

GARDEY FINANCIAL ADVISORS



Securing Your Financial Future

Firm Brochure

(Part 2A of Form ADV)

December 31, 2011

100 Harrow Lane
Saginaw, MI 48638

(989) 791-3880 or 800-550-3880

www.gardey.com

This brochure provides information about the qualification and business practices of Gardey Financial Advisors. If you have any questions about the contents of this brochure, please contact us at 989-791-3880 or aciolek@gardey.com. 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 Gardey Financial Advisors is also available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 105337.

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 – There are two changes

Service Changes

Gardey Financial Advisors now offers two services to meet client needs. The Wealth Management Service is designed for clients with \$500,000 or more in investment assets (including retirement plan assets). The Investment Management Service is designed for clients with investment assets of between \$100,000 and \$500,000.

Wealth Management Service

This service is designed for investors with investment assets, including retirement plan assets, of \$500,000 or more, but is available to all clients.

It provides customized management of client investments, but it also addresses their financial planning needs.

The investment portion of the service begins with the establishment of portfolio strategies based on the client's financial goals and their tolerance for risk. Risk tolerance is determined using the answers the client provides to Gardey Financial Advisors Risk Tolerance Questionnaire. A portfolio is then constructed for the client based on their goals and their risk tolerance.

The client's financial planning needs are assessed and recommendations are prepared where appropriate. Their estate plan is reviewed, and suggestions for changes are made where needed. An analysis is conducted for the client's life insurance needs, long-term care, Medicare Prescription Drug coverage, and property/casualty coverage. Referrals are made to an estate planning attorney and/or an insurance agent if and when the need dictates. Projections of the client's future income and expenses are developed and updated periodically to show them how much they can afford to spend. Planning for college funding for children and/or grandchildren is also provided.

Face-to-face meetings or telephone conferences are scheduled three times a year, while additional meetings or telephone consultations can be arranged as needed.

The cost of this service is based on the amount of money being managed and is calculated at an annual rate of 1.1% with a minimum quarterly fee of \$1,375.

Investment Management Service

This service is available to investors with investment assets of \$100,000 or more.

Emphasis in this service is on the management of the client's investment portfolio.

An investment portfolio strategy is developed for the client based on their goals and objectives, the size of their portfolio, and the level of risk they are willing to tolerate. Retirement projections are developed showing how much money the client can afford to spend in retirement. Gardey Financial Advisors would also review the client's estate plan (wills, trust, joint ownership) to determine what, if anything, the client would need to do to achieve their objectives as to the distribution of their assets following their death.

Telephone consultations are available, and meetings are held annually.

The cost of this service is based on the amount of money being managed and is calculated at an annual rate of 1.1% plus a \$500 base fee. The minimum quarterly fee is \$400.

Staff Promotion

Gardey Financial Advisors has promoted Lisa J. Whelton to Financial Advisor. Lisa graduated from Saginaw Valley State University with a Bachelor of Business Administration degree and is a Certified Financial Planner™ professional.

Prior to joining the firm, Lisa worked in the financial services industry for 17 years gaining experience in various areas including financial planning, long-term care and personal insurance. She has been employed by Gardey Financial Advisors since 2006.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at (989)791-3880 or 800-550-3880; or by email at peaceofmind@gardey.com.

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Advisory Business

Description of Firm

Gardey Financial Advisors, LLC is registered with the United States Securities and Exchange Commission (SEC) as a Registered Investment Adviser with its principal place of business located in Saginaw, Michigan. Gardey Financial Advisors began conducting business in 1985. There are currently sixteen employees including six Certified Financial PlannerTM (CFP®) professionals, a Chartered Financial Analyst® (CFA®) charterholder, a Trust specialist, a Medicare D specialist, an Investment Advisor Certified Compliance Professionalsm (IACCPsm) and additional highly trained administrative staff.

Gardey Financial Advisors provides continuous investment management and financial planning advice to individuals, families, high net-worth individuals, businesses, trusts and charitable organizations. Through one-on-one discussion, they assist clients in determining their financial goals and in creating a plan to help them achieve these goals. Gardey Financial Advisors utilizes in depth risk tolerance analysis and client questionnaires to facilitate discussions about life goals and to assist the client in determining the proper asset allocation for their portfolio.

The firm's compensation comes solely from fees paid directly by the clients. Gardey Financial Advisors does not accept any form of commissions. The firm does not sell any type of financial product. No benefits are received from custodians based on client security transactions or commissions (commonly referred to as "Soft Dollar Benefits").

Assets under direct management of Gardey Financial Advisors are held in the client's name at an independent qualified custodian, Charles Schwab & Company Inc. Gardey Financial Advisors does not act as a custodian of client assets, although we are considered by the SEC to technically have "custody" over certain types of client accounts held at an independent custodian. Please see the "Custody" section of this brochure for more information.

We may recommend other professionals (e.g., lawyers, accountants, appraisal services, etc.) at the request of the client. Other professionals are engaged directly by the client on an as-needed basis even when recommended by the Advisor. Conflicts of interest, if any, will be disclosed to the client and always managed in the best interest of the client.

