

# Southern Trust Financial Planning, Inc.

## Disclosure Brochure

*Item 1 – Cover Page*

*CRD # 131377*

This brochure provides information about the qualifications and business practices of Southern Trust Financial Planning, Inc. (“STFP” or “Advisor”) and its owner Marc Wolff and staff.

If you have any questions about the contents of this brochure, please contact us at (941) 308-0041 or [carolw@southerntrustfinancial.com](mailto:carolw@southerntrustfinancial.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.

Southern Trust Financial Planning, Inc. is a Registered Investment Advisor. Registration as an Investment Advisor does not imply any endorsement by the State or other regulatory entity. This disclosure document is designed to grant current clients as well as potential clients the opportunity to carefully read and establish an understanding of the various investment advisory services that are offered and the respective fees and expenses of those services. The information contained in this document is important to the conduct of both parties entering an advisory contract. While investment advisors have a fiduciary duty to put the needs of clients before their own, clients likewise have a duty to investigate and maintain a basic understanding of the services offered by the Advisor. We hope this document serves as a leading educational tool to aid clients and prospective clients in understanding how Southern Trust Financial Planning, Inc. conducts investment advisory services.

Southern Trust Financial Planning, Inc.  
1800 2<sup>nd</sup> Street, Suite 892  
Sarasota, FL 34236  
(941) 308-0041  
[www.southerntrustfinancial.com](http://www.southerntrustfinancial.com)  
[carolw@southerntrustfinancial.com](mailto:carolw@southerntrustfinancial.com)

Southern Trust Financial Planning, Inc.  
9420 Bonita Beach Road, Suite 202  
Bonita Springs, FL 34135  
(239) 676-5677  
[www.southerntrustfinancial.com](http://www.southerntrustfinancial.com)  
[carolw@southerntrustfinancial.com](mailto:carolw@southerntrustfinancial.com)

## *Item 2- Material Changes*

There have been no material changes in the services offered by Southern Trust Financial Planning, Inc. in the last year. In the future, this portion of the brochure will discuss specific material changes that are made to the brochure and provide clients with a summary of such changes to this and subsequent brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

Additional information about Southern Trust Financial Planning, Inc. is also available via the SEC web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC web site also provides information about any persons affiliated with Southern Trust Financial Planning, Inc. who are registered as investment adviser representatives of STFP.

*Item 3 – Table of Contents*

Item 1 – Cover Page .....	1
Item 2 – Material Changes .....	2
Item 3 – Table of Contents .....	3
Item 4 – Advisory Business .....	4
Item 5 – Fees and Compensation .....	5
Item 6 – Performance Based Fee and Side-by-Side Management .....	8
Item 7 – Types of Clients .....	8
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	8
Item 9 – Disciplinary Information .....	15
Item 10 – Other Financial Industry Activities and Affiliations .....	15
Item 11 – Code of Ethics (Participation in <i>Client</i> Transactions and Personal Trading) .....	16
Item 12 – Brokerage Practices .....	17
Item 13 – Review of Accounts .....	17
Item 14 – Client Referrals and Other Compensation .....	17
Item 15 – Custody .....	18
Item 16 – Investment Discretion .....	19
Item 17 – Voting Client Securities .....	19
Item 18 – Financial Information .....	19
Item 19 – Requirements of State-Registered Advisers .....	19 -23

#### *Item 4 – Advisory Business*

Southern Trust Financial Planning, Inc. was formed in July 12, 2004 and is a corporation organized in the State of Florida. Marc Wolff is the President and Chief Compliance Officer. Southern Trust Financial Planning, Inc. was registered with the SEC in 2010, but due to the newly implemented registration requirements for 2011 is in the process of transitioning that registration to the State of Florida.

Southern Trust Financial Planning, Inc. provides “fee for service” financial planning and investment advice. Areas of advice include asset allocation, investment selection, retirement planning, college funding and employee benefits and qualified plan subaccount analysis. Engagements are limited in scope based on the client’s unique circumstances.

The Advisor gathers financial data including the client’s goals, circumstances, financial condition and risk tolerance. The adviser then prepares and delivers analysis and recommendations to the client. Recommendations may be in a written/electronic format, or in the form of verbal (in-person or phone) discussion, or both.

Clients engage Southern Trust Financial Planning, Inc. on a “pay as you go” basis. The services a client receives are dependent upon the individual needs and requests by the client, but often times the services rendered are continuous and on-going. The investment management services provided by Southern Trust Financial Planning, Inc. often involve investment modeling where trades are conducted with the use of Advisor discretion. The Advisor will perform “active” management to a client’s account in accord with pre-described/defined goals and risk tolerances provided by the client. When discretionary authority has been given to Southern Trust Financial Planning, Inc. or one of the IARs of STFP and company, this allows STFP to “take action” without first receiving approval from the client. The “action” is limited to purchases and/or sales of securities (Stocks/Bonds/Mutual Funds/ETFs...), but does not allow the Advisor to move funds between accounts or transfer assets from the account. All transactions occur at a qualified custodian that produces statements. These statements may be produced monthly, but must be produced at least quarterly and contain the basic account value and holdings of the managed accounts along with listing the activity that occurs within the account(s) being managed by STFP. The statement provided by the custodian will also contain the advisory fee charged by STFP. Fees charged by STFP are separate from the fees charged by Mutual Funds and other investment companies. Therefore, STFP recommends consulting the Mutual Fund prospectus for more information about their fees.

STFP also provides long term buy and hold services that do not involve active management of client accounts. Clients may choose a service that offers asset allocation services that are managed by STFP that make less active transactions and is designed to keep expenses low, while offering market related rates of return. If services are selected that do not entail discretionary authority, then clients are free to implement all, some, or none of the Advisor’s recommendations and the full responsibility of implementation rests with the client.

### *Item 5 – Fees and Compensation*

Fees are charged on a “pay as you go” basis. Fees are negotiable and may vary from client to client. Fees are quoted in advance and must be accepted by client prior to project commencement or investment management. Executing a signature on the client agreement or paying a partial/full payment of fee acknowledges acceptance by client.

