

**Firm Brochure  
(Part 2A of Form ADV)**

**BENGEN FINANCIAL SERVICES, INC.**

**997 Wind Cave Place  
Chula Vista, CA 91914**

**47790 Via Jardin  
La Quinta, CA 92253**

**619-240-7349**

**Fax: 619-971-1656**

**[bill@bengenfs.com](mailto:bill@bengenfs.com)**

**[www.bengenfs.com](http://www.bengenfs.com)**

This brochure provides information about the qualifications and business practices of BENGEN FINANCIAL SERVICES, INC. If you have any questions about the contents of this brochure, please contact us at 619-240-7349, or by e-mail at [bill@bengenfs.com](mailto:bill@bengenfs.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 BENGEN FINANCIAL SERVICES, INC. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**January 1, 2012**

# 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

Added our La Quinta address.

---

## Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 619-240-7349 or by e-mail at [bill@bengenfs.com](mailto:bill@bengenfs.com).

# Table of Contents

<b>Material Changes.....</b>	<b>ii</b>
Annual Update .....	ii
Material Changes Since the Last Update.....	ii
Full Brochure Available .....	ii
<b>Advisory Business .....</b>	<b>1</b>
Firm Description.....	1
Principal Owners.....	1
Types of Advisory Services.....	2
Tailored Relationships .....	2
Types of Agreements.....	2
Investment Management Services Agreement .....	2
Hourly Planning Engagements .....	4
Investment Management .....	4
Termination of Agreement .....	4
Trade Error Policy .....	4
Client Obligations.....	4
Disclosure Statement.....	5
Non-Participation in Wrap Fee Programs .....	5
Our Policy on Class Action Lawsuits.....	5
<b>Fees and Compensation .....</b>	<b>5</b>
Description .....	5
Fee Billing .....	6
Other Fees .....	6
Expense Ratios.....	7
Past Due Accounts and Termination of Agreement .....	7
<b>Performance-Based Fees .....</b>	<b>7</b>
Sharing of Capital Gains .....	7
<b>Types of Clients.....</b>	<b>8</b>
Description .....	8
Account Minimums.....	8

<b>Methods of Analysis, Investment Strategies and Risk of Loss.....</b>	<b>8</b>
Methods of Analysis.....	8
Investment Strategies .....	8
Risk of Loss .....	9
<b>Disciplinary Information .....</b>	<b>10</b>
Legal and Disciplinary.....	10
<b>Other Financial Industry Activities and Affiliations .....</b>	<b>10</b>
Financial Industry Activities.....	10
Affiliations .....	10
<b>Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....</b>	<b>10</b>
Code of Ethics.....	10
Participation or Interest in Client Transactions.....	10
<b>Brokerage Practices.....</b>	<b>11</b>
Selecting Brokerage Firms.....	11
Best Execution .....	11
Soft Dollars .....	11
Order Aggregation .....	12
Directed Brokerage .....	12
<b>Review of Accounts .....</b>	<b>12</b>
Periodic Reviews .....	12
Review Triggers.....	12
Regular Reports.....	12
<b>Client Referrals and Other Compensation .....</b>	<b>13</b>
Incoming Referrals.....	13
Referrals Out .....	13
Other Compensation.....	13
<b>Custody.....</b>	<b>13</b>
Account Statements.....	13
Performance Reports.....	13
<b>Investment Discretion.....</b>	<b>14</b>
Discretionary Authority for Trading.....	14
Limited Power of Attorney.....	14

<b>Voting Client Securities .....</b>	<b>14</b>
Proxy Votes .....	14
<b>Financial Information .....</b>	<b>15</b>
Financial Condition .....	15
<b>Privacy Notice .....</b>	<b>15</b>
<b>Brochure Supplement (Part 2B of Form ADV) .....</b>	<b>16</b>
Education and Business Standards .....	16
Professional Certifications .....	16
CFP certification requirements:.....	16
William P. Bengen, Certifications .....	16
Educational Background: .....	16
Business Experience: .....	16
Disciplinary Information:.....	16
Other Business Activities: .....	17
Additional Compensation: .....	17
Supervision: .....	17
Arbitration Claims:.....	17
Self-Regulatory Organization or Administrative Proceeding: .....	17
Bankruptcy Petition: .....	17

# Advisory Business

---

## Firm Description

BENGEN FINANCIAL SERVICES, INC., (hereafter referred to as “BFS”) was founded in 1989.

