

# Legacy Asset Management, Inc.

## Form ADV Part 2A

### Investment Adviser Brochure

March 31, 2022

This brochure provides information about the qualifications and business practices of Legacy Asset Management, Inc. If you have any questions about the contents of this brochure, please contact Joseph Birkofer, Chief Compliance Officer. 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.

Additional information about Legacy Asset Management, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

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713-355-7171  
[www.legacyasset.com](http://www.legacyasset.com)

## Item 2: Summary of Material Changes

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### **Annual Update**

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

### **Material Changes since the Last Annual Update**

There are no material changes in this brochure from the last annual updating amendment of Legacy Asset Management, Inc. on March 19, 2021. Material changes relate to Legacy Asset Management, Inc.'s policies, practices or conflicts of interests only.

### **Firm Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 713-355-7171 or by email at: [jbirkofer@legacyasset.com](mailto:jbirkofer@legacyasset.com).

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## Item 4: Advisory Business

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### **Firm Description**

Legacy Asset Management, Inc. is an Investment Advisor providing advice to individuals, trusts, estates, retirement plans and charitable organizations. Legacy Asset Management, Inc. was founded in 1998.

### **Principal Owners**

Joseph R. Birkofer is the owner of Legacy Asset Management, Inc.

### **Wealth Management**

Legacy Asset Management, Inc. provides personalized confidential financial planning and investment management (wealth management) to individuals. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

### **Tailored Relationships**

The goals and objectives for each client are documented in our client relationship management system. Clients may impose restrictions on investing in certain securities or types of securities.

### **Wrap Fee Programs**

Legacy Asset Management, Inc. does not participate in a Wrap Fee Program.

### **Assets Under Management**

Legacy Asset Management, Inc. monitors client accounts. As of December 2021, the total assets was \$505,543,840. Discretionary accounts totaled \$139,015,884 and non-discretionary accounts totaled \$366,527,956.

## Item 5: Fees and Compensation

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### **Compensation**

Legacy Asset Management, Inc. charges our wealth management clients a fee for investment advisory services based on a percentage of assets under management (see schedule below).

#### **PORTFOLIO MANAGEMENT FEE SCHEDULE**

<b>AUM</b>	<b>ANNUAL FEE</b>
\$0 - \$500,000	1.25%
\$500,000 - \$1,000,000	1.00%
\$1,000,001 - \$4,000,000	0.75%
\$4,000,001 - \$10,000,000	0.50%
\$10,000,001 - plus	Negotiable

#### **CORPORATE RETIREMENT PLAN FEE SCHEDULE**

<b>AUA</b>	<b>ANNUAL FEE</b>
\$1 - \$1,000,000	0.50%
\$1,000,001 - \$4,000,000	0.30%
\$4,000,001 - \$7,000,000	0.20%
\$7,000,001 - \$20,000,000	0.10%
\$20,000,001 - \$40,000,000	0.05%
\$40,000,001 - \$70,000,000	0.03%
\$70,000,001 - plus	0.01%

Clients will be invoiced in advance at the end of each calendar quarter based upon the market value of the client's account at the end of the previous quarter. Fees will be debited from the account in accordance with the client authorization in the Wealth Management Agreement. Existing clients may have been grandfathered in from a different or negotiated fee schedule. Some accounts may incur minimum fees

Financial planning fees, when negotiated separately, are charged a flat fee of between \$3,500-6,000 based on financial complexity.

In certain circumstances, fees, account minimums and payment terms are negotiable depending on client's unique situation – such as the size of the aggregate related party portfolio size, family holdings, low cost basis securities, or certain passively advised investments and pre-existing relationships with clients. Certain clients may pay more or less than others depending on the amount of assets, type of portfolio, or the time involved, the degree of responsibility assumed, complexity of the engagement, special skills needed to solve problems, the application of experience and knowledge of the client's situation. Lower fees for comparable services may be available from other sources.

