

**Item 1: Cover Page**

# **Rechter Wealth Management, LLC**

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## **Form ADV, Part 2A Brochure**

**March 10<sup>th</sup>, 2025**

This brochure provides information about the qualifications and business practices of Rechter Wealth Management, LLC (hereinafter “RWM”). Peter J. Rechter, a certified financial planner, is the sole principal/owner of the firm. If you have any questions about the contents of this brochure, please contact Peter Rechter at 703-304-9195, or at [peterechter@rechterwealth.com](mailto:peterechter@rechterwealth.com). The firm’s fax number is 866-484-7363.

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 Rechter Wealth Management also is available at [www.rechterwealth.com](http://www.rechterwealth.com) and on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

The purpose of this page is to inform you of any material changes since the previous version of this brochure was published. If you are receiving this brochure for the first time, this section may not be relevant to you.

There are no material changes since the last update to this brochure on March 24<sup>th</sup>, 2024.

RWM reviews and updates the brochure at least annually to make sure that it is still current.

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## **Item 4: Advisory Business**

Rechter Wealth Management, LLC (hereinafter “RWM”) is a fee-based investment adviser registered with the State of Virginia. The firm was established in February, 2003. RWM offers personalized investment advisory services mainly to individuals, but also offers its services to small businesses, non-profits, trusts, and estates. Peter J. Rechter, a certified financial planner (CFP), is the sole owner of the firm. Peter currently employs one investment advisor representative whose duties are research and admin related. Assets under management as of December 31<sup>st</sup>, 2024 totaled \$124,120.973 of which \$98,700,967 were billable assets. All assets managed by RWM are managed on a non-discretionary basis.

RWM offers two types of advisory services: *Financial Planning Services* and *Portfolio Management Services*.

### **Financial Planning Services**

RWM will provide financial planning advice to its Clients regarding the management of their financial resources and appropriate strategies for helping them in achieving their financial goals. All potential clients will receive a complimentary initial consultation. Thereafter, if the client decides to engage RWM for financial planning services, a follow up meeting will be conducted for the purpose of collecting pertinent information about the client's financial circumstances and objectives. Once such information has been reviewed and analyzed, a written financial plan – designed to achieve the clients' stated financial goals and objectives – will be produced and presented to the client.

Financial plans are based on the client's financial situation at the time the plan is presented and are based on financial information disclosed by the client to RWM. Clients are advised that certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. RWM cannot offer any guarantees or promises that the client's financial goals and objectives will be met. As the client's financial situation, goals, objectives, or needs change, the client must notify RWM promptly.

### **Portfolio Management Services**

Through RWM's portfolio management services, the firm provides non-discretionary portfolio management services on a continuous basis. RWM does not participate in wrap fee programs.

#### **Directly Managed Accounts**

When appropriate to the needs of the Client, RWM will manage the Client account(s) directly. Such advice will typically begin with the development of an asset allocation plan that is tailored to the financial objectives, time horizon, and risk tolerance of the Client. Based on this allocation plan, RWM will then design an investment plan using no load and load waived mutual funds as the investment vehicle of choice. Once implemented, the portfolio will be monitored and formally reviewed with the Client on a quarterly or semi-annual basis, depending on portfolio size/complexity, and Client preference. Where RWM manages the Client account(s) directly, the Client account(s) will generally be held in custody at, and securities will be purchased through, the facilities of Fidelity Institutional Brokerage Group. While all assets managed by RWM are managed on a non-discretionary basis, RWM places all buy/sell orders on the Client's behalf through the Fidelity trading platform only upon receiving approval from the Client to do so.

RWM will rely on the personal and investment information provided by the Client in managing the Client's assets. The Client may impose restrictions on investing in certain securities or types of securities, and RWM will make every effort to abide by such restrictions. In the event that RWM deems that such restrictions would significantly hamper the firm's ability to effectively manage the Client's portfolio, the Client will be notified and RWM will offer to terminate the Client agreement if the Client so wishes.