BFS provides personalized confidential financial planning and investment management services almost exclusively to individuals. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

BFS is strictly a fee-only financial planning and investment management firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder's fees are accepted.

All material conflicts of interest under CCR Section 260.238 (k) have been disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

Investment advice is an integral part of financial planning. In addition, BFS advises clients regarding cash flow, college planning, retirement planning, tax planning and estate planning. Such advice is provided only in the context of an ongoing investment management relationship; no hourly consultation services are provided.

BFS does not act as a custodian of client assets. The client always maintains asset control. BFS places trades for clients under a limited power of attorney.

A written evaluation of each client's initial situation is provided to the client, Written annual reviews (for Level 1 clients only) are also prepared to review investment performance and provide reminders of the specific courses of action that are recommended to be taken by the client.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the client.

---

## Principal Owners

William P. Bengen is a 50% stockholder. Joyce A. Bengen is a 50% stockholder.

---

## **Types of Advisory Services**

BFS provides investment supervisory services, also known as investment management services.

On more than an occasional basis, BFS furnishes advice to clients on matters not involving securities, such as financial planning matters.

As of 12/31/2011, BFS manages approximately \$48,3270,00 in assets for approximately 83 clients. Approximately \$48,700,000 is managed on a discretionary basis.

---

## **Tailored Relationships**

The goals and objectives for each client are documented in our financial planning software, MoneyGuidePro. This is a web-based software which permits clients to access their own financial plans in a secure manner over the internet. Investment policy statements are created that reflect the client's stated goals and objectives, and are included in the Investment Management Services contract. Clients may impose reasonable restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

---

## **Types of Agreements**

The following agreements define the typical client relationships.

---

### **Investment Management Services Agreement**

All clients choose to have BFS manage financial investments. The overall goals of the client are considered in establishing investment portfolios. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee for an Investment Management Services Agreement is provided to the client in writing prior to the start of the relationship. An Investment Management Services Agreement includes: investment management (including performance reporting); and provisions for financial planning services (retirement planning, etc.). In the case of Level 2 service, financial planning services provided under the agreements are minimal.

There are two primary levels of Investment Management Services: Level 1 and Level 2. Level 1 is generally intended for clients with portfolios in excess of \$500,000 who also require significant financial planning advice. Level 2 services are generally for clients with portfolios of less than \$500,000 and who require little or no financial planning advice on an ongoing basis. There is no hard-and-fast rule separating these two levels of service.

## **LEVEL 1 Investment Management Services**

The annual Advisory Service Agreement fee is based on a percentage of the investable assets according to the following schedule:

0.70% on the first \$250,000;

0.65% on the next \$750,000 (from 250,001 to 1,000,000); and

0.60% on the next \$500,000 (from 1,000,001 to 1,500,000); and

0.55% on the next \$500,000 (from 1,500,001 to 2,000,000); and

0.50% on assets above \$2,000,000

The above rates are *NOT NEGOTIABLE*. There is no annual minimum fee. Current client relationships may exist where the fees are higher or lower than the fee schedule above.

The Investment Management Services Agreement is in effect for one year, after which it can be renewed by the client for another one-year period. The client or the investment advisor may terminate the Agreement without cause by written notice to the other party. If the client terminates the agreement, fees will be billed on a pro rata basis for the portion of the quarter completed. If the Advisor terminates the Agreement, no fees will be charged for the quarter of termination.

Charges for Level 1 services are billed quarterly, near the end of each quarter. The portfolio value at the end of the prior quarter is used as the basis for the fee computation. If a client's contract is terminated by the client, the quarterly fee is adjusted for the number of days during the billing quarter prior to termination.

## **LEVEL 2 Investment Management Services**

The annual Advisory Service Agreement fee is based on a percentage of the investable assets according to the following schedule:

0.50% on all assets, flat fee

The above rates are *NOT NEGOTIABLE*. There is no annual minimum fee of \$300, which is also non-negotiable. Current client relationships may exist where the fees are higher or lower than the fee schedule above.

The Level 2 Investment Management Services Agreement is in effect for three years, after which it can be renewed by the client for another three-year period. The client or the investment advisor may terminate the Agreement without cause by written notice to the other party. If the client terminates the agreement, fees will be billed on a pro rata basis for the portion of the year completed. If the Advisor terminates the Agreement, no fees will be charged for the year of termination.

