

# Disclosure Brochure

August 22, 2012

## Total Financial Advisors, LLC

24 Union Avenue  
Bethpage, NY 11714

(516) 579-2700

[www.totalfinancial.us](http://www.totalfinancial.us)

This brochure provides information about the qualifications and business practices of Total Financial Advisors, LLC. (hereinafter "*Total Financial*"). If you have any questions about the contents of this brochure, please contact James Piangozza at (516) 579-2700. 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 Total Financial Advisors, LLC. Is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Total Financial Advisors, LLC. is an SEC Registered Investment Adviser. Registration does not imply any level of skill or training.

# Total Financial Advisors, LLC. Disclosure Brochure

## **Item 2. Material Changes**

This Item discusses only the material changes that have occurred since Total Financial's last annual update, dated March 8, 2011.

Total Financial does not have any material changes to disclose in this Item.

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### Firm Disclosure Brochure

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**Supervised Person Brochure Supplements are available upon request.**

# Total Financial Advisors, LLC. Disclosure Brochure

## Item 4. Advisory Business

Total Financial Advisors, LLC. (hereinafter referred to as "*Total Financial*") is an investment adviser providing financial planning, consulting, and investment management services. Prior to engaging Total Financial to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with Total Financial setting forth the terms and conditions under which Total Financial renders its services (collectively the "*Agreement*").

Total Financial has been in business since May, 2007. Joseph Piangozza and Susan Piangozza are the principal owners of Total Financial.

Total Financial has \$123,768,393 of assets under management as of December 31, 2011. \$123,664,614 of these assets is managed on a discretionary basis and \$103,779 is managed on a non-discretionary basis.

This Disclosure Brochure describes the business of Total Financial. Certain sections will also describe the activities of Supervised Persons. Supervised Persons are any of Total Financial's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on Total Financial's behalf and is subject to Total Financial's supervision or control.

### Financial Planning and Consulting Services

Total Financial may provide its clients with a broad range of financial planning and consulting services (which may include non-investment related matters). These services are tailored to the needs of the client, and include (but are not limited to) retirement planning, financial planning distribution planning, estate planning, investment planning, and advising on assets not managed by Total Financial.

In performing its services, Total Financial is not required to verify any information received from the client or from the client's other professionals (e.g., the client's attorney, accountant, etc.) and Total Financial is expressly authorized to rely on such information. Total Financial may recommend the services of itself, its Supervised Persons in their individual capacities as registered representatives of a broker-dealer, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Total Financial recommends its own services. The client is under no obligation to act upon any of the recommendations made by Total Financial under a financial planning or consulting engagement or to engage the services of any such recommended professional, including Total Financial itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Total Financial's recommendations. Clients are advised that it remains their responsibility to promptly notify Total Financial if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Total Financial's previous recommendations and/or services.

# Total Financial Advisors, LLC. Disclosure Brochure

## **Investment Management Services**

Total Financial typically manages clients' assets on a discretionary basis, but may also provide non-discretionary management in special circumstances.

Total Financial primarily allocates clients' investment management assets among Independent Managers (as defined below), mutual funds, and exchange-traded funds ("*ETFs*") in accordance with the investment objectives of the client. For assets not managed by Independent Managers, Total Financial provides two levels of service: Private Client Services ("*PCS*") and Efficient Allocation Portfolios ("*EAP*"). Total Financial's PCS services are targeted towards accounts with numerous or diversified holdings, while its EAP is reserved for more concentrated portfolios that hold substantially fewer positions.

Total Financial also renders non-discretionary investment management services to clients relative to: (1) variable life/annuity products that they may own; (2) their individual employer-sponsored retirement plans through a consulting arrangement; (3) 529 plans; and/or (4) other financial and/or investment matters and/or programs as mutually agreed upon. In so doing, Total Financial either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product, the employer's retirement plan or program, or by the client as the result of a prior investment purchase.

