

DISCLOSURE BROCHURE

**Financial Soundings**

***Retirement Planning Insights***

This Brochure provides information about some qualifications and business practices of Financial Soundings Investment Advisor, LLC, which also uses “Financial Soundings” as a business name. If you have any questions about the contents of this Brochure, please contact Becky Bullard at 678-393-8222.

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 us also is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Registration as an investment adviser doesn’t imply any level of skill or training.

**Financial Soundings Investment Advisor, LLC**

1055 Powers Place (Suite A)

Alpharetta, Georgia 30004

678-393-8222 telephone

678-393-8234 fax

<http://www.FinancialSoundings.com>

**For more information:** To get our DISCLOSURE BROCHURE, CODE OF ETHICS, PRIVACY POLICY, or another document, visit our website at [www.FinancialSoundings.com](http://www.FinancialSoundings.com), e-mail us at [info@FinancialSoundings.com](mailto:info@FinancialSoundings.com), telephone us at 678-393-8222, or send your request to us at the address shown above.

Date of this Brochure: March 28, 2012

## **2. Material Changes**

There is no material change from our previous Brochure.

Assets under our non-discretionary advice increased to more than \$1.7 billion (about \$1,742,987,483) as of December 31, 2011.

### 3. Table of Contents

Our Brochure follows the order and numbering of items and subitems in Form ADV's Part 2A. Each item heading's text is as required by law.

2.	Material Changes .....	2
3.	Table of Contents .....	3
4.	Advisory Business .....	5
4.A	About Financial Soundings .....	5
4.B	Services we offer.....	6
4.C	How we tailor our services .....	6
4.D	Not a wrap-free program .....	6
4.E	Assets under our advice.....	7
5.	Fees and Compensation.....	7
5.A	We're a fee-only adviser.....	7
5.B	Ways to pay our fee.....	7
5.C	Others' fees and expenses.....	7
5.D	When you pay us.....	8
5.E	No commissions or sales compensation.....	8
6.	Performance-Based Fees and Side-by-Side Management.....	8
7.	Types of Clients .....	8
8.	Methods of Analysis, Investment Strategies and Risk of Loss .....	9
8.A	Our analysis and investment strategy.....	9
8.B	Risks of our investment strategy.....	11
8.C	Only Funds .....	11
8.D	Temporary investment.....	12
9.	Disciplinary Information .....	12
10.	Other Financial Industry Activities and Affiliations .....	12
10.A	Broker-dealer registration.....	12
10.B	No commodities registration.....	12
10.C	No related person to disclose .....	12
10.D	No recommendation of another investment adviser.....	12
11.	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	13
11.A	Code of Ethics.....	13
11.B	No conflict from recommending a security we have a stake in.....	13
11.C	No conflict from investing in the same securities we recommend .....	13
11.D	No conflict from trading securities around the time of our recommendation.....	14
12.	Brokerage Practices .....	14
13.	Review of Accounts .....	14
14.	Client Referrals and Other Compensation.....	14
14.A	Indirect payment of our fee.....	14
14.B	Solicitors.....	15
15.	Custody .....	15
16.	Investment Discretion .....	15
17.	Voting Client Securities.....	15
17.A	We don't vote your investments.....	15
17.B	How you get proxies.....	15
18.	Financial information.....	15
18.A	No prepayment.....	15
18.B	Our financial condition.....	16

18.C	No bankruptcy.....	16
19.	Requirements for State-Registered Advisers .....	16
20.	Index .....	16
21.	How we meet ERISA's reasonable-contract rule .....	16
22.	Definitions and specially-used words .....	17
<b>23.</b>	<b>Brochure Supplement</b> .....	<b>22</b>
23.A	Educational Background and Business Experience .....	22
23.B	No disciplinary information.....	23
23.C	Other business activities .....	23
23.D	Additional compensation .....	24
23.E	Supervision .....	24
23.F	Requirements for State-registered Advisers .....	24

## 4. Advisory Business

We offer asset-allocation investment advice. We offer this in three different formats:

- 1) **Investment Education.** We provide suggestions in the form of information that isn't investment advice.
- 2) **Investment Advice.** We provide non-discretionary advice about how a Participant should invest his or her Plan Account. This advice includes an asset-allocation recommendation. Further, our advice might recommend a Fund for each asset class we recommend.
- 3) **Managed Account.** We accept responsibility to decide investments for a Participant's Plan Account.

