

Percy E. Bolton Associates, Inc.  
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Pasadena, CA 91106

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

Part 2A of Form ADV  
Brochure

March 31, 2019

This brochure provides information about the qualifications and business practices of Percy E. Bolton Associates, Inc. If you have any questions about the contents of this brochure, please contact us at 626-356-9660. The information in this brochure has not been approved or verified by the United Securities and Exchange Commission or by any state securities authority.

Percy E. Bolton Associates, Inc. is a Registered Investment Adviser. Registration with the United States and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

**Statement of Qualifications**

Additional information about Percy E. Bolton Associates, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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### Item 3 Material Changes Since Last Update

The last update to our brochure was on March 30, 2018.

The following is a summary of material changes made to our brochure since the last annual update:

PEBA has made updates and amendments to Items 4 and 7, updating the typical client profile, providing clearer explanation of types of services provided, and removing types of service offered to new clients.

Item 5 has an updated pricing model as of January 1, 2019.

We will ensure that clients receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our business' fiscal year. We may provide other ongoing disclosure information about material changes as necessary. We will further provide clients with a new brochure as necessary based on changes or new information, at any time, without charge.

Currently, our brochure may be requested by contacting Percy E. Bolton, CFP®, at 626-356-9660 or pebolton@percybolton.com. Our brochure is also available on our web site [www.percybolton.com](http://www.percybolton.com), free of charge.

Additional information about Percy E. Bolton Associates, Inc. is available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with PEBA who are registered, or are required to be registered, as investment adviser representatives of PEBA. You may find additional information regarding PEBA's registration with the state of California by visiting <https://brokercheck.finra.org/>.

## Item 4 Advisory Business

### **ITEM 4A: Firm Description and Principal Owners**

Percy E. Bolton Associates, Inc. was incorporated in the state of California in 1986. It has been providing personal financial planning and investment services to individuals and businesses since its inception. It is a registered advisor in the state of California. Its founder, Percy E. Bolton, is 100% owner of the corporation and the sole financial planner in the firm.

### **ITEM 4B: Type of Advisory Services**

Percy E. Bolton Associates, Inc. provides fee-only Retirement Income Management Services and Investment Consulting Services to individuals and businesses. These services may be general in nature or focused on a need or area, depending upon the Client's unique circumstances. A primary function of Percy E. Bolton Associates is providing retirement income planning and investment advice to individuals and families. Advice is rendered in the areas of cash flow, balance sheet, budgeting, income taxes, investment policy, retirement policy, estate planning, special needs planning, goals and objective setting.

Percy E. Bolton Associates first conducts an initial interview and gathers data to assist Client in determining specific needs, goals, and objectives. Percy E. Bolton Associates then prepares an analysis of the current situation and possible future scenarios; when appropriate. Next, Percy E. Bolton Associates presents the analysis and written summary of the significant observations, assumptions and suggestions within each area that Percy E. Bolton Associates was engaged to provide advice.

We offer two distinct and separate planning services. The first is Retirement Income Management and the second is Investment Consulting.

#### Our Retirement Income Management Process

At Percy E. Bolton Associates, a unique, procedurally prudent process guides our approach. We employ a three-step process to develop, supervise and manage retirement income plans that will put our clients on their way to having the retirement they desire. These are not three unrelated, static steps or stages but rather an integrated, ongoing process.

While there is general agreement that retirement planning is an ongoing process, what remains is to define what constitutes "the process." In simple terms the ongoing cyclical retirement income management process is defined in three phases: Planning, Implementation, and Ongoing Monitoring.

At this high-level view, the retirement income management process looks like it could be derived from the general tenets of almost any kind of planning. However, a more detailed review of each step in the cycle demonstrates that Percy E. Bolton Associates' retirement income process is unique and multi-faceted.

The components of our retirement income management process are as follows:

#### Phase One: Plan

##### Capture Client Data

The first step is to capture and document the client's fundamental information. In this stage, we will have a conversation with a client to discuss the process of retirement

planning and the importance of the information and assumptions used to create a plan. Key demographic information includes current age, planned retirement age, and anticipated longevity. We use a questionnaire-driven approach to ensure all the required information about the client is gathered. This is a critical stage because even the best planning platform cannot compensate for incomplete or inaccurate client data.