Southern Trust Financial Planning, Inc. negotiation of investment management fees are based on one or more of the following factors:

- The number of accounts, positions, account objectives, risk tolerances and restrictions requested by the client
- The estimated amount of time expended in researching, analyzing and documenting the specific recommendation(s) and course(s) of action.
- The requests of each client regarding follow up and forms of communication requested
- The familiarity (or lack thereof) between STFP and the client based on experience and client interaction
- A competitive analysis of other advisory firm’s fees
- The total amount of assets requested to be managed

Client agrees to supply Southern Trust Financial Planning, Inc. with the ability to deduct fees from the account(s) on a quarterly basis. This fee deduction process will occur in advance of service provided and will be accompanied by a quarterly fee notification that will be supplied to the client and evidenced on the account statement produced by the qualified custodian. Quarterly fees are based on the ending value of securities on the last day of the quarter.

The following is an example of how a quarterly fee is calculated:

\$800,000.00 value of assets under management on the last day of the quarter at an annual fee of 1.5% would render the following quarterly bill.

1.5% annual fee divided by 4 individual quarterly periods = 0.00375

$\$800,000.00 \times 0.00375 = \$3000.00$  Fee for the quarter

Advisory fees are calculated, and billed quarterly, in advance. Annual percentages applied currently range from 0.25% to a maximum fee of 3.00%, but are subject to change, and are subject to negotiation and individual determination based upon particular facts and circumstances of a client and the extent of advisory services anticipated. Clients may choose to pay fees by check or opt to have the fees debited directly from client's accounts as stated in the Client Services Agreement. These fees may be considered

higher than average as related to other investment advisory firms, as such, clients may be able to attain similar services at a lesser cost elsewhere.

In rendering services described above, STFP makes recommendations only, these recommendations can be implemented through STFP as a licensed securities broker in the following methods: Non-discretionary or Discretionary.

Discretionary Transactions are directed by STFP for accounts that have a limited discretionary authority agreement. Clients who choose to provide STFP with discretion have empowered STFP to buy and sell securities without the client's prior knowledge or consent. Clients may, by contract, place restrictions on STFP's discretionary authority. Trail fees or 12(b)(1) fees on these discretionary accounts may be paid to STFP. STFP may act as the investment advisory client's representative in the execution of securities transactions on a normal and customary basis. The use of a registered broker/dealer for such transactions is at the client's complete discretion. The receipt of commissions creates the possibility of a conflict of interest. Advisors that can make both fee and commission must put the client's interest ahead of any personal financial gain, this disclosure is to serve notice to clients of the inherent conflict of charging fees and having the ability to also make commissions. Clients have the right to ask if commissions are also being made by the Advisor on accounts where they are charging fees. Clients may pay higher commission rates than otherwise available. STFP and its principals, and not the broker/dealer are solely responsible for the quality of investment advice provided to clients.

For the purpose of implementing recommendations and effecting transactions in the course of construction of a client portfolio and ongoing monitoring or management, STFP may direct advisory clients to a licensed securities broker-dealer with which he is affiliated as a registered representative. Advisory clients are under no obligation to effect any portfolio transaction with or through STFP or any broker-dealer with which he may be affiliated as a registered representative, and may at any time direct that portfolio transactions be effected with or through any other appropriately licensed securities broker-dealer or registered representative. Investment Advisory Representatives (IARs) who choose to effect transactions for advisory clients through a securities broker/dealer with which they are affiliated, may receive certain types of transaction-based compensation, which is in addition to the advisory fees paid to the IAR by clients.

Southern Trust Financial Planning, Inc. has no "control" relationship with any specific custodian or brokerage firm and receives no commission compensation from TD Ameritrade Institutional with regard to client transactions. The platform at TD Ameritrade Institutional is a quality, low fee, low ticket charge, brokerage option that has been a good fit for fee only investment management services.

#### **GENERAL FEE DISCLOSURE INFORMATION**

The fees charged may be higher or lower than the cost of similar services offered through other registered investment advisors. At no time will fees of more than \$500 be charged more than six months in advance. Fees for investment supervisory services may be more than the cost of purchasing the same services separately. Clients may be able to obtain similar services for a lesser fee from other advisors.

The fees charged vary among investment supervisory services. The amount of compensation the advisor may receive in a particular program may be more than would be received if the client participated in other SAA programs or paid separately for investment advice, brokerage and other services. These circumstances may result in the advisor having a financial incentive to recommend one Investment Supervisory Service program. The factors to be considered by clients in determining the reasonableness of the fees charged include, but may not be limited to, the following:

1. The fee charged for development of an asset allocation study and/or development of an investment strategy.
2. Transaction and custody costs or other miscellaneous fees and taxes and/or charges, as well as commissions or mark ups and mark downs, on the purchase and/or sale of securities.
3. The cost of producing a quarterly performance report covering the managed assets.
4. The value of the consulting service provided by the advisor in designing and monitoring the client's managed assets.
5. The cost of investment advice provided by SAA, the advisor.
6. The cost of the additional administrative, marketing, asset management, and other support services that may be provided by SAA and (when applicable) any sub-advisors used in the management of a program account.

#### **HOURLY AND FIXED FEES CHARGED BY ADVISOR**

At the sole discretion of the IARs, fees for financial planning services can be either hourly or fixed. Whether charged at an hourly or fixed fee rate, clients will be informed of the fees prior to any services being provided. Hourly fees will be charged at a rate of \$200-\$400 per hour, negotiable based upon the complexity of the client's situation and the actual services requested. Clients will be given an estimate of the time needed to complete the requested services. If more time is needed than the original estimate, clients will be contacted prior to the IARs completing the requested services. Clients will be charged the actual time expended. There is no minimum charge for hourly fees.

Financial planning fees charged at a fixed fee rate will generally not exceed \$10,000 and are negotiable based upon the complexity of the client's situation and the actual services requested. There is a minimum fixed fee charge of \$1,000.

