

**Item 1 – Cover Page**

**ADV Part 2**

**Shotwell Rutter Baer Inc**  
**Registered Investment Advisor**

David W. Shotwell CFP, President  
6350 West Michigan Avenue, Suite 200  
Lansing, MI 48917  
517-321-4832  
[www.srbadvisors.com](http://www.srbadvisors.com)  
April 1, 2018

This Brochure provides information about the qualifications and business practices of Shotwell Rutter Baer Inc (doing business as Shotwell Rutter Baer). If you have any questions about the contents of this brochure, please contact us at 517-321-4832 and/or [info@srbadvisors.com](mailto:info@srbadvisors.com). 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 Shotwell Rutter Baer is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

Shotwell Rutter Baer is a Registered Investment Advisor. Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of an Advisor provide you with information with which you determine to hire or retain an Advisor.

## **Item 2 – Material Changes**

### Item 2 – Material Changes

Since the previous offering of the ADV Part 2 in February 2018, the ownership of Shotwell Rutter Baer, Inc., has changed from Elizabeth Rutter Baer and David W. Shotwell as co-owners to David W. Shotwell being the sole owner. David Shotwell is now the President of Shotwell Rutter Baer, Inc. These changes took effect April 1, 2018.

Item 4.2 – A subscription service is now being offered.

Item 5.1 – A fee for subscription service is now being charged.

There are no other material changes.

A current copy of our Brochure may be requested by contacting the firm at 517-321-4832 or [info@srbadvisors.com](mailto:info@srbadvisors.com). The Brochure is also available on our website [www.srbadvisors.com](http://www.srbadvisors.com).

Additional information about Shotwell Rutter Baer is also available via the SEC's web site [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Shotwell Rutter Baer who are registered, or are required to be registered, as investment advisor representatives of Shotwell Rutter Baer.

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#### **Item 4 – Advisory Business**

Shotwell Rutter Baer is a Registered Investment Advisor, the owner of which is David W. Shotwell. On April 1, 2018, David Shotwell, the firm's President, became owner of Shotwell Rutter Baer. The firm provides financial planning services including financial coaching and guidance; investment planning and account monitoring; retirement planning, projections and asset allocation; income tax and estate planning; insurance and employee benefits advice; family and estate planning and advice in related areas.

Client assets managed on a discretionary and non-discretionary basis as of *April 1, 2018*, are as follows:

Discretionary assets:

***\$70,987,579.90***

Non-discretionary assets:

***\$4,846,636.31***

Services are provided in one of three ways:

1. On a consultant basis, services are provided for an hourly fee with meetings as requested by the client. Services are tailored to meet the needs of the client within the range of offerings and the client determines extent of the engagement. Services may be related to the areas of:
  - Financial coaching and guidance
  - Investment planning and account monitoring
  - Retirement planning, projections and asset allocation
  - Income tax and estate planning
  - Insurance and employee benefits advice
  - Family and estate planning
  - Other reasonably related areas as agreed to.
  
2. On a subscription basis where our clients work one-on-one with a planner over an extended period of time. By paying a monthly subscription, clients receive ongoing access to a planner who will work with them to prepare, implement and monitor their comprehensive financial plan. The planner will recommend any changes and ensure the plan is up to date on a periodic basis.

Follow-up phone and/or video calls and emails will be made to the client to confirm that any agreed upon action steps have been carried out. The advisor and the client will review this agreement annually.

3. In an assets-under-management arrangement, services are available to the client on a 24/7 basis in any area of financial services requested or needed by the client, the client spouse, the client parents and/or the client children. Client accounts are established, monitored and evaluated on an ongoing basis. Additional services include retirement planning, estate planning (not including legal services), tax planning (not including document preparation), coaching in the areas of credit, major purchases, family financial issues and any other reasonably related matter requested by the client. The advisor initiates quarterly meetings at the client location or advisor office but is available to the client at any reasonable additional time(s) as may be requested by the client. The assets-under-management relationship may exist in two ways:

a. At third party management companies (commonly referred to as custodians)

Custodians currently used by Shotwell Rutter Baer include SEI Private Trust Company and TD Ameritrade.