#### Identify Assets, Liabilities, and Income Sources

The next step of the “interview” process is to gather financial information. All asset types are included - both investment and non-investment related.

- Investment assets include: Checking/saving accounts, IRAs, 401(K)/403(b), Roth IRAs, brokerage accounts, annuities, stocks, bonds, stock options/deferred compensation vehicles, and the cash value of life insurance.
- Non-investment assets include: Primary and other residences, rental property, automobiles, art, jewelry, collectibles, business interests, and personal loans to others.
- Liabilities include: Mortgages, automobile loans, lines of credit and personal loans.
- Major income categories include: Current salary, expected monthly social security income, pension income and income from other sources.

This step gives us a broad view of the client’s financial condition and provides an opportunity for us to understand the client’s complete financial picture. By consolidating assets, we will ultimately be able to administer and implement a plan that incorporates all investable assets and deliver a truly consolidated view for the client.

#### Establish Spending and Legacy Goals

The next step is to establish a spending goal and if necessary, legacy goals for the client. Expenses include a broad range of items like the cost of food, clothing, transportation, travel, entertainment, personal interests, medical and insurance costs, and other miscellaneous expenses. Based on a retiree’s personal preferences and retirement phase, expenses should be categorized as essential or discretionary. Essential expenses are expenses that are required for living. Discretionary expenses are the extra things that make life fuller and more enjoyable. In retirement income planning, generating income to cover essential expenses should be given priority, while discretionary expenses may have to be adjusted to enhance the plan’s success probability. An important step in pre-retirement planning is for people to visualize their living situation and activities during the phases of retirement, understand their priorities, and realistically project the expenses that are required to support their desired lifestyle. Finally, for some, leaving a legacy to children, charity or a valued institution is a high priority goal. It is important to understand this requirement to ensure that the desired legacy is reflected in the overall retirement analysis and planning process.

#### Review Annuitization, Insurance, and Asset Allocation

The concept of annuitization is a widely accepted risk management strategy. Independent studies have found significant improvement in the likelihood that a retiree will maintain a target level of sustainable income by allocating some portion of assets to annuitization.

The questions that arise include:

- Should the client annuitize assets?
- What percentage of assets should be annuitized?
- At what point should the client annuitize?
- Can the client benefit from additional life insurance coverage?

To answer these questions, the following factors need to be considered:

1. Value of total wealth
2. Human capital

3. Time horizon
4. Subjective survival probability
5. Risk attitude and capacity
6. Bequest objectives
7. Marital Status
8. The ratio of wealth to essential expenses

All the above factors impact an individual client's need for insurance, appropriate investment allocation, and payout annuities. A well-designed retirement income planning process must consider all these factors.

#### Long-Term Care Insurance

It is essential that the planning process consider the cost-benefit implications of long-term care insurance. For many, long-term care premiums represent a significant expense that is critical to evaluate when calculating the sustainable income needed during retirement.

#### Develop and Optimize Projections

Next, we will incorporate the collected information pertaining to assets, income, expenses, goals, key assumptions, and the client's risk profile to develop initial projections. This is a key step in the process of building an optimized solution that is customized to the client's needs and goals. The objective of this optimization process is to minimize the potential for income shortfalls and to increase the probability of sustaining income at desired levels.

#### Using Monte Carlo Simulation to Support the Optimization Process

We use Monte Carlo Simulations to assist us in the optimization process. Computer supported Monte Carlo simulations is an important tool in the optimization process. The Monte Carlo analysis method is a statistical evaluation of mathematical functions using random samples. A Monte Carlo analysis of a retirement income plan considers returns, volatility, income, contributions, expenses, withdrawals, and many other factors, and usually incorporates assumptions based on historical statistics. The Monte Carlo program generates thousands of different scenarios by randomly changing one component each time. Monte Carlo analysis is a useful tool that we employ to help investors compare possible solutions and to make better-informed decisions.

#### Perform What-If Testing

The result of a Monte Carlo analysis is a probability that a given plan will be successful in sustaining income for a person throughout their lifetime. If the probability results are unacceptable, a series of trade-offs in different plan variables can increase the success rate of the plan. Using this process, we guide the client through the trade-offs that are available to increase the probability of meeting income and lifestyle goals to an acceptable level. Typical trade-offs to consider include delaying retirement, increasing pre-retirement saving rates, altering discretionary expenses, working during retirement, and changing asset allocations.

