

Item 1 – Cover Page

Educators Financial Services
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March 30, 2011

This Brochure provides information about the qualifications and business practices of Educators Financial Services. If you have any questions about the contents of this Brochure, please contact us at 763/689-9023. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Educators Financial Services is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Educators Financial Services also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 30, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Kent Schutte, Chief Compliance Officer at 763-689-9023 or Kents@tsainvest.com. Our Brochure is also available on our web site www.tsainvest.com, also free of charge.

Additional information about Educators Financial Services is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Educators Financial Services who are registered, or are required to be registered, as investment adviser representatives of Educators Financial Services.

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Item 4 – Advisory Business

Educators Financial Services, Inc., a Registered Investment Advisor, was founded in 1998, by Kent D. Schutte. Educators Financial Services continues with Mr. Schutte as the primary owner.

Educators Financial Services (EFS) offers investment advisory services for a fee of client assets under management. The firm furnishes investment advice through consultations. EFS may provide advice on matters not specifically involving securities transactions. We may also offer advice surrounding securities other than described above.

Item 5 – Fees and Compensation

The specific manner in which fees are charged by Educators Financial Services is established in a client's written agreement with the firm. Educators Financial Services will generally bill its fees on a quarterly basis. Clients are billed in advance each calendar quarter. Clients authorize Educators Financial Services to directly debit fees from client accounts. Management fees may be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter may be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees may be refunded, and any earned, unpaid fees will be due and payable.

The advisors president and investment adviser representatives sell securities and insurance products for sales commissions through their affiliated broker-dealer Advanced Advisor Group, LLC. A fee is charged for financial planning and investment advisory services. They manage client accounts for a percentage of assets under management.

Standard Fee Schedule

| | <u>Quarterly Fee</u> | <u>Annual Fee</u> |
|--|----------------------|-------------------|
| \$0.00 - \$100,000 | .32% | 1.28% |
| \$100,001 - \$210,000 | .26% | 1.04% |
| \$210,001 - \$500,000 | .24% | 0.96% |
| \$500,001 - \$1,000,000 | .22% | 0.88% |
| \$1,000,001 and Higher | .20% | 0.80% |
| *Fixed Income and Cash Management Only | .15% | 0.60% |

RFP Fee Schedule

| | <u>Quarterly Fee</u> | <u>Annual Fee</u> |
|--|----------------------|-------------------|
| \$0.00 - \$210,000 | .26% | 1.04% |
| \$210,001 - \$500,000 | .24% | 0.96% |
| \$500,001 - \$1,000,000 | .22% | 0.88% |
| \$1,000,001 and Higher | .20% | 0.80% |
| *Fixed Income and Cash Management Only | .15% | 0.60% |

Health Reimbursement Account Fee Schedule .36%

Educators Financial Services fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Educators Financial Services fee, and Educators Financial Services shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that Educators Financial Services considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

Educators Financial Services does not charge any performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client).

Item 7 – Types of Clients

Educators Financial Services provides investment advice to individuals, corporate pension and profit-sharing plans, business entities, charitable organizations, estate and trust programs.

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

The EFS Advisory Committee analyzes data for investment choices. One measure is by performance. This includes using a five star ranking system, noting that a higher star rating does not guarantee positive results. Additional items reviewed include, but are not limited to, benchmark returns, history of management team members, and expenses and fees. Technical analysis includes the use of software such as Frontier Analytics and Morningstar. Past performance is not indicative of future results. Investing in securities involves risk of loss that clients should be prepared to bear.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Educators Financial Services or the integrity of Educators Financial Services management. Educators Financial Services has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Educators Financial Services sells products or services other than investment advice to clients such as arrangements related to a broker dealer or insurance company. Advisors are compensated through means other than collected fees for these services, typically through commission structured payment.

Item 11 – Code of Ethics

Educators Financial Services has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Educators Financial Services must acknowledge the terms of the Code of Ethics annually, or as amended.

Educators Financial Services anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Educators Financial Services has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Educators Financial Services, its affiliates and/or clients, directly or indirectly, have a position of interest. Educators Financial Services employees and persons associated with Educators Financial Services are required to follow Educators Financial Services Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Educators Financial Services and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Educators Financial Services clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Educators Financial Services will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a

determination that these would materially not interfere with the best interest of Educators Financial Services clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Educators Financial Services and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Educators Financial Services obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Educators Financial Services will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

Educators Financial Services clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Kent Schutte, Chief Compliance Officer.

It is Educators Financial Services policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Educators Financial Services will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Item 12 – Brokerage Practices

Soft dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits.

EFS has authority to select the broker dealer for custodial and execution services. EFS will choose the broker/dealer to be used based on execution and custodial services offered, cost, quality of service and industry reputation. Although EFS has the ability to select the broker dealer used; EFS will not dictate commissions and EFS does not receive product, service, compensation or research for the chosen broker dealer. EFS suggests investment adviser representatives to clients, although they are free to select any investment adviser representative they wish. EFS has two types of clients – fee paying and commission paying. For fee paying, EFS will recommend investment adviser representatives based on the skill, reputation, dependability and compatibility with the client. For commission accounts, if the client wants EFS to implement the advice, the affiliated broker dealer, Advanced Advisor Group, LLC, will be recommended. The Investment Advisor Representatives of EFS sell securities and insurance products for commissions through their affiliation.

Item 13 – Review of Accounts

The Chief Compliance Officer or assigned person and/or an Investment Advisor Representative conduct periodic reviews of advisory business. A review of funds held within the accounts is conducted via an Advisory Committee meeting held quarterly. Each account is reviewed individually on at least an annual basis.

Item 14 – Client Referrals and Other Compensation

The Investment Advisor Representative's of the firm through the affiliated broker dealer Advanced Advisor Group, LLC sell securities products for sales commissions. Under a contractual agreement with Education Minnesota ESI and future affiliates, we provide financial planning and services and in return ESI is compensated on membership assets under management.

Item 15 – Custody

The firm does not have custody of any assets for clients. There is one exception: under a trust agreement for which Kent Schutte is advising manager, he does have authorization to withdraw cash which is limited to disbursement of premiums for VEBA trust and other medical related accounts. Disbursement is made only with written instruction from the trustee(s).

Item 16 – Investment Discretion

The firm generally has discretion over the selection and amount of securities to be bought or sold in client accounts without obtaining prior approval from the client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the client and agreed to by the firm.

Discretionary authority will only be authorized upon full disclosure to the client. The granting of such authority will be evidenced by the client's execution of an Investment Advisory Agreement containing all applicable limitations to such authority. All discretionary trades made by the firm will be in accordance with each client's investment objectives and goals.

The firm has discretionary authority to select the broker or dealer for custodial and execution services. EFS will choose the broker/dealer to be used based on execution and custodial services offered, cost, quality of service and industry reputation. Although EFS has the ability to select the broker or dealer used; EFS will not dictate commissions or receive products, service, compensation or research from the chosen broker/dealer.

Item 17 – Voting Client Securities

The firm will not vote, nor advise clients how to vote, proxies for securities held in client accounts. The client clearly keeps the authority and responsibility for the voting of these

proxies. Also, EFS cannot give any advice or take any action with respect to the voting of these proxies. The client and EFS agree to this by contract.

For accounts subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), the plan fiduciary specifically keeps the authority and responsibility for the voting of any proxies for securities held in plan accounts. Also, EFS cannot give any advice or take any action with respect to the voting of these proxies.

Item 18 – Financial Information

Registered investment advisers are required to provide you with certain financial information or disclosures about Educators Financial Services' financial condition. The firm has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.