Principal Owner

Kim M. Gardey, Chairman, is the firm's principal shareholder. Kim M. Gardey controls over 25% of the company. There are no intermediate subsidiaries.

Services Provided

Gardey Financial Advisors provides comprehensive investment management and financial planning on a continuous basis. The service is customized for each client taking into consideration the client's current and future financial situation. Client goals and objectives are clarified in meetings and via correspondence, and are used to determine the course of action for each individual client.

Gardey Financial Advisors does not participate in Wrap Fee programs.

Gardey Financial Advisors offers the following service's to its clients:

Wealth Management Service

This service provides customized management of the client's investments in addition to addressing their financial planning needs. It is designed for investors with investment assets of \$500,000 or more including retirement plan assets.

Portfolio Management

Through personal discussions in which goals and objectives based on the client's particular circumstances are established, Gardey Financial Advisors develop the client's personal investment policy. They create and manage a portfolio based on that policy. During the data-gathering process, Gardey Financial Advisors is able to determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. They also review and discuss a client's prior investment history, as well as family composition and background.

Gardey Financial Advisors manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Once a client's portfolio has been established, Gardey Financial Advisors will review the portfolio no less than annually, and, rebalance the portfolio as needed on an annual basis. In the event of a significant movement in the markets or a change in the client's situation, the portfolio may be rebalanced more frequently than annually.

The firm's investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and may include advice regarding the following types of securities:

- Exchange listed securities ((Common Stocks, Exchange Traded Funds (ETFs), Closed-end funds))
- Certificates of deposit
- Municipal securities
- Mutual fund shares (Commission-Free shares)
- United States governmental securities
- Interests in partnerships investing in real estate or oil and gas interest
- Corporate Bonds

Because some types of investments involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

Financial Planning

Gardey Financial Advisors provides financial planning as part of the Wealth Management Service. The firm believes it is valuable to the client to have the benefit of both Investment Management and Financial Planning when being assisted in the development of a financial plan. Financial planning is an evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client.

Gardey Financial Advisors gathers required information through in-depth personal interviews and client questionnaires. Information gathered includes the client's current financial status, tax status, future goals, return objectives and attitudes towards risk. The firm carefully reviews documents supplied by the client, including other recommendations, and strongly suggest the client work closely with his/her attorney, accountant and insurance agent. If the client does not have a professional relationship established with any of these professionals, Gardey Financial Advisors will refer the client to a professional in the area. Implementation of the financial plan recommendations is entirely at the client's discretion.

Investment Management Service

Emphasis on this service is on the management of the investment portfolio. It is designed for investors with investment assets of between \$100,000 and \$500,000 or more, excluding 401(k) plans.

Gardey Financial Advisors provides continuous portfolio management of client assets based on the individual needs of the client. An investment portfolio strategy is developed for the client based on their goals and objectives, the size of their portfolio and the level of risk they are willing to tolerate. Retirement projections are developed showing the client how much money they can afford to spend in retirement. Gardey Financial Advisors would also review the client's estate plan (wills, trust, joint ownership) to determine what, if anything, the client would need to do to achieve their objectives as to the distribution of their assets following their death. The firm may recommend an attorney specializing in estate planning to counsel the client on issues that are found during the review.

Gardey Financial Advisors manage these advisory accounts on a discretionary basis.

The firm's investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and may include advice regarding the following types of securities:

- Exchange listed securities ((Common Stocks, Exchange Traded Funds (ETFs), Closed-end funds))
- Certificates of deposit
- Municipal securities
- Mutual fund shares (Commission-Free shares)
- United States governmental securities

Because some types of investments involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

Regulatory Assets Under Management

As of December 31, 2011, Gardey Financial Advisors, LLC managed approximately \$209,000,000 in assets for about 170 client households. Of the assets under management, approximately \$116,000,000 is managed on a discretionary basis and \$93,000,000 is managed on a non-discretionary basis.

Fees and Compensation

Description

Gardey Financial Advisors' compensation for providing the Wealth Management Service and the Investment Management Service to its clients is based solely on the amount of the client's assets it has under management. At no time does Gardey Financial Advisors share in commissions or trading fees of any kind. The firm's fee is charged in arrears and on a quarterly basis. Under no circumstances does the firm require or solicit payment of fees in advance of services rendered.

Fee Schedule

Wealth Management Service

The annual fee for the Wealth Management Service will be charged as a percentage of assets under management, according to the following schedule:

<u>Assets Under Management</u>		<u>Annual Percentage Rate</u>
First	\$1,000,000	1.1%
Next	\$1,000,000	0.7
Beyond	\$2,000,000	0.6

Example: A Client has \$1,500,000 of assets under management. The quarterly fee would be calculated as follows:

Step 1: Calculate the annual fee:	$\$1,000,000 \times 1.1\% = \$11,000$
	$\$500,000 \times 0.7\% = \underline{\$3,500}$
	$\$14,500$

Step 2: Calculate the quarterly fee:	$\$14,500 \text{ divided by } 4 = \$3,625$
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There is a quarterly minimum fee of \$1,375.

