

WEALTHCARE CAPITAL
MANAGEMENT®

DISCLOSURE DOCUMENT – FORM ADV PART 2A

Registered Investment Adviser's Name:

Wealthcare Capital Management, Inc.

(formerly known as Financeware, Inc. dba Wealthcare Capital Management)

IARD/CRD Number: 111119

SEC File Number: 801-60183

Main Office – Mailing Address:

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Primary Website:

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This Brochure provides information about the qualifications and business practices of Wealthcare Capital Management, Inc. ("WEALTHCARE"). If you have any questions about the content of this Brochure, please contact a member of WEALTHCARE's Compliance Department at (804) 644-4711 or at compliance@wealthcarecapital.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

WEALTHCARE is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications distributed by WEALTHCARE provide you with information to assist you in determining whether to hire WEALTHCARE as your Investment Advisor.

You can find additional information about Wealthcare by viewing our Form ADV Part I on the SEC's website, www.adviserinfo.sec.gov.

Dated: January 3, 2012

Item 2 – Material Changes

Change to Legal Name

We are pleased to announce that effective January 1, 2012, Financeware Inc. doing business as Wealthcare Capital Management has changed its legal name to Wealthcare Capital Management, Inc. (“WEALTHCARE”). This name change reflects the significant expansion of our business activities in the financial advisory and wealth management services fields.

WEALTHCARE will continue an 13-year tradition of successfully providing cutting edge technology to the financial services industry and delivering the patented Wealthcare process to help our advisory clients **avoid unnecessary investment risk, avoid needless or irrational sacrifice of their lifestyle and constantly measuring – in a meaningful way – their progress toward accomplishing the goals that our clients value.**

WEALTHCARE will continue to operate in its current structure and your contacts will remain unchanged. There have been no changes made to employee telephone or email addresses. Our web domain address, www.wealthcarecapital.com, remains unchanged but has a new look!

New Member – Board of Directors

We are also pleased to announce that effective October 25, 2011, Leonard Reinhart has joined the firm’s Board of Directors. A pillar of the financial advising industry for over three decades, Mr. Reinhart is the former president and founder of the Lockwood family of companies, which now operates within the Pershing clearing division of The Bank of New York Mellon Corporation.

Mr. Reinhart comes to WEALTHCARE’s Board at a time when the firm is expanding its offerings in ways he believes will dramatically change the wealth management landscape. WEALTHCARE’s patented approach appealed to Mr. Reinhart, whose retirement from Lockwood allows him to join the firm’s Board of Directors. He will also participate in the firm’s business development efforts.

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Item 4 – Advisory Business

Company History

Wealthcare Capital Management, Inc. is a Delaware corporation (“WEALTHCARE”) (formerly known as Finaceware Inc. dba Wealthcare Capital Management) headquartered in Richmond, Virginia. Founded in 1999, the company is privately owned and counts among its investors its employees, The Northwestern Mutual Life Insurance Company, Thomson Ventures U.S., LLC and several individual investors, the majority of whom have a history of personal and professional success in the financial services industry. WEALTHCARE's mission is to power the future of financial advice through a completely new financial advising discipline focused on helping investors live the one life they have the best way they can. We call this revolutionary goals-based financial advisory platform the ‘Wealthcare System’.

WEALTHCARE developed and continues to own, through a wholly-owned subsidiary, several groundbreaking U.S. and International patents for its wealth management system. WEALTHCARE was the first company to provide U.S. and Canadian professional financial advisers and financial institutions a web-based wealth management software product and also the first to do so with integrated simulated market return analysis.

WEALTHCARE was initially a technology provider to the financial services industry via an Application Service Provider (“ASP”) business model delivering wealth management software that supported the WEALTHCARE advising concepts over the internet. The founders envisioned that at some point more direct involvement with the management of client assets introduced through unaffiliated third-party financial advisers would be beneficial. The management team at WEALTHCARE realized that the best way to deliver the Wealthcare System to the general public was to do so directly or exclusively with a select group of very like-minded independent financial advisers. The firm’s advisory services practice became significant in 2008 - 2009 when the firm began restricting its efforts to working only with advisers fully aligned with WEALTHCARE’S investment implementation philosophy. Today, the majority of advised clients of WEALTHCARE are advised by adviser-employees of the firm, while through contractual relationships others clients are advised or co-advised with unaffiliated third-party advisers who fully embrace the Wealthcare System. However, the quality controls and internal WEALTHCARE advice delivering processes and standards are the same for clients of employed-advisers and clients introduced to WEALTHCARE by unaffiliated third parties

The Wealthcare System is based on helping clients **avoid unnecessary investment risk, avoid needless or irrational sacrifice of their lifestyle** and constantly **measuring—in a meaningful way—the progress toward accomplishing the goals clients value**. All of this is done within the context of understanding the inherent uncertainty of financial markets, which neither we nor our clients can control, and by balancing a client’s range of goal choices and priorities in order to provide the client **with a sufficient level of confidence**, while rationally minimizing the controllable cost of investment portfolio expenses and income taxes by primarily utilizing tax efficient broadly diversified indexed exchange-traded funds. Wealthcare plans are highly likely to change as client’s life events, aspirations, and priorities among goals change and also due to uncertain financial markets.

WEALTHCARE views the following to be some of the most critical and valuable aspects of the firm’s value proposition to its clients:

- ongoing monitoring and reaffirmation (initially and on a consistent basis in future) of the client’s goal set
- ongoing reaffirmation of the ranges in value of each of the client’s individual goals, from the acceptable to ideal levels
- ongoing reaffirmation of the prioritization of goals amongst each other

The ongoing cycle of monitoring the WEALTHCARE plan’s confidence level combined with the reaffirmation and identification of new goals and priorities is where WEALTHCARE can add the most value through continuous advice over a client’s lifetime.

In all of our efforts to deliver WEALTHCARE to our clients we strive to remain objective and unbiased, continually seek to advance our methods, supporting tools, and research while attempting to establish ourselves as the standard by which our industry measures quality, honesty, and integrity.

Principals of the Firm

The following three individuals/entities are the principal owners (between 10% and 35% each) of WEALTHCARE:

1. David Brian Loeper – Founder, Chief Executive Officer, Chief Investment Officer and Chairman of the Board of Directors of the firm.
2. Robert Payne Wilson – Chief Financial Officer, Chief Compliance Officer and a Director on the Board Directors of the firm.
3. The Northwestern Mutual Life Insurance Company – A passive shareholder of the company holding more than 25% of the outstanding common shares of the firm that holds rights to an unoccupied seat on the Board of Directors of the firm.

We will discuss the backgrounds of our founders and other Executive Officers more fully in Part 2B of our ADV, the Brochure Supplement.

