation guidelines, accounts are monitored on an ongoing basis and rebalanced to original allocations, or if deemed beneficial, to a new allocation based upon then prevailing economic conditions and within established guidelines for the chosen investment strategy. In addition to rebalancing, overall macroeconomic and microeconomic factors that affect specific holdings may trigger changes to allocations. Accounts may receive informal reviews more frequently in volatile markets.

PIM does not normally perform research on, or include individual equity (stocks) or fixed income (bond) securities when developing and constructing client portfolios. Instead, PIM normally researches and selects mutual funds and ETF's (Exchange Traded Funds), whose shares represent an investment in a pool of individual equity and/or fixed income and/or other securities. Depending upon the client's tolerance for investment risk and their investment time horizon, PIM will employ either long-term investment strategies, where securities are typically held for at least one year, or short-term strategies, typically when a client's investment time horizon is less than one year.

Changes to client portfolios and the percentage of portfolio assets allocated to each asset class (stocks, bonds, cash) are made based upon changes in a client's personal financial situation and/or investment objective, including tolerance for risk, or upon changes in general market and economic conditions.

Account custodians who are broker/dealers offer a margin feature on some types of accounts. The margin feature allows the client to pledge certain securities in their account as collateral, against which the client may borrow if he/she so chooses. Because of the additional risks and costs associated, PIM does not normally encourage or require the use of a margin feature in any investment strategy. Should a client wish to establish or add a margin feature to their account, PIM will offer assistance with the administrative and operational aspect of doing so, subject to the broker/dealer custodian's guidelines, procedures and policies.

### **Risk of Loss**

Investing in securities involves risk, including the risk of loss of principal. PIM attempts, in the initial phase of the relationship, to identify and understand a client's investment objective and tolerance for risk. Clients are also encouraged to inform PIM immediately in the event that their personal or financial situation changes. PIM strives to manage clients' portfolios in a manner that is consistent with the client's stated investment objective, time horizon and risk tolerance. Nevertheless, the client bears all of the risks associated with investing in securities, including the risk of loss of principal.

### **VI. Disciplinary Information (Item 9)**

Neither PIM, nor any of its management personnel, affiliated employees, or investment advisor representatives has been involved in any legal or disciplinary matters related to either past or present activities.

### **VII. Other Financial Industry Activities and Affiliations (Item 10)**

Prior to December 31, 2017, PIM and its investment advisor representatives offered non-variable insurance products to clients, if it was determined to be in the clients' best interests to do so. However, on or after December 31, 2017, neither PIM nor any of its investment advisor representatives will do so. In the event that it is determined that a client could benefit from purchasing an insurance product, they will be referred to an unaffiliated insurance professional, to do so. In such an event, neither PIM, nor any of its management personnel, affiliated employees, or investment advisor representatives will be compensated in any manner as a result of referring the client to another insurance professional. Neither PIM, nor any of its management personnel, affiliated employees, or investment advisor representatives has any other financial industry activities or affiliations to disclose.

### **VIII. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading (Item 11)**

#### **Code of Ethics**

PIM has established a Code of Ethics which sets forth standards of conduct that its employees and adviser representatives are required to adhere to. The overlaying principle and basis for the standards is that PIM seeks to foster a reputation for integrity, honesty and professionalism, all of which stem from our fiduciary duty to our clients, to always place their interests ahead of our own. The Code of Ethics includes standards designed to ensure compliance with all applicable regulations and securities laws, including those pertaining to Insider Trading. PIM believes that the requirement of ethical conduct by its employees and representatives is an absolute and is expected in all circumstances. A full copy of the Code of Ethics is available upon request.

#### **Participation or Interest in Client Transactions and Personal Trading**

PIM, its officers, affiliates or employees will at times buy, sell or trade in securities that at the same time are held by clients or are being bought, sold or traded in clients' portfolios. Employees are at all times required to comply with PIM's policies and procedures which disallow them from trading their own

securities ahead of a client's.

Employees are required to provide to the firm's Chief Compliance Officer, or his/her designee, either monthly or quarterly copies of their personal investment brokerage account statements, or else a written summary of all personal securities transactions and holdings, at least annually. The Chief Compliance Officer performs periodic reviews of all employee personal securities trades. These reviews are designed to verify that the personal trading of employees was not based upon insider information and that PIM's clients receive preferential treatment. The trades made by employees of PIM are generally not of sufficient size or volume to have a material effect on securities markets.

PIM does not recommend to clients, or buy or sell for client accounts, any securities in which PIM or a related person has a material financial interest.

### **IX. Brokerage Practices (Item 12)**

PIM does not have an affiliated or related company that is a custodian or securities brokerage firm. We don't receive referrals from any such firm. Specific custodian and securities broker recommendations are made to clients based upon their need for such services. PIM recommends such firms based exclusively upon the custodian/broker's proven integrity and financial responsibility, best execution of transactions at reasonable commission rates and the quality of service provided.