At the discretion of the IARs, a deposit of 25% of the quoted fee may be due at the time the client agreement is signed. When the completed plan is presented to the client or the consultations are completed, the advisor will provide the clients with a billing statement and the remainder of the fee will be due upon receipt of that statement.

Financial planning services terminate upon presentation of the plan or completion of the consultations. However, either party can terminate services at any time by providing oral or written notice to all appropriate parties. Termination will be effective immediately upon receipt of notice. If services are terminated within five business days of signing the client agreement, services will be terminated without

penalty. After the initial five business days, the client will be responsible for the prorated time and effort expended by the IARs prior to receipt of the termination notice. The advisor will provide the client with a billing statement summarizing any prorated refund or prorated charge due.

#### *Item 6 – Performance-Based Fees and Side-by-Side Management*

Southern Trust Financial Planning, Inc. does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

#### *Item 7 – Types of Client*

Southern Trust Financial Planning, Inc. takes an active approach to managing the types of clients that are accepted by the firm. The clients that Southern Trust Financial Planning, Inc. currently choose to work with are often “main street” every day people. There are some clients that have high net worth and would be considered “accredited” investors (individual net worth of any natural person, or joint net worth with the spouse of that person, at the time of purchase, is more than \$1,000,000 [as such amount is adjusted periodically by rule of the Commission], excluding the value of the primary residence of such natural person.) However, Southern Trust Financial Planning, Inc. does not impose any account limits or restrictions for maintaining or managing an account. The firm requires clients to disclose current financial status and investment objectives to the Advisor at the time of opening an investment account. These documents are updated as needed. Clients are requested to inform the Advisor whenever the client has experienced a significant change in financial status or condition or wish to change the investment objectives on the account. (Example: Client wishes to change investment objective from Aggressive Growth to Moderate. The client would need to complete a new account form that evidences this request.) In general, most clients are residents of the State of Florida, while a few live in multiple locations largely dependent on the different seasons of the year.

STFP’s clientele could be categorized as individuals, businesses and trusts. The services offered to each may vary and is largely dependent upon the client’s unique circumstances. Southern Trust Financial Planning, Inc. has each client execute an independent agreement and each agreement offers services separately to each individual client.

#### *Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss*

If an Advisor is engaged to provide Investment advice, the client’s current financial situation, needs, goals, objectives and risk tolerance are first evaluated. Asset allocation and security selection decisions are then made with the aid of computer models that are often labeled with investment objectives: Growth, Moderate, Conservative or Bond focused. The portfolio of models may already exist or if the Advisor deems necessary, a new model portfolio may be constructed for the client individually. The model portfolios are often comprised of multiple asset categories and sectors and have the ability to



perform multiple styles of asset allocation including ranges from 100% equity exposure to 100% cash exposure.

There are substantial risks involved by investing in securities. It is the client's responsibility to read and review the monthly/quarterly statements and provide feedback as to their comfort or lack thereof with the then current asset allocation of their individual portfolio(s). One of our main methods of investing is "active management", so the allocation that exists one day or one week may not be representative of the allocation the following day, week, month or quarter. Therefore, we recommend establishing an electronic access to the custodian who holds or custodies your securities and provides monthly or quarterly statements. The electronic access will allow clients to view the account as frequently as they like and will offer a more recurrent analysis of the portfolio's progress.

## **ASSET MANAGEMENT SERVICES**

### **SELECTOR Program**

The advisor offers asset management services through the SELECTOR Program. The IARs will assist clients in establishing an account at TD Ameritrade and/or at a variable annuity company. A minimum of \$50,000 is required to establish an account although exceptions may be granted on request. At the sole discretion of the IARs, household members will be allowed to aggregate or bundle household accounts to meet the account minimum. The IARs will also assist clients in executing transactions in the account. TD Ameritrade and/or the variable annuity company will maintain custody of the client's funds and securities. Neither the advisor nor its IARs will act as custodian for any account.

Management services for these accounts are often provided on a discretionary basis. If managing on a discretionary basis, the advisor and its IARs will limit that authority by prohibiting themselves from withdrawing funds and/or securities from the client's account except when written authorization has been provided to have fees automatically deducted from the client's account and paid directly to the advisor. Clients may place reasonable restrictions and guidelines on holdings and transactions in the account and the IARs will attempt to meet those restrictions and guidelines.

The advisor's IARs will assist the client to select an asset allocation model based on the client's investment objectives, financial condition, tax situation, time horizon and risk tolerance. The selected model may contain multiple baskets of equity and/or fixed income investment vehicles, including, but not limited to:

- Money market funds
- U.S. Government securities
- Foreign or global government securities
- U.S. corporate securities
- Foreign corporate securities
- Municipal bonds
- Fixed and variable annuities
- Fixed income mutual funds
- Income producing limited partnerships or REITS

The IARs will reallocate or reposition client assets using asset allocation models developed by a third party software provider. The third party software provider is an outside professional consultant only and does not serve as co-advisor or sub-advisor on client accounts. Typically, position changes occur every 30-180 days but can occur as frequently as weekly or monthly. Account positions may also remain intact for long periods of time if deemed appropriate by the IARs. Any asset reallocation can trigger taxable events except when involving IRA, 401(k), 403(b) or other qualified retirement plan accounts. In addition, depending on the trading platform, frequent trading may cause higher expenses to the client when compared to a traditional buy-and-hold method.

#### **BASIC Program** (Broad Allocation Selection of Investment Choices Program)

**Conservative Income allocation.** A conservative income portfolio usually seeks to generate income as its primary objective and preserve initial investments as its secondary objective. Conservative income portfolios tend to invest in a mix of income producing investments with a low degree of volatility. A typical conservative income portfolio may consist of about 20% in equity asset classes, and 80% in income asset classes, including fixed income and/or cash equivalents.

