

**Asset Advisory Group, Inc.  
170 Kinnelon Road  
Suite 3  
Kinnelon, New Jersey 07405**

**Phone: 973-492-0808  
Fax: 973-492-1166  
Web Site: [www.assetadvisorygroup.com](http://www.assetadvisorygroup.com)**

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**FORM ADV PART 2A.  
BROCHURE**

**This brochure provides information about the qualifications and business practices of Asset Advisory Group, Inc. If you have any questions about the contents of this brochure, please contact us at 973-492-0808. 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 Asset Advisory Group, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Asset Advisory Group, Inc. is 106618.**

**Asset Advisory Group, Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.**

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## **Advisory Business**

Form ADV Part 2A, Item 4

The U.S. Securities and Exchange Commission granted Asset Advisory group, Inc.'s registration on April 26, 2000. Paul Bernard Zoch, CFP (CRD Number 727907) is President and Chief Compliance Officer of the firm. Mr. Zoch owns one hundred (100%) percent of the equity of the firm. The firm is not publicly owned or traded. There are no indirect owners of the firm or intermediaries who have any ownership interest in the firm. The firm manages each client's portfolio on an individualized basis. Clients may impose restrictions on their accounts. The firm does not participate in wrap programs. As of December 31, 2011, the firm managed \$175,723,413 on a nondiscretionary basis representing 110 accounts. The firm now may manage certain client accounts on a discretionary basis.

Firm offers to provide full and hourly service financial planning (including an annual update service) and asset management services. Financial planning advice will include advice on matters not involving securities. Our services are offered to individual and corporate clients. Our firm's financial planning advice includes, but is not limited to, oral advice, written analysis and reports and computer-generated analysis, all of which attempt to provide the client with a financial blueprint designed to achieve their stated financial goals and objectives. In general, a full-service client will receive a written plan which will address the following areas of concern:

- a) Investment Planning
- b) Risk Management
- c) Tax Planning
- d) Budgeting and Emergency Fund Planning
- e) Retirement Planning
- f) Estate Planning
- g) College Educational Cost Planning

Required information will be gathered through personal interviews. Related documents supplied by the client are reviewed, along with a questionnaire completed by the client, and a written report is also prepared. (Implementation is entirely at the client's discretion.) However, it is noted that a recommendation in isolation may be counterproductive and should be discussed with the Firm prior to any client taking any such action.

### **FULL SERVICES FEE SCHEDULE**

Financial planning services are provided for on a fixed-fee basis. Fixed fees for full service generally ranges from \$1,200.00 to \$15,000.00 (hourly fees can also be arranged in certain circumstances). The fee is based upon the extent and complexity of each individual client's specific financial and/or personal circumstances. An exact fee will be agreed upon in advance. Unless altered by negotiation, fifty (50%) percent of the agreed upon fee is due and payable upon execution of the Advisory Agreement. The balance of such fees shall be due and payable upon delivery of the financial plan or financial advice.

All financial plans and reviews are usually delivered to a client within 90 days. However, it is noted that a client must deliver required information, in a timely manner, for us to perform our duties.

### **ANNUAL PLAN UPDATE**

In subsequent years, any client may elect to receive an update to the original financial plan and an additional year of consultation. The fee for this service will be quoted and adjusted prior to contract execution. This fee is due and payable upon presentation of the updated plan.

### ASSET MANAGEMENT SERVICES

Our firm also provides non-discretionary asset management services on a continuous basis. Clients contracting for this service will receive investment advice designed to meet their long-term investment goals.

Our firm will first define the specific client objectives, and then structure advice to meet those needs and objectives. Dependent upon varying client needs, recommendations may range from total fixed income to total equity, with risk parameters varying from conservative to aggressive.

The aim of the service is to preserve and enhance the purchasing power of capital over an extended time period, based upon specific client objectives.

### ASSET MANAGEMENT FEE SCHEDULE

Asset management fees for non-discretionary accounts are based upon the dollar value of each portfolio(s) or can be a fixed flat charge. Clients will be invoiced, in advance, on a quarterly basis.

Annual fees range from 0.25% to 1.00% of a client's assets under management irrespective of whether such management is performed on a discretionary basis or a nondiscretionary basis..

Firm may debit advisory fees directly from the client account. It is disclosed that (1) the advisory client provides a written authorization permitting the adviser's fees to be paid directly from the client's account held by an independent custodian or trustee; (2) the adviser sends to the client and the custodian or trustee at the same time a bill showing the amount of the fee, the value of the client's assets on which the fee was calculated; and (3) the custodian or trustee agrees to send to the client a statement, at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to the adviser.

It should be noted that all of the above-stated percentage fee standards are negotiable and that these stated percentages are to be used as general guidelines only.

Firm does not accept commissions or 12b-1 fees as compensation for investment advisory activities. Firm is compensated on a fee only basis for these services.