### **Calculation and Payment**

The specific manner in which fees are charged by Legacy Asset Management, Inc. is established in the client's written agreement with Legacy Asset Management, Inc.

Legacy Asset Management, Inc. will generally calculate fees in advance on a quarterly basis. Clients may also elect to be invoiced directly for fees or to authorize Legacy Asset Management, Inc. to directly debit fees from client accounts.

Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

### **Agreement Terms**

A client may terminate the client agreement at any time by notifying Legacy Asset Management, Inc. in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. Legacy Asset Management, Inc. may terminate the client agreement at any time by notifying the client in writing.

### **General Information on Compensation and Other Fees**

Legacy Asset Management, Inc. in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

Legacy Asset Management, Inc. fees are exclusive of transaction fees and other related costs and expenses which shall be incurred by the client. Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

## **Other Compensation**

Neither Legacy Asset Management, Inc. nor any of its supervised persons (employees) accept compensation for the sale of securities or other investment products.

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

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Neither Legacy Asset Management, Inc. nor any of its supervised persons (employees) accepts performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

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

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### **Types of Clients**

Legacy Asset Management, Inc. is an investment adviser providing advice to individuals, trusts, estates, retirement plans and charitable organizations.

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

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### **Methods of Analysis**

Legacy Asset Management, Inc. uses the following main sources of information including, financial newspapers and magazines, research materials prepared by others, corporate rating services.

Other sources of information that Legacy Asset Management, Inc. may use include information from investment managers, financial service companies, data base companies, financial journals, and government sources. In evaluating mutual fund investments for advisory clients, Legacy Asset Management, Inc. will review fund performance, holdings, asset size and composition, tenure of management and ratings by independent services. Furthermore, Legacy Asset Management, Inc. utilizes the services of Morningstar Associates, LLC (“Morningstar”), a registered investment advisor. These services provide continuous interactive access through research, education, advice, measurement and reporting modules.

### **Investment Strategies**

Legacy Asset Management, Inc. uses asset allocation, or spreading investments among a number of asset classes and sectors (domestic stocks vs. foreign stocks; large cap stocks vs. small cap stocks; corporate bonds vs. government securities) for most client accounts. Mutual funds and Exchange Traded Funds will be selected on the basis of any or all of the following criteria: the fund’s performance history; the industry sector in which the fund invests; the track record of the fund’s



manager; the fund's investment objectives; management style and philosophy; and management fee structure.

### **Pledged Asset Lines of Credit**

In limited circumstances, as appropriate, Legacy Asset Management may recommend a Pledged Asset Line to clients to meet a specific need of the client. The Pledged Asset Line (PAL) is an uncommitted, securities-based, revolving line of credit, administered by Schwab Bank, that is due and payable immediately upon demand by Schwab Bank. The PAL requires the pledge of securities to Schwab Bank as collateral. The pledged securities are held in a special securities collateral account at Schwab. Entering the PAL and pledging securities as collateral involve a high degree of risk, including those risks listed below.

If you determine that a PAL is appropriate for you and apply for a PAL, you should read the loan documents and this notice carefully, so you understand your obligations as a borrower, guarantor, or pledgor, as the case may be. Schwab Bank can force the sale of securities in your collateral account to satisfy a payment demand from Schwab Bank. Schwab Bank is the sole decision-maker as to whether a PAL is accepted or rejected. As you are responsible for any obligations in your PAL account, you can lose more assets than you deposit in your collateral account. A decline in the value of the securities in the collateral account may result in a demand on your PAL that requires either the payment of all or a portion of the PAL obligations, or the addition of more collateral to the collateral account. You should refer to disclosure from Schwab Bank to understand the risks and requirements of the PAL. Legacy Asset Management does not receive any compensation directly related to the recommendation of the PAL and will always act in the client's best interest when recommending a PAL via Schwab Bank.

### **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. All investment programs have certain risks that are borne by the investor. Legacy Asset Management, Inc.'s investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar next year will not buy as much as a dollar today, because purchasing power is eroding at the

rate of inflation.

- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## Item 9: Disciplinary Information

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Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Legacy Asset Management, Inc. or the integrity of Legacy Asset Management, Inc. Neither Legacy Asset Management, Inc., nor its management persons have ever been involved in a legal or disciplinary event requiring disclosure.

Clients may obtain disciplinary history of Legacy Asset Management, Inc. or its representatives from the S.E.C. upon request.

## Item 10: Other Financial Industry Activities and Affiliations

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### **Financial Industry Activities – Broker-Dealers**

Legacy Asset Management, Inc. is not registered as a broker-dealer.

### **Affiliations – Other**

Neither Legacy Asset Management, Inc. nor any of its management persons have a material relationship or arrangement with any related person or financial industry entities, including:

1. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
2. other investment advisor or financial planner
3. futures commission merchant, commodity pool operator, or commodity trading advisor
4. banking or thrift institution
5. accountant or accounting firm
6. lawyer or law firm
7. real estate broker or dealer
8. sponsor or syndicator of limited partnerships.

### **Other Investment Advisors**

Currently, Legacy Asset Management, Inc. maintains a shared client relationship with Calvin Hunt/Sugar Creek Advisors on approximately 21 corporate qualified retirement plans.

### **Outside Business Activity**

Joseph Birkofer

#### **Non-investment related business:**

#### **Rice University CFP Program**

2004- Present

Instructor

Instructor in the Rice Certified Financial Planning Program at Rice university. 2 hours a month are spent on this activity outside of trading hours. Less than 1% of his yearly income is derived from this business.

#### **Periwinkle Foundation**

1996 - Present

Advisory Board Member

Advisory board member of the Periwinkle Foundation, a children’s charity. 0 hours a month are spent on this activity outside and during trading hours. No compensation is derived

Adriana Sanchez de Tagle Elwood

#### **Investment related business:**

Adriana Sanchez de Tagle Elwood is a licensed insurance agent, however, she is no longer actively selling or offering insurance products. She does receive residual trailing commissions from policies sold in the past.

Adriana Sanchez de Tagle Elwood is a licensed insurance agent. This activity creates a conflict of interest since there is an incentive to recommend insurance products based on commissions or other benefits received from the insurance company, rather than on the client's needs. Additionally, the offer and sale of insurance products by supervised persons of Legacy Asset Management, Inc. are not made in their capacity as a fiduciary, and products are limited to only those offered by certain insurance providers. Legacy Asset Management, Inc. addresses this conflict of interest by requiring its supervised persons to act in the best interest of the client at all times, including when acting as an insurance agent. Legacy Asset Management, Inc. periodically reviews recommendations by its supervised persons to assess whether they are based on an objective evaluation of each client's risk profile and investment objectives rather than on the receipt of any commissions or other benefits. Legacy Asset Management, Inc. will disclose in advance how it or its supervised persons are compensated and will disclose conflicts of interest involving any advice or service provided. At no time will there be tying between business practices and/or services (a condition where a client or prospective client would be required to accept one product or service conditioned upon the selection of a second, distinctive tied product or service). No client is ever under any obligation to purchase any insurance product. Insurance products recommended by Legacy Asset Management, Inc. supervised persons may also be available from other providers on more favorable terms, and clients can purchase insurance products recommended through other unaffiliated insurance agencies.

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

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### **Code of Ethics**

Legacy Asset Management, Inc. employees must comply with a Code of Ethics and Statement for Insider Trading. The Code describes the Firms' high standard of business conduct, and fiduciary duty to its clients. The Code's key provisions include:

- Statement of General Principles
- Policy on and reporting of Personal Securities Transactions
- A prohibition on Insider Trading
- Restrictions on the acceptance of significant gifts
- Procedures to detect and deter misconduct and violations
- Requirement to maintain confidentiality of client information

Joseph Birkofer, Chief Compliance Officer, reviews all employee trades each quarter. These reviews ensure that personal trading does not affect the markets, and that clients of Legacy Asset Management, Inc. receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

Legacy Asset Management, Inc. employees must acknowledge the terms of the Code of Ethics at least annually. Any individual not in compliance with the Code of Ethics may be subject to termination.