Charges for Level 2 services are billed annually, near the end of each December. The portfolio value at the end of the prior year is used as the basis for the fee computation. If a client's contract is terminated by the client, the annual fee is adjusted for the number of days during the billing quarter prior to termination.



Level 2 Investment Management Services do not include an annual review, and provide only “incidental” financial planning services.

---

### **Hourly Planning Engagements**

BFS provides hourly planning services only for current Investment Management Services clients who have exceeded their quota of contractual “financial planning advisory” hours. The hourly rate for hourly consultations beyond the contract amount is \$150.

---

### **Investment Management**

Assets are invested primarily in no-load or low-load mutual funds, exchange-traded funds, REITS, individual stocks, CD's, and rarely, individual bonds. The firm's sole custodian for client assets is Charles Schwab and Co., a brokerage firm offering a wide variety of investment products and related services. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Charles Schwab may charge a transaction fee or commission for the purchase of some investments. BFS does not receive any portion of the transaction fee or commission paid to Charles Schwab.

BFS does not receive any compensation, in any form, from fund companies.

Initial public offerings (IPOs) are not available through BFS.

---

### **Termination of Agreement**

A Client may terminate any of the aforementioned agreements at any time by notifying BFS in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, BFS will refund any unearned portion of the advance payment.

BFS may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, BFS will refund any unearned portion of the advance payment.

---

### **Trade Error Policy**

Should they occur, losses resulting from trade errors shall be reimbursed by either BFS or the custodian, depending on the dollar amount.

---

### **Client Obligations**

In performing its services, BFS is not required to verify any information received from the client or from the client's other professionals. Moreover, each client is advised that it remains his or her responsibility to promptly notify BFS if there is ever any change in the client's financial situation or investment objectives during the client engagement.

---

## Disclosure Statement

A copy of BFS's written brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or at the same time as, the execution of the *Investment Advisory Service Agreement*. Any client who has not received a copy of BFS's written brochure at least 48 hours prior to executing the *Investment Advisory Service Agreement* shall have five business days subsequent to executing the agreement to terminate the BFS's services without penalty.

---

## Non-Participation in Wrap Fee Programs

BFS, as a matter of policy and practice, does not sponsor any wrap fee program. A wrap fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment supervisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions.

---

## Our Policy on Class Action Lawsuits

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. BFS has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. It also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, BFS has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

BFS's relationship with each client is non-exclusive; in other words, BFS provides investment supervisory services and financial planning services to multiple clients. BFS seeks to avoid situations in which one client's interest may conflict with the interest of another of its clients.

# Fees and Compensation

---

## Description

BFS bases its fees on a percentage of assets under management, hourly charges, and fixed fees. Actual fees are discussed above on page 3.

Fees are NOT NEGOTIABLE.

---

## Fee Billing

Investment management fees are billed quarterly for Level 1 clients and annually for Level 2 clients. Fees are billed in *ARREARS*, meaning that we invoice you near the very end of the billing period. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

There are no advance fees for investment/financial plans. Payment is due upon completion of the plan and the client's satisfaction with the plan.

---

## Other Fees

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

BFS, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

Clients may also incur "account termination fees" upon the transfer of an account from one brokerage firm (broker-dealer/custodian) to another. These account termination fees are believed to range generally from \$0 to \$200 at present, but at times may be much higher. Clients should contact their custodians (brokerage firms, banks or trust companies, etc.) to determine the amount of account termination fees which may be charged and deducted from their accounts for any existing accounts which may be transferred.

Such charges, fees and commissions are exclusive of and in addition to the firm's fee, and the firm does not receive any portion of these commissions, fees, and costs.

The "Brokerage Practices" section further describes the factors that the firm considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

The vast majority of clients pay BFS's fees based upon a percentage of the assets advised upon. This is a very common form of compensation for registered investment supervisory firms and avoids the multiple inherent conflicts of interest associated with commission-based compensation (BFS does not accept commission-based compensation of any nature, nor does BFS accept 12b-1 fees).

Asset-advised-upon percentage method of compensation can still at times lead to conflicts of interest between our firm and our client as to the advice we provide. For example, conflicts of interest may arise relating to the following financial decisions in life: incur or pay down debt; gift funds to charities or to individuals; purchases of a (larger) home or cars or other non-investment assets; the purchase of a lifetime immediate annuity; expenditures of funds for travel or other activities; investment in private equity investments (private real estate ventures, closely held businesses, etc.), and the amount of funds to place in non-managed cash reserve accounts. BFS's goal is that the firm's advice to the client remains at all times in the client's best interest, disregarding any impact of the decision upon BFS

---

## Expense Ratios

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

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

---

## Past Due Accounts and Termination of Agreement

BFS reserves the right to stop work on any account that is more than 30 days overdue. In addition, BFS reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in BFS's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 60 days.