With Investment Advice, we may offer related implementation services. For example, our *Insights* AutoAdvice feature lets a Participant give us or another service provider a standing instruction to render his or her Plan investment directions that follow our advice, including updates of it, until the Participant changes or ends his or her instruction.

Our service regarding a Plan is governed by our Agreement negotiated with the Plan. An Agreement may impose restrictions and conditions beyond those described in our Brochure. Only a Plan's Independent Plan Fiduciary may negotiate or enforce our Agreement.

### 4.A About Financial Soundings

Many people never get around to retirement planning because of the time, effort, and costs involved. We make unbiased retirement-planning services accessible and affordable. What makes us unique is not only the ease-of-use of our services, but also their level of customization. Regardless of age, income, or marital status, we're here to help a Plan's Participants find easy-to-understand solutions to some of today's most pressing financial concerns.

We developed our *Retirement Planning Insights* service to improve a Retirement Plan's communications to Participants, including employees who don't yet have a Plan Account. We give a Participant investment advice about how much to contribute to a Retirement Plan, and about how to improve a Plan Account's asset allocation. Both kinds of investment education and advice should help a Participant improve the probability that his or her Plan Account will accumulate enough retirement savings to help him or her enjoy more financial security for retirement.

Our parent, Financial Soundings, LLC, has been in business since 2006. We were formed in January 2007, and registered with the SEC in September 2008. Although we are a somewhat new business, our leaders have considerable business experience with other investment-related businesses, mostly concerning retirement planning. Lee Tupper, our chief information officer, before he joined us had considerable business experience with software businesses.

For information on the education and business experience of our people who are involved in forming the investment-advice models we use for our services, see page 22.

### **Who owns Financial Soundings?**

Financial Soundings, LLC owns all of our member interests. Our principal indirect Owners are Robert C. Dughi and FBG Asset Management. Also, Stephen E. Maschino, C. Kurt Miller, Steven M. Bresler, Stephen J. Lansing, and Lee Tupper are indirect Owners.

### **4.B Services we offer**

We offer our services only to Retirement Plans. We offer services that people who work with Retirement Plans call Investment Education. Also, we offer asset-allocation investment advice.

Our asset-allocation advice is limited to asset classes for which a Plan Account would invest in a Fund. Our advice about which Fund a Participant should invest in (if more than one Designated Investment Alternative is available for the asset class) is limited to Funds that report information in a form used by our suppliers.

### **4.C How we tailor our services**

As long as we can work within the information, software, and data-processing constraints that result from our use of suppliers, we're willing to tailor our services to meet the preferences that an Independent Plan Fiduciary finds appropriate for its Retirement Plan.

### **About a Plan's investment restrictions**

If we give advice, we limit our asset-allocation advice to Funds that are the Plan's Designated Investment Alternatives. If we manage a Managed Account, we direct investment only in Funds that are the Plan's Designated Investment Alternatives.

A Plan's Fiduciary may direct us not to advise or direct investment in a particular Fund, or in a kind of Fund that the Fiduciary specifies clearly enough so that we can apply its restriction. However, if we believe that Relevant Law includes Co-Fiduciary Responsibility, we may ignore a direction as we consider appropriate.

### **About a Participant's investment restrictions**

If we give advice, a Participant decides whether to follow our advice.

If we manage a Managed Account, a Participant may direct us not to invest his or her Plan Account in a particular Fund or in a kind of Fund that he or she specifies clearly enough so that we can apply his or her restriction. However, if we believe that obeying the Participant's direction would not excuse us from responsibility, we may ignore a direction as we consider appropriate.

### **4.D Not a wrap-free program**

None of our services involves a wrap-free program.

#### **4.E Assets under our advice**

As of December 31, 2011, we have more than \$1.7 billion under our advice, which is comprised of about \$0 in Managed Accounts, and about \$1,742,987,483 under non-discretionary advice.

### **5. Fees and Compensation**

#### **5.A We're a fee-only adviser.**

We're compensated for our advice solely by fees.