#### Construct an Actionable Plan

Without a doubt, retirement income projections and analyses provide very helpful guidelines for retirees; however, this analysis is just the first step. To support an integrated retirement income process, you need an approach with the capability to directly convert the recommendations resulting from the profiling, analysis and what-if testing into a specific and actionable investment recommendation. Integration between the profiling and analysis phases with the generation of a specific investment recommendation (the retirement action plan) has multiple advantages. The first advantage is that nothing is lost in translation. The same documented goals, assumptions and risk profile that have driven the optimized income projection are used to directly drive the

investment recommendation. Finally, because the advisor and client have interacted closely to construct the plan by making the necessary trade-offs, the client has participated in developing the rationale for the proposed recommendation.

## Phase Two: Implement

### Agree on Plan and Initiate Implementation

Once a client has agreed to the retirement action plan, the next step is to implement the recommendations. We help the client to complete forms and paperwork; process account openings; transfer and/or consolidate assets; perform purchases and sales to invest in recommended portfolios; obtain additional life insurance if needed and annuitize an appropriate portion of assets in accordance with the schedule in the approved plan. The implementation stage incorporates the back office operational support required to execute the account opening and asset transfer activities. We also help the client to establish the withdrawal plan and associated automatic withdrawal schedule in line with their stated income needs and goals.

### Establish Withdrawal Strategy

There are many approaches to withdrawing income from a retirement portfolio. Selecting the right approach is a critical decision from an income sustainability perspective. We help the client to review their options, finalize the withdrawal plan, and set up the automatic withdrawal schedule as needed.

## Phase Three: Monitor

### Re-Plan and Quarterly Performance and Annual Reviews

Retirement income management requires ongoing monitoring including quarterly performance reporting to assess progress versus the plan. An annual review can be used to assess the sustainability of the income plan based on investment performance, the withdrawal schedule, and life events that impact the current plan assumptions. A “set it and forget it” approach can quickly lead to lack of synchronization between the client’s financial resources, spending, and lifestyle goals. Regular monitoring and review help ensure adjustments are made on a timely basis before problems become unmanageable or opportunities are missed. During check-up meetings, we review with the client the information, goals, and assumptions documented through the initial planning process and in previous plan reviews to see if adjustments are necessary.

### Identify Impact of Life Events

All consumers’ needs are impacted by changes in their lives, but the effects of life changes are typically more pronounced during retirement. Age, health, life events (e.g., death of spouse) all tend to have more significance throughout retirement. The financial impact of these changes must also be addressed in the context of a changing financial environment: investment results, the economy, and inflation. Incorporating all these factors requires that consumers and their advisors periodically revisit the plan implement/monitor cycle.

### Adjust Assumptions and Goals, then Re-Plan

Since it is unlikely that all the assumptions used in the initial retirement plan will come to pass, there is a need to build in enough flexibility to make mid-course corrections during retirement. Therefore, we check by reviewing all documentations on a regular basis to ensure that the client is on track and must recognize that it is possible to be off-track in either a positive or negative direction. For example, a client may find they are spending too much or, alternatively, may find they are unnecessarily constraining their lifestyle versus the sustainable income available.

As with the initial plan, we help the client define new assumptions and goals, and look at the implications of making a variety of trade-offs to balance income sustainability and lifestyle goals versus available financial resources. To ensure an optimal retirement income solution as key factors change, the retirement management process requires that:

1. Percy E. Bolton Associates is prepared, with appropriate tools, to react to a variety of changes in the client's situation as well as the economic environment;
2. The plan projections and assumptions are re-evaluated on a regular basis;
3. The advisor and the client both understand that without appropriate adjustments, the risk of failure can increase significantly.