Types of Advisory Services Offered

SERVICES FOR INDIVIDUALS/TRUSTS/ENDOWMENTS

The most common type of arrangement WEALTHCARE has with a client is through an investment advisory agreement. When WEALTHCARE signs an investment advisory agreement with a client directly, the client's account is serviced either by a registered investment adviser representative of WEALTHCARE, by a 3rd party sub-or-co-adviser to WEALTHCARE. In all cases, there are specific agreements explaining and disclosing the various relationships between the parties and their respective roles.

WEALTHCARE and its associates will perform any or all of the following advisory services on behalf of its clients:

- 1) Understanding the client's financial circumstances.
- 2) Discovering client's goals to determine a range (Ideal and Acceptable) of:
 - i) Potential client personal and related financial or event goals of all types
 - ii) Potential savings or other source of income levels
 - iii) Potential levels of target investment allocation risk
- 3) Prioritizing each of the client's potential financial and related personal goals in the context of other goals – not a goal ranking system. For example, would the client be willing to work longer in order to move closer to their ideal baseline retirement spending goals, or be willing to save more or take more investment risk, or some combination of two or more choices to improve the confidence of higher retirement spending? Alternatively, is living better today with less exposure to more volatile equity markets by planning on more modest retirement spending goals a better choice for other clients based on their preferences?
- 4) Obtaining such other relevant information believed to be necessary to make determinations or recommendations for the investment of the client's assets (e.g., pension information, social security estimates, rental income, etc.).
- 5) Analyzing investment portfolio allocation alternatives—in the context of prioritized financial goals—for those alternatives' likelihood of supporting those prioritized financial and other related goals (such as planned retirement date) in combination with other client sources of income.
- 6) Making a recommended goal package with an appropriate asset allocation ("Wealthcare Plan") in conjunction with any overall savings or other sources of income that strikes a balance between the degree of confidence of the plan and avoiding unnecessary investment risk while not needlessly compromising the client's lifestyle.
- 7) Implementing an action plan for adopting recommended investment alternatives.
- 8) Performing ongoing review and monitoring of the status of client's financial goals in terms of their relevance to the client's current ideal and acceptable ranges of goals and priorities and related funding confidence level.
- 9) Reporting on the client's investment results on assets advised by WEALTHCARE on a periodic basis.
- 10) Rebalancing recommended investment allocations based typically on daily monitoring of variances between actual portfolio asset class allocations based on market returns and the recommended target allocations while monitoring the degree of variance, tax consequences, transaction costs and input from the client or other advisers to the client.
- 11) In some cases, relying on another Registered Investment Adviser or Registered Investment Adviser Representative to perform one or more of the above services.

SERVICES FOR PLAN SPONSORS AND PLAN PARTICIPANTS

WEALTHCARE also offers fiduciary advisory services to benefit plan sponsors and to the individuals who participate in those plans. All benefit plans that contract with WEALTHCARE for ERISA advisory services must be administered by an independent third-party plan administrator using independent third-party custodians of plan assets. Participants in such plans will have the option, but are not required, to utilize portfolios comprised of multiple asset class index funds designed and managed by WEALTHCARE for their benefit plan advisory relationships. Such advised plans typically experience a reduced cost, based on the plan's balances and other factors, than any prior incumbent advised or unadvised benefit plan. The Plan Sponsor determines whether advisory services fees for the Plan are to be paid by the Sponsor or to be passed on to the Plan Participant.

Any Plan Participant has the option to obtain from WEALTHCARE advice about their benefit plan investment options based on personal goals, including if requested, preparation of a personal Wealthcare Plan and the use of the WEALTHCARE 401k Portfolios as investment options at typically no additional cost to the Plan Sponsor or Plan Participant. Plan Participants may also elect to have additional assets outside their benefit plan considered in their personal WEALTHCARE Plan; however, the Plan Participant will have to enter into a separate investment advisory agreement with WEALTHCARE to obtain integrated discretionary asset management of other household financial assets by WEALTHCARE based on a Wealthcare plan. The advisory fee is negotiable for non-benefit plan assets. If a Plan Participant chooses to invest in a self-directed brokerage account, in benefit plans

where that feature is available, WEALTHCARE disclaims any fiduciary obligation for those assets and does not charge an advisory fee on those assets to the Plan Sponsor or a Plan Participant.

Services offered to Plan Sponsors and through those Plans, to the Plan Participants include:

1. Development of an Investment Policy Statement for the Plan Trustees.
2. Discretionary selection of plan participant investment options (index mutual funds from unaffiliated providers) and design of efficient portfolios (WEALTHCARE 401(k) portfolios) across the risk/return spectrum comprised of some of the index mutual fund options recommended.
3. A phone-in service to answer participant's questions about plan investment options and related plan information including the offer to any participant to create a personalized Wealthcare plan and if approved by the participant to periodically track and report on the status of the plan and revise it as requested by the participant or to make new plan recommendations for the participant to consider. For some clients, in-person plan participant retirement investment planning educational meetings.
4. Design and delivery of a self-scoring risk tolerance and time horizon questionnaire for use by Plan Participants mapped to the WCM 401(k) portfolio selections for optional use by Plan Participants.
5. Periodic rebalancing when appropriate of any WEALTHCARE portfolios selected as investment options by plan participants.

Currently, WEALTHCARE works with Employee Fiduciary Corporation of Mobile, Alabama, as the preferred provider of third party administrative and related services to 401(k) plans and participants. WEALTHCARE is not financially affiliated with Employee Fiduciary Corporation although, in some limited circumstances, Employee Fiduciary Corporation may pay to WEALTHCARE referral fees for plans on which WEALTHCARE is not acting in any advisory or fiduciary capacity to avoid any conflict of interest. ***WEALTHCARE does not receive any fees from Employee Fiduciary on plans where WEALTHCARE is acting as a fiduciary and to date has received no fees of any type from Employee Fiduciary.***

FINANCIAL PLANNING

WEALTHCARE may offer financial planning services to clients that may not involve initial Wealthcare plan implementation or ongoing investment Wealthcare plan monitoring and advice. The fee for this arrangement will usually be a flat fee, a retainer, or an hourly rate. A financial plan may or may not include a net worth statement, a cash flow analysis, a review of existing investments and/or retirement assets, investment recommendations, strategic tax planning, estate planning recommendations or education planning. A financial plan will typically include investment recommendations or at a minimum consultative advisory services on client investment decisions. Implementation of the recommendations is at the client's discretion and their responsibility unless they decide to engage WEALTHCARE for full discretionary investment management and ongoing financial advice.