PIM has relationships with and recommends firms such as Charles Schwab and Co., TIAA, and Fidelity Investments. PIM benefits from some of the services provided by these custodians/brokers such as electronic delivery of client account statements and trade confirmations and electronic trading platforms. In addition, PIM benefits from other services provided by custodians/brokers such as investment research, continuing education and practice management information and advice. Such benefits are standard in the industry for relationships with these custodians/brokers and are not in return for, or based upon an obligation or the expectation of PIM directing client accounts or securities transactions to them. PIM reviews the execution of trades, as well as the transaction fees and commissions charged at multiple custodian/brokers periodically to ensure that clients are receiving competitive service and pricing.

For managed brokerage accounts, we primarily recommend the use of Charles Schwab and Co., Inc. as a result of our participation in the Schwab Advisor Services. Charles Schwab is a registered broker-dealer, member SIPC, and will maintain custody of clients' assets and provide execution of securities transactions. PIM is independently owned and operated and not affiliated with Charles Schwab. However, for compliance and operational efficiency purposes, we have decided to utilize the services of Schwab Advisor Services and therefore strongly encourage all clients to open accounts through Charles Schwab to have us manage their brokerage accounts.

We will review alternative custodians in the marketplace for comparison to the currently used custodian, evaluating criteria such as overall expertise, cost competitiveness and financial condition. Quality of execution for custodians will be reviewed through methods such as trade journal evaluations, blogs, chat rooms, advisor to advisor conversations, and study groups. No single criteria will validate nor invalidate a custodian, but rather, all criteria taken together will be used in evaluating the currently utilized custodian.

The decision to recommend Charles Schwab is largely based on the Firm's participation in Schwab Advisor Services and not solely based on our clients' interest in receiving most favorable execution. However, we certainly consider the overall execution services of Charles Schwab when recommending them over other brokerage platforms.

Through the Schwab Advisor Services platform, PIM is provided with access to Charles Schwab's institutional trading and custody services, which are typically not available to Charles Schwab retail investors. By receiving benefits and services from Charles Schwab, we do not have to produce or pay for them directly. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of Firm clients' assets is maintained in accounts at Schwab Advisor Services and is not otherwise contingent upon PIM committing to Charles Schwab any specific amount of business (assets in custody or trading). Charles Schwab's services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For PIM' clients' accounts maintained in its custody, Charles Schwab does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Charles Schwab or that settle into Charles Schwab accounts. The commission and/or transaction fees charged by Charles Schwab could be higher than those charged by other broker/dealers. Charles Schwab enables our Firm to access many mutual funds without transaction charges and other securities at nominal transaction charges. By establishing the bulk of our client accounts at Charles Schwab we are in a better position to negotiate commission and transaction fees they charge to clients.

Charles Schwab also makes available to PIM other products and services that benefit PIM but do not necessarily benefit each clients' account directly. Some of these other products and services assist PIM in managing and administering clients' accounts as a whole. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of advisory fees from its clients' accounts; and assist with back-office functions; recordkeeping and client reporting. Many of these services generally are used to service all or a substantial number of PIM accounts.

Schwab Advisor Services also makes available to PIM, other services intended to help PIM manage and further develop its business. These services include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, Charles Schwab generally makes available, arranges and/or pays for these types of services rendered to PIM by independent third parties. While as a fiduciary, PIM endeavors to act in its clients' best interests, and while the recommendation that clients maintain their assets in accounts at Charles Schwab could be based in part on the benefit to PIM of the availability of some of the foregoing products and services; nevertheless, these products and services by facilitating the Firm's workload are also effectively benefiting our clients as well.

### **Soft Dollars**

PIM does not receive any soft dollar benefits from any custodian or broker in connection with client securities transactions.

### **Directed Brokerage**

PIM does not require clients to place their account(s) or execute their securities transactions with a specific custodian or broker. The client is free to choose the custodian/broker of their choice. However, as previously noted, PIM does routinely recommend specific custodians/brokers that it has established relationships with, to clients. In the event that a client chooses a custodian/broker other than one that is

recommended, PIM could be unable to obtain favorable execution of the client's transactions. In addition, the custodian/broker that the client has chosen could be less cost effective than one that is recommended by PIM.

### **Trade Aggregation**

When PIM is trading the same ETF (exchange-traded fund) security on the same day for multiple client portfolios, PIM generally will attempt to combine or aggregate orders into one or more 'block' orders, rather than placing separate orders for each client. Doing so allows all clients participating in the 'block' trade to receive the same execution price. If a block order is not executed entirely at one price, PIM instructs the broker to average the price so that all clients participating in the 'block' trade receive the same execution price. If PIM is both buying and selling the same security on the same day for different clients, PIM generally places the smaller 'block' order first, in an effort to minimize market impact on the price of the security being traded. PIM believes that this practice provides an element of fairness for all clients. If orders were not aggregated in this manner, PIM would have to choose the sequence in which clients' trades are placed. This would most likely result in some clients' trades being executed at more favorable prices than others. Not all securities being traded are subject to a commission charge by the broker executing the trade. If the particular security being traded is subject to a commission charge by the broker, the client would pay the same commission rate when their order is aggregated with those of other clients, as they would pay if their trade order was placed by itself. Some brokers also offer lower commission rates for trades placed electronically versus those that are placed with a representative over the telephone. Accordingly, PIM attempts to place most trades electronically, so long as doing so does not result in less favorable execution or pricing.