We have no set fee schedule; we negotiate our fee for each Plan.

Our fee might be a percentage of assets under management or advice. Our fee might be measured by the number of Participants (including eligible employees) regarding whom we furnish a Portfolio Review or advice report. Our fee might be a combination of these and other measures.

#### **5.B Ways to pay our fee**

There are three ways that a Plan might pay our fee.

##### **Employer pays**

An Employer may pay our fee, paying it from the Employer's money without using the Plan's assets. Concerning a Governmental Plan, we may refuse to accept payment from an Employer if we believe that the Employer lacks authority to pay our fee.

##### **Plan pays**

A Plan may pay our fee. To do so, the Plan's Independent Plan Fiduciary must have and use a power to pay us, or to instruct a trustee or insurer to pay us. If the Plan pays our fee, the Independent Plan Fiduciary decides how to allocate that expense among the Plan's accounts, which may include Participants' Plan Accounts.

##### **Another Plan service provider pays**

Another person, if it is an investment or service provider to the same Plan that engages us, may pay our fee. We allow this only when we believe that the arrangement for indirect payment complies with Applicable Law, otherwise is reasonable, and it's approved by the Independent Plan Fiduciary.

We never have authority to "deduct" or collect our fee from a Plan's or any person's assets. Only you can pay our fee, direct your Plan to pay our fee, or permit another person to pay our fee.

#### **5.C Others' fees and expenses**

Investing your Plan's assets will incur fees and expenses of persons unrelated to us. Those fees and expenses are not our fees, and are in addition to our fee. If a Plan invests in a Fund, it will bear a share of

the Fund's expenses. If a Plan uses a broker-dealer, it might incur or bear transaction fees, commissions, or other brokerage costs. A Plan's trust or insurance contract might involve fees and expenses.

## **5.D When you pay us**

We don't require a Plan to pay our fee in advance.

However, our Agreement might obligate the Plan to pay promptly for work that we've done.

For a fee (or portion of a fee) that's based on the number of Portfolio Reviews we furnish, we usually compile our fee statement promptly after we've confirmed that we received in acceptable format and good order the data we need to form our advice and present the Portfolio Reviews. This could result in you receiving our fee statement after we've begun work but before we've delivered all of the Portfolio Reviews shown by our fee statement. Nevertheless, you have no obligation to pay an amount for a Portfolio Review until we've delivered it.

For a fee (or portion of a fee) that's based on assets under management or advice, we're usually willing to measure our fee, and get payment of it, in ways that relate to the Plan's accounting and reporting periods.

## **5.E No commissions or sales compensation**

We don't accept compensation for the sale of Fund shares (or any other securities or investment products). So we don't face the conflicts of interest posed by allowing compensation that could influence what investments we advise or direct.

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

We don't accept any performance fee – that is, a fee based on a share of capital gains on, or capital appreciation of, the assets under our advice or management. So we don't face the conflicts of interest posed by such a fee.

# **7. Types of Clients**

We accept as clients only Retirement Plans.

Our service for a Plan usually involves information or advice furnished to the Plan's Participants.

We choose whether we want to accept a client. Usually, we'll accept a client if the Plan's circumstances allow us to provide a useful service for a reasonable fee.

Because we don't open or maintain accounts, we don't have a minimum account size. However, a Plan's size or other circumstances could make a service unreasonable.

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

### **8.A Our analysis and investment strategy**

Our *Retirement Planning Insights* can help a Participant decide how much to save for retirement, and how to invest his or her Plan Account.

#### **How we form our investment advice:**

Our *Retirement Planning Insights* service uses portfolio-optimization and “Monte Carlo” stochastic simulation methods to illustrate the contributions rates and investment mix that could help a Participant increase the likelihood that he or she would meet his or her retirement-planning goal.

#### **Our advice is based on assumptions:**

Our math takes as given what a Participant (or the Employer) tells us about:

- the Participant’s age,
- when he or she would like to retire (or, if he or she didn’t tell us, an assumed retirement age),
- the Participant’s employment income,
- the Participant’s current rate of Plan contributions,
- the Participant’s current Plan or retirement-savings balance,
- the current asset allocation of the Participant’s Plan Account,
- the Participant’s spouse’s age,
- the Participant’s spouse’s employment income,
- the Participant’s spouse’s current rate of retirement-savings contributions,
- the Participant’s spouse’s current retirement-savings balance,
- the current asset allocation of the Participant’s spouse’s retirement savings.