From time to time the firm may offer to manage portfolios at less than their standard fee for family members of existing clients with relatively small portfolios (under \$500,000). We also may offer to manage portfolios at less than their standard fee for relatively large accounts (over \$5,000,000). In these stated cases, our fees are negotiable. Otherwise they are not.

Investment Management Service

The annual fee for the Investment Management Service will be charged as 1.1% of assets under management with a base fee of \$500.

Example: A Client has \$250,000 of assets under management. The quarterly fee would be calculated as follows:

$$\begin{array}{rcl} \text{Step 1: Calculate the annual fee:} & \$250,000 \times 1.1\% & = \$2,750 \\ & + \text{Base Fee} & = \underline{\quad 500 \quad} \\ & & \$3,250 \end{array}$$

$$\text{Step 2: Calculate the quarterly fee:} \quad \$3,250 \text{ divided by } 4 = \$813$$

There is a quarterly minimum fee of \$400.

Because the assets under management are revalued for each billing, the fee charged will vary over time, as the market value of the portfolio varies.

Fee Billing

Client's who use the Wealth Management Service provided by Gardey Financial Advisors may choose 1) to have fees deducted from their brokerage accounts at their qualified custodian Charles Schwab & Company, or 2) to pay by check directly to the firm. *(This option is not available for clients using the Investment Management Service. Investment Management Service clients are required to have their fee automatically deducted from their brokerage account.)* In either case, the client will receive an invoice that shows the time period that is being billed for, the date of the valuation used in computing the quarterly management fee and the quarterly management fee amount.

Investment Management Service clients and Wealth Management Service clients who decide to have their fees automatically deducted from their brokerage account will receive an invoice that states "No action is required by you. Payment will be automatically deducted from your Charles Schwab & Company Inc. account(s)." Gardey Financial Advisors waits 12 calendar days from the date the invoice has been mailed to deduct the management fees from the client's brokerage account. This delay is to allow time for the client to review the invoice and contact Gardey Financial Advisors with any questions or concerns prior to the automatic deduction of the fee.

For Wealth Management Service clients who choose to pay their fees directly to Gardey Financial Advisors, the firm sends out the invoice and includes a postage paid envelope for the client to use to remit payment to the firm.

Other Fees

All fees paid to Gardey Financial Advisors for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and exchange traded funds to their shareholders. These fees will generally include a management fee, other fund expenses, and possibly a distribution fee. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual funds or funds are most appropriate to each client's financial condition and objectives, as well as the amount of money which should be committed to each fund. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

In addition to our advisory fee, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers. Please refer to the "Brokerage Practices" section of this brochure for additional information.

Termination of the Advisory Relationship

A client agreement may be canceled at any time, by either party, for any reason. Upon termination, Gardey Financial Advisors will calculate the final bill, if applicable, from the last time the client was billed for services. The bill may be mailed to the client or automatically deducted from the brokerage account in his/her name.

In the event that a relationship is terminated, Gardey Financial Advisors will prepare detailed reports providing the client with an appraisal of the current holdings, cost basis by tax lot for each security, an up to date realized gains or losses report for the current tax year for each taxable account that was under their management and a total of the current year's management fee paid to the firm. Gardey Financial Advisors will archive all client materials in a secure location and hold them for seven years, after which time the materials will be destroyed.

Performance-Based Fees

Gardey Financial Advisors does not use a performance-based fee structure.

Types of Clients

Gardey Financial Advisors provides investment management and financial planning advice to individuals, families, high net worth individuals, businesses, charitable organizations and trusts.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Because of the firm's multiple-manager strategy and its emphasis on the use of commission-free mutual funds, much of the firm's analysis revolves around the process of selecting specific mutual fund managers for inclusion in the client portfolios. In selecting mutual fund managers, Gardey Financial Advisors screen literally thousands of mutual funds in order to find those that meet their investment criteria. The funds surviving the screening process are designated as "Best in Class" and receive a further qualitative screening before a final selection is made for each investment strategy.

Investment Strategies

The most important factor in determining the risk level of a portfolio and its potential return is the mix of the portfolio between equity and fixed-income investments. This mix is commonly referred to as "asset allocation" of the portfolio. Because of its importance, the firm spends a significant amount of time determining the proper mix for each of their clients. In establishing the appropriate mix, the firm measures the risk tolerance of the client and they determine the client's desired spending level.

Once the client's asset allocation is established, Gardey Financial Advisors use what they call a multiple-manager strategy in constructing a client's portfolio. In this approach, the portfolio is divided into a number of strategies, and the responsibility for each strategy is assigned to one or more mutual fund investment managers who have met our selection criteria. The firm draws these managers from a universe of commission-free mutual funds. Gardey Financial Advisors has access to background and performance data on thousands of managers, and they use this data to select the best managers. In the selection process, the firm places particular emphasis on achievement of superior risk-adjusted returns over extended periods of time.

