



FINANCIAL *SYNERGIES*
ASSET MANAGEMENT, INC.
Together, it's possible®

Part 2A of Form ADV: *Firm Brochure*

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This brochure provides information about the qualifications and business practices of Financial Synergies Asset Management, Inc. If you have any questions about the contents of this brochure, please contact us at 713-623-6600 or mminter@finsyn.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 Financial Synergies Asset Management, Inc. 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 105643.

MATERIAL CHANGES

January, 2012: We have entered into a “soft dollar” arrangement with Charles Schwab & Co., Inc., in which securities transaction fees incurred and paid for by client accounts purchase research services we use. These research services may benefit accounts which did not generate the soft dollars.

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ADVISORY BUSINESS

Financial Synergies Asset Management, Inc. (Financial Synergies) is an SEC-registered investment adviser with its principal place of business located in Houston, Texas. Financial Synergies began conducting business as a registered investment adviser in 1986. Michael F. Booker is President and sole owner of Financial Synergies. Financial Synergies offers the following advisory services to our clients:

Investment Management Services

We manage investment advisory accounts using a diversified asset allocation approach. Each portfolio is designed to meet a particular investment goal. We manage these advisory accounts on a discretionary basis only - with account supervision guided by the stated objectives of the client (e.g., capital appreciation, growth, income, or growth and income).

Through discussions in which the client's goals and objectives are established, we will determine which portfolio allocation is best suited to the client's individual needs and circumstances. Once the appropriate allocation has been determined, the Investment Plan will be presented to the client, after which the assets will be invested accordingly. Clients will have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Clients will retain individual ownership of all securities.

Each investment portfolio consists primarily of no-load or load-waived mutual funds. As appropriate, portfolios may also include individual equities, bonds, variable annuities, variable life insurance products and/or other investment products. Weighting among funds or other securities and asset classes is determined by the appropriate allocation, e.g., conservative, moderate, aggressive.

In order to ensure that our initial determination of an appropriate portfolio continues to be suitable and that the client's account continues to be managed in a manner fitting to the client's financial circumstances, we will seek to maintain client suitability information current at all times. To assist us in these efforts, we ask that clients notify us promptly of any change in their financial circumstances.

We monitor Investment Management Services accounts at least weekly, and rebalance these accounts as needed. If we believe that a particular investment is performing inadequately, or that a different investment has become more suitable for the portfolio's goal, then we will recommend a different investment and reinvest the client's assets in accordance with the discretionary authority granted by the client.

Financial Planning Services

We also provide investment advice in the form of Financial Planning. Clients engaging the firm to provide this service receive a written report containing a detailed financial plan designed to achieve the client's stated financial goals and objectives.

In general, the financial plan addresses any or all of the following areas of concern:

- **Personal:** Family records, budgeting, personal liability, estate information and financial goals.
- **Education:** State savings and 529 plans, and general assistance in preparing to meet dependents continuing educational needs through development of an education plan.
- **Death & Disability:** Cash needs at death, income needs of surviving dependents, and disability income analysis.
- **Retirement:** Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.
- **Investments:** Analysis of investment alternatives and their effect on a client's portfolio.

We gather required information through in-depth personal interviews, including the client's current financial status, future goals and attitudes towards risk. Related documents supplied by the client are carefully reviewed, including a questionnaire provided by Financial Synergies. Each financial planning engagement closes with a written report.

Amount of Managed Assets

As of March 2012, we are actively managing \$393,681,779 of clients' assets on a discretionary basis. As disclosed above, we do not currently manage assets on a non-discretionary basis.

FEES AND COMPENSATION

Investment Management Services

The fees for Investment Management Services are charged in one of two ways, as agreed in advance with the client: 1) an annual fee based on a percentage of assets under management, or 2) a Performance-Based Fee.

ASSET-BASED FEE:

Under this approach, the annual fee for Investment Management Services is charged as a percentage of assets under management, according to the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee (%)</u>
First \$500,000	1.50%
\$500,001 - \$1,000,000	1.00%
Over \$1,000,000	0.75%

We typically require a minimum of \$1,000,000 in assets for Investment Management Services. We can, however, choose to waive this minimum in certain situations. We may group certain related client accounts for the purposes of determining the annualized fee.

In addition to the Asset-Based Management Fee, Investment Management Services clients charged an Asset-Based Fee will be charged an initial, one-time account set-up fee of \$1,000. We may choose to waive this fee in certain situations.