## **Item 5: Fees and Compensation**

### **Portfolio Management Services**

Clients utilizing RWM's portfolio management services will be charged an annualized fee based upon a percentage of the assets being managed. The investment management fee charged will vary depending upon the market value of the assets under management, and is based on the following fee schedule:

<b><u>Assets Level</u></b>	<b><u>Annualized Fee</u></b>
\$0 - \$499,999	1.00%
Next \$500,000 - \$999,999	0.85%
Next \$1,000,000 - \$2,000,000	0.65%
Assets over \$2,000,000	0.50%

These fees are payable quarterly in arrears, and are computed based on either the opening account value (consolidated portfolio) for the preceding quarter or the closing account value (consolidated portfolio) for the preceding quarter depending on which value produces the lowest fee to the client. RWM's fees are negotiable and arrangements with any particular client may differ from those described above. A minimum asset size of \$1,000,000 is normally required for RWM to manage a portfolio. However, currently, RWM is not accepting new clients regardless of asset size.

All fees paid to RWM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. Only no load or load waived mutual funds will be recommended to Clients. However, there may be transaction charges involved with certain mutual fund purchases and sales as well as transactions involving individual securities. RWM does not share in any portion of the brokerage fees/transaction charges imposed by the custodian holding the Client's funds or securities. Nor does RWM receive any compensation from the mutual funds/mutual fund families that it recommends to Clients. Although RWM does not share in any brokerage fees imposed by the custodian, RWM will credit the Client on their next quarterly management fee assessment for any such charges they incur as long as the transaction/brokerage charge was the result of implementing a recommendation made by RWM. The exception would be for individual securities that the Client would like to hold and actively trade in their account that are separate from the investment strategy recommended and implemented by RWM. Aside from the advisory fees that RWM receives from Clients, RWM does not receive any other compensation for the purchase or sale of securities or other investment products.

Depending upon Client preference, RWM will either invoice the Client directly for portfolio management services or payment of fees will be directly deducted from the Clients' accounts by the custodian holding the Clients' funds and securities. In order for fees to be directly deducted, the following requirements must be met:

- The Client provides written authorization by indicating on the signed Client agreement their permission for adviser fees to be paid directly from the Client's account held by the custodian. RWM does not have access to Client funds for payment of fees without client consent in writing.
- RWM sends the Client an invoice showing the amount of the fee, the value of the Client's assets on which the fee was based, and the specific manner in which the fee was calculated.
- It is disclosed to the Client that it is the Client's responsibility to verify the accuracy of the fee calculation and that the custodian will not determine whether the fee is properly calculated.
- RWM will direct the custodian as to the specific fees to be deducted from the Clients' accounts.
- The custodian agrees to send the Client a statement, at least quarterly, indicating all amounts dispersed from the account including the amount of the advisory fee paid directly to RWM.

RWM or the Client may terminate the management agreement within five days of the date of acceptance with no penalty to the Client. After the five-day period, either party, upon 15 business days written notice to the other may terminate the management agreement. Since fees are deducted in arrears, upon termination, a final fee invoice will be prepared covering the period up through the agreed upon termination date.

RWM shall never have custody of any Client funds or securities, as the services of an independent custodian will be used for these asset management services. For portfolio management services, RWM makes exclusive use of Fidelity Institutional Brokerage Group as custodian for Clients' assets.

Clients may utilize the broker/dealer of their choice and have no obligation to purchase or sell securities through Fidelity. However, if Clients choose another broker/dealer, RWM services will be limited to providing financial planning analysis including a recommended asset allocation design. In these cases, RWM will be unable to provide ongoing portfolio management services.

Please refer to Item #12, "Brokerage Practices" for additional information regarding RWM's relationship with Fidelity Institutional Brokerage Group as custodian of RWM's Clients' assets.

## **Financial Planning Services**

All potential Clients will receive a complimentary initial consultation. If the client decides to engage RWM for financial planning services, pertinent information will be collected, either as an extension of the initial consultation meeting or in a follow up meeting, related to the Client's financial circumstances and objectives. RWM will review and analyze the information and prepare a written financial plan designed to achieve the Clients' stated financial goals and objectives. This plan will then be presented to the Client.

RWM charges an hourly fee of \$200.00, subject to negotiation, for financial planning services. An estimate of the total cost will be determined at the start of the advisory relationship. The final fee shall be directly dependent upon the facts and circumstances of the Client's financial situation and the complexity of the financial plan or service(s) requested. The minimum fee for preparation of a comprehensive financial plan is \$1,500. This fee will be paid only after the plan has been presented to the Client, and the Client is satisfied that their planning requirements as outlined in the initial consultation have been met. For clients utilizing RWM's portfolio management services, there will typically be no additional charge for financial planning services.

