

ADV part 2A ,Firm Brochure
&
ADV part 2B, Supplement

Security First Financial

6012 S. Linden Rd, Suite #10, Swartz Creek, MI, 48473

ph 810-655-2129 mherhold@comcast.net

This brochure provides information about the qualifications and business practices of Security First Financial. If you have any questions about the contents of this brochure, please contact us at: 810-655-2129, or by email at: mherhold@comcast.net. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority. Additional information about Security First Financial is available on the SEC's website at www.adviserinfo.sec.gov

01-01-2011

Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at 810-655-2129.

Table of Contents

Advisory Business	1
Firm Description	1
Principal Owners	1
Types of Advisory Services	1
Tailored Relationships	2
Types of Agreements	2
Advisory Service Agreement.....	2
Asset Management	2
Termination of Agreement.....	3
Description.....	3
Fee Billing.....	3
Other Fees.....	3
Expense Ratios	3
Performance-Based Fees.....	4
Sharing of Capital Gains.....	4
Types of Clients	4
Description.....	4
Account Minimums	4
Methods of Analysis, Investment Strategies and Risk of Loss	4
Methods of Analysis	4
Risk of Loss	4
Disciplinary Information	5
Legal and Disciplinary	5
Other Financial Industry Activities and Affiliations	5
Financial Industry Activities.....	5
Affiliations.....	6
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	6
Code of Ethics	6
Participation or Interest in Client Transactions	6
Personal Trading.....	6

Brokerage Practices.....	6
Selecting Brokerage Firms	6
Best Execution	7
Soft Dollars	7
Order Aggregation	7
Review of Accounts.....	7
Periodic Reviews	7
Review Triggers.....	7
Regular Reports	7
Client Referrals and Other Compensation.....	7
Incoming Referrals	7
Referrals Out	7
Other Compensation	8
Custody	8
Account Statements	8
Performance Reports	8
Investment Discretion.....	8
Discretionary Authority for Trading.....	8
Limited Power of Attorney	8
Voting Client Securities	9
Proxy Votes	9
Financial Information	9
Financial Condition	9
Business Continuity Plan	9
General.....	9
Disasters.....	9
Alternate Offices.....	9
Loss of Key Personnel	9
Information Security Program.....	10
Information Security	10
Privacy Notice.....	10

Brochure Supplement (Part 2B of Form ADV).....	11
---	-----------

Advisory Business

Firm Description

Security First Financial, was founded in 1998. It provides personalized investment management to individuals and families. The service includes, but is not limited to... establishing accounts, asset transfer, investment discussions, asset selection and implementation, monitoring investments and general account servicing.

Security First Financial is a fee-only investment management firm. It does not sell annuities or insurance. It does not have custody of client funds or assets. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder's fees are accepted.

The client has the responsibility to monitor their own portfolio, ask for bi-annual portfolio reviews and inform Security First Financial if there is any material changes in their lives (i.e. births, deaths, job changes, financial changes, divorce, etc.)

Security First Financial does not act as a custodian of client assets or funds. The client always maintains personal ownership and control of their accounts and assets. Security First Financial places trades for clients under a limited power of attorney and or limited access.

As part of Security First Financial management service, it is suggested that the client schedule two portfolio reviews per year to stay informed with their investments. More frequent reviews are provided if the client requests. Security First Financial may send out two reminder letters to clients each year (based on the first letter of the client's last name) to inspire clients to request a review meeting.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Security First Financial does not receive compensation in any form from other professionals. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, in person or by phone, is free of charge and is considered an exploratory interview to determine the extent to which investment management may be beneficial to the client and advisor.

Principal Owners

Mark and Eleanor Herhold are 100% stockholders of Security First Financial (titled The Revocable Living Trust of Mark and Eleanor Herhold.)

Types of Advisory Services

Security First Financial provides investment management services.

On more than an occasional basis, Security First Financial will discuss matters relating to their investments, such as financial planning, estate planning and taxes as it relates to the client's overall investment / financial picture.

As of 01-01-11, Security First Financial manages approximately \$52,000,000 in assets for approximately 250 family units. Security First Financial manages investments on a discretionary basis.