Unless otherwise agreed, fees are directly deducted from the client's custodial account, in advance, on a quarterly basis. The first payment is due at the beginning of the first full quarter after the client executes the Agreement. The first fee will include both the normal quarterly fee paid in advance and a pro-rated fee adjusted for contributions and withdrawals for the first partial quarter. Subsequent payments are due and will be assessed on the first day of each calendar quarter. The fee is based on the value of the account as of the close of business on the last business day of the preceding quarter as valued by the custodian. For additional contributions greater than or equal to \$1,000 made to the accounts during the quarter, fees are pro-rated from that date to the last day of the quarter. For withdrawals greater than or equal to \$1,000 from accounts during a quarter, fees are refunded on a pro-rata basis. No adjustments are made for additions or withdrawals less than \$1,000.

PERFORMANCE-BASED FEE:

Rather than an Asset-Based Management Fee, we may agree to enter into a Performance-Based Fee arrangement with the client as permitted by applicable regulations. To qualify for a Performance-Based Fee arrangement, the client must have at least \$1,000,000 under our management or a net worth of more than \$2,000,000.

Under a Performance-Based Fee arrangement, we may charge fees of up to 20% of the account's net profits generated per calendar quarter provided that such amount is only applied to the portion of the profits that exceeds any cumulative gains. The fee is calculated and charged on a quarterly basis in arrears using a "high watermark" methodology – which entails the establishment of a new "watermark" based on the highest level of cumulative portfolio gains at the end of any given calendar quarter. Contributions to an account increase the watermark by the amount of the contribution, and withdrawals from an account reduce the watermark by the amount of the withdrawal. A Performance-Based Fee is charged only if the most recent calendar quarter's watermark is higher than any previous quarter's watermark adjusted for any contributions or withdrawals.

Clients can qualify for Performance-Based Fee breakpoints based on the following chart:

Portfolio Value	Client Share of Gain	Our Share of Gain
\$1 Mill - \$5 Mill	80%	20%
\$5 Mill - \$10 Mill	85%	15%
\$10 Mill & Up	90%	10%

Net profits mean all income or gain attributable to a client's account from any source including, but not limited to: interest, dividends, distributions, options and futures premiums, and realized and unrealized capital gains, less any expenses paid with respect to the client's account including but not limited to administrative charges, fees charged by Financial Synergies, margin interest and securities brokerage fees. Contributions or withdrawals by the client from the account are not included in calculation of net profits, although income and gain resulting from additions are counted.

In addition, the client is charged a .25% Annual Administration Fee, which is assessed quarterly in advance. This administration fee is calculated as a percentage of assets under management and is subject to the same policies and procedures that are outlined in the Asset-Based Fee section. Financial Synergies reserves the right to waive this administration fee in certain circumstances.

The initial period used for calculating administration fees shall be from the initial date of engagement through the last day of the calendar quarter. Subsequent calculation periods shall be the next calendar quarter period and each quarter thereafter, unless earlier terminated.

To help clients understand the impact of paying a Performance-Based Fee versus a standard management fee, the following example is provided. An account has a beginning value of \$500,000 and during the quarter the account earns \$50,000 and has an ending value of \$550,000. If the client paid the standard 1.50% management fee, the client would have been charged at the beginning of the quarter a management fee of \$1,875 ($(\$500,000 \times 1.50\%) / 4$). Under a Performance-Based Fee arrangement the client would owe \$10,000 ($\$50,000 \times 20\%$). On the other hand if the account incurred a loss during the quarter then Financial Synergies would not earn a Performance-Based Fee. However, if the client is paying a standard management fee, we would earn a fee regardless if the account incurred a gain or loss.

It is anticipated that over time the client's account value will increase, thus making the Performance-Based Fee schedule more expensive than the Asset-Based Fee schedule.

Financial Planning Services

Our fees for Financial Planning (including Retirement Planning) are as follows:

Current Investment Management Clients:
\$1,000

Non-Investment Management Clients:
\$2,500

The amount of time it takes to complete the financial plan depends upon the nature and complexity of the individual client's personal circumstances. Financial planning clients are under no obligation to act upon any of the recommendations contained within the plan.

General Information

Negotiability of Fees: In certain circumstances, all fees may be negotiable. Financial Synergies reserves the right to adjust the fee schedule for accounts depending on the size and type of account and the services required. In some cases negotiation of fees may result in different fees being charged for similar services and may be less than the stated fees. In addition, certain family members and personal acquaintances of Financial Synergies' affiliated persons may receive advisory services at a discounted rate which is not generally available to advisory clients.

