

## Uniform Application for Investment Adviser Registration

## Part II - Page 1

Name of Investment Adviser: <b>SCHAEFFER FINANCIAL LLC</b>				
Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code: Telephone number:
<b>ONE CHURCH ST, SUITE 901</b>	<b>ROCKVILLE</b>	<b>MD</b>	<b>20850</b>	<b>301-933-5550</b>

This part of Form ADV gives information about the investment adviser and its business for the use of clients.  
The information has not been approved or verified by any governmental authority.

## Table of Contents

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
1	Advisory Services and Fees . . . . .	2
2	Types of Clients . . . . .	2
3	Types of Investments . . . . .	3
4	Methods of Analysis, Sources of Information and Investment Strategies . . . . .	3
5	Education and Business Standards . . . . .	4
6	Education and Business Background . . . . .	4
7	Other Business Activities . . . . .	4
8	Other Financial Industry Activities or Affiliations . . . . .	4
9	Participation or Interest in Client Transactions . . . . .	5
10	Conditions for Managing Accounts . . . . .	5
11	Review of Accounts . . . . .	5
12	Investment or Brokerage Discretion . . . . .	6
13	Additional Compensation . . . . .	6
14	Balance Sheet . . . . .	6
	Continuation Sheet . . . . .	Schedule F
	Balance Sheet, if required . . . . .	Schedule G

(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form  
are not required to respond unless the form displays a currently valid OMB control number.

## Definitions for Part II

Related Person C Any officer, director or partner of applicant or any person directly or indirectly controlling, controlled by, or under common control with the applicant, including any non-clerical, non-ministerial employee.

Investment Supervisory Services C Giving continuous investment advice to a client (or making investments for the client) based on the individual needs of the client. Individual needs include, for example, the nature of other client assets and the clients personal and family obligations.

## 1. A. Advisory Services and Fees. (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service. (See instructions below.)

Applicant:

<input checked="" type="checkbox"/>	(1)	Provides investment supervisory services .....	20 %
<input checked="" type="checkbox"/>	(2)	Manages investment advisory accounts not involving investment supervisory services .....	20 %
<input checked="" type="checkbox"/>	(3)	Furnishes investment advice through consultations not included in either service described above .....	35 %
<input type="checkbox"/>	(4)	Issues periodicals about securities by subscription .....	%
<input type="checkbox"/>	(5)	Issues special reports about securities not included in any service described above .....	%
<input type="checkbox"/>	(6)	Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities .....	%
<input checked="" type="checkbox"/>	(7)	On more than an occasional basis, furnishes advice to clients on matters not involving securities .....	20 %
<input type="checkbox"/>	(8)	Provides a timing service .....	%
<input checked="" type="checkbox"/>	(9)	Furnishes advice about securities in any manner not described above .....	5 %

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term? .....

Yes ☒ No ☐

C. Applicant offers investment advisory services for: (check all that apply)

<input checked="" type="checkbox"/>	(1)	A percentage of assets under management	<input type="checkbox"/>	(4)	Subscription fees
<input checked="" type="checkbox"/>	(2)	Hourly charges	<input type="checkbox"/>	(5)	Commissions
<input checked="" type="checkbox"/>	(3)	Fixed Fees (not including subscription fees)	<input type="checkbox"/>	(6)	Other

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

## 2. Types of clients - Applicant generally provides investment advice to: (check those that apply)

<input checked="" type="checkbox"/>	A.	Individuals	<input checked="" type="checkbox"/>	E.	Trusts, estates, or charitable organizations
<input type="checkbox"/>	B.	Banks or thrift institutions	<input checked="" type="checkbox"/>	F.	Corporations or business entities other than those listed above
<input type="checkbox"/>	C.	Investment companies	<input type="checkbox"/>	G.	Other (describe on Schedule F)
<input type="checkbox"/>	D.	Pension and profit sharing plans			