**Balanced Allocation.** A balanced portfolio usually has both capital preservation and growth as its primary objectives. Balanced portfolios tend to invest in a relatively equal mix of low to moderate risk securities. A typical balanced portfolio may consist of about 60% in equity asset classes and 40% in fixed income and/or cash/cash equivalents.

**Growth Allocation.** A growth portfolio usually seeks to generate long-term capital gains as its primary objective. Growth portfolios tend to invest in a mix of investments with potential for long-term capital appreciation with a more than moderate amount of volatility. A typical growth allocation consists of about 80% equity and 20% in fixed income and/or cash/cash equivalents.

**All-Equity Allocation.** An all-equity growth portfolio usually seeks to generate long-term capital gains as its primary objective. All Equity portfolios are aggressive portfolios and tend to invest in assets that may be considered high risk and tend to have more volatility. These portfolios may have the potential for higher returns over the long-term. A typical all-equity portfolio consists of about 98% in equity asset classes with only about 2% in cash/cash equivalents.

Since client portfolios are designed to be managed in accordance with the financial circumstances, investment objectives, and preferences of individual clients, the actual asset allocation of a particular account may differ from other client accounts with similar objectives or levels of risk. Asset allocation is driven by various mathematical computations, and is more complex than the concept of asset diversification. It should be recommended that no strategy or allocation formula can guarantee a gain, or assume that an account will suffer a loss.

The program is designed to offer clients a diversified long-term approach to their personal investment goals and objectives. It is important that you keep your investment advisor representative informed as to any changes in your financial situation. This service provides clients with individualized investment portfolio management services, including account review and investment recommendation. Selected investments may include: stocks, bonds, mutual funds and other securities.

## **TD AMERITRADE**

The advisor provides discretionary and non-discretionary asset management services, including giving investment advice to a client based on the individual needs of the client. Clients may place reasonable restrictions and investment guidelines on transactions in certain types of securities or industries. The advisor's independent advisor representatives (IARs) will assist the client in establishing an account with TD Ameritrade Institutional. A minimum of \$1,000,000 total assets under management per household is required to establish an account, although exceptions may be granted to this minimum at the advisor's discretion. TD Ameritrade Institutional will maintain custody of all funds and securities. The advisor and its IARs will not at anytime act as custodian for any account nor will they have direct access to the client's funds and/or securities. The IARs will also assist clients in executing transactions in the account.

Annual management fees charged for this service will be negotiated with each client, with 3% being the maximum management fee that may be charged to clients. If the account only has mutual funds, then the maximum charge will be 2.25% per year. Fees are negotiable and factors considered in determining fees charged include, but are not necessarily limited to:

- Complexity of the client's situation
- Actual services to be provided
- Account composition
- The standard fee charged by the advisor and its IARs
- Types of investment guidelines and restrictions imposed by client
- The experience and knowledge level of the IARs providing the service
- Anticipated future assets that will be added to the managed account
- Nature and total dollar asset value of the assets to be managed
- Related accounts

The exact fee or fee schedule that will be charged to the client will be fully disclosed in the client agreement executed between the advisor and the client. Fees will never be charged based upon a share of capital gains or capital appreciation in client's account.

Management fees will be calculated at the beginning of each period quarterly, and will be based on the period ending value of the account assets managed for the previous period. At the beginning of each period, the advisor will evidence the quarterly management fee on the statement provided to the client by the custodian. Clients are responsible for verifying the accuracy of the fee calculations, the custodian will not determine whether or not the fee is properly calculated. Management fees will be automatically deducted from the client's account. A client account that is opened mid-period will be charged an initial management fee that includes a portion of the fee prorated for the number of days the account is open in the first period. All such fee deductions appear on the client statement provided by the custodian on a quarterly basis.

Clients may elect to have fees automatically deducted from the account or pay fees directly to the advisor. If clients elect to have fees automatically deducted, they must provide the custodian with written authorization to have fees deducted from the account and paid to the advisor. Clients are responsible for verifying the accuracy of the fee calculations, the custodian will not determine whether or not the fee is properly calculated.

There are no commissions charged for transactions. However, TD Ameritrade may charge transaction fees to clients. In some instances, the advisor may cover these charges at its discretion. Fees and charges will be noted on the clients' statements and confirmations. Clients may also incur certain charges imposed by other third parties in connection with investments made through the account. These charges can include, but are not limited to, mutual funds sales loads, 12(b)-1 fees and surrender charges, variable annuity commissions and surrender charges, and IRA and qualified retirement plan fees.

In their capacities as registered representatives, the associated persons may retain a portion of the mutual fund sales loads and 12(b)-1 fees and variable annuity commissions. Management fees charged in the account are separate and distinct from the fees and expenses charged by mutual funds and variable annuities which may be recommended to clients. A description of these fees and expenses are available in each fund and annuity's prospectus.

Either party may terminate the client agreement by providing oral or written notice to the other. Termination will be effective immediately upon receipt. If services are terminated within five business days of signing the client agreement, services will be terminated without penalty. Clients will be responsible for the prorated time and effort expended by the IARs prior to receipt of termination notice. The advisor will provide the client with a billing statement detailing the prorated charges. The account custodian will also provide clients with a fee statement showing advisory fees deducted from their accounts.

#### **MANAGED OPPORTUNITIES PROGRAM**

The advisor has established a relationship with Securities America Advisors, Inc. (SAA), a registered investment advisor, to participate in the Managed Opportunities Program (Managed Opportunities). Managed Opportunities is a wrap-fee program developed by SAA that provides clients with the opportunity to establish mutual fund portfolios, separate account portfolios and unified managed account portfolios developed by third party money managers that are registered as investment advisors (collectively referred to as sub-advisors). The advisor's representatives act as referral parties when referring clients into the mutual fund portfolios, separate account portfolios and unified managed account portfolios options in Managed Opportunities. One sub-advisor is Brecek & Young Advisors, Inc., an affiliated subsidiary of SAA. All other sub-advisors in this program are not affiliates of SAA or the advisor. In addition, SAA's Managed Opportunities is provided with administrative, web site, transaction order entry services and other services by Oberon Financial Technology, Inc (Oberon), a registered investment advisor and other subadvisors.