Termination: A client agreement may be canceled at any time, by either party, for any reason upon notice to the other party. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we pro-rate the reimbursement according to the number of days remaining in the billing period. Clients always have the right to terminate an agreement without penalty within five business days after entering into the agreement.

Other Fees and Expenses: All fees paid to Financial Synergies for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders. In the case of mutual funds, these fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. The client could invest in a fund directly, without the services of Financial Synergies. In that case, the client would not receive the services provided by Financial Synergies which are designed, among other things, to assist the client in determining which fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by Financial Synergies to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Additional Fees and Expenses: In addition to Financial Synergies' advisory fees, clients are responsible for the fees and expenses charged by custodians and imposed by broker-dealers. Such fees may include, but are not limited to, any transaction charges, fees for duplicate statements and transaction confirmations, and fees for electronic data feeds and reports.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisors for similar or lower fees.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As we disclosed in the previous section of this Brochure, our firm enters into Performance-Based Fee arrangements with certain clients as appropriate. Such a Performance-Based Fee is calculated based on a share of the client's net profit. To qualify for a Performance-Based Fee arrangement, a client must either demonstrate a net worth of at least \$2,000,000 or must have at least \$1,000,000 under management immediately after entering into a management agreement with us. This means that we manage accounts paying us on a performance basis side-by-side with accounts not paying performance fees.

Since we endeavor at all times to put the interest of our clients first as part of our fiduciary duty as a registered investment adviser, we take the following steps to address any conflicts that may arise with a Performance-Based Fee arrangement:

1. We disclose to clients the existence of all material conflicts of interest;
2. We collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
3. Our management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances and have implemented policies and procedures for fair and consistent allocation of investment opportunities among all client accounts as appropriate;
4. We periodically compare holdings and performance of all accounts with similar strategies to identify significant performance disparities indicative of possible favorable treatment;
5. We periodically review trading frequency and portfolio turnover rates to identify possible patterns of "window dressing," "portfolio churning," or any intent to manipulate trading to boost performance near the reporting period;
6. We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients and equitable treatment of all clients, regardless of the fee arrangement.

Performance-Based Fees will only be charged in accordance with the provisions of Rule 205-3 of the Investment Advisers Act of 1940 and/or applicable state regulations. The fees will not be offered to any client residing in a state in which such fees are prohibited.

The client must understand the Performance-Based Fee method of compensation and its risks prior to entering into a management contract with us.

****To be clear – we have no intention of treating or investing our Performance-Based Fee clients any differently than we do our Asset-Based Fee clients.***

TYPES OF CLIENTS

Financial Synergies provides advisory services to individuals, including high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other businesses. As previously disclosed in the section, “Fees and Compensation”, we typically require a minimum of \$1,000,000 in assets for Investment Management Services. We can, however, choose to waive this minimum in certain situations.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Mutual Fund Analysis: When selecting a mutual fund for our portfolios, we analyze many different factors including conversations with the fund manager; performance history and consistency; fund category; track record; investment objectives; composition and focus; stewardship; and fee structure and expenses. We want to see that the manager has demonstrated an ability to invest successfully over a long period of time and in different economic conditions. We also look at the underlying securities in a mutual fund to determine if there is significant overlap in the underlying investments held in other funds in the client’s portfolio. We also monitor the funds regularly to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund, which could make the fund less suitable for the client’s portfolio. It is our job to monitor this and make adjustments to the portfolio as needed – which we do on a regular basis.

Legacy Holdings: Investment advice may be offered on any investment held by a client at the start of the advisory relationship. In general, depending on tax considerations and client sentiment, these investments will be sold over time and the assets invested in the appropriate Financial Synergies strategy. As with any investment decision, there is the risk that Financial Synergies’ timing with respect to the sale and reinvestment of these assets will be less than ideal or even result in a loss to the client.

Risks for all forms of analysis: Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Investment Strategies

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Asset Allocation: The primary investment strategy used by Financial Synergies is based on diversification of the client's assets among a variety of investment vehicles and asset classes, popularly termed "Asset Allocation". The focus of Financial Synergies’ recommendations is primarily to achieve a diversified portfolio of investment assets with desirable

risk and return characteristics. Financial Synergies' Investment Committee meets regularly to evaluate new and reevaluate existing investment opportunities. During these meetings we deliberate issues regarding the proper allocation of client assets based on current conditions.