Customization of Client Accounts

The entire premise of the Wealthcare System is defining the individual goals and needs of each client. Client investment account(s) can be customized as our clients require. Clients may impose investment restrictions on their accounts by providing WEALTHCARE with written instructions. Although WEALTHCARE has trading discretion over a client's account, every client has the right to direct their own account.

Wrap Fee Programs

WEALTHCARE does not participate directly in any wrap fee programs. WEALTHCARE may have a secondary advisory agreement with clients who also have an additional agreement with another Adviser. This non-WEALTHCARE adviser is considered the client's Primary Adviser. In some instances, the Primary Adviser is also a broker/dealer and is offering the client a wrap fee program. WEALTHCARE is not a co-sponsor of this wrap fee program and does not receive a reduced fee due to the client's commissions or other expenses being included in the Primary Adviser's fee. If such an arrangement exists, the client will receive a wrap fee program brochure from the Primary Adviser who is the wrap fee program sponsor.

Assets Under Management

As of November 30, 2011, WEALTHCARE managed approximately \$470 million in client assets on a discretionary basis and \$20 million on a non-discretionary basis.

Item 5 – Fees and Compensation

WEALTHCARE provides independent, fee-only investment management services to individuals, families, benefit plans and institutions. We receive no commission or other compensation from marketable securities or other financial products and services that we recommend to our clients. We only receive a fee based upon a client's total household advised assets.

The specific manner in which fees are charged by WEALTHCARE is established in a client's written agreement with WEALTHCARE. Fees are typically billed quarterly in advance and are usually debited by the custodian from a client's custodial account and remitted by the custodian to WEALTHCARE. Fees are prorated for any significant capital contribution made into a managed account following the initial establishment of a managed account during the applicable calendar quarter. Upon termination of any account, any prepaid, unearned fees will be refunded, and any earned, unpaid fees will be due and payable for the minority of accounts billed in arrears.

Currently WEALTHCARE charges fees that normally range from 0.50% to 1.60% per annum for advisory relationships with natural persons or non-benefit plan institutional relationships with a minimum annual fee \$500 per year per advised household whichever is greater, and approximately .20% to .55% for advisory relationships with benefit plan sponsors and in some cases a minimum fee of \$1,500 a year whichever is greater. In most circumstances, the actual fee charged will depend on the total household assets with typical breakpoints at various household asset levels, although some clients are billed a flat percentage or dollar fee regardless of household asset level. In most cases, as the household or asset level increases, the flat or graduated fee as applicable is reduced as a percentage of assets. WEALTHCARE offers discounted rates to its employees and their families as well as to institutional and very high net worth clients with substantial account balances at fee levels that may be lower than the ranges indicated above.

All fees are negotiable.

All Advisory Fees are exclusive of brokerage commissions, transactions fees and other related costs and expenses which shall typically be incurred by the client. Mutual funds, exchanged traded funds and annuities all charge internal management fees and other expenses, which are disclosed in a fund's or annuities prospectus or equivalent disclosure document and are directly deducted from the value of such investment vehicles. Such charges, fees and commissions are exclusive of and in addition to WEALTHCARE's fee. WEALTHCARE and/or its Advisers do not receive any portion of these commissions, fees and costs and do not have any affiliation with the sponsors or providers of these investment vehicles.

Item 12 of this Brochure further discusses WEALTHCARE's selection process for the brokerage firms it recommends.

Item 6 – Performance-Based Fees and Side-by-Side Management

WEALTHCARE and its Advisers do 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

WEALTHCARE provides portfolio management services to individuals, high net worth individuals, trusts, estates, pension and profit-sharing and defined-contribution retirement plans, business entities, charitable institutions, endowments and foundations. Although WEALTHCARE clients are not required to have a minimum account balance in order to contract with us, we do assess a minimum annual fee that is typically \$500.00 per annum for advisory management services. The minimum fee is waived for employees and their families who engage WEALTHCARE's advisory services.

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

Investment Strategies

The investment philosophy of WEALTHCARE is based on the fundamental premise that the capital markets are continuously uncertain, and that our job as managers of wealth is to manage those things which we, or our clients, can control over a client's lifetime or other relevant time period (for institutions). In accepting the notion that the capital markets are always uncertain, one of our primary tasks is to control the amount of capital market uncertainty that is prudent to accept for each client's financial circumstance, and the effect of that uncertainty on the funding status of each client's unique financial needs and goals. Numerous studies, historical data and common sense, tell us that the primary driver of uncertainty is the amount of a portfolio that is allocated to riskier assets, like equities. This key decision—how much of a portfolio is prudent to allocate to the risk of the equity markets—should not be taken lightly and should be based on the premise that needless risk should be avoided.

WEALTHCARE'S Chief Investment Officer (CIO) is responsible for the selection of securities and design of portfolios on behalf of its client's accounts. The Investment Committee, which is comprised of the CIO and two other officers, including one Principal of the firm, confer regarding individual portfolio security selection. Other professional staff supply supporting research information to the CIO and the Investment Committee regarding the indexed exchange traded funds or indexed mutual funds – such as liquidity, fund expenses, tracking error against the target asset class index and other factors. On a day-to-day basis, specific client portfolio trading decisions are delegated to the officers who oversee the firm's Portfolio Operations area. Portfolio Operations takes action on client accounts based on general account guidelines for rebalancing or other client request (e.g., the need for cash by a client or the infusion of new client household assets from a client) or whenever a revision to a client's target WEALTHCARE portfolio is required based on a new Wealthcare plan recommendation that made to a client.

WEALTHCARE'S decisions regarding securities selection are primarily driven by the belief that the higher underperformance risk of active fund managers compared to broadly diversified indexed funds, combined with certainty of the higher expenses normally generated by actively managed funds is an additional risk and cost to be avoided. In addition, any selection of active managers based on any prior period of superior returns over an asset class benchmark is an act of futility since prior performance is no indication of future results. As such, the majority of client's investments are in exchange traded funds (ETFs) that are benchmarked to:

- A broad-based domestic equity index
- A broad-based foreign equity index
- A 7-10 year maturity intermediate U.S. government securities index
- Money market fund(s).

