

D3 Financial Counselors LLC
Form ADV Part 2A
August 19, 2011

Item 1 Cover Page

D3 Financial Counselors LLC

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This brochure provides information about the qualifications and business practices of D3 Financial Counselors LLC. If you have any questions about the contents of this brochure, please contact us at (630) 271-0033. 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.

Additional information about D3 Financial Counselors LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

August 2011 Update: There are NO material changes to this brochure since it was last updated in March 2011. We have changed the term "Comprehensive Financial Planning" to "Broad-based Financial Planning" to better reflect what we actually do. Adam Glassberg is now a CFP®. Ryan Pace has joined the firm. We added a Chicago office.

March 2011 Update: There are material changes to this brochure since it was last updated in January 2010. Our business operations have not changed. The material changes to this brochure are mostly related to changes resulting from the requirement to use this new format and structure of this Form ADV Part 2. In addition we have several staff changes: Peter Marchese has left the firm, Neil Lefort has joined the firm, and Adam Glassberg will fulfill the CFP® experience requirements in June, 2011.

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Item 4 Advisory Business

A. Firm Description.

D3 Financial Counselors LLC is an Illinois limited liability company, originally formed in 2007 and is owned by Donald D. Duncan. It is the successor company to D3, Design Develop Deploy, Financial Counselors, established in 1997. We are an SEC registered investment adviser. SEC registration does not imply a certain level of skill or training.

B. Advisory Services.

D3 Financial Counselors LLC (D3) offers financial planning and investment supervisory services to “individuals who want to understand the economic consequences of their financial decisions.” Our range of services includes one-time consultations, consulting projects, broad-based financial plans, and investment management services. We specialize in serving executives, families and business owners who are busy with other endeavors and need a reputable advisor to help them maximize their after-tax wealth, by incorporating personal financial planning with risk controlled investment management. For accounting and legal needs, we will work with clients’ existing providers. We also work with other lawyers and accountants providing specialized services to our clients.

Our Services Include:

Hourly-based or Project-based Financial Consulting

Broad-based Financial Planning

Investment and Asset Management Services, including:

Providing second opinions on investment recommendations

Portfolio Reviews

Discretionary Investment Supervisory Services

Family Office Services that include:

Broad-based Financial Planning

Discretionary Investment Supervisory Services

Portfolio Performance Reporting

Estate Plan Reviews

Risk Management Reviews

Income Tax Preparation and Tax Minimization Strategies

C. Amount of Assets Managed.

As of August 19, 2011, we manage over \$63,000,000 of assets.

Item 5 Fees and Compensation

A. Advisory Fees.

D3 Financial Counselors LLC is a fee-only financial consulting firm. We are not affiliated with any other company, and have no incentive to sell anything but our knowledge, experience and expertise. We do not, either directly or indirectly, accept any commissions. We do not compensate any non-employee for client referrals. We will work for clients on an hourly basis, on a retainer basis, or charge a fee as a percentage of assets managed. The cost of an initial consultation ranges from \$100 to \$300 per hour, which is the same as our consulting rates. The cost for developing a broad-based financial plan can range from \$5,000 to \$7,000.

Discretionary Investment Management Fees are charged as follows:

D3 Service	% Fee	Portfolio Minimums & Minimum Fees
Advanced Portfolio Management	0.5%	\$1,000,000 account minimum, \$5,000 minimum annual fee
Family Office Service	1.0%	\$1,000,000 account minimum or \$10,000 minimum annual fee

Fees are payable quarterly in advance. Fees are refundable on a pro-rata basis. The Advisor retains discretion to charge a lesser management fee, or waive account minimum based upon certain criteria, such as anticipated future earning capacity, anticipated future

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additional assets, or a historical relationship. Fees paid to D3 are in addition to the management fees charged by the fund companies, which are typically in the range of 0.2% to 1.2%.

B. Other Compensation.

Our firm and our employees do not accept compensation for the sale of securities or other investment products.

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

Our firm and its employees do not accept performance-based fees. As a result, we have no conflicts of interest between accounts that pay asset-based fees and accounts that pay performance-based fees.

Item 7 Types of Clients

Our clients include individuals who want to understand the economic consequences of their financial decisions. Our clients are families, business owners, executives and retired individuals. A special emphasis for us is servicing their broad-based financial planning and investment management needs. We offer advice on wills, trusts, estate planning, tax strategies, risk management, financial planning and portfolio management.

<u>Service Provided</u>	<u>Minimum Portfolio Size</u>	<u>Minimum Fee</u>
Hourly/Project	\$0	\$150
Advanced Portfolio Management	\$1,000,000	\$5,000
Family Office Services	\$1,000,000	\$10,000

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

A. Methods of Analysis and Investment Strategies.

As professional investment managers, our full time job is to prudently manage our clients' assets. Those with accumulated assets, generally have two goals: 1) earning the highest possible return at a risk level that is comfortable for them in an attempt to achieve their long term goals, and 2) protecting their assets from a long-term loss of purchasing power, resulting from inflation.