There are a number of strategies that can be used in managing a portfolio. For equity portfolios, these strategies can be characterized by such factors as a) the size of the company, b) the location (foreign or domestic), c) earnings expectations, and d) undervaluation. For fixed income portfolios, these strategies can be characterized by such factors as a) the location (foreign or domestic), b) the issuer, c) maturity, and d) credit quality ratings. Historically, no one strategy has consistently outperformed the other strategies, and the problem is that it is next to impossible to determine which strategy is going to provide the best performance at any given time.

The solution to this dilemma is to implement a multiple-manager strategy by constructing a portfolio that contains a number of different investment strategies. In this way, one is protected from having ones assets concentrated solely in a single poorly-performing

investment. This strategy of selecting a number of high-performing managers, each with a different investment strategy, is a practice that is used by the country's largest pension plans. The trustees of these plans have long recognized the value of this strategy and almost universally use the multiple-manager strategy.

The availability of many commission-free mutual funds, each with different investment strategies, allows Gardey Financial Advisors to adopt this multiple-manager strategy. Without the use of mutual funds, this strategy would be impossible for all but the largest portfolios. By purchasing shares in a mutual fund, the firm, in effect, hire that mutual funds manager to manage a portion of the portfolio. And, if the manager does not meet the firm's expectations, they can fire that manager simply by redeeming the shares of the mutual fund.

Risk of Loss

All investment programs have certain risks, and these risks are borne by the investor. These investment risks include Loss of Principal Risk, Interest Rate Risk, Market Risk, Inflation Risk, Currency Risk, Reinvestment Risk, Business Risk, Liquidity Risk, and Financial Risk. Gardey Financial Advisors investment approach carefully considers not only the risks incurred by each security, but also the risk incurred by the overall portfolio.

Disciplinary Information

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

Other Financial Industry Activities and Affiliations

Gardey Financial Advisors and their related persons are not engaged in other financial industry activities and have no other industry affiliations.

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

Code of Ethics

The employees of Gardey Financial Advisors have pledged to follow a Code of Ethics which sets forth high ethical standards of business conduct that include compliance with applicable federal securities laws.

Gardey Financial Advisors and their personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics, but to the general principles that guide the Code.

Gardey Financial Advisors' Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While the firm does not believe that they have any particular access to non-public information, all employees are made aware that such information may not be used in a personal or professional capacity.

A copy of the firm's Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by an email sent to aciolek@gardey.com, or by calling us at 989-791-3880 or 800-550-3880.

Participation or Interest in Client Transactions

Gardey Financial Advisors and individuals associated with the firm are prohibited from engaging in transactions where an individual associated with Gardey Financial Advisors sells or buys securities directly to or from a client (commonly referred to as a principal transaction).

Gardey Financial Advisors and individuals associated with the firm are prohibited from engaging in transactions where Gardey Financial Advisors acts as broker/dealer for both the buy and sale side of a transaction between clients (commonly referred to as an agency cross transaction).

Personal Trading

Gardey Financial Advisors' Personal Trading Policy includes policies and procedures for the review of quarterly securities transaction reports as well as initial and annual securities holding reports that must be submitted by the firm's personnel. This policy is designed to assure that the personal securities transactions, activities and interest of the firm's employees 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. Gardey Financial Advisors Personal Trading Policy also requires employees to obtain approval prior to transacting an acquisition of securities in a limited offering (e.g., private placement) or an initial public offering.

From time to time, Gardey Financial Advisors and or individuals associated with the firm may buy or sell for their personal accounts securities identical to or different from those recommended to their clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

Brokerage Practices

Description

Gardey Financial Advisors requires that clients establish brokerage accounts with the Schwab Institutional Division of Charles Schwab & Company, Inc. ("Schwab"), to maintain custody of clients' brokerage assets and to effect trades for their accounts. Schwab is a Financial Industry Regulatory Authority, Inc. ("FINRA") registered broker-dealer and a member of the Securities Investor Protection Corporation ("SIPC").

Schwab provides Gardey Financial Advisors with access to its institutional trading and operations services, which are typically not available to Schwab retail customers. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as the advisor maintains a total of at least \$10 million of the adviser's clients' assets at Schwab Institutional. Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Schwab Institutional also makes available to Gardey Financial Advisors other products and services that benefit Gardey Financial Advisors but may not benefit its clients' accounts. Some of these other products and services assist Gardey Financial Advisors in managing and administering clients' accounts. Many of these services generally may be used to service all or a substantial number of Gardey Financial Advisors' accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that:

- Provide access to client account data (such as trade confirmations and account statements)
- Facilitate trade execution
- Provide research, pricing and other market data
- Facilitate payment of our management fees from clients' accounts
- Assist with back-office functions, recordkeeping and client reporting

Schwab Institutional may also provide Gardey Financial Advisors with other services intended to help Gardey Financial Advisors manage and further develop its business enterprise. These services may include:

- Compliance, legal and business consulting
- Publications and presentations on practice management and information technology
- Consulting on business succession, regulatory compliance and marketing

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Gardey Financial Advisors. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to the firm.

In evaluating whether to recommend or require that clients custody their assets at Schwab, Gardey Financial Advisors may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors they consider and not solely the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

For the firm's client accounts maintained in its custody, Schwab generally does not charge separately for custody services, but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities traded that are executed through Schwab or that settle into Schwab accounts.