Clients and prospective clients can obtain a copy of Legacy Asset Management, Inc. Code of Ethics by contacting Joseph Birkofer at 713-355-7171.

### **Participation or Interest in Client Transactions**

Neither Legacy Asset Management, Inc. nor its employees recommend to clients or buy or sell for client accounts, securities in which they have a material financial interest.

Legacy Asset Management, Inc. and its employees may buy or sell securities that are also held by clients. Employees comply with the provisions of Legacy Asset Management, Inc.'s Code of Ethics.

## **Item 12: Brokerage Practices**

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### **Custodians and Brokers**

Legacy Asset Management, Inc. does not maintain custody of your assets that we manage although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15 Custody, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member of SIPC, as the qualified custodian. We are independently owned and operated and not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we/you instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and open your account with Schwab by entering into an account agreement directly with them. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account, as described in the next paragraph.

### **Selection of Brokers/Custodians-**

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member of SIPC,

as the qualified custodian. We consider a wide range of factors, including, among others, these:

- Combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- Capability to execute, clear and settle trades (buy and sell securities for your account)
- Capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- Reputation, financial strength and stability of the provider
- Their prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (See “Products and Services Available to Us from Schwab”)

### **Custody and Brokerage Costs**

For our clients' accounts it maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab's commission rates applicable to our client account were negotiated based on our commitment to maintain \$10 million of our clients' assets statement equity in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be if we had not made the commitment. In addition to commissions, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

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

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as we keep a total of at least \$10 million of client assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody

services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab's services and not Schwab's services that benefit only us. We have **\$139,015,884** in client assets under management, and do not believe that maintaining at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

### **Products and Services Available to Us from Schwab**

Schwab Advisor Services is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its 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 are generally available on an unsolicited basis (we don't have to request them) and at no charge to us as long as we keep a total of at least \$10 million of our clients' assets in accounts at Schwab. If we have less than \$10 million in client assets at Schwab, it may charge us quarterly service fees of \$10,000.00. Here is a more detailed description of Schwab's support services:

Services that Benefit You. 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 you and your account.

Services that May Not Directly Benefit You. Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. 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 may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements);
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- Provide pricing and other market data;
- Facilitate payment of our fees from our clients' accounts; and
- Assist 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:

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

Schwab may provide some of these services itself. In other cases, it 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.

### **Research and Other Soft Dollar Benefits**

Legacy Asset Management, Inc. does not receive formal soft dollar benefits in connection with client securities transactions.

### **Brokerage for Client Referrals**

Legacy Asset Management, Inc. does not receive client referrals from broker/dealers.

### **Allocation of Batched Orders**

When Legacy Asset Management, Inc. places orders to buy or sell the same security for more than one advisory account managed by the firm, Legacy Asset Management, Inc. may, but is not under any obligation to, batch transactions for such clients for the purpose of obtaining best execution. Generally, such batched transactions will be allocated proportionally to all advisory accounts for which such security is determined to be suitable based on relative account size. Legacy Asset Management, Inc. may make exceptions to this procedure due to special portfolio constraints, cash position, client or regulatory restrictions, odd-lot size of an available transaction, or other equitable fiduciary reason. It is often not possible to receive the same price or time of execution for all of the securities purchased or sold in an aggregated order. Therefore, such aggregated order may be executed in one or more transactions at varying prices and each client's order will receive the average price for the day with respect to such transaction.

Legacy Asset Management, Inc. recommends brokers to its clients. In recommending a broker to a client, Legacy Asset Management, Inc. may consider a number of factors, including fees and commissions, special execution capabilities, reputation, financial strength, efficiency of execution and error resolution, and other matters involved in the receipt of brokerage services as well as the quality of general research services.