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- |   |   |
|---|---|
| <input type="checkbox"/> A. Equity securities                                       | <input type="checkbox"/> H. United States government securities     |
| <input checked="" type="checkbox"/> (1) exchange-listed securities                  | <input type="checkbox"/> I. Options contracts on:                   |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter          | <input type="checkbox"/> (1) securities                             |
| <input type="checkbox"/> (3) foreign issuers  | <input type="checkbox"/> (2) commodities                            |
| <input type="checkbox"/> B. Warrants  | <input type="checkbox"/> J. Futures contracts on:                   |
| <input type="checkbox"/> C. Corporate debt securities (other than commercial paper) | <input type="checkbox"/> (1) tangibles                              |
| <input type="checkbox"/> D. Commercial paper  | <input type="checkbox"/> (2) intangibles                            |
| <input checked="" type="checkbox"/> E. Certificates of deposit                      | <input type="checkbox"/> K. Interests in partnerships investing in: |
| <input checked="" type="checkbox"/> F. Municipal securities                         | <input type="checkbox"/> (1) real estate                            |
| <input type="checkbox"/> G. Investment company securities:                          | <input type="checkbox"/> (2) oil and gas interests                  |
| <input type="checkbox"/> (1) variable life insurance                                | <input type="checkbox"/> (3) other (explain on Schedule F)          |
| <input checked="" type="checkbox"/> (2) variable annuities                          | <input type="checkbox"/> L. Other (explain on Schedule F)           |
| <input checked="" type="checkbox"/> (3) mutual fund shares                          |   |

**4. Methods of Analysis, Sources of Information, and Investment Strategies.****A.** Applicant's security analysis methods include: (check those that apply)

- |   |   |
|---|---|
| (1) <input checked="" type="checkbox"/> Charting    | (4) <input checked="" type="checkbox"/> Cyclical                      |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input checked="" type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical   |   |

**B.** The main sources of information applicant uses include: (check those that apply)

- |   |   |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines    | (5) <input checked="" type="checkbox"/> Timing services   |
| (2) <input type="checkbox"/> Inspections of corporate activities              | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases  |
| (4) <input type="checkbox"/> Corporate rating services                        | (8) <input checked="" type="checkbox"/> Other (explain on Schedule F)   |

**C.** The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |  |   |
|--|---|
| (1) <input checked="" type="checkbox"/> Long term purchases<br>(securities held at least a year) | (5) <input type="checkbox"/> Margin transactions  |
| (2) <input checked="" type="checkbox"/> Short term purchases<br>(securities sold within a year)  | (6) <input type="checkbox"/> Option writing, including covered options, uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days)                 | (7) <input type="checkbox"/> Other (explain on Schedule F)  |
| (4) <input type="checkbox"/> Short sales   |   |

**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? .....

Yes ☒ No ☐

(If yes, describe these standards on Schedule F.)

**6. Education and Business Background**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- formal education after high school
- year of birth
- business background for the preceding five years

**7. Other Business Activities.** (check those that apply)

- ☒ A. Applicant is actively engaged in a business other than giving investment advice.
- ☒ B. Applicant sells products or services other than investment advice to clients.
- ☒ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- |  |  |
|--|--|
| <input checked="" type="checkbox"/> (1) broker-dealer  | <input type="checkbox"/> (7) accounting firm                                       |
| <input type="checkbox"/> (2) investment company  | <input type="checkbox"/> (8) law firm  |
| <input checked="" type="checkbox"/> (3) other investment adviser   | <input checked="" type="checkbox"/> (9) insurance company or agency                |
| <input type="checkbox"/> (4) financial planning firm   | <input type="checkbox"/> (10) pension consultant                                   |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading advisor or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer                         |
| <input type="checkbox"/> (6) banking or thrift institution   | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked in box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? Yes ☐ No ☒

(If yes, describe on Schedule F the partnerships and what they invest in.)

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

Applicant <b>SCHAEFFER FINANCIAL LLC</b>	SEC File Number 801-63790	Date 11/2009
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**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☒ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☐ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

- 10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services and impose a minimum dollar value of assets or other conditions for starting or maintaining an account? ..... Yes ☐ No ☒

(If yes, describe on Schedule F)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

**For those clients to whom Registrant provides investment management services, account reviews are conducted on an ongoing basis by the Registrant's Managing Member, Karen Schaeffer, and/or by the independent manager(s) designated by the Registrant to manage client accounts. In addition, the Registrant meets with independent manager, Financial Services Advisory, on a quarterly basis to review client accounts. All investment management clients are required to discuss with Registrant his/her/their/its investment objectives, needs and goals and to keep the Registrant informed of any changes regarding same. All investment management clients are encouraged to meet, at least annually, with the Registrant's Managing Member, or another RIA of Schaeffer Financial LLC, to comprehensively review consulting issues, investment objectives, and account performance.**