Advisors and employees of Shotwell Rutter Baer may invest in similar or identical portfolios with a custodian as are recommended for clients. Because the investments are standard portfolios primarily consisting of mutual funds, the use of the portfolios by Shotwell Rutter Baer associates does not present a conflict of interest.

Clients in an assets-under-management relationship receive a custody agreement and ADV 2/fee schedule from the custodian(s) used for their account(s).

b. In restricted accounts.

Restricted accounts are defined as retirement accounts which must remain with the current custodian while the client is actively employed. The employer/custodian determines broker/dealer to be used and commission rates to be paid to that broker-dealer. Shotwell Rutter Baer provides asset allocation, rebalancing and reporting services in addition to financial services detailed above.

## **Item 5 – Fees and Compensation**

1. Fees for consultant services are determined as follows:

Effective January 1, 2017, fee is \$300 per hour for clients who have not previously been hourly clients of Shotwell Rutter Baer. The rate charged to clients who have previously been in an hourly relationship with Shotwell Rutter Baer will remain at \$250 until June 30, 2017. Effective July 1, 2017, all hourly clients of Shotwell Rutter Baer will be charged \$300 per hour.

Fees are not negotiable. However, billing for telephone and e-mail consultations may be reduced or waived depending on the circumstances of the inquiry.

The fee for subscription services starts at \$200 per month and is billed in arrears.

2. Fees for assets under management relationships are charged quarterly, in arrears, at the end of each quarter (March 31, June 30, September 30 and December 31). Fees are not payable or due in advance. Fees are not negotiable. However, management fees may be waived for individuals employed by or contracted with the firm or for family members.
  - a. At third party management companies, fees are deducted from client account(s) and transmitted to the advisor according to the following schedule:

<u>Account Portion</u>	<u>Annual Fee</u>
Up to \$499,999.99	1.00% (0.25% quarterly)
\$500,000.00 to \$999,999.99	0.80% (0.20% quarterly)
\$1,000,000.00 to \$1,999,999.99	0.60% (0.15% quarterly)
\$2,000,000.00 and up	0.20% (0.05% quarterly)

Accounts held at SEI Private Trust Company with a quarter-ending balance of less than \$50,000 may be subject to an annual account service fee of \$60, imposed by SEI and deducted from the account at \$15 per quarter. The fee is not imposed on accounts with a quarter-ending balance under \$50,000 that were opened between January 1 and December 31, 2015. The SEI account service fee is not imposed on accounts with a quarter ending balance of less than \$50,000 if the account (s) are held in a household with total assets under management over \$1,000,000.

- b. In restricted accounts, clients are billed directly by advisor and fees are payable by check or other direct means. Commission and transaction fees charged to the client by the custodian or broker/dealer are deducted from the fee payable to the advisor. Fees are determined according to the following schedule:

<u>Account Portion</u>	<u>Annual Fee</u>
Up to \$499,999.99	0.95% (0.2375% quarterly)
\$500,000.00 to \$999,999.99	0.75% (0.1875% quarterly)
\$1,000,000.00 to \$1,999,999.99	0.45% (0.1125% quarterly)
\$2,000,000.00 and up	0.20% (0.0500% quarterly)

In situations where a client has a restricted account and account(s) with a third party management company, the restricted account (reduced) fee applies to all accounts.

Household accounts are defined as accounts owned by one or more individuals or entities with identical mailing addresses. The combined value of household accounts is used to reach price break levels for all included accounts.

In a situation where the child or parent of an asset management client also becomes an asset management client but does not reside at the same address, a 20% discount may be applied to the non-resident client asset management fee in consideration of the close family relationship.

Investments in mutual funds are subject to internal management expenses, the amounts of which vary widely depending on the fund objective and the investment company. Clients are informed of these expenses in meetings and by means of fund prospectus provided.

As stated in the contracts, assets under management clients may terminate arrangements without notice by paying a pro-rated fee for the current quarter.

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

Shotwell Rutter Baer does not charge any 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**

Shotwell Rutter Baer provides financial planning and portfolio management services to individuals and high-net-worth individuals. Asset management services may also be extended to small individual or corporate retirement plans when such plans are held by an assets-under-management client (for example, SEP, SIMPLE, and 401(k) plans).