Also, a Participant may tell us about his or her attitudes concerning the relationships of risks and opportunities for investment returns.

We use an assumption about how long a person might live.

Along with this, contributions and a Participant’s willingness to take investment risk are the key “drivers” of how likely it is that his or her contributions and Plan Account investments will help him or her achieve his or her retirement-planning goal. (If a Participant doesn’t tell us about his or her tolerance for investment risk, we assume a “medium” tolerance for whatever we don’t estimate based on how many years there are until the Participant’s desired or assumed retirement age.) We “put a number on” this probability by making assumptions about several different future investment scenarios, simulating what would happen under each, and expressing all this as a kind of weighted average. Of course, no one can predict the future.

#### **Asset-allocation recommendation:**

For our asset-allocation recommendation, we do the math to find the mix of asset classes - using only those available with at least one Fund as a Designated Investment Alternative - that, based on expected-return assumptions and simulations, might achieve a desired long-term investment return without taking more risk than the Participant is willing to accept, or at the probability of “success” that he or she asked us to illustrate. Our recommendations are only for the Participant’s Plan Account.

**Managed Account:**

A Plan, acting by an Independent Plan Fiduciary, may select our managed-account service. This means that, if a Participant so chooses, we decide how to invest the Participant's Plan Account. (This also applies if our Managed Account is a Plan's default investment and a Participant didn't direct investment.) If ever a Participant doesn't want us to decide his or her Plan Account's investment, he or she may take control by giving his or her investment instructions by any of the means allowed by the client's Plan.

We never can decide any contribution. A Participant may use our advice in considering whether he or she wants to start or increase a contribution that the Plan permits him or her to decide.

**Fund recommendations:**

Because our asset-allocation recommendations are about how much of his or her Plan Account a Participant should allocate to each asset class, we recommend that the Participant "fill" the amount that he or she decides to invest in an asset class by choosing one or more diversified Funds for each asset class.

For our recommendations about particular Funds (rather than asset classes), we look only to those on the Plan's investment menu as Designated Investment Alternatives. Further, we restrict our analysis to Funds that are registered with the SEC, and among those, only to Funds that are open-end Funds. We may consider a bank's or trust company's collective investment trust fund if we readily can obtain sufficient data about it in a format that's usable by our software for our computer-based models.

To learn about a Fund, including an explanation of its investment policies and methods, each Plan Fiduciary and each Participant should read the Fund's prospectus (including its profile or fact sheet). While we're responsible for our mathematical evaluation (using the weighting of factors a Plan and its Participant asked for), of a Fund's past performance, we're not responsible for any information furnished by, on behalf of, or about a Fund. A Fund's past performance doesn't predict its future performance.

If our Agreement with a Plan so states, we may provide an asset-allocation model that treats what retirement-plans practitioners call a "stable-value fund" or insurance contract as though it were an asset class, and with some restrictions on our advice as directed by the Plan's Independent Plan Fiduciary.

**How we form our asset-allocation recommendations regarding a Stable-value Fund**

If a Plan's Investment Alternatives include a Stable-value Fund (a contract or arrangement that involves credited interest or a guarantee against loss), we adjust our asset-allocation recommendations (or similar decisions for a Managed Account) to provide that some of what our model would allocate to bond or fixed-income Funds is allocated to the Plan's Stable-value Fund, despite the fact that it is not a Fund. If the Plan's Investment Alternatives include a Stable-value Fund and don't include any bond or fixed-income Fund, we suggest, recommend, or allocate 100% what would be allocated to bond and fixed-income Funds to the Plan's Stable-value Fund. If the Plan's Investment Alternatives include a bond or fixed-income Fund and a Stable-value Fund, we suggest, recommend, or allocate up to 10%, 15%, or 38% of a Participant's Plan Account – turning on the Participant's risk tolerance, including his or her time until his or her specified or assumed retirement age – as the allocation to a Stable-value Fund. We may use further rules as directed by the Plan's Independent Plan Fiduciary.