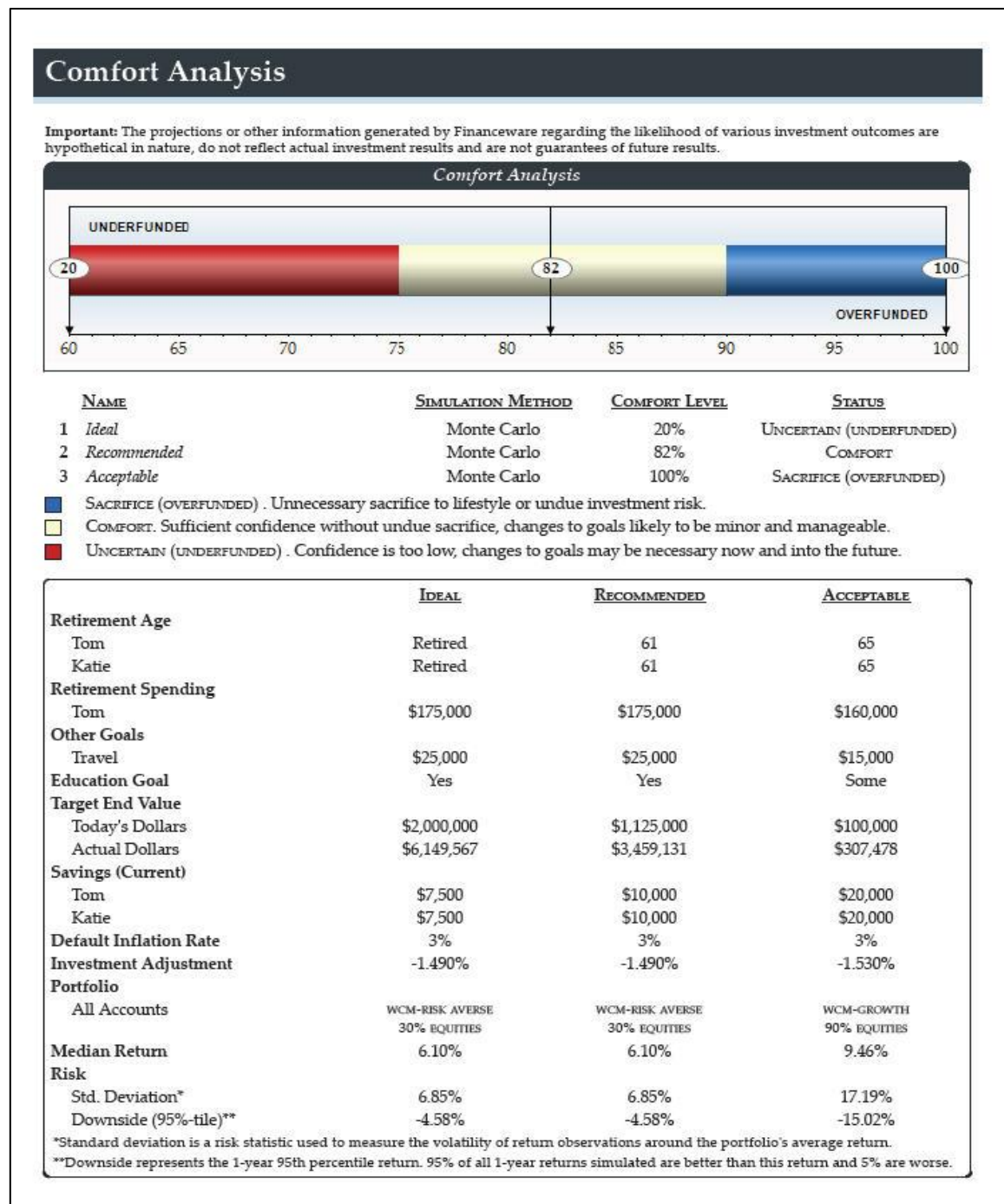
The typically recommended client target portfolio only requires three exchange-traded funds for a low cost, well diversified efficient portfolio. Those three exchange-traded funds in turn own approximately 3,000 to 5,500 underlying equity securities and 15 – 20 U.S. government treasury securities. For benefit plan advisory services, indexed mutual funds are used in lieu of exchange-traded funds. On a less frequent basis, we may offer advice on mutual funds, securities traded over-the-counter, corporate debt securities, variable annuities, municipal securities and individual foreign and domestic equities. We do not make investment decisions based upon marketing timing and discourage clients from investments in alternative investments, often less-liquid investment structures.

The selection of securities to be recommended by WEALTHCARE includes the evaluation of the historical tracking error relative to the applicable benchmark index, the nature of underlying assets and liquidity of the fund, and how efficiently the fund trades in the market (bid/ask spreads) and how underlying securities are weighted in an index mutual fund or ETF. Funds are also evaluated using the strict criteria of our propriety **FUNDGRA+DES**[®] analysis (see <http://fundgrades.com> for criteria methodology). Each month we analyze over 20,000 funds and assign grades to five fiduciary criteria including diversification, expense, risk, return and the risk of asset class benchmark underperformance. This is currently a free, web-based service available to the general public. Unlike other grading systems that automatically assign various star or similar types of grade ratings to funds based only on historical risk adjusted returns (which is not an indication of future results), our system assigns grades on each of the individual five fiduciary criteria that combine into an overall grade. The things that are controllable are diversification, portfolio expenses, to some extent income taxes and the risk of asset class benchmark underperformance, and funds recommended to clients generally earn honor roll grades for these criteria (normally less than 1% of all funds meet these criteria). This typically earns the fund an overall **FUNDGRA+DES**[®] honor roll grade which normally represents less than 3% of all funds.

Methods of Analysis

The Wealthcare System involves the utilization of proprietary wealth management analysis and presentation tools based upon several patented processes, and include the use of simulation analysis of uncertain capital markets to help clients evaluate the funded status in measurable confidence terms of their Wealthcare plan. A client's Comfort Zone status is reflected by the percentage of 1,000 simulations run against an investor's ideal, acceptable and recommended set of client goals. An example summary presentation of a Wealthcare plan analysis is shown here.