Total Financial tailors its advisory services to the individual needs of clients. Total Financial consults with clients initially and on an ongoing basis to develop an investment policy statement that identifies clients' risk tolerance, investment objectives, strategic approach to investing, and long-term goals.

Clients are advised to promptly notify Total Financial if there are changes in their financial situation, personal circumstance or investment objectives or if they wish to impose any reasonable restrictions upon Total Financial's management services.

## **Use of Independent Managers**

As mentioned above, Total Financial recommends that clients authorize the active discretionary management of all or a portion of their assets by Total Financial and/or among certain independent investment managers ("*Independent Managers*"), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the Independent Managers are set forth in a separate written agreement between Total Financial and/or the client and the designated Independent Managers. Total Financial renders services to the client relative to the discretionary selection of Independent Managers. Total Financial also monitors and reviews the account performance and the client's investment objectives. Total Financial receives an annual advisory fee, which is based upon a percentage of the market value of the assets being managed by the designated Independent Managers.

When selecting an Independent Manager, Total Financial reviews information about the Independent Manager, such as material supplied by the Independent Manager or independent third parties. These materials provide a description of the Independent Manager's investment strategies, past performance and risk adjusted returns to the extent available. When recommending an Independent Manager, Total

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Financial considers the client's stated investment objectives and risk tolerance. Total Financial also considers the Independent Manager's approach to asset management, and whether it is an appropriate fit for the client.

The investment management fees charged by the designated Independent Managers, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, Total Financial's investment advisory fee set forth above. As discussed above, the client may incur additional fees than those charged by Total Financial, the designated Independent Managers, and corresponding broker-dealer and custodian.

In addition to Total Financial's written disclosure brochure, the client also receives the written disclosure brochure of the designated Independent Managers. Certain Independent Managers may impose more restrictive account requirements and varying billing practices than Total Financial. In such instances, Total Financial may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

Total Financial may also utilize certain turnkey asset management programs ("TAMPs"). The TAMP may provide Total Financial with back-office services as well as access to Independent Managers. The services provided by the TAMP may result in an additional fee to the client.

If Total Financial refers a client to an Independent Manager where Total Financial's compensation is included in the advisory fee charged by such Independent Manager and the client engages the Independent Manager, Total Financial shall be compensated for its services by receipt of a fee to be paid directly by the Independent Manager to Total Financial in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended, and any corresponding state securities laws, rules, regulations, or requirements. Any such fee is paid solely from the Independent Manager's investment management fee, and does not result in any additional charge to the client. However, TAMP advisory solutions are generally more expensive to the client than non-TAMP advisory solutions.

## **Use of variable annuities**

In addition to the above advisory services, Total Financial may also be engaged by clients that seek advice about a variable annuity and/or own a variable annuity product. Once engaged, Total Financial will allocate the annuity assets among the various investment sub-accounts that comprise the variable annuity product. For such engagements, the client must accept that Total Financial's investment allocation choices are limited to the investment sub-accounts provided by the annuity product. The advisory fee for such service is based upon the market value of the assets within the annuity as follows:

.50% (50 basis points) paid quarterly in arrears

## **Additions and Withdrawals to Accounts**

Clients may make additions to and withdrawals from their account at any time, subject to Total Financial's right to terminate an account. Clients may withdraw account assets on notice to Total Financial, subject to the usual and customary securities settlement procedures. However, Total Financial designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives.

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## Item 5. Fees and Compensation

Total Financial offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management. Alternatively, certain of Total Financial's Supervised Persons may offer securities brokerage services and insurance products under a commission arrangement. As further discussed below, Total Financial does not charge both an advisory fee and commission on the same assets.

### Financial Planning and Consulting Fees

Total Financial may charge a fixed fee and/or hourly fee for financial planning and consulting services. These fees are negotiable, but generally range from \$1,000 to \$10,000 on a fixed fee basis and/or \$250 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services. In some circumstances (i.e. where clients engage Total Financial for ongoing general consulting), Total Financial may charge an asset-based fee of up to 1% of the assets covered by the financial planning/consulting services as agreed to with the client which would be charged quarterly, in advance. If the client engages Total Financial for additional investment advisory services, Total Financial may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services. Total Financial's financial planning and consulting fees are separate from any investment management fees and other charges, and/or commissions Supervised Persons may have received.