In addition, Managed Opportunities offers advisor directed portfolios through which the advisor will work with and advise clients in the selection of investments constituting a portion of Managed Opportunities.

Client portfolios may be managed by SAA or other sub-advisors that SAA has established relationships with. The client will grant SAA and the sub-advisors limited discretionary authority with respect to the purchase and sale of securities in mutual fund portfolios, separate account portfolios and unified managed account portfolios and will grant the advisor discretionary authority with respect to the initial Managed Opportunities master account and advisor directed portfolios.

The advisor will solicit the services of SAA through Managed Opportunities. The advisor will not refer a client to SAA unless SAA and the sub-advisors are registered or are exempt from registration as investment advisors in the client's state of residence. Clients will grant SAA the discretionary authority to select one or more sub-advisors to provide administrative, web site, performance reporting, transaction order entry and other services to SAA and clients. SAA currently has a relationship with Oberon, a registered investment advisor, to provide these services.

Clients establishing Managed Opportunities accounts will receive Oberon's Disclosure Brochure in addition to SAA and the advisor's Disclosure Brochures. The advisor will be available to meet with clients on a continuous basis. Clients should be aware that the advisor will be paid solicitor/referral fees by SAA for recommending mutual fund portfolios, separate account portfolios and unified managed account portfolios to clients. SAA will also share fees with the sub-advisors. The amount of compensation the advisor receives for recommending one Managed Opportunities portfolio over another portfolio may vary. Therefore, a potential conflict of interest may exist because these circumstances may result in the advisor having a financial incentive to recommend one portfolio over another. However, portfolios will be selected and recommended to clients based on each individual client's needs, goals and objectives.

A complete description of Managed Opportunities and related fees and charges are described in SAA's Managed Opportunities Schedule H Disclosure Brochure which will be given to all clients prior to or at the time a Managed Opportunities Account is established.

#### **INDEPENDENT MANAGED ASSETS PROGRAM**

The Independent Managed Assets Program (IMAP) is a program through which SAA selects, through its own due diligence, a group of money managers that are registered as investment advisors and sponsor turn-key wrap programs offering a wide range of advisory services including asset allocation, market timing and portfolio management. One or more of these money managers may be affiliated entities of SAA. The advisor may allow IARs to enter into solicitation agreements with third party investment advisors for which SAA Representatives may act as a solicitor. The advisor and its IARs solicit the services of the recommended money managers and sponsor turn-key wrap programs or offer third party money manager services on a consulting basis.

A third party investment advisor manages client accounts in accordance with the disclosures set forth in the third party investment advisor's disclosure documents. The third party investment advisor typically assumes discretionary authority over the account. The advisor and its IARs do not manage or obtain discretionary authority over the assets in accounts participating in these programs. The advisor assists

the client with the selection of a recommended money manager or turn-key wrap program based upon the individual needs of the client. IMAP clients execute an agreement directly with the outside money managers or program sponsors providing the recommended programs/services.

Various investment strategies are used in the management of client accounts. The advisor is responsible for determining the management style based on each client's individual financial situation, goals and objectives. The advisor typically: gathers information from the client about the client's financial situation, investment objectives, risk tolerance and investment time horizon and any reasonable restrictions the client wants imposed on the management of the account; periodically reviews reports provided to the client and consults with the client; contacts the client at least annually to review with the client the client's financial situation; and objectives; communicates information to the third party investment advisor as warranted; and assists the client in understanding and evaluating the services provided by the third party investment advisor. Clients must notify the advisor of any changes in their financial situation, investment objective or account restrictions. Clients may also directly contact the third party advisor managing the account.

Client reports depend upon the money manager selected. The advisors are available to meet with the client on a regular basis. The advisor does not act as a custodian for any client account. Custody of all funds and securities are maintained by an outside custodian.

#### **DISCLOSURE OF RISK ASSOCIATED WITH INVESTING IN SECURITIES**

There are complexities and risks associated with trading securities including, but not limited to: execution or trading errors, price volatility, bid/ask spreads, order types (such as "market" and "limit" orders), deviation from net asset value and "execution price slippage" caused by lack of order or book depth. This is commonly seen in some of the more thinly traded stocks or ETFs that don't usually experience a lot of daily trading volume. An example of such a dilemma was the "flash crash" that the market experienced on May 6, 2010. On that day the Dow Jones Industrial Average plunged about 900 points only to recover those losses later in the trade day. It was the second largest point swing, 1010.14 points, and the biggest one-day decline, 998.50 points, on an intraday basis in Dow Jones Industrial Average History.<sup>1</sup> At current, Southern Trust Financial Planning, Inc. heavily focuses on mutual funds that trade once per day, this helps minimize problems associated with industry intra-day price deficiencies. Exchange-traded funds (ETFs) are another tool that can be used by STFP to "actively" manage client accounts, but the price execution risk is much higher with ETFs than mutual funds, because their price fluctuates like a stock and can be traded multiple times per day.

Use of leverage funds in a client's portfolio often adds risk to the portfolio. Leveraged funds, which use futures and options to amplify returns, try to return two to three times the daily returns of a particular index. Southern Trust Financial Planning, Inc. does not usually recommend leveraged funds to the general public as they are volatile positions that can move quickly and materially affect a client's account value causing extensive damage to a portfolio. However, due to the liquidity that is often found

---

<sup>1</sup> [http://en.wikipedia.org/wiki/2010\\_Flash\\_Crash](http://en.wikipedia.org/wiki/2010_Flash_Crash)

as a characteristic of leveraged funds, STFP may from time to time purchase leveraged bond funds that contain 1.2 times or more the movement of the respective bond index. The use of such leverage is often conducted to accommodate specific liquidity needs of the client or to activate new investment assets that have been transferred into the client's portfolio. Other leveraged sector funds could be used to accommodate liquidity issues as well, but the time frame for holding those volatile positions would likely be short.