Clients may act on RWM's recommendations by placing securities transactions with any brokerage firm the Client chooses. The client is under no obligation to act on RWM's financial planning recommendations. Moreover, if the Client elects to act on any of the recommendations, the Client is under no obligation to implement the financial plan through RWM.

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

RWM does not charge performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a Client.

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

RWM will provide advisory services to various types of Clients, including

- **Individuals:** The majority of RWM's Clients will be individuals seeking financial planning and portfolio management services for their personal accounts. While *Financial Planning* services can be provided regardless of account values, *Portfolio Management Services* will be restricted to individual accounts (or multiple accounts in one household) with a minimum asset value of \$1,000,000. Note: RWM at its discretion may waive the minimum asset value.
- **Small Businesses and Non-Profits:** Occasionally, RWM may provide advisory services to small businesses and non-profits seeking financial planning or portfolio management services for their organization's interests. The same asset size restrictions as noted above would apply.
- **Trusts and Estates:** The same asset size restrictions as noted above would apply.

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

For *Financial Planning Services*, RWM analyzes the Client's financial goals and objectives, income and spending, savings and investments, risks and insurance needs, asset allocation, and tax and estate implications. This analysis seeks to ensure that the Client's current needs are addressed while making progress toward meeting the longer term financial goals and objectives.

For *Portfolio Management Services*, RWM applies the principles of portfolio diversification in an effort to optimize the risk and potential return of the portfolio. More specifically, a multi asset class portfolio is designed for each client based on their investment objectives, risk tolerance, current financial situation, and time horizon. After completing the asset allocation design, RWM will recommend a variety of no load or load waived mutual funds that appropriately represent each asset class included in the portfolio. Often, several different mutual funds may be recommended to represent a particular asset class in an effort to further enhance diversification and help minimize portfolio volatility. RWM conducts extensive research and analysis on mutual funds covering a wide range of mutual fund families in an effort to select funds that not only meet the asset allocation objectives of the portfolio, but also have demonstrated strong management, strong historical risk adjusted returns, and reasonable expenses relative to other available mutual funds with similar investment objectives. When RWM concludes that a mutual fund initially selected for a portfolio no longer meet these criteria, RWM will recommend a replacement fund for the portfolio.

A target asset allocation is established for each portfolio managed by RWM. Generally, RWM reviews each client's portfolio on a quarterly basis to evaluate the extent to which the actual allocation matches the target allocation. When the variance is excessive (typically when the deviation from the target allocation exceeds 10%...e.g. target allocation is 30% and actual allocation is above 33% or below 27%), RWM will recommend re-balancing in order to bring the actual allocation within an acceptable range of the target allocation. Based on the philosophy that all types of investments are subject to market cycles, portfolio re-balancing offers a systematic process to sell when investment categories /asset classes have been in favor and to buy when they have been out of favor.

Regardless of the portfolio diversification and risk management strategies utilized by RWM as discussed above, any investment in securities carries market risk and investors may lose their principal investment. RWM does not represent, warranty, or imply that the services or methods of analysis employed by the firm can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

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

RWM does not have any disciplinary information to disclose. Clients or prospective clients can always view the CRD records (registration records) for RWM through the SEC's Investment Adviser Public Disclosure (IAPD) website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The CRD number for RWM is 125254.

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

Neither Rechter Wealth Management, LLC nor Peter J. Rechter have any other financial industry activities or affiliations.

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

RWM's Code of Ethics sets forth standards of conduct and requires compliance with securities laws. RWM will provide a copy of its code of ethics to any Client or prospective Client upon request.

As an employee of RWM, associated persons may learn confidential information concerning RWM and its clients. "Confidential information" generally means all information not publicly available (through the media or public records) and includes, but is not limited to:

- The composition of client portfolios.
- Certain records, procedures and other proprietary information.
- Family or personal information.

It is RWM's policy that individuals employed by the firm must not disclose, directly or indirectly, any confidential information to anyone other than RWM personnel and authorized professional advisors such as broker dealers, attorneys, and accountants who need such information in order to discharge their professional services.