Prior to engaging Total Financial to provide financial planning and/or consulting services, the client is required to enter into a written agreement with Total Financial setting forth the terms and conditions of the engagement. Generally, Total Financial requires one-half of the financial planning/consulting fee (estimated hourly or fixed) payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services. The balance, if any, is generally due upon delivery of the financial plan, hypothetical illustration(s) containing recommendations, or completion of the agreed upon services.

### Investment Management Fee

Total Financial provides investment management services for an annual fee, based upon a percentage of the market value of the assets being managed by Total Financial. Total Financial's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, 12b-1 fees on mutual funds and other related costs and expenses which are incurred by the client. Total Financial does not, however, receive any portion of these commissions, fees, and costs. Total Financial's annual fee is prorated and charged quarterly, in arrears, based upon the market value of the assets being managed by Total Financial on the last day of the previous quarter. The annual fee varies between 0.50% and 1.95%, depending upon the market value of the assets under management and the type of investment management services to be rendered.

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Total Financial, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention, pro bono activities, etc.).

## **Fees Charged by Financial Institutions**

As further discussed in response to Item 12 (below), Total Financial generally recommends that clients utilize the brokerage and clearing services of Pershing, LLC through Pershing Investment Manager Services ("*Pershing*") and/or Genworth Financial Trust Company ("*Genworth*") for investment management accounts. As further disclosed below, Total Financial may also utilize Genworth, through its registered investment adviser Genworth Financial Wealth Management, Inc. ("*GFWM*"), as an Independent Manager and/or TAMP for client assets. In addition, Principal Financial ("*Principal*") may be utilized, to provide custodial and/or Third Party Administrator ("*TPA*") Services.

Total Financial may only implement its investment management recommendations after the client has arranged for and furnished Total Financial with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, Pershing, Genworth, Principal, Lockwood Financial, LLC ("*Lockwood*") and any other broker-dealer recommended by Total Financial or directed by the client. Other financial institutions may include trust companies, banks, mutual funds (all institutions referenced in this paragraph are herein collectively referred to as "*Financial Institutions*").

Clients may incur certain charges imposed by the Financial Institutions and other third parties such as fees charged by Independent Managers (as defined below), by a TAMP, custodial fees, charges imposed directly by a mutual fund or ETF in the account, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to Total Financial's fee.

Total Financial's Agreement and the separate agreement with any Financial Institutions generally authorize Total Financial, Independent Managers, and/or a TAMP to debit the client's account for the amount of Total Financial's fee and to directly remit that management fee to Total Financial or the Independent Managers. Any Financial Institutions recommended by Total Financial have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Total Financial.

## **Fees for Management During Partial Quarters of Service**

For the initial period of investment management services, the fees shall be calculated on a pro rata basis.



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The Agreement between Total Financial and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. Total Financial's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Additions may be in cash or securities, provided that Total Financial reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Total Financial may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to brokerage charges, transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter.

## **Commissions or Sales Charges for Recommendations of Securities**

Clients can engage certain persons associated with Total Financial (but not Total Financial) to render securities brokerage services under a commission arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with Total Financial. Under this arrangement, clients may implement securities transactions through certain of Total Financial's Supervised Persons in their respective individual capacities as registered representatives of United Planners Financial Services of America ("*United Planners*"), an SEC registered broker-dealer and member of FINRA. United Planners may charge brokerage commissions to effect these securities transactions and thereafter, a portion of these commissions may be paid by United Planners to such Supervised Persons. Prior to effecting any transactions, clients are required to enter into a new account agreement with United Planners. The brokerage commissions charged by United Planners may be higher or lower than those charged by other broker-dealers. In addition, certain of Total Financial's Supervised Persons may also receive ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment.