Soft Dollars

Gardey Financial Advisors does not have any soft-dollar arrangements and does not receive any soft-dollar benefits. (Soft-dollars are benefits received by the Investment Adviser from a custodian in return for commissions in client accounts.)

Directed Brokerage

Gardey Financial Advisors may permit directed brokerage for client accounts, in special situations. (Directed Brokerage occurs when a client directs the Investment Adviser to execute transactions through a specified broker-dealer or custodian.)

Review of Accounts

Periodic Reviews – Investment Management

Once the client's portfolio has been established, it is reviewed no less than annually, and if necessary, rebalanced at that time based on the client's individual needs. Gardey Financial Advisors' policy is to rebalance client accounts no less than annually or more often if determined by the firm's Investment Committee.

The Financial Advisor and Administrator team assigned to the client conduct the review. Any recommendations resulting from this process are then reviewed by a member of senior management (Chairman, President or Executive Vice President) to verify the recommendations correspond with the client's Personal Investment Policy and reflect the investment policies established by the firm's Investment Committee.

Periodic Reviews – Financial Planning

Financial Planning reviews occur at different stages depending on the needs and changing situation of the client and are typically incorporated into the client's Investment Management review. No formal reviews are conducted unless dictated by a change in the client's circumstances.

Regular Reports

Depending on the individual client's arrangement with the firm, the client will receive a comprehensive Investment Report detailing their portfolio information no less than annually and no more than three times a year. These reports are produced using the firm's client accounting software and include reports that provide the client with a snapshot of his/her portfolio, both combined and individualized by account, an asset allocation report, manager performance analysis provided by Morningstar and other reports as needed. Reports are also provided on a range of topics including, but not limited to, the state of the economy and the historical performance of the securities markets.

Client Referrals and Other Compensation

Client Referrals

We believe that the highest form of compliment a client or fellow professional acquaintance can give us is a referral. Gardey Financial Advisors has been fortunate to receive client referrals from current clients and also attorneys, accountants, employees and other sources. The firm does not pay for referrals other than by contracted solicitors.

Solicitors

Gardey Financial Advisors may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our Firm Brochure) and a separate disclosure statement that includes the following information:

- The Solicitor's name and relationship with our firm
- The fact that the Solicitor is being paid a referral fee
- The amount of the fee
- A statement that the fee paid to us by the client will not be increased above our normal fees in order to compensate the Solicitor

The management fees paid to us by clients referred by solicitors are not increased as a result of the referral.

Referrals to Other Professionals

Gardey Financial Advisors does not accept referral fees or any form of compensation from other professionals when a prospect or client is referred to one of these professionals.

Custody

Account Statements

Gardey Financial Advisors' clients who have their assets held in an account(s) with Charles Schwab & Company, Inc., an independent qualified custodian, receive brokerage statements no less than quarterly and not more frequently than monthly. The statements are produced and mailed directly to the clients from Charles Schwab & Company, Inc.

Clients who are required to have the investment assets of their company retirement plans, annuity and life insurance accounts at other brokerage firms or insurance companies may receive statements from these custodians no less than annually and not more frequently than monthly.

Clients are encouraged to review the statements they receive from their bank and/or custodians.

SEC "Custody"

In March 2010, the SEC amended sections of the Investment Advisers Act of 1940 related to the circumstances when an Investment Adviser is deemed to have custody of client assets. As a result of this new amendment, Gardey Financial Advisors is deemed to have custody of client assets in the following situations:

- An employee of the firm acts as a trustee or co-trustee of an unrelated trust and the firm acts as the investment advisor.
- The firm utilizes the internet and the individual client account access information to update client holdings and make changes in accounts on behalf of the client in accounts that are held outside of their Schwab accounts (e.g. bank accounts, Annuities, Life Insurance, 401(k) plans).

Accounts that are held outside of Charles Schwab & Company, Inc. are also held at independent qualified custodians except that Gardey Financial Advisors has no power of attorney over the accounts.

As a result, the SEC requires an annual surprise audit of those "custodied" accounts by an independent CPA firm. Gardey Financial Advisors has contracted with a local CPA firm to perform the annual surprise audit of these accounts.

Investment Discretion

Services

Gardey Financial Advisors offers clients utilizing the Wealth Management Service two service options regarding how changes are made in their accounts. Our Discretionary Service allows for Gardey Financial Advisors to make changes in the client account, following the guidelines agreed upon in the Personal Investment Policy, without prior approval from the client. Once changes are transacted in the accounts, the client will receive trade confirmations from the qualified custodian for those accounts.

Our Non-Discretionary Service requires Gardey Financial Advisors to review the recommendations with the client and obtain his/her approval prior to making changes in the client's accounts. Once approval is received, Gardey Financial Advisors will implement the changes and the client will receive trade confirmations from the qualified custodian.

The Investment Management Service is a Discretionary Service only.

Trading Authorization

We require all clients to provide us with trading authority in their accounts. This means Gardey Financial Advisors is authorized to place trades in a client's account. Without this authority, Gardey Financial Advisors would be unable to implement the investment policy and recommendations the client has approved.