## Item 13: Review of Accounts

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### **Reviews**

#### **Semi-Annual Review of “Portfolio Construction Guidelines”**

Semi-annually Legacy Asset Management, Inc. conducts a major review of its recommendations for allocation to individual asset classes, and also of the individual investment vehicles we recommend to fill those allocations and develops overall “Portfolio Construction Guidelines.”

As an integral part of the semi-annual review process, Legacy Asset Management, Inc. conducts a review of the individual investment vehicles (e.g. stocks, bonds, mutual funds or ETF’s) recommended to implement the Guidelines. In the case of an existing vehicle, Legacy Asset Management, Inc. reviews risk-adjusted performance over time, continuity of management, investment philosophy and operating expenses. Should we find a reason to recommend a change, we conduct an extensive research process to locate a suitable replacement vehicle. Topics for analysis include, but are not limited to: risk-adjusted performance over time, manager tenure, investment philosophy and process, and operating expense costs.

#### **Implementation at the Client Level**

Once the Guidelines are in place, principals of the Firm meet with individual clients to review the Master Portfolio Allocation and subsequent Portfolio Re-Balancing. Each client meeting starts with a review of the Allocation, where we work with the client to re- affirm or change the basic allocation to Cash, Fixed Income, Equities, and Alternatives. Once that determination has been made, this analysis is used to calculate the percentage allocation to each of the individual asset classes.

#### **Review Triggers**

Conditions that may trigger an other than semi-annual review are changes in market, political or economic conditions, tax laws, new investment information, and changes in a client's own situation.

#### **Reporting**

Each month, the custodian provides clients with an account statement for each client account, which may include individual holdings, cost basis information, deposits and withdrawals, accrued income, dividends, and performance. In addition, the custodian provides clients with trade confirmations for each position bought and sold.

Legacy Asset Management, Inc. also provides clients with performance reporting including an account appraisal that identifies the current positions as of the reporting date.

## **Financial Planning**

We offer financial planning services to clients. The plan is developed through meetings between the advisor and client. The following topics are considered for the purpose of creating the plan:

- Financial goals and needs analysis
- Personal cash flow analysis
- Net worth analysis
- Review of client's tax situation
- Risk tolerance and risk capacity analysis
- Analysis of current investment asset allocation

Areas of advice typically include (but are not limited to), investments, taxes, retirement, education funding, insurance, estate planning, charitable giving, and cash management strategies.

Plans are charged a flat fee of between \$3,500-\$6,000 based on financial complexity.

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

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (See Item 12 – Brokerage Practices). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

### **Other Compensation**

Charles Schwab & Co., Inc. Advisor Services provides Legacy Asset Management, Inc. with access to Charles Schwab & Co., Inc. Advisor Services' institutional trading and custody services, which are typically not available to Charles Schwab & Co., Inc. Advisor Services retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Charles Schwab & Co., Inc. Advisor Services. Charles Schwab & Co., Inc. Advisor Services includes brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, 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 Legacy Asset Management, Inc. client accounts maintained in its custody, Charles Schwab & Co., Inc. Advisor Services generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or

asset-based fees for securities trades that are executed through Charles Schwab & Co., Inc. Advisor Services or that settle into Charles Schwab & Co., Inc. Advisor Services accounts.

Charles Schwab & Co., Inc. Advisor Services also makes available to Legacy Asset Management, Inc. other products and services that benefit A Legacy Asset Management, Inc. but may not benefit its clients' accounts. These benefits may include national, regional or Legacy Asset Management, Inc. specific educational events organized and/or sponsored by Charles Schwab & Co., Inc. Advisor Services. Other potential benefits may include occasional business entertainment of personnel of Legacy Asset Management, Inc. by Charles Schwab & Co., Inc. Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist Legacy Asset Management, Inc. in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts, if applicable), provide research, pricing information and other market data, facilitate payment of Legacy Asset Management, Inc.'s fees from its clients' accounts (if applicable), and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of Legacy Asset Management, Inc.'s accounts. Charles Schwab & Co., Inc. Advisor Services also makes available to Legacy Asset Management, Inc. other services intended to help Legacy Asset Management, Inc. manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, and human capital consultants, insurance and marketing. In addition, Charles Schwab & Co., Inc. Advisor Services may make available, arrange and/or pay vendors for these types of services rendered to Legacy Asset Management, Inc. by independent third parties. Charles Schwab & Co., Inc. Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Legacy Asset Management, Inc.. Legacy Asset Management, Inc. is independently owned and operated and not affiliated with Charles Schwab & Co., Inc. Advisor Services.