Clients have the right to place a restriction on their account that would not allow the use of leveraged investments in their portfolio. That restriction request must be performed in writing. However, this restriction would not require the Advisor to know how the individual fund invests internally. Many mutual funds use options, futures and derivative instruments to invest public clients' assets. This restriction would merely cause the Advisor to stay away from funds that market an investment strategy that is designed to amplify the returns of an index in a leveraged fashion.

#### *Item 9 – Disciplinary Information*

Registered Investment Advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to one's evaluation of Southern Trust Financial Planning, Inc. or the integrity of STFP's management (and each supervised person providing investment advice). Southern Trust Financial Planning, Inc. has no information applicable to this item regarding the firm or its principal owner and advisor, Marc Wolff, or the rest of the Investment Advisory Representative (IAR) staff.

#### *Item 10 – Other Financial Industry Activities and Affiliations*

Southern Trust Financial Planning, Inc. does not have other industry activities or affiliations, but some of the Investment Advisor Representatives who are registered with Southern Trust Financial Planning, Inc. are also registered representatives of Securities America, Inc., a registered broker/dealer, member FINRA/SIPC. As such, members who are dually registered must adhere to both the FINRA rules and guidelines as implemented and enforced by the broker/dealer in addition to the State or Federal investment advisory rules and guidelines. The economic benefit that these dually licensed representatives can achieve is the ability to gain a commission in addition to or in lieu of the potential investment advisory fees. This can create a conflict of interest that should be disclosed to the client prior to the sale of any security.

As such, Southern Trust Financial Planning, Inc. tries to segregate its investment advisory business from its commission business. This is often achieved by utilizing custodial platforms such as TD Ameritrade Institutional. When accounts are opened at TD Ameritrade they are handled strictly on a fee basis. All mutual fund securities trades at TD Ameritrade are conducted at net-asset-value (NAV), which means no commissions can be generated or received by the Advisor. Additionally, commissions called trail

commissions or 12b-1 fees are not paid to the Advisor under the TD Ameritrade custodial platform. So, the TD Ameritrade platform can be truly considered a fee only program by STFP. However, if ETFs or other securities transactions are placed at TD Ameritrade ticket charges or transaction costs are issued. Those charges are levied by TD Ameritrade and IARs do not share in any portion of the ticket charges to execute transactions through TD Ameritrade.

Depending of the client's needs, annuities might be appropriate for the living benefit riders or the tax-deferred nature of the investment vehicle. The companies that offer annuity products are numerous and the features of each product are often complex. Additionally, the methods of compensation vary per Annuity Company, but they often involve a commission payment to compensate the registered representative for learning and marketing the product. These commissions can be sizable and may induce a conflict of interest. When clients are found to have a need that may be best served with an annuity, the compensation of any such commission is evaluated and is considered when charging investment advisory fees.

#### *Item 11 – Code of Ethics*

Southern Trust Financial Planning, Inc. has created a code of ethics that is designed to help educate and monitor the business conduct of our office staff. The code emphasizes the firm's fiduciary duty to clients and produces a heavy burden on the staff to maintain client confidentiality. A copy of the code of ethics is available to clients or prospective clients upon request.

Marc Wolff or other employees of Southern Trust Financial Planning, Inc. may occasionally buy or sell securities for their own accounts. The firm may or may not recommend these securities to clients since recommendations vary according to an individual client's specific needs and circumstances. Additionally, staff members may use computer models that will actively allocate and may buy or sell securities without consideration of client holdings. These securities are publicly traded and it is highly unlikely that transactions in the personal accounts of the firm's employees could adversely affect the price or performance of the securities.

Should an employee become aware of any non-public information regarding a security, it is the firm's policy that the employee not act on such information for his/her own benefit or for the benefit of clients and report the information to Southern Trust Financial Planning, Inc. management (and the proper regulatory authorities, if warranted).



### *Item 12 – Brokerage Practices*

Southern Trust Financial Planning, Inc. may recommend brokerage platforms based on trading and technology, the depth and breadth of services, the customer service responsiveness and brokerage transaction costs and best execution records. Currently, Southern Trust Financial Planning, Inc. often recommends the TD Ameritrade Institutional platform as its main brokerage/custodian. Such recommendation is based on the history and experience that Southern Trust Financial Planning, Inc. has established with TD Ameritrade, but also due to the continued industry leadership and best execution practices they display in ongoing performance.

Southern Trust Financial Planning, Inc. has investment advisor representatives who are also registered with Securities America, Inc., a registered broker/dealer, member FINRA/SIPC. While brokerage services are offered by this company, MFS separates the fee based business from the commission business by using different account prefixes. This unique 3 digit identifier on an account helps govern how and when commissions or fees can be paid on an account. Securities America, Inc. conducts reviews of the commission and fee payment methods and helps MFG manage and monitor the specific form of compensation that can be made on any given account within brokerage accounts at NFS. This relationship is helpful on multiple levels including compliance and processing direct mutual fund or variable annuity business.

### *Item 13 – Review of Accounts*

The reviews of client accounts in the Southern Trust Financial Planning, Inc. program are performed periodically and/or at least quarterly. These reviews will encompass performance evaluation, asset allocation analysis and customer suitability review. The triggering factors for evaluation may include, but are not limited to: change in product composition, change in market condition, change in management philosophy, change in client's financial condition, and any other change of which client apprises the Advisor. Levels of review include: summary review of account statements; in-depth review of statements, objectives and current performance. The client may be invited to attend a detailed review involving a meeting to discuss any and all related investment strategy and/or future planning. Marc Wolff or the individual IAR assigned to the client account conducts the review process, with occasional assistance from other office staff. The role of the office staff is largely administrative in gathering the material for review.