Tailored Relationships

Accounts are viewed on individual basis. Asset allocation, diversification and asset selection are key concerns when managing accounts.

Types of Agreements

The following agreements define the typical client relationships. The agreement may not be assigned without client consent.

Advisory Service Agreement

Investing can be complicated and people are busy, thus clients choose to have Security First Financial manage their assets to help simplify their lives.

The scope of work and fee is provided in the Security First Financial fee agreement. The advisory fee of .6% to .8% is based on the complexity of the situation. There is no fee on assets above \$1.5 million of a aggregated client family accounts. Security First Financial may waive or reduce the management fees for family or friends. There is no minimum account size.

Although the fee agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client's and / or advisor's discretion. The client or the investment advisor may terminate an agreement by written, verbal or e-mail notice to the other party. At termination, fees will be billed on a pro-rated basis for the portion of the quarter completed as adjusted for the number of days during the billing quarter prior to termination.

Asset Management

Assets are invested primarily in no-load mutual funds. Asset allocation, diversification and quality of selection are important when selecting funds that are age and risk appropriate for the client. Discount brokerages may charge a transaction fee for the purchase of some funds.

Clients can request Security First Financial to manage their employment retirement plans i.e., 401K, 403B, 457, etc. They are required to provide a limited access or restricted use pins, thus enabling the firm to adjust and monitor their accounts, without the concerns of custody. At no time will SFF have custody of client funds or the ability to alter sensitive client data.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades. Security First Financial does not receive any compensation, in any form, from fund companies.

Termination of Agreement

A client may terminate any of the aforementioned agreements at any time by notifying Security First Financial. Security First Financial may terminate any of the aforementioned agreements at any time by notifying the client.

At termination, fees will be billed on a pro-rated basis for the portion of the quarter completed as adjusted for the number of days during the billing quarter prior to termination.

Fees and Compensation**Description**

Security First Financial bases its fees on a percentage of assets under management. The scope of work and fee is provided in the Security First Financial fee agreement. The advisory fee of .6% to .8% is based on the complexity of the situation. There is no fee on assets above \$1.5 million. Security First Financial may waive or reduce the management fees for family or friends. There is no minimum account size. Fees are not negotiable.

Fee Billing

Investment management fees are billed quarterly, in arrears. Invoiced amounts will appear on the client's statement from the custodian. As a state registered advisory, the firm will send quarterly billing statements to the client 7 days prior to account billing. Fees are deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

Other Fees

Custodians may charge transaction fees on purchases or sales of certain mutual funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

Expense Ratios

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to Security First Financial.

Performance figures quoted by mutual fund companies in various publications are after their mutual funds fees have been deducted.

Performance-Based Fees

Sharing of Capital Gains

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Security First Financial does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

Types of Clients

Description

Security First Financial provides investment advice to individuals and families. Client relationships vary in scope and length of service.

Account Minimums

Security First Financial has no account minimums.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information may include: financial media, financial newspapers, financial magazines and research materials through Morningstar.

The primary investment strategy used on client accounts is asset allocation, diversification and asset selection.

The client has the responsibility to oversee their portfolio and approve its investments to be age and risk appropriate. The client may suggest changes at any time.

Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Disciplinary Information

Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

Other Financial Industry Activities and Affiliations

Financial Industry Activities

Security First Financial is registered investment advisory firm.

Affiliations

Security First Financial does not have arrangements of compensation that are material to its advisory or its clients with a related person who is a broker-dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**Code of Ethics**

The employees of Security First Financial have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

Security First Financial and its employees may buy or sell securities or mutual funds that are also held by clients. Employees may invest in securities or mutual funds ahead of client trades as employee trades are small amounts relative the securities market and will not affect the securities markets.

All employees comply with the provisions of the Security First Financial written supervisory procedural manual.

Personal Trading

The Chief Compliance Officer of Security First Financial is Mark Herhold. He reviews all employee trades. Since most employee trades are small mutual fund trades, the trades do not affect the securities markets.

Brokerage Practices**Selecting Brokerage Firms**

Security First Financial does not have any affiliation with product sales firms. Specific custodian recommendations are made to clients based on the clients need for such services. Security First Financial recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

Security First Financial recommends discount brokerage firms and trust companies (qualified custodians), such as T. D. Ameritrade .