To achieve these goals, we work with each client to develop a customized and appropriate financial/investment plan. The purpose of the plan is to establish the proper balance between the client's desire for a rate of return to achieve their goals, and the desire to reduce volatility in the value of the client's investment portfolio. Once the client has agreed to the appropriate asset allocation strategy suggested by the plan, we construct a portfolio of investments consisting of primarily mutual funds and Exchange Traded Funds (ETFs). As financial markets and client objectives change, it is our responsibility to recommend or transact proper adjustments to the portfolio to reflect those changes.

To construct a client's investment portfolio, we use diversification strategies to attain the appropriate asset allocation. This approach recognizes that overall portfolio risk can be managed by combining asset classes whose individual risks differ from each other. We enhance this technique by incorporating a client's level of risk tolerance in the process.

Generally, a long-term, strategic investment approach is implemented for our clients. This approach can be modified with shorter-term, tactical strategies. Use of these strategies is appropriate if they're consistent with a client's long and short term goals and risk tolerance.

Our research process includes fundamental and technical analysis, using software from leading providers of financial service technology. We use mutual fund rating providers, bond credit ratings, prospectuses, annual reports, financial newspapers, and research provided by other firms.

B. Material Risks.

Each of the following risks is material to the extent a client's investment strategy uses such investment allocations or approaches.

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Stock market risk: the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.

Fixed income risks: including: *interest rate risk*, which is the chance that bond prices overall will decline because of rising interest rates; *income risk*, which is the chance that a strategy's income will decline because of falling interest rates; *credit risk*, which is the chance that a bond issuer will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline; and *call risk*, which is the chance that during periods of falling interest rates, issuers of callable bonds may call (repay) securities with higher coupons or interest rates before their maturity dates.

Foreign investment risk: Investments in foreign securities involve considerations and risks not typically associated with investments in securities of domestic companies. These include, for example, unfavorable changes in currency exchange rates, substantial changes in governmental policies, political and economic instability and changes in relations between nations. Foreign markets are not subject to the same regulation as domestic markets. In addition, there is often less publicly available information about foreign markets and issuers than about domestic markets and issuers.

Concentrated portfolio risk: to the extent a strategy invests in a limited number of stocks, it may have more risk because changes in the value of a single security may have a more significant effect, either negative or positive, on the strategy's performance.

Because all strategies are actively managed, they are all subject to *management risk*, which is the chance that the Adviser will not successfully execute the strategies described above even after applying its investment techniques and risk analysis. There can be no guarantee that the Adviser's decisions will produce the intended result, and there can be no assurance that an investment strategy will succeed.

C. Primarily Recommended Securities.

We recommend primarily the following types of securities:

- Mutual funds
- Exchange Traded Funds
- In limited circumstances, individual bonds, stocks and private placements

Such securities are generally subject to the risks disclosed above in connection with our investment strategies.

Item 9 Disciplinary Information

None.

Item 10 Other Financial Industry Activities and Affiliations

None. We do not currently recommend or select other investment advisers for our clients. If we change this policy, the due diligence we conduct on other investment advisors would be similar to the due diligence we conduct on the mutual funds we use.

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

We have adopted a Code of Ethics (the "Code") which sets forth the standards of business, fiduciary and ethical conduct required of all employees. The Code, which includes our policies relating to compliance with laws and regulations, conflicts of interest, confidentiality, the receipt of gifts and entertainment, personal trading and reporting, and insider trading, is intended to assist employees in carrying out their duties as fiduciaries to clients. Employees must report any violations of the Code to the Chief Compliance Officer. The Code also provides for a range of sanctions that may be applied to employees who violate the Code.

The professional staff at D3 Financial Counselors LLC is subject to the ethical requirements of the College for Financial Planning and the National Association of Professional Financial Advisors (NAPFA). As a CPA, Don is subject to the ethical requirements of the American Institute of Certified Public Accountants. Additionally, Don is subject to the standards set by the CFA Institute, which regulates Chartered Financial Analysts. The firm is registered as an investment advisor with the Securities and Exchange Commission, and is subject to Federal and State securities laws and regulations. D3 Financial Counselors will disclose to clients in writing any potential conflict of interest and will always execute client transactions prior to personal transactions.

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We permit our employees to engage in the trading of securities for their personal accounts. Such trading presents potential and actual conflicts of interest when the securities traded are the same as securities we trade for client accounts. As a practical matter, this conflict does not generally exist for us due to the nature of the securities we trade in client accounts, primarily mutual funds. In addition, our Code of Ethics contains various provisions that include a requirement that employees put client interests first and avoid actual and potential conflicts of interest when transacting in securities for their own accounts. Our Code also requires employees to obtain the approval of many types of securities transactions from our Chief Compliance Officer before engaging in such transactions.