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

**Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian of the client accounts.**

**12. Investment or Brokerage Discretion.**

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- |  | Yes                                 | No                       |
|--|-------------------------------------|--------------------------|
| (1) securities to be bought or sold? .....               | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold? ..... | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (3) broker or dealer to be used? .....                   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (4) commission rates paid? .....                         | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

B. Does applicant or a related person suggest brokers to clients? .....

Yes No  
☒ ☐

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- |   |  |   |
|---|--|---|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? ..... | Yes<br><input type="checkbox"/>            | No<br><input checked="" type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? .....  | Yes<br><input checked="" type="checkbox"/> | No<br><input type="checkbox"/>            |

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities; or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet? .....	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
<b>Schaeffer Financial LLC</b>	<b>801-63790</b>	<b>11/2009</b>

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Schaeffer Financial LLC</b>	IRS Empl. Ident. No.:
Item of Form (identify)	Answer

Item 1D	<p><b>Advisory Services and Fees</b> Schaeffer Financial LLC (the “Adviser”) may provide its clients with financial planning and consulting services, investment and non-investment related consulting and investment advice as well as investment advisory services through managed account programs. These managed account programs may be offered on a discretionary or a non-discretionary basis and may be offered by either the Adviser or independent money managers (Independent Manager[s]) chosen by the Adviser. The Adviser retains the authority to maintain, reallocate, modify or terminate any and all Independent Managers.</p> <p><b>Financial Planning and Financial Advice on Non-Investments</b> Adviser may, when requested by a client, provide limited financial planning and/or financial advice on investment and non-investment related matters. Non-investment matters may include such items as debt consolidation; mortgage payment options; and employee benefit questions raised by the client. The Adviser does not provide comprehensive financial planning services or written financial plans. The Adviser will generally charge a fixed fee for the initial services with additional work contracted on either a fixed fee or hourly fee basis. The initial meeting between the Adviser and the client is a “working session” which consists of the client and the Adviser reviewing certain financial documents, financial and investment goals as well as other information pertinent to the client’s questions or current and future financial situation. The fee for this session is generally \$575 but this may be negotiated based on extenuating circumstances as determined by the Adviser. The Adviser’s financial planning and consulting fees are negotiable, but generally range from \$300 to \$30000 on a fixed basis and from \$150 to \$300 on an hourly rate basis, depending upon the level and scope of the services required and the professionals rendering the services. Prior to engaging the Adviser to provide financial planning, the client will generally be required to enter into a Financial Consulting Agreement setting forth the terms and conditions of the engagement, the scope of the services to be provided and the portion of the fee that is due from the client as a deposit before services are provided.</p> <p>The Adviser shall not be required to verify any information received from the client or from the client’s other professionals and is expressly authorized to rely thereon. If requested by the client, Adviser may recommend the services of other professionals for implementation purposes or the client may implement any or all of the recommendations through Adviser’s affiliations as outlined throughout this Form ADV. The client is under no obligation to implement any or all of the recommendations provided by the Adviser. The client is free to accept or reject any recommendation made by the Adviser.</p> <p>The Adviser is also engaged by various state and federal government agencies as well as independent businesses to provide limited consulting services to their employees. These seminars are general education sessions on financial planning; investments and benefits consulting. The governmental agency or independent business that engages the Adviser is the client. The employee(s) of the governmental agency or independent business may engage the Adviser to provide investment-related, investment consulting, or financial planning services as outlined throughout this Form ADV.</p> <p>Clients with financial planning and/or financial advice agreements with the Adviser will generally have a short-term relationship with the Adviser. They are encouraged to approach the Adviser in the future for additional sessions. A good rule of thumb is every one to two years unless the client has a major life change (retires, divorces or has a significant increase in salary for example) or feels the need for additional information on their financial situation. The client must contact the Adviser for these sessions as the Adviser will not always contact clients for future meetings. The Financial Planning/Financial Services Agreement ends at the end of the working session although in some cases reasonable follow-up questions by phone or email will be included. Additional advice from the Adviser will be invoiced at the current hourly rate.</p>
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Item 1D  
(continued)