To effectively manage a sustainable retirement income plan, clients are best served through an integrated approach to track progress versus goals and to document and adjust the plan. The following is a description of our services:

1. Total Retirement Income Management program covers the preparation and presentation of a written Retirement Income Plan. The purpose of the Plan is to outline a retirement system for clients and set the parameters for the financial management of their retirement. The Plan will specify retirement details, outline portfolio strategy, list retirement assets, articulate spending policy, analyze the household balance, cash flows, and income statement. We will generate a comprehensive written retirement income plan and present it to the client. This program also includes our Investment Consulting Service where we develop, manage and supervise the Investment program for the Client. This program also includes implementation assistance and an annual review. In addition, we prepare ongoing progress reports, and quarterly reviews. We meet regularly with clients to review goals and progress and update the plan as needed. We also strategize and coordinate with other advisors (accountants, attorney, and insurance agent). We monitor the plan on an ongoing basis.

For this retirement income management service, a monthly fee is charged. The specific manner in which fees are charged by Percy E. Bolton Associates, Inc. (PEBA) is established in a Client's written agreement with "PEBA."

Fee:

A summary of how the fees are calculated for this service option is below:

1. Client investment asset value is calculated using the client's entire portfolio, not just the investment assets managed by PEBA.
  - a. Investment Assets Between: 

	Fee:
i. \$0-\$500,000.....	\$250 per month
ii. \$500,001-\$1,000,000.....	\$500 per month
iii. \$1,000,001-\$1,500,000.....	\$750 per month
iv. \$1,500,001-\$3,000,000.....	\$1,000 per month
v. \$3,000,001.....	\$1,500 per month (maximum)
2. Payment Methods
  - a. The Client can pay via check, credit/debit card, or ACH. Alternatively, the client may choose to have their monthly payments deducted from their brokerage accounts.
3. Fee Billing
  - a. The fee is billed monthly.
4. Compensation of the Adviser
  - a. PEBA is a fee-only financial advisory firm and does not sell investment or insurance products. Unless specifically requested by Client (with such request accepted by Adviser), Adviser does not execute recommendations

on behalf of Clients. Clients are responsible, but under no obligation, to implement any recommendations made by Adviser.

5. Third-Party Fees
  - a. In addition to Adviser's fee, Clients may incur certain other fees and charges to implement Adviser's recommendations. Additional charges and fees will be imposed by custodians, brokers, third party investment and other third parties, such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a PEBA Form ADV Part 2A 5 fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to the Adviser's fee.
6. Negotiation of Fees
  - a. Fees may be negotiated, as determined by the Adviser, based upon individual Client needs and circumstances.
  - b. It is the exception, not the rule, that fees are negotiated.
7. Termination of Agreement and Remaining Fees due Client or Adviser
  - a. Agreements
    - i. Retirement Income Management Agreements shall automatically renew on a monthly basis, on the date specified in the Agreement.
    - ii. The Client may terminate the Retirement Management Agreement without penalty by providing written notice within five days of signing the Agreement.
    - iii. If the Client terminates after the five-day cancellation period, but within the first month, all fees paid to that point are non-refundable. If the Adviser terminates after the five-day cancellation period, but within the first month, all fees paid to that point will be refunded.

All services provided, and the anticipated fees are detailed in the written agreement.

2. Investment Consulting include the development of client's investment program. This development consists of the following activities: 1) Assist with establishing goals and objectives, 2) Develop the asset allocation framework, 3) Prepare a written Investment Policy Statement 4) Help select the appropriate investment style, 5) Serves as the primary contact for service and advice, and 6) Continually monitor the investment plan against the stated goals. This engagement includes implementation of all suggestions, telephone support, ongoing advice and meetings as required. Annual Review Service includes review of investment goals and objectives, investment policy review, asset allocation review, annual investment plan and ongoing implementation.

For this Investment Consulting service, an annual retainer is charged. Fees are determined based on the complexity of the client's circumstances and the degree of consulting required. Our annual fee for this service typically ranges between \$6,000 to \$15,000.

We deduct our annual retainer for this service from our clients' accounts and we bill our clients for this fee quarterly in arrears. Clients are invoiced 15 days in advance of the end of the quarter. Services provided and anticipated are detailed in the written agreement.

Depending on circumstances, fees may be subject to negotiation. Fees are computed and payable quarterly in arrears. A client may terminate this agreement with applicant at any time by written notice to Percy E. Bolton Associates. PEBA is paid quarterly in arrears

and is considered to earn our fees quarterly. Upon termination, no further payment or refund is due.

Fees are negotiable. From time to time, and at his sole discretion, PEBA's owner offers discounted fees and provides pro bono work.