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

Investing in securities involves risk of loss that clients should be prepared to bear. Critical to the financial planning process used by advisor is the explanation of the various forms of risk and measures that can be implemented to mitigate risk. Risk and the prospect of loss are thoroughly discussed and advisor bases investment recommendations on several factors including but not limited to:

- The client's current financial circumstances
- Time horizon for use of assets
- Sophistication of client and their understanding of risk/reward concepts

Advisor recommends only no-load mutual funds in a strict asset allocation approach. Once an allocation is agreed upon, and assets are invested, the only subsequent trading recommended is to rebalance the assets to the originally agreed-upon allocation. Advisor reviews client financial circumstances on a regular basis and recommends changes in the allocation when material changes occur in the client's financial situation. Initial allocation decisions consider time passing and markets changing so recommendations to change an allocation due to significant changes in markets are infrequent.

## **Item 9 – Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Shotwell Rutter Baer or the integrity of the management of the firm. Shotwell Rutter Baer has no information applicable to this Item.

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

Shotwell Rutter Baer may refer clients to individuals or institutions that provide services which could be beneficial to the client. Typically referrals may be made to attorneys, accountants, mortgage specialists, real estate brokers, no-load mutual fund companies, insurance agencies and banks. Under no circumstances is Shotwell Rutter Baer compensated in any way for these referrals. There is no contractual or other agreement with any of these individuals or institutions, therefore there is no conflict of interest resulting from these referrals.

## **Item 11 – Code of Ethics**

Shotwell Rutter Baer has adopted, and all advisors adhere to, the National Association of Personal Financial Advisors Fiduciary Oath along with the Certified Financial Planner Board Code of Ethics and Professional Responsibility, both of which are stated below:

### **NAPFA Fiduciary Oath**

The advisor shall exercise his/her best efforts to act in good faith and in the best interests of the client.

The advisor shall provide written disclosure to the client prior to the engagement of the advisor, and thereafter throughout the term of the engagement, of any conflicts of interest, which will or reasonably may compromise the impartiality or independence of the advisor.

The advisor, or any party in which the advisor has a financial interest, does not receive any compensation or other remuneration that is contingent on any client's purchase or sale of a financial product.

The advisor does not receive a fee or other compensation from another party based on the referral of a client or the client's business.

Following the NAPFA Fiduciary Oath means I shall:

- \* Always act in good faith and with candor.
- \* Be proactive in disclosing any conflicts of interest that may impact a client.
- \* Not accept any referral fees or compensation contingent upon the purchase or sale of a financial product.

## **Certified Financial Planner Board Code of Ethics and Professional Responsibility**

### **Principle 1 – Integrity.**

Integrity demands honesty and candor which must not be subordinated to personal gain and advantage. Advisor provides professional services with integrity.

### **Principle 2 – Objectivity**

Objectivity requires intellectual honesty and impartiality. Advisor provides professional services objectively.

### **Principle 3 – Competence**

Advisor maintains the knowledge and skills necessary to provide professional services competently. Advisor consults with or refers clients to other professionals when appropriate or necessary.

### **Principle 4 – Fairness**

Advisor provides professional services with impartiality and honesty. Potential conflicts of interest are disclosed.

### **Principle 5 – Confidentiality**

Advisor protects the confidentiality of all client information.

### **Principle 6 – Professionalism**

Advisor acts in a manner that demonstrates exemplary professional conduct.

### **Principle 7 – Diligence**

Advisor provides services in a reasonably prompt and thorough manner.

### **Conflict of Interest**

Advisors and employees of Shotwell Rutter Baer may invest in similar or identical portfolios with a third party money manager (custodian) as are recommended for clients. Because the investments are standard portfolios consisting of mutual funds, the use of the portfolios by Shotwell Rutter Baer associates does not constitute a conflict of interest.

### **Item 12 – Brokerage Practices**

Shotwell Rutter Baer is not a broker/dealer nor is it affiliated with a broker/dealer.

(A)(1) Shotwell Rutter Baer does not receive any soft dollar benefits from any third party including SEI.

(B)

### **Item 13 – Review of Accounts**

Accounts of assets-under-management clients are reviewed quarterly or more frequently by David W. Shotwell, President. Face-to-face or telephone/internet meetings are offered quarterly. Account performance, progress toward client goals and current client circumstances are reviewed.