**THIS PICTURE IS A
SAMPLE PAGE
FROM A
WEALTHCARE
PLAN ANALYSIS.**

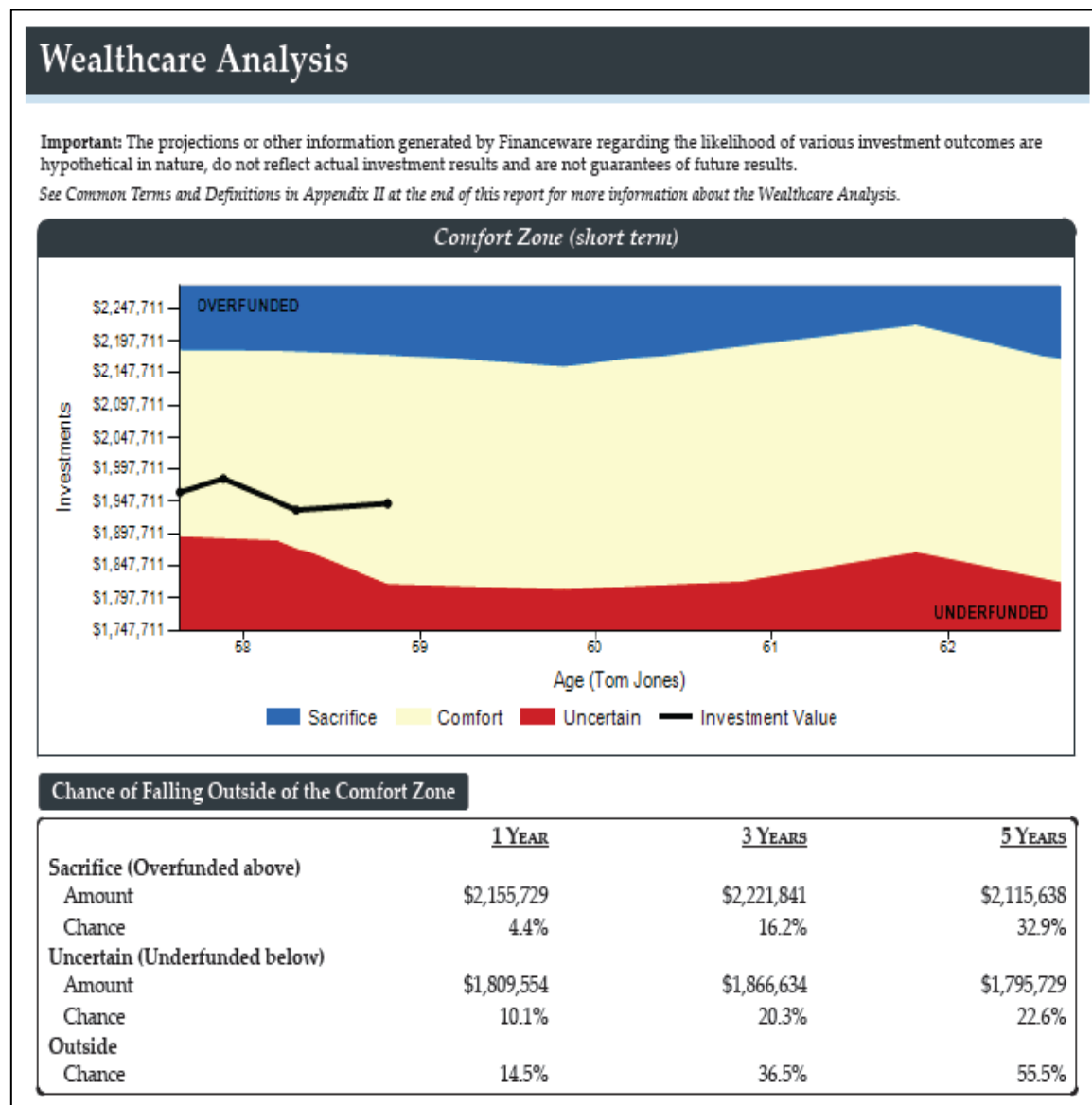


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The Wealthcare Analysis is not a projection of future portfolio values because future values are uncertain. But as reflected in the graphic below, the amount of financial assets a client needs to hold - to statistically at any point in time for adequate confidence in funding a future given set of financial and personal goals defined - can be measured and shown to a client

**THIS PICTURE IS A
SAMPLE PAGE
FROM A
WEALTHCARE
PLAN ANALYSIS.**

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The upper range represents Sacrifice - where 90% or more of simulated market results for the client's current target portfolio, combined with client savings and spending goals over the same period, indicate the likelihood all goals will be met or exceeded. WEALTHCARE believes, at this confidence level, a Wealthcare plan is overfunded.

The lower range represents Uncertainty - where less than 75% of the simulated market results for the client's current target portfolio combined with client savings and spending goals over the same period, indicates the likelihood of all goals not being met. WEALTHCARE believes, at this confidence level, a Wealthcare plan is underfunded.

The unpredictability of future investment returns for your recommended allocation determines the range of portfolio values a client needs at a given age between over- and under-funded statuses. This range is what WEALTHCARE calls the Comfort Zone.

WEALTHCARE's ongoing advice is used to help steer changes in portfolio risk and a specific client goal package to stay within the Comfort Zone throughout their lifetime. **However, WEALTHCARE cannot and does not guarantee to any client that all possible goals at all aspirational spending levels can be achieved.** In fact, as Figure 2 shows, we indicate to clients the odds are typically non-trivial that only based on market uncertainty, much less changing client life events, goals, and priorities amongst goals, within the next 1, 3 and 5 years of falling out of the Comfort Zone based on their current Wealthcare plan recommendation.

WEALTHCARE provides the following three methods of analysis when formulating and monitoring a client's funded status:

Monte Carlo Simulation – This simulation method tests an investor's financial strategies against 1,000 random scenarios of investment returns an investor might encounter during their lifetime based on the WEALTHCARE's capital market assumption for each target portfolio. This is the most commonly used method of analysis for most clients.

Historical Audit – This simulation method tests an investor's financial strategies against sequential historical returns using rolling historical monthly return periods since 1926, the number of which may vary based on the number of years in a plan.

WEALTHSIMULATOR[®] - This simulation method tests an investor's financial strategies against 1,000 actual historical monthly returns since 1926 that have been placed in random order (U.S. patent 7,562,040).

Random mortality analysis can be used with capital markets simulation analysis by WEALTHCARE under a U.S. patent under exclusive license to WEALTHCARE (U.S. patent 6,947,904), but fixed mortality set at client age that has only about a 20% odds of being exceeded is more typically used in a Wealthcare plan.

Certain patents granted, issued or held under exclusive license referenced in this document are held by a wholly-owned, non-advisory subsidiary of the firm called Wealthcare Capital Management IP, LLC.

Investment Risk

Risk is the measurement of the degree of unpredictability of a given portfolio's return in any given period. Risk includes the **possibility of losing some or all of your original investment**. For its clients, WEALTHCARE calculates 95th percentile downside risk. This means for any given 12 month period, only 1 out of 20 periods would have a negative return in excess of the calculated 95th percentile downside risk statistic using 1,000 simulations. Even the most conservative investment strategy is subject to risk. Market risk, also known as systematic risk, is the risk inherent to the entire market or an entire market segment. For example, interest rates, recession, natural disasters and wars all represent sources of nonsystematic market risk that cannot be avoided through market diversification.

Due to investments in foreign stocks, clients may be subject to additional risks such as foreign currency fluctuations, differing financial accounting standards, possible political and economical instability in some markets and higher portfolio holding expenses compared to domestic equities. For those reasons WEALTHCARE's recommended portfolios underweight the portion recommended to be invested in an indexed non-U.S. foreign equities held in exchanged-traded or mutual fund relative to a their Global market capitalization.. Mid and Small cap investing generally involves greater risk and volatility. In a rising interest rate environment, the value of fixed-income securities typically declines.