It should be noted that mutual funds pay advisory fees to their investment advisers and such fees are therefore indirectly charged to all holders of mutual fund shares. Clients with mutual funds in their portfolios are effectively paying both the Firm and the mutual fund adviser for the management of their assets. Clients who place mutual fund shares under the Firm's management are therefore subject to both the Firm's direct management fee and the indirect management fee of the mutual fund's adviser.

### HOURLY CONSULTATION SERVICES

Clients not in need of our full-services financial planning can receive investment or financial planning advice on a more limited basis. In this case, Firm will provide periodic advice on all or part of the above-listed areas of concern. This service is designed for clients who may not need or require full-service advice and includes the rendering of oral advice by the Firm or a single written analysis or report on a specific topic(s), such as estate, retirement, education, tax planning, investment planning or any one or more limited areas of interest.

Firm's services include advice on non-securities matters. This can be in connection with providing financial planning services which relates to the rendering of advice on estate planning, tax planning, cash flow, investment planning or strategic planning.

### LIMITED SERVICES.....HOURLY SCHEDULE

Services provided on an hourly basis are computed at a maximum rate of \$250.00 per hour for principal and/or other associates. Staff's professional time is billed out at a rate of \$50.00 per hour. The first \$250.00 is due at once with any balance being billed by invoice to the client in arrears. Fees are due and payable within 30 days of invoice date.

### TERMINATION POLICY

Any financial or advisory agreement may be canceled at any time by either party for any reason, upon receipt of written notice. At that time, all prepaid, unearned fees will be promptly refunded. In the event that a client cancels the agreement within five (5) business days of the initial engagement, Firm will make a full refund. The termination policy is not negotiable; however, in isolated cases, based upon unique circumstances and/or relationships, the fee may be waived in whole or in part at the discretion of Firm.

Firm does not base his fees on the capital gains or the capital appreciation of any funds or any part of any funds of any client.

Firm on occasion will sponsor seminars for educational purposes, which treat various financial planning topics. No client pays any form of fee in order to attend such seminars.

***Fees and Compensation***

Form ADV Part 2A, Item 5

See Item 4, above.

***Performance-Based Fees and Side-By-Side Management***

Form ADV Part 2A, Item 6

None.

***Types of Clients***

Form ADV Part 2A, Item 7

Individuals, pension plans, profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.



***Methods of Analysis, Investment Strategies and Risk of Loss***

Form ADV Part 2A, Item 8

Method of securities analysis: fundamental analysis and technical analysis as well as the use of Morningstar, Valueline, S&P Research, Charles Schwab Institution Research, and other miscellaneous services.

Investment strategies: long term purchases (securities held at least a year), short term purchases (securities sold within a year), short sales, trading, margin transactions, option writing. Also, investment advice and recommendations will be based on our own inputs as well as those of outside professionals, if required. Firm will also attend seminars and educational programs throughout the year. As a rule, recommendations made are all based on a long-term investment strategy. However, in certain cases, advice may be designed to meet a client's short-term needs, such as monthly expenses.

With respect to mutual fund investments, Firm recommends the "Dollar Cost Average" method for no-load mutual funds.

All investments carry some degree of risk of loss.

***Disciplinary Information***

Form ADV Part 2A, Item 9

None.

***Other Financial Industry Activities and Affiliations***

Form ADV Part 2A, Item 10

Paul Zoch is licensed to sell life and health insurance products and such activities may cause potential conflicts of interest.

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

Form ADV Part 2A, Item 11

The firm has adopted a written Code of Ethics in compliance with SEC rule 204A-1. The code sets forth standards of conduct and required compliance with federal securities laws. We will provide a copy of our Code of Ethics to any client or prospective client upon request. From time to time, the adviser may have an interest or position in a certain security (ies) which may also be recommended to a client. As the above-stated situation represents a conflict of interest, Firm has established the following restrictions so as not to compromise its fiduciary responsibilities:

- 1) Securities holdings of Firm or other employee(s) will be fully disclosed to any client contemplating a similar transaction;
- 2) Firm maintains a list of all securities holdings for himself and for anyone associated with our planning practice. These holdings are reviewed on a regular basis by Paul B. Zoch;
- 3) Firm emphasizes the unrestricted right of a client to decline to implement any advice rendered;
- 4) Firm emphasizes the unrestricted right of the client to select and choose any broker or dealer, and/or insurance company (s)he wishes;
- 5) Firm will endeavor to act in accordance with all applicable federal and state regulations governing registered investment advisory practices;
- 6) Any individual not in observance of the above may be subject to termination.