**We give advice; each Participant decides:**

Decisions remain with a Participant. Although we try to make it easy for a Participant, he or she makes decisions and gives instructions. A Participant may fully accept our recommendations, or may ignore our advice. A Participant decides his or her contributions and investment directions.

**Who's responsible:**

A Participant is responsible (and a Plan's fiduciaries are *not* responsible) for anything that results from a Participant's decision, choice, or direction. That includes a Participant's decision to use our managed-account service (if a Plan makes it available). Of course, we're responsible for our investment advice or, for a Managed Account, our investment decisions.

Investing in securities involves risks of loss that an investor should be prepared to bear.

**Computer model:**

To form and present our advice, we use a computer model. Almost everything in our computer model comes from an investment adviser that is a supplier to us. Our computer model:

- (i) applies generally accepted investment theories that take into account the past returns of different asset classes over defined past periods;
- (ii) uses information about the Participant, which might include age, life expectancy, retirement age, risk tolerance, other assets, other sources of income, and preferences concerning particular kinds of investments;
- (iii) uses prescribed objective criteria to provide asset-allocation portfolios comprises of the Plan's Investment Alternatives;
- (iv) operates in a way that's not biased in favor of (or against) any Fund;
- (v) takes into account all Investment Alternatives under the Plan in recommending or deciding how a Participant's Plan Account should be invested; and is not inappropriately weighted in favor of, or against, any Fund.

## **8.B Risks of our investment strategy**

Many people are familiar with a warning that an investment's past doesn't predict its future. Likewise, although there's some evidence to support the idea that, in the past, asset allocation was effective in diversifying risks, no one can predict the future.

Another risk is that we form our advice using facts, data, formulas, and software we license from an unaffiliated supplier. Also, our supplier's information is based on information that it licenses from suppliers unaffiliated with it. There is a risk that a supplier's service could become poor, or that a supplier could choose to end its license. However, there are many suppliers of the kinds of data and software we use, and we believe that if, for whatever reason, an arrangement with or about a supplier ends, we'll be able to make other arrangements that meet our needs.

## **8.C Only Funds**

As explained throughout this Brochure, we suggest filling an asset allocation using only Funds; we don't consider any other kind of investment. Here are some risks of that means of investing:

- Using these Funds could be an ineffective way to meet a desired asset allocation.
- Information that we receive about a Fund could be wrong.

- A Fund's future investments could be different from what we assumed when we suggested the Fund.

## **8.D Temporary investment**

A Plan's Independent Plan Fiduciary (not we) might decide to invest a Plan Account under a temporary investment. For example, to invest a Plan Account of a Participant who hasn't given his or her investment direction, a Plan might use a temporary investment during a time before our management of the Plan Account begins.

## **9. Disciplinary Information**

There is no legal or disciplinary event that is material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

## **10. Other Financial Industry Activities and Affiliations**

### **10.A Broker-dealer registration**

Robert C. Dughi is a registered representative of USRP Equities, LLC, a broker-dealer. There is no relationship between us and USRP Equities, LLC. Because we don't select or recommend any broker-dealer, there is no conflict of interest.

### **10.B No commodities registration**

Neither Financial Soundings Investment Advisor, LLC nor any management person of it is registered (or has applied to register) as a futures commissions merchant, commodity pool operator, or commodity trading advisor, or as an associated person of such a business.

### **10.C No related person to disclose**

We have no advisory Affiliate or other person under common control with us who or that is an accountant or lawyer, or is in a banking, insurance, securities, commodities, real estate, or other investment-related business that this subitem calls us to disclose.

### **10.D No recommendation of another investment adviser**

We don't select or recommend another investment adviser.

We might provide incidental pension-consulting advice to a Plan's Independent Plan Fiduciary about how to arrange the Plan's investment "menu" to include enough Funds to fill all asset classes contemplated by our asset-allocation model. This advice might involve suggesting a Fund, and a suggestion of a Fund

might indirectly have the effect of suggesting that Fund's investment adviser. If we provide this kind of incidental pension-consulting advice and the Plan has chosen (or might consider) allowing an investment or service provider to pay our fee [see page 7], we won't suggest a Fund that uses an adviser or subadviser that is the provider or its affiliate, unless it's the only Fund available for an asset class. Whenever our advice isn't the result of unbiased computer models, we manage our advice to avoid a conflicting interest that otherwise could compromise our best judgment for the Plan.