A conflict of interest exists to the extent that Total Financial recommends the purchase of securities where Total Financial's Supervised Persons receive commissions or other additional compensation as a result of Total Financial's recommendations. Recommendations made by such Supervised Persons must be in the best interest of the client.

Total Financial does not receive commissions on any investment advisory accounts. If a brokerage client later becomes an advisory client, Total Financial generally offers a fee forgiveness program which will offset its advisory fees against recent commissions that Total Financial's Supervised Persons may have recently received as a result of having previously sold a particular investment product to the client that is now part of Total Financial's investment management services. Total Financial may also include in its fee forgiveness program contingent deferred sales charges and/or other charges applied against assets being moved to an advisory account. The fee forgiveness program is not applicable to 12b-1 fees, Class C share fees paid and/or any other trail that may have been received by a Supervised Person.

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

Total Financial does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

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## Item 7. Types of Clients

Total Financial provides its services to individuals, pension plans, defined benefit plans, profit sharing plans, trusts, estates, corporations and business entities. Total Financial reserves the right to offer its services to any person or entity as allowed by law.

### **Minimum Account Size**

Total Financial has not historically imposed a minimum portfolio size or minimum fee. For new clients, Total Financial generally imposes a minimum portfolio size of \$250,000. Total Financial, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria including referral source, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and pro bono activities. Total Financial shall only accept clients with less than the minimum portfolio size if, in the sole opinion of Total Financial, the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. Total Financial may aggregate the portfolios of family members to meet the minimum portfolio size.

Additionally, certain Independent Managers may impose more restrictive account requirements and varying billing practices than Total Financial. In such instances, Total Financial may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

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

### Methods of Analysis and Investment Strategies

Total Financial constructs client portfolios based on the principles of goal-oriented planning and diversification, in accordance with clients' goals and risk tolerance. Diversification is sought at the security (e.g., multiple stocks and bonds), asset class (e.g., large-cap stocks, small-cap stocks, international stocks, government bonds, high-yield bonds, international bonds, etc.), and asset allocation approach (strategic, tactical, absolute return) levels.

Total Financial manages client assets either through the use of Independent Managers, or directly in certain client accounts. When accounts are managed directly by the Adviser, it is through our proprietary PCS or EAP programs, or through the use of a group retirement plan platform provided by a third party.

For asset allocation purposes, Total Financial may use multiple Independent Managers, each bringing unique risk exposure and strategies to the portfolio. The Independent Managers may implement the portfolios in ways that hedge against each other (i.e. one may include long-only fixed income positions, while another may contain inverse fixed-income exposure), while at other times Independent Managers may converge when they believe a strong opportunity exists in a given asset class or sector. In both circumstances, Total Financial's top-down process leads it to utilize Independent Managers with asset allocation approaches that it believes are appropriate for the client and which possess the tools and capabilities to execute its strategy. For certain clients, one Independent Manager may be sufficient to satisfy the asset allocation needs of the portfolio, while adhering to the client's risk tolerance.

For accounts managed directly by the Adviser, Total Financial will generally implement its strategies with mutual funds or exchange-traded funds ("ETFs") that meet its criteria at the time of implementation. Certain clients may opt to maintain specific legacy positions.

### *Independent Managers*

When utilizing Independent Managers, Total Financial starts with distinct approaches to asset allocation. Within each approach, Total Financial identifies third-party strategists that it believes have the capability to execute a given strategy and bring value to the portfolio construction process. When performing due diligence on an Independent Manager and a target strategy, Total Financial considers many factors, including the historical risk/return characteristics of the strategy, the longevity of the strategy, and market conditions during its lifespan; the degree of tracking error and manager flexibility built into the strategy, and whether such flexibility is desired; the asset base and financial stability of the Independent Manager, the longevity of the management team with the Independent Manager, the assets implemented in the target strategy; the size of the management team working on the strategy; the research capabilities of the strategist firm; the strategist's process for researching and selecting securities for implementation; and how the target strategy compares in different capital market environments, as compared to other strategists with similar asset allocation objectives.