A copy of our Code of Ethics is available to clients or prospective clients upon request. If you wish to receive a copy of the Code, please contact us at the address, telephone or fax number provided at Item 1.

Item 12 Brokerage Practices

A. Selecting Broker-Dealers.

We have selected Fidelity Investments as our primary custodian due to their low costs, open platform access to mutual funds, high quality service and established position in the market place.

B. Research and Other Soft Dollar Benefits.

As a result of using Fidelity Investments, Fidelity makes certain research available to us as it does to other investment advisers with clients that also use Fidelity as their custodian. Making such research available to us is not a factor in selecting Fidelity. We do not direct brokerage transactions to any custodial broker-dealer, or recommend any custodial broker-dealers to clients to pay for any research or services.

C. Aggregated Orders.

If we make investments in client accounts in exactly the same security on the same day, we strive to execute them in a block order so that all clients participating in that trade receive the same average price.

D. Trade Error Policy.

If we execute a trade in error, we will correct the error as soon as possible and assume liability for the trading costs associated with the error.

Item 13 Review of Accounts

A. Timing of Review.

Our Portfolio Managers regularly and continuously reviews client accounts. The individual circumstances of each client account may warrant specific reviews. The current asset mix of the account relative to the client's asset allocation and diversification targets is also reviewed in connection with periodic client meetings.

B. Reports to Clients.

We communicate with our clients in a number of ways: meetings, telephone calls, letters, emails, financial plan updates and portfolio performance reports. The frequency and mode of personal contact are flexible and usually dependent on what is needed to ensure an effective working relationship. Clients generally receive written monthly financial reports from our custodian, which provide a portfolio appraisal detailing the securities owned, unit quantity, unit cost, total cost, price, and month end total market value.

For clients who use our Advanced Portfolio Management or Family Office Service, performance reporting is provided to clients semi-annually. Personal meetings and telephone communication are encouraged, either to discuss specific transactions, or more importantly to discuss any changes in a client's investment objectives or risk tolerances. All investment advisor clients are advised that it remains their responsibility to inform the Advisor of any changes in their investment objectives and/or financial situation.

Item 14 Client Referrals and Other Compensation

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A. Receipt of Economic Benefit from Non-client.

We do not receive any economic benefit (*e.g.* sales awards or other prizes) from non-clients for providing investment advice or advisory services to our clients.

B. Payment for Client Referrals.

With the exception on small thank you gift cards to current clients, we do not directly or indirectly compensate any non-employee for client referrals.

Item 15 Custody

All client accounts are primarily held by Fidelity Investments, and if applicable by client 401k/403b/457 custodians. We provide quarterly invoices to our clients. By written authorization most of our clients have their advisory fees deducted directly from their accounts. Such custodians provide monthly or quarterly account statements to clients. Clients should carefully review those statements and compare them with the account statements they receive from us. Clients are encouraged to bring any discrepancies to our attention at their earliest convenience. D3 Financial Counselors does not directly hold any client money and is not regarded as a custodian of client assets.

Item 16 Investment Discretion

We manage accounts on a discretionary basis. This means we have the authority, as set forth in our advisory agreement, to make buy and sell decisions for the client's investment account without first getting client approval for each transaction.

Any investment discretion we exercise is subject to the provisions of the client's account documents, and the clients financial/investment plan. The financial/investment plan addresses the types of investments we can make on the client's behalf as well as investment objectives and agreed upon asset allocation.

Item 17 Voting Client Securities

A. Authority to Vote Client Securities.

Clients authorize us to vote all proxies solicited by or with respect to the issuers of securities in which assets of the client's account may be invested from time to time. We have adopted "Proxy Voting Policies" pursuant to Rule 206(4)-6 under the Investment Advisers Act, a copy of which is available to clients upon request. We will vote any proxy or other beneficial interest in an equity security prudently and solely in the best long-term economic interest of advisory clients and their beneficiaries, considering all relevant factors and without undue influence from individuals or groups who may have an economic interest in the outcome of a proxy vote. Clients may obtain a record of our proxy votes free of charge by writing to us at the address provided at Item 1.

Item 18 Financial Information

A. Prepayment of Fees.

We do not require or solicit prepayment of client investment management fees. For consulting work, we require half of the agreed upon fees as an up front payment. The balance of the agreed upon fees are due upon project completion.

B. Financial Condition.

We do not foresee any financial condition that would impair our ability to meet contractual commitments to our client.

C. Bankruptcy Petitions.

We have never been the subject of a bankruptcy petition.