### *Item 14 – Client Referrals and Other Compensation*

Southern Trust Financial Planning, Inc. occasionally enters into referral/solicitor agreements. At current, Investment Advisor Representative Paul Harris has two individuals that refer business to him for investment advisory work. When one of these referred clients become a client of Southern Trust, Paul often pays a referral fee to the solicitor who generated the introduction to the client. Often times, the

solicitor fee payment will continue as long as the client maintains a open account with Paul. The client's fee is not higher than the fee charged to other clients. There are no additional premium payments that the client is subjected to by virtue of having been referred by the solicitor. This arrangement is fully disclosed to the client prior to engaging in investment advisory services. A disclosure document is presented to each client to disclose and allow the client to acknowledge the solicitor payment process.

### *Item 15 – Custody*

In 2010, the Securities Exchange Commission (SEC) adopted amendments to Rule 206(4)-2 (the "Custody Rule") under the Investment Advisers Act of 1940 (the "Advisers Act") which governs custody arrangements for registered investment advisers. Prior to that amendment STFP, due to various "No Action" letters and safe harbor provisions issued by the SEC, was deemed to not have custody of client funds. However, after the amendment in 2010, the billing practices of Southern Trust Financial Planning, Inc. are now considered to create a form of custody since advisory fees can be deducted directly from client accounts. This form of custody is very limited. Southern Trust Financial Planning, Inc. is not permitted to take control of any client assets or transfer client assets to or from a client's account unless directed or authorized by the client to do so. STFP does not take possession of client securities or assets. They are held at places like TD Ameritrade Institutional that meet the standards and requirements that include providing statements to all clients that reflect their securities activity during a given quarter.

Southern Trust Financial Planning, Inc. is not affiliated with any custodial services and is "operationally independent" from any custodian that generates statements for clients. As such, Southern Trust Financial Planning, Inc. merely performs the calculation of the fees and supplies that information to the custodian, who in-turn debits the fee and reports the activity on the statement. While the act of debiting the fee directly from the client account meets the new definition of custody as amended by the SEC in their 2010 amendment notice for rule 206(4)-2 under the Investment Advisers Act of 1940; the SEC carved out a provision in the rule change that exempted firms from an annual surprise audit on its books and records, if they merely met the definition of having custody due to the ability to deduct the fee from the client(s) account. The basic provisions for the exemption that Southern Trust Financial Planning, Inc. and its members adhere to are:

- Maintain accounts at a "qualified custodian", institutions to which clients and advisers customarily turn for custodial services.
- Those custodians are subject to regulations and oversight.
- Southern Trust Financial Planning, Inc. maintains a reasonable belief that the qualified custodians send statements directly to advisory clients.

These requirements are designed so that advisory clients will receive a statement from the qualified custodian and have the opportunity to compare and contrast with any statements or other information they receive from their advisor to determine whether account transactions, including deductions to pay advisory fees, are proper. While Southern Trust Financial Planning, Inc. often provides individual account assessments for clients on a quarterly basis, STFP is operationally independent from TD

Ameritrade Institutional and other custodians. As such, we urge clients to compare the documentation provided directly from Southern Trust Financial Planning, Inc. to the statements provided from the independent custodians.

#### *Item 16 – Investment Discretion*

Southern Trust Financial Planning, Inc. develops active investment management portfolios. The most efficient way to execute this kind of modeling technology is through the use of discretionary authority to place trades prior to receiving instruction or confirmation from each client. The discretionary authority granted to Southern Trust Financial Planning, Inc. when a client enters the client agreement is limited. The authority limits the discretion to purchases and sales within the account. Southern Trust Financial Planning, Inc. members have no authority to transfer assets to or from accounts, other than when deducting fees on a quarterly basis. Therefore, the discretion is limited and may be canceled by the client at any time. However, the cancelation of the discretionary authority would likely necessitate the client being removed from the active management program.

#### *Item 17 – Voting Client Securities*

Southern Trust Financial Planning, Inc. does not vote proxies on behalf of clients. The proxies are sent from the custodian or Investment Company directly to the client's address of record. The client is welcome to vote proxies as they see fit. Southern Trust Financial Planning, Inc. does not make recommendations as to how or for whom to vote.

#### *Item 18 – Financial Information*

Registered Investment Advisors are required in this item to provide you with certain financial information or disclosures about STFP's financial condition. Southern Trust Financial Planning, Inc. has no financial commitment that impairs its ability to meet its financial obligations and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

#### *Item 19 – Requirements for State-Registered Advisers*

If this disclosure brochure was not delivered to the client at least 48 hours prior to the client entering into any written or oral advisory agreement with this investment advisor, then the client has the right to terminate the agreement without penalty within five business days after entering into the agreement. For the purposes of this provision, an agreement is considered entered into when all parties to the agreement have signed the agreement, or in the case of an oral agreement otherwise signified their acceptance.

## *Educational Background and Business Experience*

### **Marc Wolff** Born 1969

College: University of Florida, 1987-1992, BS/BA Finance

Work History:

- Southern Trust Financial Planning, Inc.: 6/2004-Present; President, Secretary, Treasurer, Chief Compliance Officer, Investment Advisor Representative
- Securities America, Inc.: 5/2009-Present; Registered Representative
- Moors & Cabot, Inc.: 3/1999-5/2009; Senior Vice President-Investments/Owner/Manager SW Florida Region, Investment Advisor Representative, Registered Representative
- First Southeastern Securities Group, Inc.: 1/1995-1/1999; Registered Representative
- Meridian and Associates, Inc.: 3/1993-1/1995; Registered Representative

### **James Cooper** Born 1969

College: Florida State University, 1987-1992, BS Economic/Finance, Masters Economics

Work History:

- Southern Trust Financial Planning, Inc.: 6/04-Present; Investment Advisor Representative
- Securities America, Inc.: 5/09-Present; Registered Representative
- Moors & Cabot, Inc.: 6/00-5/09; Vice President-Investments, Investment Advisor Representative, Registered Representative

### **Paul Harris** Born 1962

College: Citadel Bible College, 1985, Bachelor of Arts

Work History:

- Southern Trust Financial Planning, Inc.: 11/09-Present; Senior Vice President, Investment Advisor Representative
- Securities America, Inc.: 11/09-Present; Registered Representative
- Summit Brokerage Service, Inc.: 6/02-11/09; Registered Representative, Investment Advisor Representative
- Prudential Insurance: 1/98-11/09; Registered Representative