### **Managed Account Programs through Independent Money Managers**

If the client desires investment management services through a managed account program, the Adviser shall recommend that the client engage the services of Independent Managers to manage the client assets (which assets, together with all additions, substitutions, and/or alterations thereto are referred to as the “Assets” or “Account”). In most cases, the Account will be managed on a discretionary basis by the Independent Manager. This means the Independent Manager will make investment decisions on the Account (within the risk tolerance of the client) with out receiving the client’s authorization for each transaction. The Independent Manager(s) programs, services, and fees shall be provided to the client in the Independent Manager(s)’ Form ADV Part II and Schedule F or related documents. A separate written agreement between the client and the Independent Manager shall be signed. Adviser shall receive a portion of the investment management fee charged to the client by the Independent Manager for as long as the Independent Manager continues to manage the Account. This fee is paid solely from the Independent Manager’s standard investment fee and is not in additional charge imposed on the client.

The Adviser shall perform regular due diligence on the Independent Manager[s] to whom they refer clients and shall regularly meet with the portfolio manager[s] of the Independent Manager[s]. The Adviser will have discretionary authority to allocate or re-allocate the assets being held by the Independent Manager for all of the Adviser’s clients that are managed by the Independent Manager. In this role, the Adviser may hire and fire the Independent Manager that is chosen to manage client assets and may also move the client’s assets from one program to another [within the same Independent Manager’s advisory services]. To change from one Independent Manager to another, the Adviser will require client approval and new documents will need to be completed.

In most cases, the Adviser shall refer clients to Financial Services Advisory, an SEC registered investment adviser that provides active discretionary management services. Schaeffer Financial LLC and Financial Services Advisory share office space; computer equipment and software and common administrative employees.

### **Managed Account Programs through Schaeffer Financial LLC**

In some cases, a less active management service may be beneficial to clients. This service is provided by the Adviser primarily through mutual funds allocated within the client’s risk tolerance and investment objectives. The mutual funds are primarily managed on a “buy and hold” basis meaning there is very little trading activity within the account. These accounts will be beneficial to clients that need diversity within their current investments and /or current money management programs as well as clients that have a particular need for tax-advantaged investing,

This program may be offered on either a discretionary or non-discretionary basis and in most cases, Richard W. Schaeffer, CFP® will make the investment decisions and execute the trades with the custodian chosen by the client and the Adviser. In most cases, the custodian chosen will be Fidelity Investments (“Fidelity”) or Charles Schwab (Schwab). No commissions will be earned on the mutual funds sold to clients within this program although in some cases, commissions may be earned by Mr. Schaeffer in his role as a registered representative of H. Beck. Inc. Further details are outlined below.

### **Other**

Kaitlin K. Schaeffer Yardley, CFP® offers her services to consumers through an internet platform provided by Myfinancialadvice, Inc. (MFA). MFA provides this service under the name Myfinancialadvice.com. The website of MFA can be found at <http://www.myfinancialadvice.com> (MFA website). MFA maintains a list of Investment Advisers and other financial service providers (collectively, consultants), including Ms. Yardley, who has indicated an interest in providing services to consumers through the MFA website. MFA, through the MFA website, may provide the name of Ms. Yardley to consumers who request advice or assistance in financial matters. Before any services are provided, Ms. Yardley and the consumer must agree on the services to be provided and the amount of the fee that Ms. Yardley will charge for those services. The fee will be based on the hourly rates described below; however, the amount of time to be spent and the total amount of the fee may be negotiable, depending on the nature of the question and the amount of detail that the consumer requests in response. The total amount of the fee must be paid by credit card through the MFA website at the time Ms. Yardley commences providing the services. Under normal circumstances, fees are not refundable once they are paid, unless Ms. Yardley fails to provide the services within a reasonable time. Ms. Yardley and consumer will agree on the amount of time it will take her to provide the serviced. Ordinarily MFA expects that services will be completed within 30 days or less. It is MFA’s policy, however, that fees for services or any portion of the services that have not been completed within six (6) months from the date of commencement of the services must be immediately refunded to the consumer. In no event will fees be paid more than six