Monthly reports are transmitted electronically or mailed to the client home detailing activity and month-end values unless the client has requested reports be sent only quarterly. Quarterly reports mailed to the client home or transmitted electronically also detail performance by asset class and total account. Reports are in written form and are reviewed with the client in person or by telephone.

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

Shotwell Rutter Baer is compensated ONLY by the clients who use the services of the firm. The firm receives no economic benefit from any entity or person to which or to whom a client has been referred. Shotwell Rutter Baer does not compensate anyone for client referrals.

#### **Item 15 – Custody**

Shotwell Rutter Baer has discretionary authority over client's investment advisory accounts at SEI and TD Ameritrade only to the extent described in the custodians' account application, custody agreement and ADV, copies of which are provided to clients upon joining Shotwell Rutter Baer.

Custodian sends quarterly or more frequent account statements directly to clients.

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

The firm has discretionary authority over client's accounts at SEI and TD Ameritrade only to the extent described in the custodians' account application, custody agreement and ADV.

In restricted accounts (see Item 2, Part b), Shotwell Rutter Baer receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. Such discretion is exercised in a manner consistent with the stated investment objectives for the particular client account. A signed Limited Power of Attorney is on file for each restricted account over which advisor has discretion.

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

As a matter of firm policy and practice, Shotwell Rutter Baer does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Shotwell Rutter Baer may provide advice to clients regarding the clients' voting of proxies.

## **Item 18 – Financial Information**

Registered investment advisors are required in this Item to provide you with certain financial information or disclosures about the financial condition of Shotwell Rutter Baer. Shotwell Rutter Baer has no financial commitments that impair the ability of the firm to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

## **Item 19 – Requirements for State-Registered Advisors**

Principal executive officer and management person:

President: David W. Shotwell – 1973  
Certified Financial Planner 2012  
University of Michigan, Ann Arbor MI 1995, BA, Political Science

116 E. Washington, Suite 200, Ann Arbor, MI 48104  
231-445-0468

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## Item 1 – Cover Page

# ADV Part 2B – Brochure Supplement

April 1, 2018

This brochure supplement provides information about David W. Shotwell, and Jeffrey Alan Rutter that supplements the Shotwell Rutter Baer brochure found on the preceding pages. Please contact David W. Shotwell, President, if you have any questions about the contents of this brochure or this supplement.

Additional information about David W. Shotwell and Jeffrey Alan Rutter is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

## Item 2 – Educational Background and Business Experience

President

David W. Shotwell – 1973  
Certified Financial Planner 2012  
University of Michigan, Ann Arbor MI 1995, BA, Political Science

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231-445-0468

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2018 – Present: President, Shotwell Rutter Baer, previously Rutter Baer Inc,  
Registered Investment Advisor

2015 – 2018: Vice President, Shotwell Rutter Baer, previously Rutter Baer Inc,  
Registered Investment Advisor

2013 - 2014: Investment Advisor Representative, Rutter Baer Inc, Registered  
Investment Advisor

2007 – 2013: Financial Advisor, Infinex Financial Group/Citizens National  
Bank, Cheboygan, MI

2000 – 2007: Wealth Management Financial Consultant, NatCity Investments,  
Cheboygan, MI

Investment  
Advisory

Representative: Jeffrey Allen Rutter - 1974  
Michigan State University, East Lansing, MI 1997 BA, Hospitality Business

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2017 to present: Shotwell Rutter Baer, Investment Advisor Representative

2015 to present: Shotwell Rutter Baer, Administrative Assistant

2005 – 2015: Chartwell Dining Services, Olivet College, Olivet MI, Assistant  
Food Service Director

Not actively engaged in any other business

### **Item 3 – Disciplinary Information**

No supervised person with Shotwell Rutter Baer has been involved in any event involving an award or otherwise being found liable in an arbitration claim or any civil, self-regulatory organization or administrative procedure.

No supervised person with Shotwell Rutter Baer has been involved in any criminal or civil action in any domestic, foreign or military court of competent jurisdiction.

No supervised person with Shotwell Rutter Baer has been involved in any administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory agency.