### **Mark Generales** Born 1950

College: University of Massachusetts, 1970-1973; Business Administration

Work History:

- Southern Trust Financial Planning, Inc.: 1/10-Present; Senior Vice President of Investments, Investment Advisor Representative
- Securities America, Inc.: 10/09-Present; Registered Representative
- Colonial Brokerage, Inc.: 5/08-10/09; Vice President of Investments
- Melhado, Flynn and Associates: 12/04-5/08; Senior Vice President, Sales Manager
- Mortgage Network: 9/03-5/08; Loan Officer

### **Stephen Kaufman** Born 1945

College: University of Pennsylvania, 1967, Bachelors Degree in Economics

New York University Law School. 1971, Juris Doctor

Work History:

- Southern Trust Financial Planning, Inc.: 11/10 - Present; Investment Advisor

#### Representative

- Securities America, Inc.: 11/10 - Present; Registered Representative
- Moors & Cabot: 3/09 - 10/10; Registered Representative
- Citigroup: 1/05 - 3/09; Financial Advisor

*Supervision conducted internally at Southern Trust Financial Planning, Inc.*

Marc Wolff is the Chief Compliance Officer and is responsible for monitoring the daily activities and work produced by the IARs and employees of Southern Trust Financial Planning, Inc. He works closely with the office staff conducting routine checks and balances. These compliance reviews are often conducted throughout the normal course of daily business, but some are more formal, such as the end of year annual audit and various other compliance meetings conducted with and by the broker/dealer. Marc is responsible for maintaining the code of ethics and other regulatory requirements.

Any potential issue regarding advice, service or processes of STFP should be brought to the attention of the Chief Compliance Officer. This enables STFP to be aware of the situation early in the review process and allows Marc to take an active role in rectifying any problem or misunderstanding and resolving any potential conflict. Marc maintains an “open door” policy and welcomes face-to-face meetings and direct phone contact. These are the best means of communication for dialog about any issues that may need to be addressed. Relationships tend to breakdown when there is a lack of communication and Marc strives to keep the lines of communication open for both positive and negative feedback from clients.

#### *Other Business Activities*

Southern Trust Financial Planning, Inc. is a registered investment advisor and its sole responsibility is offering fee based investment advice. However, Investment Advisor Representatives (IARs) who are individuals registered with Southern Trust Financial Planning, Inc. have multiple business activities that are material to the securities industry. Many of the IARs registered with Southern Trust Financial Planning, Inc. are also registered representatives (investment brokers) with a broker/dealer named Securities America, Inc. member FINRA/SIPC.

This outside business affiliation allows those registered representatives to make commissions on various securities trades. As such, an inherent conflict of interest may exist. When working with an IAR member of Southern Trust Financial Planning, Inc. we encourage our clients to ask about the different kinds of compensation that might be made with regard to offering investment advice or brokering a product. While the vast majority of business conducted from this office is performed as fee based advice under STFP, there are times where a commission based product may be suitable and warranted.

#### *Additional Compensation*

As disclosed in previous sections, additional compensation can be earned by members of STFP. Such compensation could include commissions from the purchase or sale of securities or insurance products, and income from outside business activities. Additionally, members of Southern Trust Financial Planning, Inc. could be invited to due diligence meetings at the request of investment companies or other industry organizations. On occasion, travel reimbursements are made by those companies that extended the invitation. While these payments would only reimburse travel expenses, the appearance of “pay for production” may exist and as such the potential conflict of interest has been disclosed.

Southern Trust Financial Planning, Inc. can directly compensate persons for client referrals in accordance with such written agreements as may be entered into between STFP and persons who may solicit. Such agreements between STFP and any solicitor must be disclosed to any prospective advisory client. When a solicitor arrangement has been formed and a client referral has been made, Southern Trust Financial Planning, Inc. will present the client a Disclosure Statement that informs the client that a payment or multiple payments may be made to the solicitor introducing the client to STFP. The compensation paid by STFP for client solicitations and referrals may include cash payments or, where appropriate, provision for percentage-based fee sharing.

In order to be clear, accounts that are held at TD Ameritrade Institutional do not allow for any commission payments of any kind to be paid to Southern Trust Financial Planning, Inc. or any of its direct members. These accounts are fee based advisory accounts. The only compensation derived from TD Ameritrade accounts are the quarterly fees that are evidenced on each quarterly statement provided to the client directly from TD Ameritrade.

### *Privacy Policy*

In order to facilitate the servicing of your account, the Advisor may receive nonpublic personal information about you from the following sources:

- Information we receive from you on questionnaires, applications, account opening documents or other forms;
- Information about your transactions with us or others;
- Information we receive from a consumer reporting agency; and
- Information we received from other sources with your consent.

We do not disclose any nonpublic personal information about you to anyone, except as permitted by law. Such disclosure may include the following:

- Disclosures to affiliates, including affiliated service providers (for example, insurance agencies for processing of variable insurance applications on your behalf);
- Disclosures to your chosen broker-dealer firm (for example, to establish a brokerage account on your behalf);
- Disclosures to government agencies, securities regulators and law enforcement officials (for example, for tax reporting, under a court order or to protect our legal rights);

- Disclosures to other organizations, with your consent (for example, other investment advisor firms in order to open a managed account with their firm or the brokerage firm they utilize); and
- Disclosures to other persons you authorize to obtain such information (for example, a CPA who will be preparing your tax return).

The Advisor restricts access to your personal and account information to those of its employees who need to know that information to provide products or services to you. The Advisor maintains physical, electronic, and procedural safeguards to guard your nonpublic personal information.

We will continue to adhere to the privacy policies and practices as described in this notice if you decide to close your account(s) or become an inactive customer.

If you have any questions concerning the Advisor's privacy policies and procedures, please feel free to contact us. Thank you.

Marc Wolff  
President