WEALTHCARE cannot guarantee a client will—in all circumstances of changing personal financial goals and market conditions—be able to remain in a client's Wealthcare plan's "Comfort Zone", as that term is illustrated and described in this disclosure document.

All investment programs carry the risk of loss and there is no guarantee that any investment strategy will meet its objectives.

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 WEALTHCARE or the integrity of WEALTHCARE's management. WEALTHCARE has no material pertinent disclosures related to disciplinary events associated with WEALTHCARE's clients.

On WEALTHCARE's ADV Part 1, under the Regulatory Action Disclosure Reporting Pages, you will find numerous regulatory actions ("DRPs") listed. All but one of the DRPs is in regard to The Northwestern Mutual Life Insurance Company ("Northwestern"). During a restructuring of WEALTHCARE's ownership in 2006, Northwestern emerged with more than 25% of WEALTHCARE's common stock shares and by definition became a "related person" and "advisory affiliate" of WEALTHCARE. As such, we are required to list Northwestern's DRPs under Item 11 of our ADV Part 1.

Item 10 – Other Financial Industry Activities and Affiliations

Other Registrations

WEALTHCARE and its employees are not registered, nor have an application pending to register, as a broker-dealer or as a registered representative of a broker-dealer. Additionally, WEALTHCARE and its employees are not registered, nor have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading adviser, insurance agent or as an associated person of any entity engaged in the foregoing fields.

Affiliations

The Northwestern Mutual Life Insurance Company (“Northwestern”) - During a restructuring of WEALTHCARE in 2006, Northwestern emerged with more than 25% of WEALTHCARE’s common stock shares and by definition became a “related person” and “advisory affiliate” of WEALTHCARE.

For purposes of the discussion of WEALTHCARE’s investment management services and programs described within this ADV Part 2A, it is important to understand that Northwestern is a passive shareholder in the firm. WEALTHCARE i) has no business dealings with Northwestern in connection with the advisory services we provide to our clients; ii) does not conduct shared operations with Northwestern; iii) does not refer clients or business to Northwestern or vice versa; iv) does not share supervised persons or premises with Northwestern; and v) has no reason to believe that our relationship with Northwestern creates a conflict of interest with regard to our advisory clients. WEALTHCARE is not licensed to sell insurance through Northwestern or any other insurance company.

WEALTHCARE does not sell any insurance. However, for clients who engage us to do so, WEALTHCARE does review, analyze and then provide advice regarding the investment options within our client’s variable annuity holdings consistent with the overall investment advice WEALTHCARE provides such clients - to the extent possible. In some cases, WEALTHCARE recommends clients switch from higher cost variable annuities to lower cost ones, but does not directly sell the recommended substitute annuities or receive any compensation from issuers of those annuities, none of which are issued by Northwestern. WEALTHCARE does not share any client information of any kind with Northwestern.

Van Zandt Financial Services PLLC (“VZFS”) – A registered investment advisor representative/employee of WEALTHCARE is also the Owner/Operator of VZFS, a bookkeeping and tax accounting firm in Rathdrum, Idaho. It should be noted that Mr. Van Zandt’s accounting firm is independently operated of WEALTHCARE. Other than Mr. VanZandt’s services, no other supervised person at WEALTHCARE works for Mr. Van Zandt’s accounting firm or completes any accounting services on its behalf. It is anticipated that Mr. Van Zandt will recommend the investment advisory services of WEALTHCARE to his accounting clients. Those dual clients will be required to acknowledge the relationship between Mr. Van Zandt and WEALTHCARE by signing a disclosure statement which reflects the portion of the investment advisory fee that will be earned by Mr. Van Zandt as an employee of WEALTHCARE.

Outside Investment Advisors

In general, WEALTHCARE does not refer potential clients to third party investment advisers. However, should we meet a potential client who we feel would benefit from working with an investment adviser that WEALTHCARE has a contractual solicitor or sub-advisory relationship with, we might arrange an introduction for the potential client. WEALTHCARE may from time to time compensate, either directly or indirectly, any person for client referrals but has not created a formal referral compensation structure where no ongoing services are provided by the referring source. Any fee paid to a solicitor or a sub-adviser does not change the overall advisory fee charged by WEALTHCARE. Additionally, all solicitor fees or relationships with third-party RIAs are separately disclosed under a solicitor’s disclosure statement or within the client’s WEALTHCARE advisory contract which the client acknowledges in writing.

Solicitors may be, though are not necessarily, Registered Investment Adviser Representatives (RIARs) of WEALTHCARE. However, unless the RIAR is an employee of WEALTHCARE, as opposed to an independent agent or advisory firm acting as a solicitor of WEALTHCARE, such independent RIAR or Registered Investment Adviser does not render advice on behalf of WEALTHCARE to any client or prospect and such RIAR merely facilitates communication between WEALTHCARE and such client or prospect.

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

The employees of WEALTHCARE have committed to a Code of Ethics that establishes a high standard of integrity and professional ethics in conducting business with the firm, its clients and its business vendors and partners. All WEALTHCARE associates are required to review and sign a formal Code of Ethics adopted to comply with Rule 204(A)-1.

WEALTHCARE's Code of Ethics provides for 1) a high ethical standard of conduct; 2) compliance with all federal securities laws; and (3) policies and procedures for the reporting of certain personal securities transactions on a quarterly basis as well as upon hire and annually for all WEALTHCARE's professionals and employees. The Chief Compliance Officer of WEALTHCARE reviews on a test basis employee trades periodically. The Chief Compliance Officer’s trades are reviewed by the Chief Executive Officer of WEALTHCARE or his designee officer of the firm. These reviews help ensure that the personal trading of employees complies with WEALTHCARE’s Code of Ethics. Due to the nature of WEALTHCARE’s recommended portfolios, we believe it would be very unusual for employees’ personal trades in individual securities to present any ethical conflicts with any ETF portfolio recommendations or trades made on behalf of client assets.

WEALTHCARE does not recommend to clients securities in which WEALTHCARE or its related persons have a material financial interest. The primary securities invested in by WEALTHCARE on behalf of its clients are passive ETFs and indexed mutual funds, although portfolio management and advice on prior client positions which may have to stay in a client's portfolio for some time for tax or other personal client reasons is sometimes required. WEALTHCARE does not typically recommend the purchase of publicly-traded or privately-placed individual stocks, bonds, master limited partnerships, hedge funds or limited liability companies to its clients.