Long-term purchases: In general, we purchase securities with the idea of holding them in the client's account long-term (longer than one year). In extreme circumstances we may be forced to sell a fund completely, within a year of buying it. An example would be: a fund manager resigns and we do not have confidence in the new management. Also, fund positions may be trimmed occasionally in an effort to rebalance the portfolio.

A risk in a long-term purchase strategy is that by holding the security for this length of time, it may decline in value before we make the decision to sell.

DISCIPLINARY INFORMATION

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

****Neither our firm nor our management personnel have any reportable disciplinary events to disclose.**

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

While Financial Synergies is a Registered Investment Adviser, the principal executive officer is also separately licensed as an insurance agent for one or more insurance companies that are not affiliated with Financial Synergies.

This officer, in his separate capacity as an insurance agent or broker, is able to purchase insurance and insurance-related investment products for clients for which he will receive separate, yet customary compensation. Clients are not under any obligation to separately engage this individual when considering implementation of recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

While the officers and employees of Financial Synergies endeavor at all times to put the interests of the clients first as part of Financial Synergies' fiduciary duty, clients should be aware that the receipt of additional compensation for outside, related activities itself creates an inherent conflict of interest, which may unknowingly affect the judgment of these individuals when making recommendations.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Financial Synergies and our 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.

Our Code of Ethics includes policies and procedures for the review of employee securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's employees. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

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

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy from us at any time. Financial Synergies and individuals associated with our firm are prohibited from engaging in principal or agency cross transactions.

Our Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of our 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.

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

It is the expressed policy of our firm that no person employed by us may purchase or sell an individual stock prior to a transaction being implemented for an advisory account, thereby preventing such employee from benefiting from transactions placed on behalf of advisory accounts.

As these situations present potential conflicts of interest, we have established the following restrictions in order to ensure its fiduciary responsibilities:

- 1) No director, officer or employee of Financial Synergies shall buy or sell securities for their personal portfolio when their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of Financial Synergies shall prefer his or her own interest to that of the advisory client.
- 2) Financial Synergies maintains a list of all securities holdings for itself, and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by the Portfolio Manager.
- 3) Financial Synergies emphasizes the unrestricted right of the client to decline to implement any advice rendered.
- 4) Financial Synergies requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- 5) Any individual not in observance of the above may be subject to disciplinary action up to and including termination.

BROKERAGE PRACTICES

Investment Management Services

Selecting Broker-Dealers: We recommend clients open their accounts with Charles Schwab & Co., Inc. ("Schwab"), an SEC registered, FINRA-member broker-dealer unaffiliated with Financial Synergies. We have selected Schwab as the custodian for our clients due to the firm's financial stability, reputation, ability to support our clients and our back office, range of investments provided, and discounted commission structure.

We reserve the right to decline acceptance of any client account for which the client directs the use of a broker-dealer other than Schwab if we believe that the client's choice would hinder our ability to service the account. In directing the use of Schwab, or any other particular broker-dealer, it should be understood that Financial Synergies will not have authority to negotiate commissions on a trade-by-trade basis, or to necessarily obtain volume discounts, and best execution may not be achieved. Not all advisors require use of one custodian.

Soft dollars: Financial Synergies has entered into a "soft dollar" arrangement with Schwab, in which a portion of securities transaction fees incurred by client accounts pay for specific services and research. Section 28(e) of The Securities Act of 1934 as amended defines what services may be paid for with these soft dollars and our arrangement falls within this definition. Client accounts which have not generated these transaction fees may also benefit from the services purchased with soft dollars. Using soft dollars puts us in a potential conflict of interest with our clients, as we may be incented to trade in order to incur soft dollars to pay for services we use. We manage this potential conflict by having a very small soft dollar arrangement, and monitoring our trading to ensure no unnecessary trades are placed.

Other benefits from brokers

Financial Synergies participates in the Schwab Institutional Service Program sponsored by Schwab. Through the program, Schwab provides Financial Synergies with access to its institutional trading and operations services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors at no charge as long as a total of at least \$10 million of the advisor's clients' account assets are maintained at Schwab. Schwab's

services include research, brokerage, custody and access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. Schwab also makes available to us other products and services that benefit Financial Synergies but may not benefit its clients' accounts. Some of these other products and services assist Financial Synergies in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of Financial Synergies' fees from its clients' accounts, and assist with back-office support, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of Financial Synergies' accounts, including accounts not maintained at Schwab. Schwab may also provide Financial Synergies with other services intended to help Financial Synergies manage and further develop its business enterprise. These services may include consulting, publications and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services to Financial Synergies by independent third parties. 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 Financial Synergies. The availability of the foregoing products and services to us is not contingent upon Financial Synergies committing to Schwab any specific amount of business (assets in custody or trading). However, the receipt of these benefits at no additional cost to us creates a conflict of interest which could influence our recommendation of a broker-dealer to our clients.