Limited Power of Attorney

Clients must sign a limited power of attorney before Gardey Financial Advisors is given trading authority. The limited power of attorney is included in the qualified custodian's account application for Charles Schwab & Company, Inc.

Voting Client Securities

We vote proxies for some, but not all, of our clients with assets held in custody at Schwab. Clients may, at their election, choose to receive proxies related to their own accounts, in which case we will consult with clients upon request. We do not vote proxies for securities not held in custody at Charles Schwab & Company, Inc.

Gardey Financial Advisors will always vote proxies in the best interests of its clients and in accordance with our established policies and procedures. Our firm will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies. If our firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and retain an independent third party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting their Financial Advisor by telephone, email or in writing. Clients may also request in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.

For accounts where we do not vote proxies, the client is solely responsible for:

- Directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted.
- Making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- Instructing each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

Financial Information

Gardey Financial Advisors does not have any condition that is reasonably likely to impair our ability to meet our commitments to our clients.

Gardey Financial Advisors has never been the subject of a bankruptcy petition at any time.

Gardey Financial Advisors does not require nor do we solicit payment of fees in advance of services rendered. Therefore, under SEC regulations we are not required to include a financial statement.

Privacy Policy

This Privacy Policy explains our handling of the information that we have in our records that is personal and private to you. It reiterates our commitment to keeping that information private.

Gardey Financial Advisors, an independent financial planning firm, is committed to safeguarding the confidential information of its clients. We hold all personal information provided to our firm in the strictest confidence. These records include all personal information that we collect from you in connection with any of the services provided by Gardey Financial Advisors. We have never disclosed information to nonaffiliated third parties, except as permitted by law, and do not anticipate doing so in the future. If we were to anticipate such a change in firm policy, we would be prohibited under the law from doing so without advising you first. As you know, we use health and financial information that you provide to us to help you meet your personal financial goals while guarding against any real or perceived infringements of your rights of privacy. Our policy with respect to personal information about you is listed below.

- We limit employee and agent access to information only to those who have a business or professional reason for knowing, and only to nonaffiliated parties as permitted by law. (For example, federal regulations permit us to share a limited amount of information about you with a brokerage firm in order to execute securities transactions on your behalf, or so that our firm can discuss your financial situation with your accountant or lawyer.) No information is provided to a broker, accountant, or lawyer without your prior approval.
- We maintain a secure office and computer environment to ensure that your information is not placed at unreasonable risk.
- The categories of nonpublic personal information that we collect include information about your personal finances, information about your health to the extent that it is needed for the planning process, and information about transactions between you and third parties.
- For unaffiliated third parties that require access to your personal information, including financial service companies and auditors, we also require strict confidentiality in our agreements with them and expect them to keep this information private. Federal and state regulators also may review firm records as permitted under law.
- We do not provide information to mailing list vendors or solicitors for any purpose.
- Personally identifiable information about you will be maintained during the time you are a client, and for the required time thereafter that such records are required to be maintained by federal and state securities laws, and consistent with the CFP Board Code of Ethics and Professional Responsibility. After this required period of record retention, all such information will be destroyed by a bonded document destruction company.

Gardey Financial Advisors

Brochure Supplement

(Part 2B of Form ADV)

December 31, 2011

100 Harrow Lane
Saginaw, MI 48638

(989) 791-3880 or 800-550-3880

www.gardey.com

This brochure supplement provides information about the individuals providing investment advice on behalf of Gardey Financial Advisors, and is meant to supplement the "Firm Brochure". You should have received a copy of that brochure. Please contact Ashley Ciolek, Chief Compliance Officer, if you did not receive Gardey Financial Advisors' brochure or if you have any questions about the contents of this supplement.

Additional information about the individuals providing investment advice on behalf of Gardey Financial Advisors is available on the Securities & Exchange Commission's website at www.adviserinfo.sec.gov.

Certified Financial Planner™ Certification

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP® (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP® Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP® Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

Chartered Financial Analyst™ Charter

The Chartered Financial Analyst™ (CFA®) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA® Institute — the largest global association of investment professionals.

There are currently more than 90,000 CFA® charterholders working in 134 countries. To earn the CFA® charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA® Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA® Institute Code of Ethics and Standards of Professional Conduct.

High Ethical Standards

The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, require CFA® charterholders to:

- Place their clients' interests ahead of their own
- Maintain independence and objectivity
- Act with integrity
- Maintain and improve their professional competence
- Disclose conflicts of interest and legal matters

Global Recognition

Passing the three CFA® exams is a difficult feat that requires extensive study (successful candidates report spending an average of 300 hours of study per level). Earning the CFA® charter demonstrates mastery of many of the advanced skills needed for investment analysis and decision making in today's quickly evolving global financial industry. As a result, employers and clients are increasingly seeking CFA® charterholders—often making the charter a prerequisite for employment.

Additionally, regulatory bodies in 22 countries and territories recognize the CFA® charter as a proxy for meeting certain licensing requirements, and more than 125 colleges and universities around the world have incorporated a majority of the CFA® Program curriculum into their own finance courses.