After determining which Independent Managers are favored within each approach to asset allocation,

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Total Financial decides the weight to apply to each of the Independent Managers. The target weights vary depending upon market conditions, operational constraints, and the risk/return profile of the client, among other considerations.

## *PCS and EAP Accounts:*

PCS and EAP accounts are managed directly by Total Financial, based on the risk/return profile of the client that is determined when the account is established. Trades within PCS and EAP accounts are executed by Total Financial in accounts held at Pershing. Total Financial develops a set of model portfolios that provide a starting point for portfolio construction; but actual client portfolios are unique to their particular circumstances and customized based on the specific needs, goals, objectives and risk tolerance of the client.

The target asset allocation for each model portfolio shows how assets will be divided between each asset class (equities, fixed income, cash), and between many sub-asset classes, (large-cap stocks, small-cap stocks, investment grade bonds, international bonds, etc.). For PCS and EAP accounts, Total Financial follows a strategic asset allocation approach for most of the assets included in each client's account (i.e., the "core" of the portfolio). For each profile, the target asset allocation is expected to show only incremental change over time, while some tactical adjustment is allowed. Target allocations may be modified in the implementation of a client's portfolio for several reasons, including reasonable restrictions requested by the client, capital markets outlook and related tactical considerations, tax considerations, and the inclusion of alternative asset classes (when appropriate).

Core positions are designed to provide investors with the appropriate exposure to the target asset class. This type of approach is frequently referred to as a "relative return" or "beta" strategy. Core positions will generally consist of index, index-plus, or mutual funds and ETFs with a high correlation to its asset class. Core positions generally have a large number of holdings to effectively diversify away firm-specific risk while maintaining exposure to market risk. The more liquid and efficiently priced the asset class, the larger the emphasis placed on maintaining passive positions.

Satellite positions are designed to provide investors with either a hedge to market risk (risk mitigation), or may have the potential to provide additional alpha (risk-adjusted excess return). Total Financial may seek investments that are temporarily mispriced, or may locate investment managers (including mutual fund managers) that have a track record of identifying such investment opportunities. Satellite positions will primarily be implemented via actively managed mutual funds. Total Financial does not limit itself to one specific discipline or investment approach when choosing a satellite fund (e.g. sector rotation, technical analysis, deep-discount, earnings growth, etc.), but seeks to find a management team with a track record of consistently applying their investment discipline with successful historic results.

In circumstances where client assets are being managed as part of group retirement plan, such as with the Principal, Total Financial will use similar principles to select securities to be made available to participants; and/or to construct portfolios of mutual funds that meet client objectives. In many circumstances, these accounts will not be managed with discretion and the advice of Total Financial may be educational in nature. Recommendations made by Total Financial in accordance with a non-discretionary agreement may or may not be implemented by the retirement plan participant.

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## **Risk of Loss**

### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. When evaluating the risk associated with a particular mutual fund and ETF, an investor should refer to the applicable prospectus.

### *Market Risks*

The profitability of a significant portion of Total Financial's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Total Financial will be able to predict those price movements accurately.

### *Use of Independent Managers*

Total Financial may recommend the use of Independent Managers for certain clients. Total Financial will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the Independent Managers ability to successfully implement their investment strategy. In addition, Total Financial does not have the ability to supervise the Independent Managers on a day-to-day basis, if at all. The use of Independent Managers does not ensure a successful investment outcome. The past performance of an Investment Manager, or strategies implemented by the Investment Manager, is not a guarantee of future results.

### *Management Through Similarly Managed Accounts*

For EAP clients, Total Financial generally manages portfolios by allocating portfolio assets among various securities on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as "*Investment Strategy*"). In so doing, Total Financial buys, sells, exchanges and/or transfers securities based upon the Investment Strategy.