Security First Financial does not receive fees or commissions from any of these arrangements.

Best Execution

Security First Financial reviews the execution of trades and fees, to be fair and within reasonable norms of the industry.

Soft Dollars

Security First Financial receives no soft dollars and has no soft dollar agreements.

Order Aggregation

Most trades are mutual funds where trade aggregation does not garner any client benefit.

Review of Accounts

Periodic Reviews

Accounts are reviewed on an ongoing basis by Security First Financial.

Review Triggers

Other conditions that may trigger a review may be a material change in a mutual fund's relative performance, its managers or material changes in the client's life.

Regular Reports

Clients can contact Security First Financial twice a year or more for a portfolio review if they wish. It is the client's responsibility to contact the firm to request the review appointment. The firm may send reminder letters to encourage the client to schedule such a review. Reviews are held in person at the firm's office, by phone or by Skype video. The client is responsible for informing Security First Financial of material changes in their life (i.e. marriage, death, divorce, income changes, job changes, etc...)

Client Referrals and Other Compensation

Incoming Referrals

Security First Financial has been fortunate to receive many client referrals over the years. The referrals come from current clients, friends and other professionals. The firm does not compensate referring parties for these referrals.

Referrals Out

Security First Financial does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Other Compensation

Security First Financial receives compensation only from its clients fees.

Custody**Account Statements**

Security First Financial does not have custody of client assets or funds. Clients can request Security First Financial to manage their employment retirement plans i.e., 401K, 403B, 457, etc. They are required to provide a limited access or restricted use pins, thus enabling the firm to adjust and monitor their accounts, without the concerns of custody or the ability to alter sensitive client data.

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly.

Performance Reports

Security First Financial does not provide performance reports. Clients are urged to compare the account statements received directly from their custodians. Security First Financial may utilize a Morningstar Snapshot report to discuss the funds currently held as it relates to asset allocation, the funds past performance, dividends and P/E ratio. This Morningstar Snapshot report does not reflect the clients portfolio true performance.

Investment Discretion**Discretionary Authority for Trading**

Security First Financial accepts discretionary authority to manage securities accounts on behalf of clients. Security First Financial has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

The client can reject the custodian to be used and the commission rates paid to the custodian. Security First Financial does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in clients accounts to simplify the clients life.

Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose of execute trades for the clients.

Voting Client Securities

Proxy Votes

Security First Financial does not vote proxies on securities or mutual funds.

Financial Information

Financial Condition

Security First Financial does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because Security First Financial does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$600 per client, and six months or more in advance.

Business Continuity Plan

General

Security First Financial has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

Loss of Key Personnel

Security First Financial has an ongoing Business Continuation Agreement with consultant Robert Starr to support Security First Financial in the event of Mark or Eleanor Herhold serious disability or death.

Information Security Program

Information Security

Security First Financial maintains an information security process to reduce the risk that your personal and confidential information may be breached.

Privacy Notice

Security First Financial is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

Nonpublic information is collected to open the necessary accounts and assist in investment & financial decision making.

With permission, limited information may be discussed with attorneys, accountants, and mortgage lenders on behalf of clients. Clients may opt out from our sharing information with these nonaffiliated third parties by notifying the firm by telephone, mail, fax, email, or in person. With permission, limited information is provided to the brokerage firm in order to execute accounts and securities transactions on the clients behalf.

A secure office ensures that client information is not placed at unreasonable risk. Employ are firewall barrier, secure data encryption techniques and authentication procedures in the computer environment.

Personal information is not provided to mailing list vendors or solicitors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about the clients is maintained during the client-advisor relationship and for the required period thereafter as required by federal and state securities laws. After that time, information may be destroyed.

Client will be notified in advance of privacy policy is expected to change. Security First Financial offers this *Privacy Notice* to clients annually, in writing.

Brochure Supplement (Part 2B of Form ADV)

Mark Herhold is the investment advisor for Security First Financial, holds a series 65 license. Mark is a founder of Security First Financial. He has over 35 years of business, financial, tax and investment experience. He is a graduate of Fenton High and attended University of Michigan and Central Michigan University. Mr. Herhold has successfully started, operated and sold two prior businesses.