

**Otto & Associates, Inc.**

**Form CRS**

January 11, 2024



## Introduction

Otto & Associates, Inc. (O&A) is registered with the Securities and Exchange Commission (SEC) as an Investment Adviser. Brokerage and investment advisory services and fees differ and it is important for the retail investor to understand the differences. Free and simple tools are available to research firms and financial professionals at <https://www.investor.gov/>, which also provides educational materials about broker-dealers, investment advisers, and investing.

## Relationships and Services

**What investment services and advice can you provide me?** O&A offers financial planning and investment advisory services to retail investors on a strictly fee-only basis. Services may include determination of financial objectives, budgeting and cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

When offering investment advisory services, O&A accepts discretionary authority to manage securities accounts on behalf of clients. This means that we can determine, without obtaining specific client consent (except for private alternative investments, which would require your signature) the specific securities to purchase in your accounts and the amounts to be bought or sold. The client approves the custodian to be used (for example, Charles Schwab) and the fees paid to the custodian. O&A does not receive any portion of the transaction fees paid by the client to the custodian. The minimum account size is \$300,000 and is negotiable.

Asset allocation is used to ensure that client investments are globally diversified to control the risk associated with traditional U.S. stock markets. Investments are primarily no-load (no commission) mutual funds and index exchange traded funds (ETFs), through Charles Schwab or other custodians, and we also use other types of investments such as private alternative investments, where appropriate. Accounts are monitored regularly; reviews are generally performed at least semi-annually by the firm's financial planners as part of our regular services.

### Conversation Starters:

*"Given my financial situation, should I choose an investment advisory service?"*

*Why or why not?"*

*"How will you choose investments to recommend to me?"*

*"What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?"*

## Fees, Costs, Conflicts, and Standard of Conduct

**What fees will I pay?** O&A is strictly fee-only. We base our fees on a percentage of assets under management, hourly charges, or fixed fees. The annual advisory service fee is based on the following percentage of the investable assets: 1.0% on the first \$1,250,000, 0.5% above \$1,250,000, and 0.25% above \$2,500,000. The minimum annual fee is \$3,000; the fee is

negotiable.

The advisory service fee is payable quarterly, in advance. Financial plans and retirement plans are priced according to the degree of complexity associated with the client's situation.

Fund companies and private placement sponsors charge investment management fees that are disclosed in the fund prospectus or in legal documents such as a private placement memorandum. Discount brokerage companies and custodians may charge a transaction fee for the purchase or sale of some funds or investments. O&A does not receive any commissions or compensation in any form from fund or management companies.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

**Conversation Starter:**

*“Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?”*

**What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?** *When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. For example, when we recommend you transfer your accounts to our management, O&A would benefit from the asset management fees you would pay.*

Because O&A is fee-only, we only make money from fees that clients pay us.

**Conversation Starter:**

*“How might your conflicts of interest affect me, and how will you address them?”*

**How do your financial professionals make money?** The earnings of the owners of O&A depend on the fees earned by the company. The other employees are salaried with the potential for annual bonuses.

**Disciplinary History**

**Do you or your financial professionals have legal or disciplinary history?** No.

**Conversation Starter:**

*“As a financial professional, do you have any disciplinary history? For what kind of conduct?”*

**Additional Information**

For more detailed information about O&A, you may request a copy of our Form ADV Part 2A disclosure brochure. Please contact (914) 232-5379, (802) 649-1946, or [info@ottoandassociates.com](mailto:info@ottoandassociates.com) to request up-to-date information and a copy of this Form CRS.

**Conversation Starter:**

*“Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?”*