Total Financial's management using the Investment Strategy, complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the Investment Strategy, with a safe harbor from the definition of an investment company.

Securities in the Investment Strategy are usually exchanged and/or transferred without regard to a client's individual tax ramifications. Total Financial is primarily focused on total return; tax sensitivity is secondary unless specified as a requirement by the client in the Investment Policy Statement. Certain investment opportunities that become available to Total Financial's clients may be limited to clients that have a primary focus on tax minimization. As further discussed in response to Item 12 (below), Total Financial allocates investment opportunities among its clients in a fair and equitable basis.

### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

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## **Item 9. Disciplinary Information**

Total Financial is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management. Total Financial does not have any required disclosures to this Item.

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## Item 10. Other Financial Industry Activities and Affiliations

Total Financial is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. Total Financial has described such relationships and arrangements below.

### Registered Representatives of Broker Dealer

As discussed above in Item 5, certain of Total Financial's Supervised Persons are registered representatives of United Planners. Total Financial and/or its principal(s) are also minority owners of United Planners with less than one percent (1%) ownership. Total Financial does not receive any portion of the fees charged by United Planners or any portion brokerage commissions paid to its Supervised Persons, but may receive distributions relative to its respective ownership interest in United Planners.

### Receipt of Insurance Commission

Total Financial is under common control with Total Financial Systems, Inc. ("TFS"), a duly licensed insurance agency. Certain of Total Financial's Supervised Persons, in their individual capacities, are also licensed insurance agents with TFS and various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. While Total Financial does not sell such insurance products, Total Financial does permit its Supervised Persons, in their individual capacities as licensed insurance agents, to sell insurance products to its investment advisory clients. A conflict of interest exists to the extent that Total Financial recommends the purchase of insurance products where Total Financial's Supervised Persons receive insurance commissions or other additional compensation.

### Fees from Independent Managers

As discussed above, Total Financial recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain Independent Managers. In particular, when Total Financial recommends the use of the GFWM TAMP, the percentages set forth in the fee schedule are inclusive of both GFWM's program fee and Total Financial's fee. The portion of the total management fee that is allocated to Total Financial may vary, depending on the investment option(s) chosen. If there is a change in the investment option(s) chosen for all or a portion of the assets, the percentage of the total management fee allocated to Total Financial may change. The selection of a particular strategy and/or strategists within GFWM may impact the net fee retained by Total Financial.

### Additional Business Relationships with Independent Managers

Total Financial is also part of Genworth's Premier Consultant Program ("*Program*"), through which advisers are able to receive reimbursement for certain marketing and practice development expenses



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and are invited to attend periodic Genworth-sponsored meetings. The total allowance Total Financial receives will vary depending on the amount of assets under management that Total Financial's places on GFWM's TAMP. As such, Total Financial has an incentive to utilize GFWM's TAMP. Before placing any client assets with GFWM's TAMP, Total Financial evaluates the service offering of GFWM, including the Independent Managers available through GFWM's TAMP. A conflict of interest exists to the extent that Total Financial recommends the purchase of GFWM's TAMP and receives Program allowances; and Total Financial's Supervised Persons are invited to attend periodic Genworth sponsored meetings and conferences.

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## Item 11. Code of Ethics

Total Financial and persons associated with Total Financial ("*Associated Persons*") are permitted to buy or sell securities that it also recommends to clients, consistent with Total Financial's policies and procedures.

Total Financial has adopted a Code of Ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("*Code of Ethics*"). In accordance with Section 204A of the Investment Advisers Act of 1940 (the "*Advisers Act*"), its Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by Total Financial or any of its associated persons.

Total Financial and/or representatives of the Total Financial may buy or sell securities that are also recommended to clients. This practice may create a situation where Total Financial and/or representatives of the Total Financial are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Total Financial did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of Total Financial's clients) and other potentially abusive practices.