## **X. Review of Accounts (Item 13)**

### **Review of Investment Portfolios**

Investment accounts are reviewed by the Chief Investment Officer, or an appropriately designated alternative individual, as frequently as deemed necessary, but not less often than quarterly. In addition, the client's advisor also reviews a client's portfolio, in preparation for a meeting with the client or otherwise. Account reviews occur more frequently when market conditions dictate or when a client's investment objective changes. A review is also triggered by client request, a change in market conditions, new information about an investment, changes in tax laws, or other important changes.

When a client initially establishes their relationship with PIM, an assessment of their risk tolerance, time horizon and investment goals is performed. This assessment results in the designation of an overall investment objective for the client's portfolio. Each designated investment objective (Aggressive, Growth, Moderate, Conservative) has a target asset allocation range associated with it, with a corresponding minimum and maximum percentage of the portfolio to be invested in various stocks, bonds and cash. As the value of the holdings in a client's portfolio changes over time, the portfolio can become 'overweight' or 'underweight' a particular security or asset class. The purpose of the periodic portfolio reviews is to make a comparison of the percentage of each client's portfolio that is currently invested in each security and asset class, with the prescribed target percentage range that is associated with their designated Investment Objective.

If required, trade orders to reallocate the client's portfolio are prepared and reviewed by either the Chief Investment Officer or the designated alternative individual, and then submitted to the custodian of the client's account for execution.

### **Review of Financial and Retirement Plans**

Financial and Retirement plans are reviewed upon client request or as necessary and appropriate in conjunction with periodic client meetings. Financial Plans are reviewed by either Shalina Martos, CFP®, or Chris Reedy, CFP® and are presented to the client by the client's designated representative. Retirement Plans are reviewed and presented by the client's designated representative.

## **XI. Client Referrals and Other Compensation (Item 14)**

### **Incoming Referrals**

Personal Investment Management, Inc. has been fortunate to receive many client referrals over the years from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other sources. The firm does not pay any employees or outside, unaffiliated individuals or organizations for client referrals.

### **Referrals to Other Professionals**

Personal Investment Management, Inc. will on occasion refer a client or prospective client to other independent professionals, including legal or tax professionals. In such instances, Personal Investment Management, Inc. does not receive or accept any referral fees, or any other form of remuneration from the other professionals.

## **XII. Custody (Item 15)**

### **Account Statements**

All client assets are held at independent qualified custodians who provide account statements directly to the client, at least quarterly. Some custodians, including Charles Schwab & Co., TIAA and Fidelity Investments, offer electronic delivery of and/or online access to account statements, in lieu of delivery via U.S. Mail. The choice of whether to receive account statements, trade confirmations and/or other documents electronically or via U.S. Mail is made exclusively by the client. Clients are urged to carefully review the statements that are provided by the qualified custodian.

### **Statements Provided by Personal Investment Management, Inc.**

In addition to the account statements that are provided by the independent qualified custodian(s), clients are also provided with reports by PIM, quarterly. These reports are generated from our portfolio accounting system and summarize the change in total portfolio value, as well as investment return or performance, "year-to-date" and over additional time periods. Clients may choose to receive their reports from PIM either electronically or via US Mail. Clients are urged to compare the reports that they receive from PIM with the account statements that they receive from the independent qualified custodian(s) of their account(s). Such a comparison will allow clients to determine whether account transactions, including deductions to pay advisory fees, are proper.

### **XIII. Investment Discretion (Item 16)**

PIM's Investment Advisory Agreement stipulates that the client grants discretionary trading authority to PIM. This authority allows us to determine, without first obtaining specific client consent, which securities, as well as the amount of securities to be bought or sold for a client's account, at any time. In order to implement this discretionary trading authorization, the client would sign the custodian's Limited Power of Attorney, or Limited Trading Authorization form. This document authorizes PIM to execute transactions in the client's account, on their behalf.

### **XIV. Voting Client Securities (Item 17)**

Personal Investment Management, Inc. does not accept responsibility for voting proxies for securities in a managed account. The responsibility for voting all proxies rests solely with the client. Proxies are sent by the custodian of the client's account, directly to the client. If a client has a question related to a proxy or how to vote their shares, PIM will attempt to provide additional information to assist them. PIM's overriding philosophy as regards voting proxies, is to do so in such a way as to maximize shareholder value. In the event that PIM engages on a client's behalf, a third-party investment adviser (sub-adviser) to manage a portion of a client's total portfolio in a separate account, the third-party adviser will normally accept authority to vote the securities in that account.

### **XV. Financial Information (Item 18)**

Personal Investment Management, Inc. does not have any financial impairment that would preclude the firm from meeting contractual commitments to clients, including reimbursement of any unearned advisory fees. A balance sheet is not required to be provided because PIM does not serve as a custodian of client funds or securities and does not require prepayment of fees of more than \$1,200 per client, six months or more in advance.