# Performance-Based Fees

---

## Sharing of Capital Gains

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

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

# Types of Clients

---

## Description

BFS generally provides investment advice to individuals only.

Client relationships vary in scope and length of service.

---

## Account Minimums

The minimum account size for Level 1 service is \$500,000 of assets under management, which equates to an annual fee of \$3,375.

There is no minimum account size for Level 2 service, although there is a minimum annual fee of \$300.

BFS has the discretion to waive the account minimum.

# Methods of Analysis, Investment Strategies and Risk of Loss

---

## Methods of Analysis

We rely primarily on fundamental analysis for security selection. We emphasize purchasing securities which represent good values, with a margin of safety. However; at times we will consider charting, technical analysis, and cyclical analysis.

The main source of information is the internet, including financial publications, prospectuses and 10-K statements, and financial blogs. We also consult financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, with the Securities and Exchange Commission, and company press releases.

Other sources of information that BFS may use include Morningstar mutual fund, ETF and stock information, Charles Schwab & Company's "SchwabLink" service, Advisor Intelligence, Barron's, and many other subscription publications.

---

## Investment Strategies

The primary investment strategy used on client accounts is "strategic asset allocation". For each client, based on their age and tolerance for risk, BFS assigns a maximum fraction of their portfolio to be devoted to "risk assets" e.g., stocks, commodities, REITS, junk bonds, currencies, long-term bonds). Based on our assessment of the value inherent in each class of risk asset, we then weight assets in the portfolio based on their long-term values. In times when value is hard to find, this may lead us to underweighting risk assets altogether, in favor of

cash or short-term bond funds. BFS is not afraid to temporarily eliminate risk assets altogether from client portfolios, as was done in the fall of 2008.

BFS uses investments which seem to make the most sense in a particular investment environment. At times BFS will favor passively-managed or index funds; at other times, BFS will favor individual stocks and/or active fund managers. These are primarily judgment calls based on the years of experience of the firm's managers.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client approves an Investment Policy Statement that documents the client's objectives and the client's desired investment strategy.

Other strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing (including covered options, uncovered options or spreading strategies).

---

## **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind; in fact, that is our first priority, even above earning superior returns. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of

customers who buy electricity no matter what the economic environment is like.

- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## Disciplinary Information

---

### Legal and Disciplinary

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

## Other Financial Industry Activities and Affiliations

---

### Financial Industry Activities

Not applicable.

---

### Affiliations

Not applicable.

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

---

### Code of Ethics

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

---

### Participation or Interest in Client Transactions

BFS and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the BFS *Policies and Procedures Manual*.

The Chief Compliance Officer of BFS is William P. Bengen. He reviews all employee trades each quarter. His trades are reviewed by William P. Bengen. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Most employee trades are not large enough to affect the securities markets.

## Brokerage Practices

---

### Selecting Brokerage Firms

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

BFS recommends discount brokerage firms and trust companies (qualified custodians), such as Charles Schwab and Co., Inc. BFS *DOES NOT* receive fees or commissions from any of these arrangements.

---

### Best Execution

BFS reviews the execution of trades at each custodian periodically. The review is documented in the BFS *Policies & Procedures Manual*. Trading fees charged by the custodians is also reviewed on a regular basis. BFS does not receive any portion of the trading fees.

---

### Soft Dollars

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, BFS may receive from Charles Schwab (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist BFS to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by BFS may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by BFS in furtherance of its investment supervisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist BFS in managing and administering client accounts. Others do not directly provide such assistance, but rather assist BFS to manage and further develop its business enterprise.



BFS's clients do not pay more for investment transactions effected and/or assets maintained at Charles Schwab as a result of this arrangement. There is no corresponding commitment made by BFS to Charles Schwab or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

---

### **Order Aggregation**

Trades of exchange-traded funds are often aggregated ("block trades") to obtain best pricing for clients. Clients receive the average cost of all trades in a block. Mutual fund trade aggregation does not garner any client benefit.