Block trades

In general, Financial Synergies *will not* block trades except when adding a new fund across client portfolios, eliminating a fund from all accounts, or changing the percentages of an allocation for many accounts, as applicable. When blocking trades, we trade an aggregate block of securities composed of assets from multiple client accounts. Depending on the security traded, failure to aggregate a trade may result in clients paying a different price for the same security on the same or a different trading day.

Financial Synergies' block trading policy and procedures are as follows:

- 1) Financial Synergies' policies for the aggregation of transactions shall be fully disclosed in this Form ADV;
- 2) Financial Synergies will not aggregate transactions unless it believes that aggregation is consistent with our fiduciary duty to our clients and is consistent with the terms of Financial Synergies' investment advisory agreement with each client for which trades are being aggregated;
- 3) No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all Financial Synergies' transactions in a given security on a given business day. Depending on the client's agreement with the custodian/broker, transaction costs will either be shared pro-rata based on each client's participation in the transaction or be based on the number of shares traded for each client (Schwab charges on an account by account basis);
- 4) Financial Synergies will prepare, before entering an aggregated order, a trade blotter specifying the participating client accounts and how it intends to allocate the order among those clients;
- 5) Financial Synergies' books and records will separately reflect, for each client account, the orders of which are aggregated, the securities held by, and bought and sold for that account;
- 6) Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the clients' cash nor their securities will be held collectively any longer than is necessary to settle the purchase or sale in question on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement;
- 7) Financial Synergies will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and
- 8) Financial Synergies' employees may participate in block trades with clients.

Clients electing not to grant us discretionary authority over their account may not be aggregated with other clients' trades due to the time involved in obtaining the client's approval for each trade. Please refer to the section "Investment Discretion" below for additional information.

Financial Planning Services

Financial Synergies' financial planning practice, due to the nature of this service and client needs, does not include blocking trades, negotiating commissions with broker-dealers or obtaining volume discounts, nor necessarily obtaining the best price. Clients will be required to select their own broker-dealers and insurance companies for the implementation of financial planning recommendations. Financial Synergies may recommend any one of several brokers including, but not necessarily limited to, Schwab. Financial Synergies clients must independently evaluate these brokers before opening an account. The factors considered by Financial Synergies when making this recommendation are the broker's ability to provide professional services, Financial Synergies' experience with the broker, the broker's reputation, and the broker's financial strength, among other factors. Financial Synergies' financial planning and consulting clients may use any broker or dealer of their choice.

As disclosed in the section, "Other Financial Industry Affiliations" above, certain officers and other employees of Financial Synergies are separately licensed as insurance agents or brokers with unaffiliated insurance companies. In general, we will recommend the use of these individuals to clients for implementation of financial planning recommendations involving insurance products, provided that this recommendation is consistent with Financial Synergies' fiduciary duty to the client. Any commissions or other compensation received from the implementation of financial planning recommendations is separate and distinct from Financial Synergies' advisory fee. No financial planning client is obligated to use these individuals to implement any recommended transactions.

Clients should be aware that lower commission costs may or may not be achieved if recommended transactions are placed through these individuals in their separate capacities as insurance agents/brokers.

REVIEW OF ACCOUNTS

Investment Management Services

While the underlying securities within Investment Management Services accounts are continuously monitored, these accounts are reviewed at least weekly by one or more members of the Investment Committee, which includes Michael Booker, Heath Hightower, Bryan Zschiesche and Michael Minter. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

Investment Management Services clients receive monthly statements and confirmations of transactions from their broker-dealer. In addition, Financial Synergies will provide quarterly reports summarizing account performance, balances and holdings.

Financial Planning Services

These client accounts are reviewed as contracted for at the inception of the advisory relationship. This may include only an initial or regular account reviews. Financial Planning clients receive a completed, written financial plan. These clients also receive regular written reports from us only as contracted for at the inception of the advisory relationship.