Total Financial has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Total Financial's "Access Persons". Total Financial's securities transaction policy requires that an Access Person of Total Financial must provide the Chief Compliance Officer or his/her designee with a written report of the current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date Total Financial selects; provided, however that at any time that Total Financial has only one Access Person, he or she shall not be required to submit any securities report described above.

Total Financial and/or representatives of Total Financial may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Total Financial and/or representatives of Total Financial are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11C, Total Financial has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Total Financial's Access Persons.

Clients and prospective clients may contact Total Financial to request a copy of its Code of Ethics.

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## Item 12. Brokerage & Custody Services

As discussed above, in Item 5, Total Financial generally recommends that clients utilize the brokerage and clearing services of Pershing and/or Genworth. Pension Services and qualified plan services are also offered through Principal Financial ("*Principal*").

Factors which Total Financial considers in recommending Pershing, Genworth, Principal or any other custodian or broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research capability, services provided, expertise, product availability, and/or access to TAMP and TAMP strategies. Pershing, Genworth and Principal enable Total Financial to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions, transaction fees, and/or internal fees charged by Pershing, Genworth and/or Principal, may be higher or lower than those charged by other Financial Institutions. Principal may include a TPA service fee in the mutual fund management fee.

The commissions paid by Total Financial's clients comply with Total Financial's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Total Financial determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Total Financial seeks competitive rates, but may not necessarily obtain the lowest possible commission rates for client transactions.

Total Financial periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

The client may direct Total Financial in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution, and Total Financial will not seek better execution services or prices from other Financial Institutions or be able to "batch" client transactions for execution through other Financial Institutions with orders for other accounts managed by Total Financial (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Total Financial may decline a client's request to direct brokerage if, in Total Financial's sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

Transactions for each client generally will be effected independently, unless Total Financial decides to purchase or sell the same securities for several clients at approximately the same time. Total Financial may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Total Financial's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated

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among Total Financial's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Total Financial determines to aggregate client orders for the purchase or sale of securities, including securities in which Total Financial's Supervised Persons may invest, Total Financial shall generally do so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Total Financial shall not receive any additional compensation or remuneration as a result of the aggregation. In the event that Total Financial determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, Total Financial may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services, which assist Total Financial in its investment decision-making process. Such research generally will be used to service all of Total Financial's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Total Financial does not have to produce or pay for the products or services.

## **Commissions or Sales Charges for Recommendations of Securities**

As discussed above, certain Supervised Persons in their respective individual capacities, are registered representatives of United Planners. These Supervised Persons are subject to FINRA Rule 3040 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless United Planners provides written consent. Therefore, clients are advised that certain Supervised Persons may be restricted to conducting securities transactions through United Planners unless they first secure written consent from United Planners to execute securities transactions through a different broker-dealer. Absent such written consent or separation from United Planners, these Supervised Persons are prohibited from executing securities transactions through any broker-dealer other than United Planners under United Planners' internal supervisory policies. Total Financial is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

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## **Software and Support Provided by Financial Institutions**

Total Financial may receive from Pershing and/or Genworth, without cost to Total Financial, computer software and related systems support, which allow Total Financial to better monitor client accounts maintained at Pershing and/or Genworth. Total Financial may receive the software and related support without cost because Total Financial renders investment management services to clients who maintain assets at Pershing and/or Genworth. The software and related systems support may benefit Total Financial, but not its clients directly. Other support may include the preparation of statements or on-line statement access. In fulfilling its duties to its clients, Total Financial endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Total Financial's receipt of economic benefits from a broker-dealer creates a conflict of interest, since these benefits may influence Total Financial's choice of one broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Total Financial may receive the following benefits from Pershing and/or Genworth through their respective investment adviser divisions: Monetary support for portfolio management technology and other consulting needs; receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its registered investment adviser participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry, reporting, and account information.

Additionally, Total Financial may receive the following benefits from United Planners: monetary support for the maintenance of an affiliation, including a forgivable loan; research capabilities; technology and client reporting and related services; educational conferences and meetings conducted and supported by United Planners.