WEALTHCARE does periodically offer for sale or grant to its employees common stock in the company as an employee incentive. It should be noted that some employees are considered clients of WEALTHCARE, but no advisory fees are associated with such an investment. WEALTHCARE's employees are also invested in the same passive ETF or indexed mutual funds as WEALTHCARE clients via their personal or 401k custodial accounts. We do not feel this presents a conflict of interest because the minimal exposure that WEALTHCARE's overall ownership of these securities (client and employee) would not have a significant impact on their pricing given the large capitalization and market liquidity of the securities recommended.

A copy of WEALTHCARE's Code of Ethics is available to WEALTHCARE's advisory clients upon written request to the Compliance Officer at WEALTHCARE's principal office address or by email request to compliance@wealthcarecapital.com.

Item 12 – Brokerage Practices

Broker Selection

WEALTHCARE's preferred custodians are Charles Schwab & Co., Fidelity Investments and TD Ameritrade due to their discounted ETF trade commissions, automation and special services for Registered Investment Advisers. WEALTHCARE is not affiliated with any of its preferred custodians. It should be noted that most benefit plan clients utilize a custodian recommended by our preferred third party administrator, Employee Fiduciary Corporation, who we mentioned previously in Item 4.

The primary factors that determine WEALTHCARE's recommending a broker-dealer custodian to a client are in no specific order:

- 1) Commission Cost
- 2) Automation/Technology
- 3) Services for independent RIAs
- 4) Properly registered with SRO
- 5) Execution capabilities
- 6) Client preferences

WEALTHCARE may recommend broker dealers and custodians to clients of the firm in need of these services. WEALTHCARE will normally only recommend those broker-dealers who have entered into servicing arrangements with WEALTHCARE or where WEALTHCARE has a business relationship that enables WEALTHCARE efficient and cost-effective access to brokerage services to facilitate WEALTHCARE's discretionary portfolio management services. No client is obligated to use any recommended broker-dealer/custodian. In circumstances where a client wants to remain with their current custodian who is not a preferred custodian of WEALTHCARE, we will provide advisory services to such a client. No advisory fee surcharge for any operational inconvenience to WEALTHCARE is made.

Soft Dollar Arrangements

WEALTHCARE does not have any formal or informal arrangements or commitments to obtain any research or research related products or services on a soft-dollar basis. However, due to the institutional relationships we have with our preferred custodians, we do receive services that assist WEALTHCARE in managing and administering clients' accounts. These services may include software and other technology that (i) provide access to client data; (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its client accounts; and (v) assist Portfolio Operations with back-office functions, recordkeeping and client reporting. Additionally, preferred custodians may provide third party research, publications, access to educational conferences, roundtables and webinars or practice management resources. WEALTHCARE does not typically utilize these services other than practice management or compliance related publications or seminars. WEALTHCARE did receive a one-time 20% discount on the initial license implementation fee from a subsidiary Charles Schwab for the portfolio accounting software licensed from a subsidiary of Charles Schwab it uses for client accounts.

Brokerage for Client Referrals

Generally speaking, WEALTHCARE does not receive client referrals from broker-dealers. However, should we receive such a referral, WEALTHCARE would not necessarily recommend that a client leave or remain with the referring broker.

Directed Brokerage

As of December 31, 2011, no clients of WEALTHCARE have instructed the firm to direct transactions in their account to a specific brokerage firm.

If a client directs WEALTHCARE to trade the account's transactions at a particular broker with whom WEALTHCARE does not have a business relationship, this may result in greater transaction expenses for the account than for other accounts WEALTHCARE manages. The directed accounts may pay higher commissions and/or receive less favorable trade execution than the non-directed accounts. The non-directed accounts may benefit from any negotiated commissions and some operational client account support services WEALTHCARE has arranged for its clients through its preferred custodial relationships. Preferred custodians may discount or waive fees for clients of WEALTHCARE that it would otherwise charge to retail clients for the same services.

All clients should understand that any broker-dealer/custodian recommendations made by WEALTHCARE are a conflict of interest as WEALTHCARE anticipates continual operational relationships with the broker-dealers/custodians that we recommend. WEALTHCARE does limited due diligence reviews of these firms, all of which are well established nationally recognized broker dealer custodians; WEALTHCARE only recommends them as a convenience to our clients.

Aggregation of Orders

The aggregation or blocking of client transactions allows an adviser to execute transactions in a more timely, equitable, and efficient manner and seeks to provide, when feasible based on similar time frames of information required to make a trade decision, the same execution price for clients at the same custodian and executing broker. Our firm's policy is to aggregate client transactions where possible and when advantageous to clients. In these instances clients participating in any aggregated transactions will receive an average share price and transaction costs will be charged separately based upon each custodian's commission schedule. When possible, the firm will seek to obtain lower commissions for clients that qualify under various custodians' promotional programs but not at the cost of unnecessary portfolio turnover and related tax consequences.

In the event transactions for WEALTHCARE, its employees or principals are aggregated with client transactions and conflicts arise, WEALTHCARE will always defer to the benefit of the client in the transaction. If aggregation is in the best interest of clients with accounts at more than custodian on the same trade date, an impartial process is used to determine the order in which custodians are sequenced to submit aggregated orders.

Item 13 – Review of Accounts

Reconciliation of Client Accounts

All active WEALTHCARE client accounts are reconciled to their most recent month-end custodial statement before the end of the next calendar month by the Portfolio Operations Department. The Portfolio Operations Department is supervised by the Vice President – Portfolio Management. In many cases, where WEALTHCARE has established an electronic reconciliation link between the custodian and our portfolio accounting system, the accounts are reconciled on a daily basis. Whenever valuation information differs between the custodian's records and our accounting system's records, the differences are investigated and resolved. Once reconciled, electronic copies (where available) or paper copies of the client's custodian statement are maintained along with a copy of a reconciled holdings statement from WEALTHCARE's accounting system. In the event there are any differences (i.e. trade settlement, etc.) an explanation is also documented and retained by the Portfolio Operations Department.

Financial Plan Review

Each client's Investment Adviser will initiate a review and update the Client's financial plan on at least an annual basis for changes in the Client's financial situation and plan objectives. Additional reviews may be initiated for several reasons including 1) due to changes in a client's priorities, 2) upon demand by the Client, 3) whenever the Adviser considers a plan update and review is in the Client's best interest, 4) should there be a material change in circumstances for the Client or 5) should the Client's Plan fall materially outside its Comfort Zone.

Regular Reports

WEALTHCARE clients will receive quarterly reports or on demand reports from WEALTHCARE either directly by WEALTHCARE or as needed for client meetings that occur at least once a year via third party advisers or solicitors reporting portfolio holdings, performance, values, and the funded "Comfort Zone" status of the Wealthcare plan goal objective, which is a mathematical estimate of a client's Wealthcare plan's over or under funded status. Each contains an offer to the client to request and receive WEALTHCARE's most current Form ADV Part 2A and privacy policy. Form ADV Part 2A is also available by hyperlink from the WEALTHCARE website. Unaffiliated Registered Investment Advisers WEALTHCARE subadvises determine the frequency of delivery of WEALTHCARE quarterly status reports to that firm's clients.