CLIENT REFERRALS AND OTHER COMPENSATION

We receive client referrals from Charles Schwab & Co., Inc. ("Schwab") through participation in Schwab Advisor Network ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with Financial Synergies. Schwab does not supervise Financial Synergies and has no responsibility for Financial Synergies' management of clients' portfolios or our other advice or services. Financial Synergies pays Schwab fees to receive client referrals through the Service. Financial Synergies' participation in the Service may raise potential conflicts of interest described below.

Financial Synergies pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Financial Synergies is a percentage of the value of the assets in the client's account. Financial

Synergies pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fees are billed to Financial Synergies quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fees are paid by Financial Synergies and not by the client. *Financial Synergies does not charge clients referred through the Service fees or costs greater than the fees or costs Financial Synergies charges clients with similar portfolios who were not referred through the Service.*

Financial Synergies would pay Schwab a Non-Schwab Custody Fee if custody of a referred client's account was not maintained by, or assets in the account were transferred from Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees the Advisor generally would pay in a single year. Thus, Financial Synergies will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees are based on the amount of assets in accounts of Financial Synergies clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, Financial Synergies will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts at Schwab.

For accounts of Financial Synergies' clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from Financial Synergies' clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab.

We are aware of the special considerations promulgated under Section 206(4)-3 of the Investment Advisers Act of 1940 and similar state regulations. As such, appropriate disclosure shall be made, all written instruments will be maintained by Financial Synergies and all applicable Federal and/or State laws will be observed.

CUSTODY

Custody is defined as our having access to clients' securities or cash. We have limited access to our clients' cash only to the extent that our clients grant us permission to instruct the custodian to deduct our fees directly from their accounts. These fee deductions are reflected in the periodic statements the custodian sends our clients directly. We have no other access to account holdings, and may only move assets to another account in the client's name.

INVESTMENT DISCRETION

We provide our Investment Management Services on a discretionary basis only, which means that we will place trades in a client's account as we deem appropriate based on the information previously gathered without contacting the client prior to each trade to obtain the client's permission.

Under these circumstances, our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell.

Clients give us discretionary authority when they sign a discretionary investment management agreement with our firm (which grants us a limited power of attorney), and may reasonably limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

VOTING CLIENT SECURITIES

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other events pertaining to the client's investment assets. Clients are responsible for instructing each custodian to forward to the client

copies of all proxies and shareholder communications relating to the client's investment assets. We may provide clients with consulting assistance regarding proxy issues if they contact us.

FINANCIAL INFORMATION

Financial Synergies has no financial circumstances to report. Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Part 2B of Form ADV: *Brochure Supplement*

Michael F. Booker
Financial Synergies Asset Management, Inc.
4265 San Felipe, Suite 1450
Houston, TX 77027
713-623-6600

March 2012

This brochure supplement provides information about Michael F. Booker that supplements Financial Synergies Asset Management, Inc.'s (Financial Synergies') brochure. You should have received a copy of that brochure. Please contact Michael Minter, Chief Compliance Officer of Financial Synergies, if you did not receive Financial Synergies' brochure or if you have any questions about the contents of this supplement.

Additional information about Michael F. Booker is available on the SEC's website at www.adviserinfo.sec.gov

Item 1 Educational Background and Business Experience

Full Legal Name: Michael F. Booker

Born: 1955

Education

- Group 1 Life/Health/Disability Insurance License; 1982.
- FINRA Series 7, General Securities Representative Examination; 1986.
- Certified Financial Planner (CFP®), (granted by the CFP Board of Standards); 1986.
- Chartered Financial Consultant (ChFC), (granted by the American College); 1989.
- Certified Fund Specialist® (CFS®), (granted by the Institute of Business & Finance); 1991.

CERTIFIED FINANCIAL PLANNER™ Certification

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold the 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.

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.
- Examination – Pass the comprehensive CFP® Certification Examination, a 10-hour exam.
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year).
- 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.
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*.

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 Consultant Designation

The Chartered Financial Consultant® (ChFC) designation program focuses on the comprehensive financial planning process as an organized way to collect and analyze information on a client's total financial situation; to identify and establish specific financial goals; and to formulate, implement, and monitor a comprehensive plan to achieve those goals.

The ChFC program provides financial planners and others in the financial services industry with in-depth knowledge of the skills needed to perform comprehensive financial planning for their clients.

To earn this designation, an eight-course examination must be passed. Designations are usually attained within 15-24 months. Three years of business experience immediately preceding the date of use of the designation is required. Each designee must also complete 30 hours of continuing education every two years.