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

### **11.A Code of Ethics**

We have a CODE OF ETHICS. It includes standards of conduct that we require of our supervised persons. It requires them to comply with applicable Federal securities laws. It prevents access to confidential information about our clients' securities holdings and transactions by those who don't need the information to do their work for us. It requires our management and those (if any) who have access to clients' confidential information about securities to seek approval of, report, and handle their personal securities transactions according to the Policy described below.

We furnish our Code of Ethics to each of our supervised persons, and we require each to give us a written confirmation that he or she received it. We require each of our supervised persons to report any violation of our Code of Ethics to our chief compliance officer. But if a person believes that a violation involves our chief compliance officer, we permit a report to any member.

On request, we furnish our Code of Ethics to any client or prospective client.

#### **Political contributions policy**

Because we might consider a Governmental Plan as a potential client, we require each of our managing Owners, an employee who solicits a government entity, or another covered associate to get our approval before he or she makes a political contribution. We don't want unnecessarily to restrain our people from free speech and participation in America's elections and democratic governments, but we may restrain a political contribution that could disqualify us from accepting a Governmental Plan as a client.

### **11.B No conflict from recommending a security we have a stake in**

We don't recommend a security in which we have, or a related person of us has, a material financial interest.

### **11.C No conflict from investing in the same securities we recommend**

We don't recommend securities other than Fund shares. We don't invest in Fund shares, but our Owners and employees might invest in Fund shares. Because we limit our asset-allocation advice to open-end SEC-registered Fund shares that don't trade on an exchange and that have a share price based primarily on the Fund's net asset value rather than its shareholders' trading, a transaction (or the absence of a

transaction) that results from our recommendation could not meaningfully affect the value of any investor's shares in the Fund.

#### **11.D No conflict from trading securities around the time of our recommendation**

We don't recommend securities other than Fund shares. We don't invest in Fund shares, but our Owners and employees might invest in Fund shares. Because we limit our asset-allocation advice to open-end SEC-registered Fund shares that don't trade on an exchange and that have a share price based primarily on the Fund's net asset value rather than its shareholders' trading, a transaction (or the absence of a transaction) that results from our recommendation could not meaningfully affect the value of any investor's shares in the Fund.

### **12. Brokerage Practices**

We don't select or recommend a broker-dealer for a client's transactions.

We don't execute a client's transactions.

### **13. Review of Accounts**

For Investment Education, we provide updated guidance, which may be in the form of a Portfolio Review, on the schedule agreed on with the Plan's Independent Plan Fiduciary.

For non-discretionary Investment Advice, we provide updated advice, which may be in the form of a Portfolio Review, on the schedule agreed on with the Plan's Independent Plan Fiduciary. Usually, we won't make an Investment-Advisory Agreement that calls for Portfolio Reviews less often than once a year.

For a Managed Account, we rebalance each Plan Account at least once a quarter.

#### **Participants' Plan Account statements**

A Participant monitors his or her use (if any) of our advice, and monitors his or her Plan Account's investments. We don't keep or render accounts to any client or Participant. We assume that a Plan provides Plan Account statements to each Participant at least quarterly. But we have no responsibility or authority to supervise a Plan's administration.

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

#### **14.A Indirect payment of our fee**

As explained under "Employer pays" at page 7 and under "Another Plan service provider pays" at page 7, we may allow an Employer to pay our fee, or allow a Plan indirectly to pay our fee. We allow this only

when we believe that the arrangement for indirect payment complies with Applicable Law, otherwise is reasonable, and the Independent Plan Fiduciary approves the arrangement.

## **14.B Solicitors**

We may pay a person that isn't our employee for referring a client to us. If we do this, we follow the Investment Advisers Act's rule for doing this. You should read carefully the solicitor's disclosure. We pay a solicitor from our fee.

## **15. Custody**

We don't have custody of a client's securities or money.

## **16. Investment Discretion**

We may accept discretionary authority to manage a Plan Account for a Participant.