Item 14 – Client Referrals and Other Compensation

WEALTHCARE and its employees do not receive any sales awards or prizes as compensation from third party advisers. The receipt of such gifts would be a violation of WEALTHCARE'S Code of Ethics.

As a matter of policy and practice, WEALTHCARE does not compensate any third-party persons, either individuals or entities, for the referral of advisory clients to the firm unless a formal solicitor's agreement has been entered into with a registered investment adviser representative ("RIAR") or with such person's supervising firm which is a registered investment adviser ("RIA"). WEALTHCARE does not increase its advisory fees in order to compensate a Solicitor. The Solicitor receives a portion of the advisory fee collected.

When such an agreement is entered into, it specifies the percentage of the client fees that are to be paid as solicitor's fees and requires the solicitor to provide written disclosure of his arrangement with WEALTHCARE, including his or her method of compensation, to the client via a signed disclosure statement. The client's countersignature is required on the disclosure statement prior to WEALTHCARE executing any trades.

Item 15 – Custody

Clients should receive statements from the custodian that holds and maintains client's investment assets at least quarterly. The reports will include a list of all securities held in the portfolio, their market value as of the last day of the previous month and all trade activity for the preceding month/quarter and reflect WEALTHCARE's advisory fee charges to the custodial account when applicable. Method of delivery is determined by the individual client when they complete the custodial account application. WEALTHCARE urges you to carefully review such statements and compare such official custodial records to the Wealthcare Plan Status Report that we may provide to you.

Item 16 – Investment Discretion

WEALTHCARE receives discretionary authority from most of its clients at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold within the client's accounts. This is documented normally via a client's execution of the Financial Advisory and Discretionary Investment Management Agreement ("FADIMA") with WEALTHCARE which grants WEALTHCARE a limited power of attorney. Additionally, the custodian will require the client to execute a limited power of attorney ("LPOA") when opening the custodial account. The LPOA will grant WEALTHCARE the authority 1) to trade securities on the client's behalf in the account, 2) to authorize the disbursement of WEALTHCARE's quarterly investment advisory fee and 3) to authorize WEALTHCARE to instruct the custodian to disburse a check from the client's custodial account to their address of record or, with additional paperwork signed by the client, to a bank account registered in the client's name.

In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives and/or the Wealthcare Plan for each client's accounts.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, WEALTHCARE does not generally 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 accounts. All proxy notices are forwarded directly to the clients by the clients account custodians as has been indicated on the client's custodial account application.

WEALTHCARE's standard investment advisory and portfolio management agreements specifically transfer proxy voting responsibility to the client with one exception. WEALTHCARE will vote proxies on behalf of ERISA client accounts where the Plan Sponsor has requested WEALTHCARE to vote on behalf of the Plan. At this time, WEALTHCARE does not have responsibility to vote proxies on behalf of any Plan.

Since the recommended portfolios of WEALTHCARE represent broad indices of securities (ETFs) as the primary client holding, generally speaking, if WEALTHCARE were to vote a proxy, WEALTHCARE would only vote on matters regarding the fee structure of those securities as it is the one issue WEALTHCARE is focused on actively monitoring. Otherwise, all non-material issues are viewed as very unlikely to impact the pricing or returns from holding such ETFs.

A complete copy of WEALTHCARE's proxy voting Policy can be obtained by sending a request to WEALTHCARE's Chief Compliance Officer via email compliance@wealthcarecapital.com or via telephone at (804) 644-4711. If a client has a question regarding a proxy notice that they have received, they should speak with their Wealthcare Adviser to review the content of the proxy. However, the decision as to how to vote a proxy will remain with the client.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. WEALTHCARE has no financial commitment or condition that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

A balance sheet is not required to be provided because WEALTHCARE does not serve as a custodian for client funds or securities and does not require prepayment of fees of more than \$1,200 per client six months or more in advance.

Item 19 – Requirements for State Registered Advisers

As WEALTHCARE is a federally-registered investment adviser, this item is not applicable.

Privacy Policy
(Effective January 1, 2012)

Wealthcare Capital Management, Inc. and its DBA's ("WEALTHCARE") have adopted policies and procedures to protect our client's non-public personal information.

As your investment adviser, or service provider to your investment adviser, WEALTHCARE collects non-public personal information about you from unaffiliated third-party investment custodial applications and other forms submitted to us by you or submitted to us by your financial consultant, custodian or other authorized representatives (such as your accountant or attorney) and through the normal course of business as your investment adviser or as a service provider to your investment adviser.

The types of non-public personal information WEALTHCARE collects and shares will depend on the product or services you receive from us. WEALTHCARE regards non-public personal information to be data such as your name, address, telephone/fax numbers, e-mail addresses, Social Security number, assets, income, investment objectives, risk tolerance, account numbers, account balances, transaction history, beneficiary information, bank account information and credit card information.

WEALTHCARE will not disclose non-public personal information about you to anyone, except:

- For our everyday business purposes - such as to process your transactions or maintain and monitor your account(s)
- To non-affiliated third parties who assist us in administering your investment account(s) - such as your brokerage, mutual fund or other investment custodian(s)
- In connection with a government or self-regulatory organization request or investigation
- For our marketing purposes – to offer our services to you

WEALTHCARE is an independent investment advisory firm with a single affiliate with whom we do not share your non-public personal information. WEALTHCARE restricts access to your personal and account information to those employees who need to know that information to provide services to you, your financial consultant or other authorized representative. Employees and third party vendors/contractors governed by confidentiality agreements are prohibited from disclosing non-public personal information to any person or entity outside WEALTHCARE, during or subsequent to their employment or contractual engagement with WEALTHCARE.

Additionally, WEALTHCARE maintains physical, electronic and procedural safeguards that meet federal and/or state standards to guard your non-public personal information.

WEALTHCARE's privacy policy applies to current, future and past clients. If you decide to close your account(s) or become an inactive client, WEALTHCARE will adhere to the privacy policies and practices as described in this notice. If there is a material change in WEALTHCARE's privacy policy, you will be notified via written notice.

As WEALTHCARE only shares your non-public personal information as permitted by current federal and/or state statutes and law and as we will not share your non-public personal information with our affiliate, we have not provided an Opt-Out form.

If you have any questions regarding this privacy policy, please do not hesitate to call your financial consultant or call WEALTHCARE's Chief Compliance Officer at 1-800-903-7568, or send an email inquiry to compliance@wealthcarecapital.com.