Certified Fund Specialist® (CFS®)

Granted by the Institute of Business & Finance, the CFS® designation requires applicants to have a bachelor's degree or 2,000 hours of experience completed in the financial services industry prior to completing the CFS® course. CFS®

candidates must complete a comprehensive advanced program of approximately 135 hours designed to educate the advisor on every aspect of modern portfolio theory (MPT), mutual funds, ETFs, REITs, UITs, EANs, CEFs, asset rebalancing and taxation. Three 3 examinations must be passed in order to graduate. All graduates must sign the *IBF Code of Ethics* and agree to adhere to the *IBF Standards of Practice*, both of which place client interests above those of the advisor and parent company. Every CFS[®] advisor is required to regularly submit 30 hours of continuing education to maintain technical competence and fulfill ethical obligations.

Recent Business Experience

- President, Financial Synergies Asset Management, Inc., April 1997 to Present.
- Executive Officer, Financial Synergies Wealth Advisors, Inc., December 2002 to September 2004.
- Registered Representative, IFG Network Securities, July 1992 to October 1999.

Item 2 Disciplinary Information

- Michael F. Booker has no reportable disciplinary history.

Item 3 Other Business Activities

- Investment-Related Activities

Mr. Booker is also licensed as an insurance agent of various insurance companies and can sell the various insurance products of these companies for separate and typical compensation.

- Non Investment-Related Activities

Mr. Booker is not engaged in any other business or occupation that provides substantial compensation or involves a substantial amount of his time.

Item 4 Additional Compensation

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

Item 5 Supervision

The executive management team of Financial Synergies is responsible for the supervision of all employees and the Investment Committee is responsible for the oversight of investment advice provided to clients. The executive management team and the Investment Committee are comprised of the same individuals and include Michael Booker, Heath Hightower, Bryan Zschiesche and Michael Minter. The Investment Committee documents and oversees investment meetings, all material investment policy changes, and conducts periodic reviews of client portfolios to ensure that client objectives and mandates are being met. Michael Minter, Chief Compliance Officer of Financial Synergies, a member of the executive management team and the Investment Committee, is responsible for reviewing the personal trading activities of all staff. Mr. Minter can be reached at (713)-623-6600.

Part 2B of Form ADV: *Brochure Supplement*

Heath Hightower
Financial Synergies Asset Management, Inc.
4265 San Felipe, Suite 1450
Houston, TX 77027
713-623-6600

March 2012

This brochure supplement provides information about Heath Hightower that supplements Financial Synergies Asset Management, Inc.'s (Financial Synergies') brochure. You should have received a copy of that brochure. Please contact Michael Minter, Chief Compliance Officer of Financial Synergies, if you did not receive Financial Synergies' brochure or if you have any questions about the contents of this supplement.

Additional information about Heath Hightower is available on the SEC's website at www.adviserinfo.sec.gov

Item 1 Educational Background and Business Experience

Full Legal Name: Heath Hightower

Born: 1980

Education

- Graduated from Texas Tech University with a BBS in Family Financial Planning; 2003.
- Certified Financial Planner (CFP®), (granted by the CFP Board of Standards); 2005.
- FINRA Series 65, Uniform Investment Advisor Law Examination; 2003.

CERTIFIED FINANCIAL PLANNER™ Certification

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.

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.
- Examination – Pass the comprehensive CFP® Certification Examination, a 10-hour exam.
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year).
- 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.
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*.

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.

Recent Business Experience

- Financial Advisor, Financial Synergies Asset Management, Inc., June 2003 to Present.

Item 2 Disciplinary Information

- Heath Hightower has no reportable disciplinary history.

Item 3 Other Business Activities

- Investment-Related Activities

Mr. Hightower is not engaged in any other investment-related activities that provides substantial compensation or involves a substantial amount of his time.

- Non Investment-Related Activities

Mr. Hightower is not engaged in any other business or occupation that provides substantial compensation or involves a substantial amount of his time.

Item 4 Additional Compensation

- Heath Hightower does not receive any economic benefit from a non-advisory client for the provision of advisory services.

Item 5 Supervision

The executive management team of Financial Synergies is responsible for the supervision of all employees and the Investment Committee is responsible for the oversight of investment advice provided to clients. The executive management team and the Investment Committee are comprised of the same individuals and include Michael Booker, Heath Hightower, Bryan Zschiesche and Michael Minter. The Investment Committee documents and oversees investment meetings, all material investment policy changes, and conducts periodic reviews of client portfolios to ensure that client objectives and mandates are being met. Michael Minter, Chief Compliance Officer of Financial Synergies, a member of the executive management team and the Investment Committee, is responsible for reviewing the personal trading activities of all staff.