Item 1D  
(continued)

months before services are completed. If services are partially completed within the six-month period, the fees will be prorated. Fees are collected by MFA who pays Ms. Yardley 50% to 75% of the total amount of the fees paid by the consumer. The actual percentage may depend on the type of services Ms. Yardley provides and the amount of time she expects the services to take. MFA may pay a portion of the fee to third parties who sponsor the MFA website or who provide advertising space for MFA services or links to the MFA website. The balance of the fee is kept by MFA. As part of receiving services through MFA, the consumer and Ms. Yardley must agree not to contact each other or obtain services directly. The fees that Ms. Yardley charges consumers for services she provides through MFA are less than or the same than the fees that Ms. Yardley or Schaeffer Financial LLC charges its other clients. Persons using the services of Ms. Yardley through the MFA website will be charged the following fees:

The cost will be determined using the hourly rates Kaitlin K. Schaeffer Yardley, CFP® uses for all of her clients, disclosed above.

Rates listed on the MFA website are based on a per minute charge, however those fees are based on the above hourly charges.

MFA is registered as an Investment Adviser with the Securities and Exchange Commission (SEC) and may be considered a Solicitor under the Investment Advisers Act of 1940 and/or under certain state laws. However, the services of MFA are limited to (i) obtaining the names of persons with credentials that appear to qualify those persons to give advice in various areas; (ii) providing a web-based platform where a consumer can obtain a list of consultants who may be available to assist the consumer with a specific question; (iii) collecting the fees from the consumer for the services once the consumer selects an adviser and negotiates a price for the service; (iv) paying the selected adviser for providing the services once the services have been completed; and (v) conducting follow ups with consumers to verify consumer satisfaction with the services. MFA is not responsible for determining or providing advice to consumers nor does MFA recommend any specific consultant to consumers. Consumers must evaluate and choose consultants on their own, after being provided with information about the consultants disclosed or described on the MFA website.

**Miscellaneous**

The client or the Adviser may terminate the agreement at any time upon written notice to the other party. Any prepaid, unearned fees will be refunded to the client within 30 days by the Adviser. Any fees owed to the Adviser for completed work up until the day the written notice is received will be due and payable by the client upon receipt of a written invoice from the Adviser.

There are no minimum account sizes imposed for financial planning/financial advice clients or for managed accounts through the Adviser. Independent Managers may impose account minimums and this information will be outlined in their Form ADV disclosure document.

The fee charged for any of the programs listed is calculated as described within Form ADV, Part II and is not changed on the basis of a share of capital gains or upon capital appreciation of the funds or any portion of the funds of an advisory client (SEC Rule 205(a)(1)). Should any performance fees be charged they would be assessed in compliance with SEC Rule 205-3.

All fees paid to the Adviser for investment advisory and/or financial planning services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus and will generally include a management fee, other fund expenses, and possibly a distribution fee. The fund may also impose sales charges. If so, the client may pay an initial or deferred sales charge. A client may invest in some mutual funds directly without the services of the Adviser. In that case, the client would not receive the services provided by the Adviser, which are designed, among other things, to assist the client in determining which investment management programs and mutual funds are most appropriate to the client's financial situation and objectives. The client should review both the fees charged by the funds and the fees charged by the Adviser and the Independent Manager[s] chosen to fully understand the total amount of fees that will be paid. Only then will the client be able to fully evaluate the services being provided and the fees being paid.

In addition, the client may pay fees for custodial services, account maintenance, transaction fees and other fees associated with maintaining an account. The Adviser does not share in any portion of such fees. Additional assets deposited into the account after the calendar quarter begins will be charged a pro-rata fee based upon the number of days remaining in the quarter. No fee adjustments shall be made for partial withdrawals or for account appreciation or depreciation.