#### **ITEM 4C: Tailored Relationships**

Each account has Client imposed restriction. Hence, Percy E. Bolton Associates has no discretion over the total amount of securities bought or sold. All accounts are non-discretionary, which require prior approval for all transactions. Through the development of an investment policy statement, the client places restriction on portfolio makeup regarding debt/equity mix, diversification of funds, and the quality rating of the funds.

#### **ITEM 4D: No Participation in Wrap Fee Programs**

Percy E. Bolton does not participate in any wrap fee program.

#### **ITEM 4E: Management of Client Assets**

Percy E. Bolton Associates operates strictly on a non-discretionary basis. The number of assets Percy E. Bolton Associates manage on a non-discretionary basis as of December 31, 2018 is \$23,000,467.

The agreement the client signs with SEI provides discretionary authority to Percy E. Bolton Associates, Inc. It is Percy E. Bolton Associates' policy to refuse to exercise this authority and to require prior approval from the client for all transactions within the account.

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

#### **ITEM 5A: Fee Description**

Percy E. Bolton Associates, Inc. is a fee-only consulting firm, which means our only sources of compensation are the fixed fees our clients pay us. We do not receive commissions or referral fees for products or services which we recommend to clients.

Fees are negotiable. From time to time, and at his sole discretion, PEBA's owner offers discounted fees or provides pro bono work.

#### **ITEM 5B: Fee Schedule**

Please see Item 4B for the fee schedule of each advisory service.

#### **ITEM 5C: Billing**

Please see Item 4B for the billing schedule of each advisory service.

#### **ITEM 5D: Other Fees**

Custodians or brokerage firms may charge annual fees or transactions for the purchase or sale of certain mutual funds.

Mutual Funds charge management fees for their advisory services and may charge 12(b)-1 fees.

Clients pay these fees in addition to the fees paid to Percy E. Bolton Associates, Inc. PEBA receives no portion of these fees.

#### **ITEM 5E: Prepayment of Fees**

All fees and their payment schedules are outlined in the Letter of Agreement.

PEBA is paid monthly in advance. The Client may terminate the Retirement Management Agreement without penalty by providing written notice within 5 days of signing the Agreement. If the Client terminates after the 5 days cancellation period, no further payment or refund is due.

#### **ITEM 5F: No Asset-Based Fees, Commissions or Service Fees**

Percy E. Bolton Associates, Inc. receives fees only from clients. No commission, trailing fees, asset-based fees, service fees, or referral fees are received.

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

Percy E. Bolton Associates, Inc. does not accept nor charge performance-based fees, that is, fees based on a share of capital gains on or capital appreciation of the assets of a client.

#### **Item 7 Types of Clients and Minimum Account Size**

We generally provide advice to individuals, couples, families, and businesses. There is no minimum account requirement. Some of the clients of Percy E. Bolton Associates, Inc. are the sponsors of investment funds. These funds are typically tax-exempt funds such as pensions, thrift, endowment, and foundation funds. The sponsors are private corporations and non-profit organizations.

There is no minimum account size.

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

##### **ITEM 8A: Methods of Analysis**

Percy E. Bolton Associates, Inc. does not recommend the purchase or sale of any security. Percy E. Bolton Associates, Inc. provides no security analysis for any of its clients.

##### **ITEM 8B: Investment Strategies**

Percy E. Bolton Associates, Inc. does not recommend or use investment strategies.

##### **ITEM 8C: Risk of Loss**

Investing in securities involves a risk of loss that clients should be prepared to bear.

## Item 9 Disciplinary information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the advisor. Percy E. Bolton has had no legal or disciplinary events.

Percy E. Bolton Associates, Inc. has not been convicted, pled guilty or nolo contendere (no contest) to any (a) felony; (b) misdemeanor.

Percy E. Bolton Associates, Inc. has not been the named subject of a pending criminal proceeding.

Percy E. Bolton Associates, Inc. has not been found to have been involved in a violation of an investment related statute or regulation.

Percy E. Bolton associates, Inc. has not been the subject of any order, judgment, and decree permanently or temporarily enjoining our firm from engaging in any investment-related activities.

Percy E. Bolton Associate, Inc. has never been involved in an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or foreign financial regulatory authority in which our firm or a management person:

1. Was found to have caused an investment related business to lose its authorization to do business; or
2. Was found to have been involved in a violation of SRO's rules and (i) barred or suspended from membership or from association with other members, or expelled from membership, (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500.