Mr. Minter can be reached at (713)-623-6600.

Part 2B of Form ADV: *Brochure Supplement*

Bryan Zschiesche
Financial Synergies Asset Management, Inc.
4265 San Felipe, Suite 1450
Houston, TX 77027
713-623-6600

March 2012

This brochure supplement provides information about Bryan Zschiesche that supplements Financial Synergies Asset Management, Inc.'s (Financial Synergies') brochure. You should have received a copy of that brochure. Please contact Michael Minter, Chief Compliance Officer of Financial Synergies, if you did not receive Financial Synergies' brochure or if you have any questions about the contents of this supplement.

Additional information about Bryan Zschiesche is available on the SEC's website at www.adviserinfo.sec.gov

Item 1 Educational Background and Business Experience

Full Legal Name: Bryan Zschiesche

Born: 1979

Education

- Graduated from Texas Tech University with an MBA; 2003.
- Graduated from Texas Tech University with an MS in Personal Financial Planning; 2003.
- Graduated from Texas Tech University with a BBA in Finance; 2001.
- Certified Financial Planner (CFP®), (granted by the CFP Board of Standards); 2006.
- General Lines Agent License (Property & Casualty); 2001.

CERTIFIED FINANCIAL PLANNER™ Certification

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- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary.
- Examination – Pass the comprehensive CFP® Certification Examination, a 10-hour exam.
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year).
- 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.
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*.

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.

Recent Business Experience

- Financial Advisor, Financial Synergies Asset Management, Inc., November 2003 to Present.

Item 2 Disciplinary Information

- Bryan Zschiesche has no reportable disciplinary history.

Item 3 Other Business Activities

- Investment-Related Activities

Mr. Zschiesche is not engaged in any other investment-related activities that provides substantial compensation or involves a substantial amount of his time.

- Non Investment-Related Activities

Mr. Zschiesche is not engaged in any other business or occupation that provides substantial compensation or involves a substantial amount of his time.

Item 4 Additional Compensation

- Bryan Zschiesche does not receive any economic benefit from a non-advisory client for the provision of advisory services.

Item 5 Supervision

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Mr. Minter can be reached at (713)-623-6600.

Part 2B of Form ADV: *Brochure Supplement*

Michael Minter
Financial Synergies Asset Management, Inc.
4265 San Felipe, Suite 1450
Houston, TX 77027
713-623-6600

March 2012

This brochure supplement provides information about Michael Minter that supplements Financial Synergies Asset Management, Inc.'s (Financial Synergies') brochure. You should have received a copy of that brochure. Please contact Michael F. Booker, President of Financial Synergies, if you did not receive Financial Synergies' brochure or if you have any questions about the contents of this supplement.

Additional information about Michael Minter is available on the SEC's website at www.adviserinfo.sec.gov

Item 1 Educational Background and Business Experience

Full Legal Name: Michael Minter

Born: 1976

Education

- Graduated from Texas State University with a Bachelor of Science Degree; 2000.
- FINRA Series 6 License, Investment Company and Variable Contracts Products Representative Examination; 2000.
- Certified Fund Specialist® (CFS®), (granted by the Institute of Business & Finance); 2006.
- Certified Financial Planner (CFP®), (granted by the CFP Board of Standards); 2008.

CERTIFIED FINANCIAL PLANNER™ Certification

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- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year).
- 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.

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- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*.

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Certified Fund Specialist® (CFS®)

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Recent Business Experience

- Portfolio Manager/Chief Compliance Officer, Financial Synergies Asset Management, Inc., February 2003 to Present.
- Operations Analyst, AIM Investments, Inc., August 2000 to February 2003.

Item 2 Disciplinary Information

- Michael Minter has no reportable disciplinary history.

Item 3 Other Business Activities

- Investment-Related Activities

Mr. Minter is not engaged in any other investment-related activities that provides substantial compensation or involves a substantial amount of his time.

- Non Investment-Related Activities

Mr. Minter is not engaged in any other business or occupation that provides substantial compensation or involves a substantial amount of his time.

Item 4 Additional Compensation

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

Item 5 Supervision

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Mr. Booker can be reached at (713)-623-6600.