### **Compensation – Client Referrals**

Legacy Asset Management, Inc. does not make or accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

## Item 15: Custody

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Under government regulations, we are deemed to have custody of your assets if you authorize us to instruct Schwab to deduct our advisory fees directly from your account. Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them. We also urge you to compare Schwab's account statements to the periodic account statements/portfolio reports you will receive from us.

### **Custody – Fee Debiting**

Clients may authorize Legacy Asset Management, Inc. (in the client agreement) to debit fees directly from the client's account at the broker dealer (custodian). Client investment assets will be held with a custodian agreed upon by the client and Legacy Asset Management, Inc. The custodian is advised in writing of the limitation of Legacy Asset Management, Inc. access to the account. The custodian sends a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to Legacy Asset Management, Inc.

### **Custody – Account Statements**

As described above and in Item 13, clients receive at least quarterly statements from the broker dealer (custodian) that holds and maintains client's investment assets. Clients are urged to carefully review such statements and compare such official custodial records to the account statements or other reports that Legacy Asset Management, Inc. provides. Legacy Asset Management, Inc. statements may vary from custodial statements based on accounting procedures or reporting dates.

## **Item 16: Investment Discretion**

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### **Discretionary Authority for Trading and Limited Power of Attorney**

Through the Wealth Management agreement, Legacy Asset Management, Inc. may accept limited power of attorney to act on a discretionary basis on behalf of clients. A limited power of attorney allows Legacy Asset Management, Inc. to execute trades on behalf of clients.

## **Item 17: Voting Client Securities**

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### **Proxy Voting**

Legacy Asset Management, Inc. does not have any authority to and does not vote

proxies on behalf of clients. Legacy Asset Management, Inc. also does not render advice to or take any actions on behalf of clients with respect to any legal proceedings, including bankruptcies and shareholder litigation. Clients retain the responsibility for receiving and voting proxies and any legal proceedings for securities maintained in their portfolios; clients receive these corporate actions from directly from either custodians or transfer agents.

## Item 18: Financial Information

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### **Financial Condition**

Legacy Asset Management, Inc. has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

Legacy Asset Management, Inc. is not required to provide a balance sheet; Legacy Asset Management, Inc. does not serve as a custodian for client funds or securities and does not require prepayment of fees of more than \$1,200 per client, and more than six months in advance.

## Other Information

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### **Privacy**

Legacy Asset Management, Inc. is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personal identifiable information about you will be maintained while you are a

client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver our Privacy Notice to you annually, in writing.

### **Business Continuity Plan**

Legacy Asset Management, Inc. has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people. The Business Continuity Plan covers natural and man-made disasters. Electronic files are backed up daily. Alternate offices are identified to support ongoing operations in the event the main office is unavailable.

# Legacy Asset Management, Inc.

## Form ADV Part 2B

### Investment Adviser Brochure Supplement

Supervisor's Name: Joseph Birkofer  
Supervised Persons: Adriana Sanchez de Tagle Elwood

## March 31, 2022

This brochure supplement provides information about the Firm's Supervised Persons that supplements the Legacy Asset Management, Inc.'s brochure. You should have received a copy of that brochure. Please contact Joseph Birkofer, Chief Compliance Officer, if you did not receive Legacy Asset Management, Inc.'s brochure or if you have any questions about the contents of this supplement. Additional information about the Firm's Supervised Persons is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Legacy Asset Management, Inc.  
3411 Richmond, Suite 750  
Houston, TX 77046

## Educational Background and Business Experience

Legacy Asset Management, Inc. requires that advisers in its employment have a bachelor's degree and/or expertise demonstrating knowledge of financial planning and tax planning. Additionally, advisers must have work experience that demonstrates their aptitude for financial planning and investment management.