### **Item 4 – Other Business Activities**

No supervised person with Shotwell Rutter Baer is actively engaged in any other business.

### **Item 5 – Additional Compensation**

No supervised person with Shotwell Rutter Baer is compensated by any individual or entity other than the client.

No supervised person with Shotwell Rutter Baer is compensated with performance-based fees.

No management person or advisor with Shotwell Rutter Baer has any relationship or arrangement with any issuer of securities except as otherwise described.

## **Item 6 – Supervision**

Supervised persons with Shotwell Rutter Baer are supervised by David W. Shotwell, President, Shotwell Rutter Baer. Supervisory activities include review of client accounts and transactions, monitoring of all correspondence, both hard copy and electronic, and regular meetings in person and by telephone to review client issues.

## **Item 7 – Requirements for State-Registered Advisors**

- 1) No supervised person with Shotwell Rutter Baer has ever been found liable in an arbitration claim alleging damages in excess of \$2500, or any amount, involving any of the following:
  - a) an investment or an investment-related business or activity;
  - b) fraud, false statement(s), or omissions;
  - c) theft, embezzlement or other wrongful taking of property;
  - d) bribery, forgery, counterfeiting, or extortion; or
  - e) dishonest, unfair, or unethical practices

This item does not apply to any supervised person with Shotwell Rutter Baer.

- 2) No supervised person with Shotwell Rutter Baer has ever been found liable in a civil, self-regulatory organization or administrative proceeding involving any of the following:
  - a) an investment or an investment-related business or activity;
  - b) fraud, false statement(s), or omissions;
  - c) theft, embezzlement or other wrongful taking of property;
  - d) bribery, forgery, counterfeiting, or extortion; or
  - e) dishonest, unfair, or unethical practices

This item does not apply to any supervised person with Shotwell Rutter Baer.

- 3) No supervised person with Shotwell Rutter Baer has ever been the subject of a bankruptcy petition.

## Why CFP® Certification Matters

Anyone can call himself a "financial planner." Only those who have fulfilled the certification and renewal requirements of CFP Board can display the CFP® certification marks, which represent a high level of competency, ethics and professionalism. CFP Board's *Standards of Professional Conduct* require CFP® professionals to look out for your interests above their own.

### CFP® Certification Requirements

- **Education**

Unlike many financial advisors, CFP® professionals must develop their theoretical and practical knowledge by completing a comprehensive course of study at a college or university offering a personal financial planning curriculum approved by CFP Board. Applicants may also satisfy the education requirement by submitting a transcript review of previous financial planning-related course work. Or, they can show that they have attained certain professional designations or academic degrees that cover the important subjects in CFP Board's financial planning curriculum.

- **Examination**

CFP® professionals must pass the comprehensive CFP® Certification Exam, which tests their ability to apply financial planning knowledge to real-life situations. The 10-hour exam covers the financial planning process, tax planning, employee benefits and retirement planning, estate planning, investment management and insurance. The average pass rate for this difficult exam is only 56%. This comprehensive exam ensures that Certified Financial Planner™ professionals are highly qualified to develop a plan for your finances.

To maintain CFP Certification, every two years certificants must complete 30 hours of continuing education. The continuing education requirement comprises 28 hours of financial-planning topics plus 2 hours from a pre-approved program on CFP Board's *Code of Ethics and Professional Responsibility* or *Financial Planning Practice Standards*.

- **Experience**

Certified Financial Planner™ professionals must have a minimum of three years experience in the financial planning process prior to earning the right to use the CFP® certification marks. This hands-on experience guarantees that CFP® professionals have practical financial planning knowledge, so you can count on them to help you create a realistic financial plan that fits your individual needs.

- **Ethics**

When it comes to ethics and professional responsibility, Certified Financial Planner™ professionals are held to the highest of standards. CFP Board's *Code of Ethics* outlines CFP® professionals' obligations to uphold principles of integrity, objectivity, competence, fairness, confidentiality, professionalism and diligence. And the *Rules of Conduct* require CFP® professionals to put your interests above their own and to provide their financial planning services as a "fiduciary" — acting in the best interest of their financial planning clients. CFP® professionals are subject to CFP Board sanctions if they violate these standards.