---

### **Directed Brokerage**

Some clients may instruct BFS to use one or more particular brokers for the transactions in their accounts. Clients who may want to direct BFS to use a particular broker should understand that this may prevent BFS from effectively negotiating brokerage compensation on their behalf. This arrangement may also prevent BFS from obtaining the most favorable net price and execution. Thus, when directing brokerage business, clients should consider whether the commission expenses and execution, clearance and settlement capabilities that they will obtain through their broker are adequately favorable in comparison to those that BFS would otherwise obtain for its clients. Clients are encouraged to discuss available alternatives with their advisory representative.

## **Review of Accounts**

---

### **Periodic Reviews**

Account reviews are performed on a regular basis by advisors WILLIAM P. BENGEN.

---

### **Review Triggers**

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

---

### **Regular Reports**

Clients receive periodic communications on at least an annual basis. *Investment Management Service* clients receive written quarterly updates. The written updates may include a net worth statement, portfolio statement, tax return (if the client requests tax preparation services), and a summary of objectives and progress towards meeting those objectives.

# Client Referrals and Other Compensation

---

## Incoming Referrals

BFS has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

BFS periodically receives client referrals from websites where they may be listed. In no case will the client pay any additional fees to BFS for services if the referral comes from any of these listings.

---

## Referrals Out

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

---

## Other Compensation

As referenced in the section on “Brokerage Practices” above, BFS may receive an indirect economic benefit from Charles Schwab. BFS, without cost (and/or at a discount), may receive support services and/or products from Charles Schwab.

# Custody

---

## Account Statements

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

However, with a client’s consent, BFS may be provided with the authority to seek deduction of BFS’s fees from a client’s accounts; this process generally is more efficient for both the client and the investment adviser, and there may be tax benefits for the client to this method when fees can be paid from certain tax-deferred accounts of clients.

The account custodian does not verify the accuracy of BFS’s advisory fee calculation.

---

## Performance Reports

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by BFS

# Investment Discretion

---

## Discretionary Authority for Trading

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

The client approves the custodian to be used and the commission rates paid to the custodian. BFS does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in a client's accounts on the client's behalf so that BFS may promptly implement the investment policy that the client has approved in writing.

Clients who engage BFS on a discretionary basis may, at any time, impose restrictions, in writing, on BFS's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe BFS's use of margin, etc.).

---

## Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades that you have approved.

# Voting Client Securities

---

## Proxy Votes

BFS does not vote proxies on securities. Clients are expected to vote their own proxies.

When assistance on voting proxies is requested, BFS will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

# Financial Information

---

## Financial Condition

BFS does not require the prepayment of more than \$500 in fees per client, six months or more in advance. BFS accepts limited forms of discretion over clients' accounts, as described in the "Investment Discretion" section of this Brochure. BFS is unaware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. BFS has never been the subject of a bankruptcy proceeding.

## Privacy Notice

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

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, e-mail, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.

# Brochure Supplement (Part 2B of Form ADV)

---

## Education and Business Standards

BFS requires that advisors in its employ have a bachelor's degree and further coursework demonstrating knowledge of financial planning and tax planning. Examples of acceptable coursework include: an MBA, a CFP<sup>®</sup>, a CFA, a ChFC, JD, CTFA, EA or CPA. Additionally, advisors must have work experience that demonstrates their aptitude for financial planning and investment management.

---

## Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

Certified Financial Planner<sup>™</sup> (CFP<sup>®</sup>): Certified Financial Planners are licensed by the CFP Board to use the CFP<sup>®</sup> mark.

### CFP certification requirements:

- Bachelor's degree from an accredited college or university.
- Completion of the financial planning education requirements set by the CFP Board ([www.cfp.net](http://www.cfp.net)).
- Successful completion of the 10-hour CFP<sup>®</sup> Certification Exam.
- Three-year qualifying full-time work experience.
- Successfully pass the Candidate Fitness Standards and background check.

---

## William P. Bengen, Certifications

### Educational Background:

- Date of birth: 10/19/1947
- Institutions:

BS in Aeronautics and Astronautics, M.I.T., 1969

MS Financial Planning, College for Financial Planning, 1993

### Business Experience:

- 1969–1986 Seven-Up Brooklyn Bottling Company (franchised soft drink bottler and distributor in NYC metro area).
  - Served as President, 1982–1986.

### Disciplinary Information:

None.

Other Business Activities:

None.

Additional Compensation:

None.

Supervision:

Not applicable

Arbitration Claims:

None.

Self-Regulatory Organization or Administrative Proceeding:

None.

Bankruptcy Petition:

None.