Peter J. Rechter, sole owner of RWM may buy or sell – for his personal account(s) – investment products identical to those recommended to Clients, or he may own securities that are subsequently purchased for or recommended to Clients. These investment products are widely held and publicly traded. It is RWM's expressed policy that no person employed by the firm shall effect for himself or herself or for his or her immediate family (i.e. spouse, minor child) any transaction(s) in a security that is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of RWM's clients, unless in accordance with the following:

1. If RWM is purchasing or considering for purchase any security on behalf of its client(s), no associated person may transact in that security prior to the client purchase having been completed by RWM, or until a decision has been made not to purchase the security on behalf of the client; and
2. If RWM is selling or considering the sale of any security on behalf of its client(s), no associated person may transact in that security prior to the sale on behalf of the client having been completed by RWM, or until a decision has been made not to sell the security on behalf of the client.

#### Exceptions

1. This policy has been established recognizing that some securities being considered for purchase and sale on behalf of RWM's client(s) trade in sufficiently broad markets to permit transactions by RWM to be completed without any appreciable impact on the markets of the securities. Under certain circumstances exceptions may be made to the policies stated above. Records in these trades, including reasons for the exceptions, will be maintained with RWM's records.

It is further noted that RWM is in, and shall continue to be in compliance with The Insider Trading and Securities Fraud Enforcement Act of 1988. Specifically, RWM has adopted a firm wide policy statement outlining insider-trading compliance by the firm, its associated persons and other employees if such individuals were to be hired by the firm in the future.

## **Item 12: Brokerage Practices**

For portfolio management services, RWM makes exclusive use of Fidelity Institutional Brokerage Group as custodian for Clients' assets. RWM selected Fidelity based on their broad platform of no load and load waived mutual fund families available to RWM in designing and managing Client portfolios, their extensive Client service, products trading, and account reporting features, their high level of business support to its registered investment advisors, and their low cost transaction fees. From a Client's perspective, brokerage/transaction fees are typically not an issue. As noted previously in Item #5, Fees and Compensation, in the limited number of cases where a Client incurs a transaction fee charged by Fidelity, RWM will typically refund these fees to the Client through a credit on their next quarterly fee assessment.

Clients may utilize the broker/dealer of their choice and have no obligation to purchase or sell securities through Fidelity. However, if Clients choose another broker/dealer, RWM services will be limited to providing financial planning analysis including a recommended asset allocation design. In these cases, RWM will be unable to provide ongoing portfolio management services. RWM's policy in this regard can differ from other investment advisors who may not require their Clients to direct brokerage. RWM does not aggregate the purchase or sale of securities for Clients' accounts. However, given that RWM's investment recommendations focus exclusively on no load or load waived mutual funds, there would be no benefit to aggregating purchases or sales of these investments.

Research products and services RWM receives from Fidelity include financial publications, information about the economy, financial markets, particular companies and industries, and computer software, e.g. customized client and other reporting features. These products and services provide lawful and appropriate assistance to the firm in the performance of its investment decision-making responsibilities. RWM does not receive Client referrals from Fidelity.

## Item 13: Review of Accounts

RWM monitors Client accounts on a continuous basis and prepares a formal portfolio review typically on a quarterly basis. All client reviews are conducted exclusively by Peter J Rechter, sole principal and owner of RWM. The formal portfolio review includes several components:

1. Discussion of any outstanding financial planning items/issues or any other financial related issues/concerns/opportunities addressed by the Client.
2. A review of the year-to-date performance of major market indices covering the same time period as the portfolio performance analysis included in the review.
3. An asset allocation analysis in which the portfolio's target allocations are compared to the portfolio's current allocations.
4. A portfolio performance analysis comparing the portfolio's performance on a year-to-date basis and additional time frames including since inception to a number of relevant market indices covering the equities, fixed income, commodities, and cash markets. Additionally, a custom benchmark is developed for the Client's portfolio that represents the Client's specific target allocation. The current portfolio is then back tested over a five-year time frame to compare back tested performance against this custom benchmark to help assess the quality of the current portfolio relative to expectations. Lastly, for Clients with a financial plan, portfolio performance is compared to performance assumed in the financial plan to assess whether the Client is still on track relative to their financial plan assumptions regarding investment returns.
5. A list of action items requiring Client approval. These can include portfolio rebalancing recommendations, mutual fund replacements, or other financial planning related items requiring attention.