To do this, we require that the Plan's Independent Plan Fiduciary approve an Agreement.

## **17. Voting Client Securities**

### **17.A We don't vote your investments**

We don't have, and don't accept, authority to vote a client's securities. We don't give advice about how a Plan should vote its securities.

### **17.B How you get proxies**

An Independent Plan Fiduciary should ask the Plan's trustee or insurer and other service providers how the Plan receives proxies and other solicitations.

## **18. Financial information**

### **18.A No prepayment**

We don't require prepayment of fees.

For information about when we send a fee statement concerning Portfolio Reviews, see "When you pay us" at page 8.

## **18.B Our financial condition**

We have no financial condition that is reasonably likely to impair our ability to meet our contract commitments to clients.

## **18.C No bankruptcy**

We have not been the subject of a bankruptcy petition during the past ten years.

## **19. Requirements for State-Registered Advisers**

We're registered with the SEC; so this item doesn't apply to us.

## **20. Index**

Our Brochure follows the order and numbering of items and subitems in Form ADV's Part 2A and the Table of Contents on page 3 shows the page on which each item and sub-item begins.

As further aids to readers, our Brochure includes many cross-references in its text, and a set of "Definitions and specially-used words", which begins at page 17.

## **21. How we meet ERISA's reasonable-contract rule**

This part is for a Retirement Plan that's governed by ERISA (or that has transactions that could be subject to an excise tax under Internal Revenue Code § 4975). It also could be relevant to an individual who pays a portion of our fee from his or her Plan Account under such a Retirement Plan. Another kind of client doesn't need to read this part. However, the information in this part can be useful concerning a Church Plan or Governmental Plan, even if it's not governed by ERISA.

ERISA tries to help make sure that a Retirement Plan gets a fair deal when it buys services. ERISA prohibits a Plan from buying a service unless:

- 1) the services are appropriate for the Plan,
- 2) the services are provided under a contract or arrangement that's reasonable,
- 3) the Plan pays no more than reasonable compensation for the service, and
- 4) nothing else about the situation involves self-dealing or something else that's prohibited.

A Labor department rule describes some conditions that a contract should meet for it to be a reasonable contract. Our Brochure and our Agreement state the information that's required by the rule. (That we make these statements isn't tax or legal advice, or any kind of tax or legal opinion.)

**ERISA services and compensation disclosure**

The Plan's Fiduciaries responsible for deciding whether and on what terms to engage us must consider the disclosures described below (including the other documents mentioned below or in our Agreement).

**Services**

Our services to be provided to the Plan are as stated by our Agreement.

**Status**

We provide those services directly to the Plan as an investment adviser registered under the Investment Advisers Act. For our Investment Education, we have fiduciary duties under the Investment Advisers Act, but we're not an ERISA Fiduciary. For our Investment Advice or a Managed Account, we're a Fiduciary (within the meaning of ERISA) to the extent of our services provided by the Agreement.

**Direct compensation**

Our direct compensation is as stated by our Agreement.

**Indirect compensation**

We don't get indirect compensation.

**Compensation paid among related persons**

We won't pay to an affiliate or a subcontractor compensation that is set on a transaction basis or that is charged directly against the Plan's investment and reflected in the net value of the investment.

**Manner of receipt**

Our direct compensation will be billed and collected from the Plan's assets or from the Employer.

**Compensation for termination of contract or arrangement**

Our Agreement doesn't provide us compensation that results because of either party's termination of the Agreement. We remain entitled to compensation that accrued before the effective time of our Agreement's termination.

**Other documents**

The Plan's responsible Independent Plan Fiduciary receives at least our DISCLOSURE BROCHURE and PRIVACY NOTICE. Make sure you receive every document that our Agreement states that the Retirement Plan received.

## **22. Definitions and specially-used words**

**Affiliate**

Means a person that is our affiliate under ERISA (as applied in the context) or the Investment Advisers Act.

Usually, our Affiliate includes a person that directly or indirectly controls us, that we control, or that is under common control with us. For example, our Affiliates usually include Financial Soundings, LLC, Financial Soundings Benefit Services, LLC, and those of our indirect Owners who are principal Owners.