Comprehensive and Current Knowledge

The CFA® Program curriculum provides a comprehensive framework of knowledge for investment decision making and is firmly grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA® Program test a proficiency with a wide range of fundamental and advanced investment topics, including ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.

The CFA® Program curriculum is updated every year by experts from around the world to ensure that candidates learn the most relevant and practical new tools, ideas, and investment and wealth management skills to reflect the dynamic and complex nature of the profession.

To learn more about the CFA® charter, visit www.cfainstitute.org.

Education and Business Standards

Gardey Financial Advisors requires all individuals who provide investment advice on behalf of the firm to have a bachelor's degree and at least three years of relevant experience. The firm strongly encourages these individuals to obtain the Certified Financial Planner[™] certification. (Please see the Certified Financial Planner[™] Certification section of this Supplement for additional information.)

Investment Adviser Representatives

Gardey Financial Advisors is located in the State of Michigan. Per state regulations, any employee of a registered investment adviser who regularly solicits, meets with or otherwise communicates with our firm's clients is considered an Investment Adviser Representative, and as such, must register with the State of Michigan. All of the Financial Advisors employed at Gardey Financial Advisors are registered with the State of Michigan as Investment Adviser Representatives.

Financial Advisors

Kim M. Gardey, CFP[®], Chairman

Jonathan M. Gardey, CFP[®], CFA[®], President, Director of Research & Financial Advisor

Garnet M. Sherman, CFP[®], Executive Vice President & Financial Advisor

Robert M. Whiting, Vice President & Financial Advisor

Thomas R. Chisholm, CFP[®], Financial Advisor

Melissa A. Seamon, CFP[®], Financial Advisor

Lisa J. Whelton, CFP[®], Financial Advisor

Kim M. Gardey, CFP®

Education, Background and Business Experience

Kim McNeill Gardey, born in 1936, is the Chairman of Gardey Financial Advisors. He has spent all of his working life in the field of investment management and personal financial planning. He began his career in the Investment Department of the National Bank of Detroit. After four years he joined the Second National Bank of Saginaw where he was ultimately named a Senior Vice President and Senior Trust Officer before he left the bank in 1985 to establish his own investment management and financial planning firm. In his position at Second National Bank, he headed the banks Trust Department. He also headed the banks Bank Investment Department where he was responsible for the management of the banks bond portfolio.

Kim earned (with honors) his bachelor's degree in Economics from the University of Michigan and a master's degree in Economics from the University of California where he was named a Distinguished Scholar. He is a Certified Financial Planner® professional.

Kim also served on the faculties of Saginaw Valley State University and Delta College where he taught courses in Economics, Monetary Theory & Policy, and Investment Management. He is a member of The Institute of Certified Financial Planners, the CFA Society of Detroit, the American Economic Association, the CFA Institute, The National Association of Personal Financial Advisors (NAPFA), The Royal Economic Society, and is a member and past president of the Northeastern Michigan Estate Planning Council.

Disciplinary Information and Other Business Activities

Kim McNeill Gardey has no reportable disciplinary history and is not engaged in any other investment-related activities. In addition, he is not engaged in any other business or occupation that provides substantial compensation or involves a substantial amount of his time.

Additional Compensation

Kim McNeill Gardey does not receive any economic benefit from a non-advisory client for the provision of advisory services.

Jonathan (Jon) M. Gardey, CFP®, CFA®

Education, Background and Business Experience

Jonathan McNeill Gardey, born in 1964, is the President, Director of Research, and Financial Advisor for Gardey Financial Advisors. He is a graduate of the University of Wisconsin and earned a Master of Business Administration degree in Finance and in Money & Financial Markets from Columbia University, New York City. He is a Chartered Financial Analyst™ charterholder and a Certified Financial Planner™ professional.

Jon previously served as an officer in the U.S. Navy. He has been employed by Gardey Financial Advisors since 1993 and is a member of the CFA Society of Detroit, the CFA Institute, and the Northeastern Michigan Estate Planning Council. He has participated in the work of the CFA Institute and in the analysis and evaluation of commercial real estate programs. He is a Registered Players Financial Advisor with the NFL Players Association and is authorized to provide financial and investment advice to its members.

Disciplinary Information and Other Business Activities

Jonathan McNeill Gardey has no reportable disciplinary history and is not engaged in any other investment-related activities. In addition, he is not engaged in any other business or occupation that provides substantial compensation or involves a substantial amount of his time.

Additional Compensation

Jonathan McNeill Gardey does not receive any economic benefit from a non-advisory client for the provision of advisory services.

Supervision

Jonathan McNeill Gardey is supervised by Kim McNeill Gardey, Chairman of Gardey Financial Advisors.

Garnet M. Sherman, CFP®

Education, Background and Business Experience

Garnet Marie Sherman, born in 1950, is the Executive Vice President and Financial Advisor for Gardey Financial Advisors. She is a graduate of Kansas State University and has completed graduate work in Business and Finance. She has been employed by Gardey Financial Advisors since 1990 and is a Certified Financial PlannerTM professional.