The formal written reports are offered to the Clients either via a personal meeting, mail, or email. If the Client requests that the reports be mailed or emailed to them, RWM actively encourages their engagement via a phone meeting, email, or subsequent personal meeting to review the report. If the Client prefers to skip a quarterly review meeting, including any phone or email discussion of the review, RWM will remind the Client that any recommended open action items included in the review regarding portfolio rebalancing or other investment changes cannot be implemented without the Client's approval.

It should be noted that while formal portfolio reviews are typically prepared and delivered to the Client on a quarterly basis, the portfolio values used in the report may not coincide with the end of a calendar quarter. Rather, account values used for the asset allocation analysis will be current...typically based on the portfolio values at the time the review is prepared, and the account values used for the performance analysis will be based on the most recent end of month values prior to the review. The end of month values may or may not tie to the end of a calendar quarter depending on when the review was prepared. Since the quarterly review process typically spans about a six week period (reviews typically begin in the third week of the month following the end of the quarter and continue through the end of the following month), the objective is to provide the Client with a more current view of their portfolio allocation and performance than would be possible if all Client reviews were prepared based on end of the previous calendar quarter account values.

It should also be noted that in addition to the formal portfolio reviews, RWM offers to confer with any Client on an as needed/requested basis and develop any supplemental financial/portfolio analysis and recommendations requested by the Client. This additional analysis is typically prepared at no additional charge unless the scope of the analysis is significantly beyond the scope of the services offered by RWM as outlined in the Client agreement.

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

RWM does not have any policy for paying its Clients or other financial professionals a compensation for referring potential new Clients to RWM for financial planning and/or investment advisory services.

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

RWM does not serve as custodian of any Client funds or securities. Portfolio assets subject to RWM's supervision will be maintained in Client's custody by Fidelity Institutional Brokerage Group. At no time will RWM willfully or intentionally exercise custody or have access to such assets other than deducting the Client's quarterly fee assessments if the Client has granted RWM the authority to do so (see Item #5 "Fees and Compensation").

Fidelity will provide account statements to the Client on a monthly basis. While RWM does not provide the Client with monthly account statements, RWM does provide Clients with a quarterly fee assessment report outlining the calculations used in determining their quarterly advisory fee. Since the fee assessment calculations are based on the Clients' closing Fidelity account statement values, Clients are urged to carefully review and compare the account values reported on their Fidelity statements with the account values reported on their fee assessment report to ensure accuracy/consistency. RWM also provides a comprehensive portfolio review report typically on a quarterly basis that will include information and analysis on Client account values, allocation and performance. Due to differences in reporting dates, formats, and objectives, the portfolio values included in RWM's portfolio review report will often differ from the end of month account values provided by Fidelity.

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

RWM manages all Client portfolios on a non-discretionary basis only. While all Client buy and sell orders are executed and monitored by Peter J. Rechter through Fidelity Investment's trading platform, these trades are only placed after discussing the trade recommendations with the Client and receiving their approval to do so.

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

For any security that entails a voting right in the underlying company, RWM will not have or accept authority to vote Client securities. All voting issues, proxies, and solicitations will be communicated to Advisory Clients through the Client's broker-dealer/custodian. For Client assets managed by RWM, the custodian would be Fidelity Investments. Upon request, however, RWM may help explain or answer questions regarding a given voting issue. Clients can contact Peter J Rechter with any questions either by calling or emailing him directly.

### **Item 18: *Financial Information***

RWM would be required to disclose additional financial information if it were to charge fees in advance. But as described in Item #5, *Fees and Compensation*, RWM charges all advisory fees in arrears. In any case, RWM has no material financial information (e.g. bankruptcies, liens, judgments) that impairs its ability to meet contractual and fiduciary commitments to its clients. Since inception of RWM in February 2003, neither Peter J Rechter nor RWM has ever been subject to a bankruptcy petition.

## **Item 19: Requirements for State-Registered Advisers**

RWM is registered in the state of Virginia. The education and business background for Peter J. Rechter, sole owner and employee of the firm is as follows:

*Year of Birth:* 1953

*Formal Education After High School:*

- Villanova University, 1975, B.A., Economics
- University of Maryland, 1976, M.B.A., Finance
- College of Financial Planning, 1998, Certified Financial Planner professional designation

*Business Background for the Previous Fifteen Years:*

- Rechter Wealth Management, LLC, Owner, 02/2003 - Present

Peter J. Rechter is not actively engaged in any other business besides his financial advisory business as outlined in this brochure.