## Item 10 Other Financial Industry Activities and Affiliations

### **ITEM 10A and 10B: Financial Industry Activities**

Percy E. Bolton Associates, Inc. is not registered as a broker dealer nor has an application pending to register as broker-dealer or registered representative of a broker-dealer.

Percy E. Bolton Associates, Inc. is not registered nor has an application pending to register as a futures commission merchant, commodity pool operator, commodity trader advisor, or an associated person of the foregoing entities.

### **ITEM 10C and 10D: Affiliation**

Percy E. Bolton Associates, Inc. has no other business relationship or arrangement of any type. It provides exclusively financial planning advice.

Percy E. Bolton Associates, Inc. does not recommend or select other investment advisers for its clients, nor does it receive compensation from any advisers.

PEBA has and will continue to develop relationships with professionals who provide, the following types of services: legal, accounting, mortgage brokerage, banking, tax preparation, insurance brokerage, and other personal services. To reduce potential

conflicts, we typically offer clients multiple referrals and encourage clients to also consider other sources for referrals. We don't pay or receive referral fees.

#### Item 11 Code of Ethics, Participation or Other Interest in Client Transaction and Personal Trading

##### **ITEM 11A: Code of Ethics**

Percy is a CERTIFIED FINANCIAL PLANNER™, and as such, Percy E. Bolton Associates, Inc. has adopted the Code of Ethics set forth by the CFP Board. This can be found at its websites: [www.cfpboard.org](http://www.cfpboard.org).

These Code of Ethics include:

- Providing advice that is always in the client's best interest.
- Providing professional services with respect, integrity, objectivity, fairness, and diligence.
- Maintaining the knowledge and skill necessary to provide professional services competently.
- Disclosing conflicts of interest.
- Protecting the confidentiality of all client information.

##### **ITEM 11B and 11C: Participation or Interest in Client Transactions**

Percy E. Bolton Associates, Inc. does not recommend the purchase or sale of any security or type of security.

Percy E. Bolton Associates, Inc. has no investment committee or similar group, which determines or approves what investment advice, shall generally be rendered to any client or to which client such investment advice shall be rendered.

PEBA and its owner may buy and sell securities that were also recommended to clients and held by clients. We foresee no material conflict of interest because the purchase or sale is minimal in relation to the total outstanding value and would have negligible effect on the market price.

##### **ITEM 11D: Personal Trading**

The Chief Compliance Officer of Percy E. Bolton Associates, Inc. is Percy E. Bolton. He is the owner and there are no employees. He reviews trades in his own accounts. Since these trades are minimal in relation to the total outstanding value, personal trading does not affect the market price.

#### Item 12 Brokerage Practices

##### **ITEM 12A: Research and Other Soft Dollar Benefits**

Percy E. Bolton Associates, Inc. does not use soft dollar benefits. Nor do we recommend, request, or require that a client execute transactions through a specified broker-dealer.

## **ITEM 12B: Selecting Brokerage Firms**

Percy E. Bolton Associates, Inc. does not select or recommend broker-dealers for client transaction. Nor does it receive any compensation from any broker-dealer.

Percy E. Bolton Associates, Inc. does not receive any client referrals from a broker-dealer or third party.

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

## **ITEM 13A and 13B: Periodic Reviews**

We conduct a review of a client's investments as part of both of our Services. The frequency and level of details of these reviews will vary, depending upon each client's needs and objectives.

They are conducted at least once annually, and when triggered by a material change in the underlying investments or a change in the client's personal circumstances. We rely on our clients to notify us of changes in their personal circumstances, employer-provided retirement investments, or investments.

Upon termination of our engagement, we will not contact the client concerning their investment or our financial recommendations. It is the client's responsibility to continually monitor the components of their plan, including their investments. They should review their investments when there are changes in the underlying investments, their investment objectives or financial circumstances.

## **ITEM 13C: Regular Reports**

Clients receive updated exhibits on an ongoing basis and as needed basis to reflect changes in clients' personal circumstances and financial information. To the extent that there have been changes in the underlying information, clients are provided with an updated exhibit at least annually.