Total Financial may also receive other economic benefits in the form of monetary support for client appreciation dinners, client seminars, educational conferences and meetings and related materials sponsored by various Financial Institutions, mutual funds, TAMP providers, insurance and annuity companies and other vendors. Total Financial may also receive monetary support for technological, marketing and advertising needs from these entities. Clients are advised that a conflict of interest exists to the extent that Total Financial recommends products of these mutual fund families, insurance annuity companies or other vendors. However, the client is under no obligation to purchase these products, and Total Financial does not receive any other form of compensation from the mutual fund families, annuity companies or vendors for these events other than as set forth herein.

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## Item 13. Review of Accounts

For those clients to whom Total Financial provides investment management services, Total Financial monitors those portfolios as part of an ongoing process, while regular account reviews are conducted on at least a quarterly basis. For those clients to whom Total Financial provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis.

Internal portfolio reviews are conducted by members of Total Financial's Investment Policy Committee on at least a quarterly basis. Clients are entitled to an in-person portfolio review or telephone conference with a member of Total Financial's Investment Policy Committee upon request, but Total Financial may limit this to a semi-annual basis. All investment advisory clients are encouraged to discuss their needs, goals, and life's circumstances with Total Financial and to keep Total Financial informed of any changes thereto. Total Financial shall contact ongoing investment advisory clients at least annually to schedule an appointment and/or a conference call to review their portfolio, as necessary.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Should a discrepancy exist between a report or statement issued by Total Financial and by Pershing, Genworth, Principal or another product sponsor, the client is hereby advised that the report issued by Pershing, Genworth, Principal and/or the product sponsor supersedes that of Total Financial. Those clients to whom Total Financial provides investment advisory services will also receive a report from Total Financial that may include relevant account and/or market-related information such as an inventory of account holdings and account performance as requested by the client and agreed by Total Financial.

Those clients to whom Total Financial provides financial planning and/or consulting services will receive reports from Total Financial summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by Total Financial.

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

Total Financial is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, Total Financial is required to disclose any direct or indirect compensation that it provides for client referrals.

Total Financial may receive economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 10, above.

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## **Item 15. Custody**

Total Financial's Agreement and/or the separate agreement with any Financial Institution may authorize Total Financial through such Financial Institution to debit the client's account for the amount of Total Financial's fee and to directly remit that management fee to Total Financial in accordance with applicable custody rules.

The Financial Institutions recommended by Total Financial have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Total Financial. In addition, as discussed in Item 13, Total Financial also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from Total Financial. In the event of a discrepancy, the statement from the Financial Institution prevails.



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## Item 16. Investment Discretion

Total Financial may be given the authority to exercise discretion on behalf of clients. Total Financial is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Total Financial is given this authority through a power-of-attorney included in the agreement between Total Financial and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Total Financial takes discretion over the following activities:

- The securities to be purchased or sold;
- The quantity of securities to be purchased or sold;
- When transactions are made; and
- The Independent Managers to be hired or fired.

Clients desiring to communicate with Total Financial should be aware that (1) trades are not accepted via voice-mail, and (2) e-mail communications concerning portfolio allocating, trading, and/or strategic changes or alterations must be verified with Total Financial. (3) Wire orders are not accepted via voice-mail or e-mail.

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## **Item 17. Voting Client Securities**

Total Financial is required to disclose if it accepts authority to vote client securities. Total Financial does not vote client securities on behalf of its clients.

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## **Item 18. Financial Information**

Total Financial does not require or solicit the prepayment of more than \$1,200 in fees, six months or more in advance. In addition, Total Financial is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Total Financial has no disclosures pursuant to this Item.

**Total Financial Advisors, LLC.**

a Registered Investment Adviser

24 Union Avenue  
Bethpage, NY 11714

(516) 579-2700

[www.totalfinancial.us](http://www.totalfinancial.us)