**Joseph R Birkofer**  
**CRD# 2553233**

**Born: 1961**

### **Education:**

Georgetown University, BS in Political Science, 1983  
University of Texas, MBA Finance, 1991

### **Business Background (for preceding 5 years):**

Legacy Asset Management, Inc. Vice President (CFP®, AIF®)	1998 - Present
Rice University CFP Program Instructor	2004 – Present
Birkofer Consulting, LLC Managing Member	2018 – 2021
Legacy Asset Securities, Inc. President, (CFP®, AIF®)	1999 –2021

### **Professional Designations and Licenses:**

The CERTIFIED FINANCIAL PLANNER (CFP®)  
Accredited Investment Fiduciary® (AIF®)  
Uniform Securities Agent State Law, Series 63  
Uniform Investment Advisor Law, Series 65

### **Disciplinary Information**

Not subject to any legal or disciplinary events.

### **Other Business Activities**



Not engaged in any investment-related business or occupation (other than this advisory firm).

**Additional Compensation**

Other than salary, annual bonuses, or regular bonuses, Joseph R Birkofer does not receive any economic benefit from any person, company, or organization, in exchange for providing clients advisory services through Legacy Asset Management, LLC.

**Adriana Sanchez de Tagle Elwood**  
**CRD# 7438491**

**Born: 1970**

**Education:**

BS Business, Universidad Iberoamericana

**Professional Designations**

The CERTIFIED FINANCIAL PLANNER™, CFP®

**Business Background (for preceding 5 years):**

Legacy Asset Management, Inc. 07/2021 - Present  
Investment Adviser Representative

Unemployed 09/2018 – 07/2021  
N/A

RhinoPro 08/2017 – 08/2018  
CFO

Exfinia Financial Services 02/2016 – 08/2017  
Financial Advisor

**Disciplinary Information**

Not subject to any legal or disciplinary events.

**Other Business Activities**

Adriana Sanchez de Tagle Elwood is a licensed insurance agent, however, she is no longer actively selling or offering insurance products. She does receive residual trailing commissions from policies sold in the past.

**DELETE**

Adriana Sanchez de Tagle Elwood is a licensed insurance agent. This activity creates a conflict of interest since there is an incentive to recommend insurance products

based on commissions or other benefits received from the insurance company, rather than on the client's needs. Additionally, the offer and sale of insurance products by supervised persons of Legacy Asset Management, Inc. are not made in their capacity as a fiduciary, and products are limited to only those offered by certain insurance providers. Legacy Asset Management, Inc. addresses this conflict of interest by requiring its supervised persons to act in the best interest of the client at all times, including when acting as an insurance agent. Legacy Asset Management, Inc. periodically reviews recommendations by its supervised persons to assess whether they are based on an objective evaluation of each client's risk profile and investment objectives rather than on the receipt of any commissions or other benefits. Legacy Asset Management, Inc. will disclose in advance how it or its supervised persons are compensated and will disclose conflicts of interest involving any advice or service provided. At no time will there be tying between business practices and/or services (a condition where a client or prospective client would be required to accept one product or service conditioned upon the selection of a second, distinctive tied product or service). No client is ever under any obligation to purchase any insurance product. Insurance products recommended by Legacy Asset Management, Inc. supervised persons may also be available from other providers on more favorable terms, and clients can purchase insurance products recommended through other unaffiliated insurance agencies.

### **Additional Compensation**

Adriana Sanchez de Tagle Elwood does not receive any economic benefit from any person, company, or organization, other than Legacy Asset Management, Inc. in exchange for providing clients advisory services through Legacy Asset Management, Inc.