Garnet is a member and past president of the Northeastern Michigan Estate Planning Council. She is a past president of the Saginaw Bay Symphony Orchestra, A board member of the Lake Huron Area Council, Boy Scouts of America and a board member of the United Way of Saginaw County.

Disciplinary Information and Other Business Activities

Garnet Marie Sherman has no reportable disciplinary history and is not engaged in any other investment-related activities. In addition, she is not engaged in any other business or occupation that provides substantial compensation or involves a substantial amount of her time.

Additional Compensation

Garnet Marie Sherman does not receive any economic benefit from a non-advisory client for the provision of advisory services.

Supervision

Garnet Marie Sherman is supervised by Kim McNeill Gardey, Chief Executive Officer and Chairman of Gardey Financial Advisors.

Robert (Bob) M. Whiting

Education, Background and Business Experience

Robert Michael Whiting, born in 1951, is a Vice President and Financial Advisor for Gardey Financial Advisors. Bob holds a Bachelor of Business Administration degree from Northwood Institute.

Bob has spent over 30 years in trust administration and investment planning. In 1973, he joined Second National Bank of Saginaw (now Citizens Bank) serving as Vice President and Trust Officer where he held senior management positions in the fields of business development, personal trust administration, and retirement plan administration. Prior to joining Gardey Financial Advisors in 2006, he held the position of First Vice President and Head of Personal Trusts at Chemical Bank and Trust in Midland, Michigan.

Disciplinary Information and Other Business Activities

Robert Michael Whiting has no reportable disciplinary history and is not engaged in any other investment-related activities. In addition, he is not engaged in any other business or occupation that provides substantial compensation or involves a substantial amount of his time.

Additional Compensation

Robert Michael Whiting does not receive any economic benefit from a non-advisory client for the provision of advisory services.

Supervision

Robert Michael Whiting is supervised by Jonathan McNeill Gardey, President of Gardey Financial Advisors.

Thomas (Tom) R. Chisholm, CFP®

Education, Background and Business Experience

Thomas Richard Chisholm, born in 1949, is a Financial Advisor for Gardey Financial Advisors. Tom is a graduate of Saginaw Valley State University, summa cum laude, where he earned his Bachelor of Business Administration degree. Tom is a Certified Financial PlannerTM professional.

Tom has over 24 years of experience in the investment field, has taught courses in Finance at Saginaw Valley State University and has experience in real estate. Tom has been employed by Gardey Financial Advisors since 1997 and is a member of the Northeastern Michigan Estate Planning Council.

Disciplinary Information and Other Business Activities

Thomas Richard Chisholm has no reportable disciplinary history and is not engaged in any other investment-related activities. In addition, he is not engaged in any other business or occupation that provides substantial compensation or involves a substantial amount of his time.

Additional Compensation

Thomas Richard Chisholm does not receive any economic benefit from a non-advisory client for the provision of advisory services.

Supervision

Thomas Richard Chisholm is supervised by Jonathan McNeill Gardey, President of Gardey Financial Advisors.

Melissa A. Seamon, CFP®

Education, Background and Business Experience

Melissa Ann Seamon, born in 1976, is a Financial Advisor Gardey Financial Advisors. Melissa graduated cum laude from Saginaw Valley State University with a Bachelor of Business Administration degree and is a Certified Financial Planner™ professional.

Prior to joining the firm, Melissa worked in customer service and teaching, and served as a youth ambassador to Australia and New Zealand. She is a member of the Northeastern Michigan Estate Planning Council and has been employed by Gardey Financial Advisors since 2001.

Disciplinary Information and Other Business Activities

Melissa Ann Seamon has no reportable disciplinary history and is not engaged in any other investment-related activities. In addition, she is not engaged in any other business or occupation that provides substantial compensation or involves a substantial amount of her time.

Additional Compensation

Melissa Ann Seamon does not receive any economic benefit from a non-advisory client for the provision of advisory services.

Supervision

Melissa Ann Seamon is supervised by Garnet M. Sherman, Executive Vice President of Gardey Financial Advisors.

Lisa Jo Whelton, CFP®

Education, Background and Business Experience

Lisa Jo Whelton, born in 1977, is a Financial Advisor for Gardey Financial Advisors. Lisa graduated from Saginaw Valley State University with a Bachelor of Business Administration degree and is a Certified Financial Planner™ professional.

Prior to joining the firm, Lisa worked in the financial services industry for 17 years with experience in various areas including financial planning, long-term care and personal insurance. She has been employed by Gardey Financial Advisors since 2006.

Disciplinary Information and Other Business Activities

Lisa Jo Whelton has no reportable disciplinary history and is not engaged in any other investment-related activities. In addition, she is not engaged in any other business or occupation that provides substantial compensation or involves a substantial amount of her time.

Additional Compensation

Lisa Jo Whelton does not receive any economic benefit from a non-advisory client for the provision of advisory services.

Supervision

Lisa Jo Whelton is supervised by Jonathan McNeill Gardey, President of Gardey Financial Advisors.