	<p>Client will receive a statement at least quarterly from the custodian of their account, detailing all transactions and fees deducted from the account for that calendar quarter. It is the client's responsibility to verify the fees deducted, as the custodian does not do so.</p>
Item 4A & 4B	<p><b>Methods of Analysis, Sources of Information, and Investment Strategies</b>  The factors considered in the search for mutual funds to be purchased for client accounts include but are not limited to: performance, risk, cost efficiency, consistency of objectives and managers, fund size, relative performance and fund distributions. These are evaluated by the Adviser.</p> <p>The Adviser may also utilize information obtained from rating and tracking organizations, services providing money flow statistics, business publications, fund prospectuses and other sources, and may consider other criteria including the administrative, recordkeeping, communication, reporting and other services provided.</p>
Item 5	<p><b>Education and Business Experience</b>  All individuals that give advice on behalf of the Adviser must have earned a college degree and/or have substantive investment-related experience. In addition, all such individuals shall have attained all required investment-related licenses and/or designations as decided by the Adviser.</p>
Item 6	<p><b>Education and Business Experience</b></p> <p><b>Karen P. Schaeffer, CFP®</b></p> <p><b>Business Background:</b>  Schaeffer Financial, LLC, Managing Member, Investment Adviser Representative, 2004-Present  Financial Services Advisory, Inc., Investment Adviser Representative, 1992-2004</p> <p><b>Educational Background:</b>  Maryland &amp; Virginia Insurance licensed Health, Life and Variable  Certified Financial Planner™ 1983  Grand Valley State University, Allendale, MI, B.S., Sociology &amp; Psychology, 1976</p> <hr/> <p><b>Richard W. Schaeffer, CFP®</b></p> <p><b>Business Background:</b>  Schaeffer Financial, LLC, Investment Adviser Representative, 2004-Present  H. Beck, Inc., Registered Representative, 1989 – Present  Financial Services Advisory, Inc., Investment Adviser Representative, 1992-2004</p> <p><b>Educational Background:</b>  FINRA license: 7, 63, 65  Maryland Insurance licensed Health, Life and Variable  Certified Financial Planner™ 1987  Grand Valley State University, Allendale, MI, B.S., Economics &amp; Political Science, 1975</p> <hr/> <p><b>Kaitlin K. Schaeffer Yardley, CFP®</b></p> <p><b>Business Background:</b>  Schaeffer Financial, LLC, Investment Adviser Representative, 2007- Present  Boland, Executive Assistant CFO, 2003 - 2007</p> <p><b>Educational Background:</b>  Certified Financial Planner™ 2007  University of Dayton, Dayton, OH, B.S., Finance 2003</p> <hr/> <p><b>Carole A. Byrd RP®</b></p> <p><b>Business Background:</b>  Schaeffer Financial, LLC, Executive Assistant, Chief Compliance Officer, 2004 – Present  H. Beck, Inc., Registered Representative, 2007 – Present  Schaeffer Financial, Executive Assistant, 1997- 2004</p> <p><b>Educational Background:</b>  Registered ParaPlanner™ 2009  FINRA license: 6  American River College, Sacramento, CA, Business Management, 1980</p>