### ***Brokerage Practices***

Form ADV Part 2A, Item 12

Some clients, when undertaking an advisory relationship, may already have their own broker(s) and will instruct Firm to execute all transactions through same. Firm will try to honor these requests. However, as a practical matter AAG executes the majority of its trades through Charles Schwab Institutional. Asset Advisory Group (AAG) manages portfolios on a non-discretionary basis and transacts mostly mutual funds investments for the majority of its clients. Mutual funds are bought and sold at closing NAV's (net asset value). AAG does have a fiduciary and fundamental duty to seek best execution for client transactions and on a semi-annual basis review Schwab's routing of orders in listed equities, OTC equities and listed options. AAG also semi-annually reviews the routing destination and execution of orders placed for their clients. AAG has reviewed Charles Schwab Best Execution Policy, Order Routing and Execution. All reports are available to clients upon request. Thus we have been suggesting the use of Charles Schwab Institutional broker/dealer. However, as previously stated, no client is under any obligation to effect security transactions through any recommended broker or dealer. All clients are free to select any broker or dealer of his or her choice. Firm has the ability to trade securities through many broker houses and domicile the securities at Charles Schwab & Co. utilizing a prime broker relationship that is formed by Charles Schwab & Co. and approved by clients with a signed form that explains the newly established relationship. Broker houses will be chosen to execute trades based upon the overall quality, cost and execution.

Asset Advisory Group, Inc. does not vote proxy statements on behalf of clients.

On occasion, Firm may consolidate or "bunch" certain securities into the master account so that these trades may be effectuated in an administratively and cost efficient manner. Such trades shall then be allocated among the specific advisory clients involved. It is also disclosed that equity trades executed through Schwab are subject to a \$19.95 minimum ticket charge if not electronically coded for discounted Web Trades, in accordance with Schwab Institutional Householding rules.

Asset Advisory Group, Inc. (AAG, Inc.) establishes brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, Member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Asset Advisory Group, Inc. is independently owned and operated and not affiliated with Schwab. Schwab Institutional provides AAG, Inc. with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' account assets are maintained in accounts at Schwab Institutional and are not otherwise contingent upon AAG, Inc.'s committing to Schwab Institutional any specific amount of business (assets in custody or trading). Schwab Institutional's services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment.

For AAG, Inc.'s client accounts maintained at Charles Schwab & Co., Inc., Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to AAG, Inc. other products and services that benefit AAG, Inc. but

may not benefit its clients' accounts. Some of these other products and services assist AAG, Inc. in managing and administering client's 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 AAG, Inc.'s fees from its clients' accounts, and assist with back-office function, record keeping and client reporting. Many of these services generally may be used to service all or a substantial number of AAG, Inc.'s accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional may also provide AAG, Inc. with other services intended to help AAG, Inc. manage and further develop its business enterprise. These services may include consulting, publications and conferences 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 rendered to AAG, Inc. by independent third-parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or part of the fees of a third-party providing these services to AAG, Inc. Asset Advisory Group, Inc. endeavors to act in its clients best interests, and AAG, Inc.'s recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to AAG, Inc.'s of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest. The availability to AAG, Inc. of the foregoing products and services is not contingent upon AAG, Inc. committing to Schwab Institutional any specific amount of business assets in custody or trading.

It is further advised that Firm has a soft dollar agreement with Charles Schwab wherein Schwab will provide Firm with brokerage and/or research services as those terms are defined in section 28(e) of the Securities act of 1934. As a result of this soft dollar agreement, Schwab Institutional has agreed to pay up to \$7,000.00 annually for DTN Real Time Quote Services, Value Line Investment Survey and Morningstar Analysis Research software.

Paul Zoch will review AAG soft dollar policy for consistency with the firm's policy and practices on an annual basis.

The benefits received through participation in the SI program do not depend upon the amount of transactions directed to Charles Schwab & Co., Inc.

### ***Review of Accounts***

Form ADV Part 2A, Item 13

Full service and limited service financial planning clients may contract for an annual update. This review encompasses current tax and cash flow studies, investment recommendations, tax planning recommendations, insurance and estate planning recommendations and all other applicable topics. Any client may request additional items to be reviewed and/or request special projects. Paul B. Zoch CFP reviews all accounts. With respect to asset management services, the review process is continuous and on going with formal quarterly reports to clients.

Asset Management clients receive regular monthly brokerage statements. Asset Advisory Group sends quarterly reports with billing and annual performance reports to all clients. Clients can request weekly reports or any frequency they wish. Client meetings vary depending upon individual client needs. Clients can request meetings at any time.

Full service and limited service financial planning client will receive an update, upon request and the frequency of meetings for a financial planning client will depend upon each individual client.

*Client Referrals and Other Compensation*

Form ADV Part 2A, Item 14

There are no for client referral arrangements. With respect to other compensation, see item 12, above.



*Custody*

Form ADV Part 2A, Item 15

None.

***Investment Discretion***

Form ADV Part 2A, Item 16

Client portfolios may be managed on either a discretionary basis or on a nondiscretionary basis.

***Voting Client Securities***

Form ADV Part 2A, Item 17

Form does not vote proxy statements on behalf of advisory clients.

***Financial Information***

Form ADV Part 2A, Item 18

Because firm does not receive fees more than six months in advance, no financial information is required to be inserted into this section of this narrative brochure.

***Requirements for State-Registered Advisers***

Form ADV Part 2A, Item 19

Not applicable.

*Additional Information*

None.