The client will receive monthly statements from the SEI Trust Company indicating holdings. A quarterly report, indicating market value, cash flows, gains and losses, asset allocation and performance as it relates to market indices, is also available if the client elects to receive it. Annually, the client will receive a tax report for the account. PEBA recommends that clients review these at least quarterly to make sure all activity is authorized and correct.

### **Item 14 Client Referral and Other Compensation**

Percy E. Bolton Associates, Inc. has no relationship with anyone who is not a client that provides an economic benefit to us for providing investment advice or other advisory services.

Percy E. Bolton Associates, Inc. does not directly or indirectly compensate any person for client referrals.

### **Item 15 Custody**

Percy E. Bolton Associates, Inc. does not have custody of client funds or securities, thus this item is not applicable.

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

Percy E. Bolton Associates, Inc. operates strictly on a non-discretionary basis. The agreement the client signs with SEI provides for discretionary authority to the Percy E. Bolton Associates. It is the policy of Percy E. Bolton Associates, Inc. to refuse to exercise this authority and to require prior approval from the client for all transactions within the account.

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

Percy E. Bolton Associates, Inc. does not have, nor will accept authority to vote client securities.

Client receives proxies and other solicitations directly from custodian. All questions regarding solicitations and proxies are directly addressed to the custodian.

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

Because PEBA does not require prepayment of services six months or more in advance, thus this item is not applicable.

Percy E. Bolton Associates, Inc.  
1122 East Green Street  
Pasadena, CA 91106

626-356-9660

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

Part 2B of Form ADV  
Required Brochure Supplement

Professional Background of

Percy E. Bolton, CFP® (Managing Associate)

This brochure supplement provides information about the qualifications of the above-named Percy E. Bolton Associates, Inc. investment advisory professional. This is a supplement to Percy E. Bolton Associates, Inc. brochure (Form ADV, Part 2A). Please contact the firm at 626.356.9660 or via email to [pebolton@percycbolton.com](mailto:pebolton@percycbolton.com), if you have any questions about this supplement.

Percy E. Bolton, CFP®

Education: Certified Financial Planner (CFP) 1982  
Retirement Management Analyst (RMA) 2016  
University of California, Los Angeles (UCLA), BA in History 1972  
University of California, Los Angeles (UCLA), MA in History 1975

Experience: Managing Associate of Percy E. Bolton Associates, Inc. since 1986.

Members of Percy E. Bolton Associates' professional staff are evaluated based on education and professional work experience, prior to hiring. The firm requires that all full-time employees have a college degree. In addition, any associated persons involved in determining investment strategy or giving investment advice to clients must meet the examination or other licensing requirements of the states in which they provide services. The firm conducts pre-hiring background checks for all employees.

All firm personnel are monitored and supervised by the firm's managing associate, Percy Bolton.

All employees listed herein receive compensation solely for their responsibilities at Percy E. Bolton Associates, Inc. and earn income from no other material source. No employee is actively engaged in any other investment business or occupation. The individual in this report has no reportable disciplinary events to disclose.

#### **CFP®: CERTIFIED FINANCIAL PLANNER™**

A CERTIFIED FINANCIAL PLANNER™ is a professional designation issued by the Certified Financial Planner Board of Standards, Inc. Candidates for the CFP® designation are tested on over 100 topics in the following areas: financial planning, insurance, investment planning and retirement and estate planning. A CERTIFIED FINANCIAL PLANNER™ is qualified to give financial advice and make financial decisions for individuals seeking their expertise. A CERTIFIED FINANCIAL PLANNER™ must participate in continuing education, including ethics training, to maintain his or her certification.

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and several other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services and attain a bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;

- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 6 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

## Privacy Policy

Percy E. Bolton Associates, Inc. is committed to safeguarding the confidential information of its clients. We hold all personal information provided to our firm in the strictest confidence.

With your permission, we discuss limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out of sharing information with these unaffiliated third parties by notifying us at any time by telephone, email, or in person.

We do not provide your personally identifiable information to mail list vendors or solicitors for any purpose.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ secure data encryption techniques and authentications procedures in our computer environment.

We require strict confidentiality in our agreements with unaffiliated third parties that request access to your personal information, including consultation and auditors. Federal and state securities may review our Company records and your personal records as permitted by law.

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