	University of North Carolina, Greensboro, NC, Nursing, 1976
Items 7A, 7B, 7C, 8C(1), 8C(3), 8C(9), and 9B	<p><b>Other Business Activities</b>  <b>Other Financial Industry Activities or Affiliations</b>  <b>Participation of Interest in Client Transactions</b></p> <p>The Adviser also does training for organizations (state and federal government agencies, and independent businesses). These organizations either hire the Adviser directly or as a sub-contractor of National Institute of Transition Planning, Rockville, MD or McGerhin and Associates of Upper Marlboro, MD. Karen P. Schaeffer, CFP®, Managing Member of the Adviser, has been affiliated with both organizations for more than ten years. She is usually hired to do pre-retirement planning which includes advice on employer sponsored retirement plans as well as other investment options. Some contracts may include "working sessions" with individual employees as outlined under Item 1D above.</p> <p>Richard W. Schaeffer, CFP® is a registered representative with H. Beck, Inc. ("H. Beck") and may earn reasonable and customary commissions on some of the investment recommendations made by the Adviser to individual clients. H. Beck is a registered broker/dealer and member of Financial Industry Regulatory Authority, Inc. ("FINRA") and the Securities and Exchanges Commission ("SEC"). H. Beck is not considered a related person to the Adviser but the relationship is material to some of the services and recommendations offered by the Adviser.</p> <p>If a client needs insurance products, they are usually referred to an outside insurance broker for assistance. Should the client purchase any insurance products, reasonable and customary insurance commissions will be earned by the broker and in some cases may be shared with Richard W. Schaeffer, CFP® and/or Karen P. Schaeffer, CFP®. Both are insurance licensed in Maryland for health, LTC and disability insurance.</p> <p>In addition, Schaeffer Financial LLC and Financial Services Advisory ("FSA") share office space; technology; equipment; and office personnel and services. This relationship is material to the Adviser's investment advisory and financial planning business but the two share no ownership in each other's firms nor do they share fees or commissions for any activities other than the managed account clients referred to FSA by the Adviser (as outlined under Item 1D). The relationship does provide a synergy between the two firms as expensive computer programs, technology, etc may be shared within the office and costs may be reduced for each. Privacy and client safeguarding methods are instituted to prohibit access by employees of each firm from accessing personal information of the other firm's clients.</p>
Item 9E	<p><b>Participation of Interest in Client Transactions</b></p> <p>The Adviser has implemented an investment policy relative to personal securities transactions of its owners and employees. This investment policy is included in its Code of Ethics and Personal Trading Policy (the "Code") which serves to establish a standard of business conduct for all of the Adviser's employees, owners and investment adviser representatives. The Code is based upon fundamental principles of openness, integrity, honesty and trust. A copy is available upon request by contacting the Chief Compliance Officer of the Adviser, Carole A. Byrd.</p> <p>In accordance with Section 204A of the Investment Advisers Act of 1940, the Adviser also maintains and enforces written policies designed to prevent the misuse of material non-public information by the Adviser and any person associated with the firm.</p>
Item 12A (1), 12A (2)	<p><b>Investment or Brokerage Discretion</b></p> <p>Adviser may have the authority to determine, without obtaining specific client consent, the securities to be bought or sold as well as the amount of the securities to be bought or sold in client accounts. In some instances, the active management will be done by the Independent Manager[s] but in all cases, Adviser retains the right to allocate or re-allocate within specific programs offered by the Independent Manager and to hire and fire the Independent Manager without client consent. If discretionary authority is provided to the Adviser for client accounts managed by Schaeffer Financial LLC, the client may revoke this authority at any time by submitting a written request to the Adviser.</p>
Item 12B	<p><b>Investment or Brokerage Discretion</b></p> <p>Please see the previous responses set forth in this Schedule F for Item 1D. Although the active discretionary authority over client accounts is designated by the Adviser's Independent Managers, the Adviser's general policies relative to the execution of securities transactions in client accounts is as follows:</p> <p>Execution of Brokerage Transactions: If requested, Adviser will arrange for the execution of securities transactions through broker/dealers that Adviser reasonably believes will provide "best execution". In seeking best execution, the determinative factor is not the lowest possible commission or other transaction costs, but whether the transaction represents the best qualitative</p>

	<p>execution, taking into consideration the full range of a broker/dealer's services including the value of research provided, execution capability, commission rates and/or transaction fees, and responsiveness. Accordingly although Adviser will seek competitive commission rates and/or transaction fees, it may not necessarily obtain the lowest possible commission rate and/or transaction fee for account transactions.</p> <p>Transactions for each client account generally will be effected independently, unless Adviser decides to purchase or sell the same securities for several clients at approximately the same time. Adviser may, but is not obligated to, combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates and/or transaction fees or to allocate equitably among clients the differences in prices, commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among Adviser's clients in proportion to the purchase and sale orders placed for each client account on any given day. To the extent that the Adviser determines to aggregate client orders for the purchase or sale of securities, including securities in which Adviser's principals and/or associated persons may invest, the Adviser will do so in accordance with the parameters set forth by the SEC. The Adviser shall not receive any additional compensation or remuneration as a result of the aggregation.</p> <p>The client may direct Adviser to use a particular broker/dealer (subject to the Adviser's right to decline and/or terminate the engagement) to execute some or all transactions for the client's account. In such event, the client will negotiate terms and arrangements for the account with that broker/dealer, and the Adviser will not seek better execution services or prices from other broker/dealers or be able to "batch" the client's transactions for execution through other broker/dealers with orders for other accounts managed by the Adviser. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. In the event that transactions for client accounts are effected through a broker/dealer that refers investment management clients to the Adviser, the potential for conflict of interest may arise.</p> <p><b>Proxy Voting Policy:</b> The Adviser does not vote client proxies. Therefore, unless otherwise agreed upon by the Independent Managers, the Adviser's clients maintain exclusive responsibility for 1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted; and 2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. The Adviser and/or the client shall correspondingly instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.</p>
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