**Agreement**

Means a Plan's agreement with us, under which a Plan uses and pays for our investment-advisory service.

**Applicable Law**

Means only law that applies to us in offering or performing our service.

**Brochure**

Refers to a document that we use to meet an Investment Advisers Act rule that we furnish a written disclosure statement that contains the information required by SEC Form ADV Part 2A&B.

**Business Day**

Means a day (other than a Saturday, Sunday, or holiday) on which both we and your Plan's Recordkeeper are open for regular business. Usually, we follow the trading days and holidays of the New York Stock Exchange. A Business Day ends at 4:00 p.m. New York time, or the earlier closing-of-trading on the New York Stock Exchange.

**Co-Fiduciary Responsibility**

Means a responsibility described in ERISA § 405(a), or a responsibility that other Applicable Law imposes on a fiduciary to act (or refrain from acting) with care to help detect, reveal, prevent, mitigate, or remedy another fiduciary's breach of the other fiduciary's duty or obligation.

**Designated Investment Alternative**

Means a specific Fund that a Plan's Independent Plan Fiduciary or Employer identified as an investment alternative available for Participant-directed investment and intends as a "designated investment alternative" within the meaning of 29 Code of Federal Regulations § 2550.404c-1(e)(4) or, for a Plan that's not governed by ERISA, similarly intends as a choice for Participant-directed investment.

**Employer**

Refers to the employer that sponsors, maintains, or makes available a Plan with which we have an Agreement, and includes its parents and affiliates, and the fiduciaries of the Plan. In context, an Employer also may refer to the employer a Participant works for (or left work from). Concerning a beneficiary or an alternate payee, the Employer refers to the employer or former employer of the participant regarding whom a beneficiary's or an alternate payee's account or right is provided.

Because a typical Retirement Plan's fiduciary (if any) is the Employer, a parent, subsidiary, or affiliate of the Employer, or a committee of persons appointed by the Employer or its governing board or executives, our Brochure sometimes also uses the word "Employer" to refer to a Plan's Fiduciaries.

Whenever a decision is about whether to contract our service or about approving our fee, we require that the deciding or approving Fiduciary be independent of us.

**ERISA**

Refers to the *Employee Retirement Income Security Act of 1974*, as amended (unofficially codified as 29 United States Code §§ 1001 to 1461). ERISA is a Federal law that governs many employee-benefit plans, including many Retirement Plans.

**Fiduciary**

Means a person who or that is a fiduciary of a Retirement Plan under ERISA, other law, or a moral responsibility.

**Fund**

Refers to a fund that is an SEC-registered investment company. Many people call this a “mutual fund”.

Except as explained under “How we form our asset-allocation recommendations regarding a Stable-value Fund” at page 10, our recommendations about what Fund to use to “fill” an asset class usually are limited to open-end investment companies registered with the SEC. Usually, we exclude (even if registered with the SEC) other diversified investment funds, such as insurance company separate accounts, unit investment trusts, and bank collective investment trust funds.

**Governmental Plan**

Means a plan described in ERISA § 3(32), IRC § 414(d), or that otherwise is established or maintained by an Employer that is part of, or is an agency or instrumentality of, a Federal, State, or local government.

**Independent Plan Fiduciary**

Means a Plan’s Fiduciary who or that is unaffiliated with, and independent of, us.

**Insights or Retirement Planning Insights**

Refers to our service explained in this Brochure.

**Internal Revenue Code**

Means the *Internal Revenue Code of 1986*, as amended (Title 26 of the United States Code). This is the Federal law that states the rules for the Federal income tax and some other United States taxes, including some excise taxes.

**Investment Advice**

Refers to non-discretionary advice about how a Participant should invest his or her Plan Account. This advice includes an asset-allocation recommendation. Our advice might recommend a Fund for each asset class we recommend.

**Investment Advisers Act**

Means the *Investment Advisers Act of 1940*, as amended (15 United States Code §§ 80b-1 to 80b-21). This is a Federal law that governs how a person that renders investment advice for a fee may solicit and make agreements to give investment advice.

**Investment Alternative**

Although it’s not defined in ERISA’s general definitions section, the U.S. Labor department in rules to interpret ERISA § 404 has used the coined term “investment alternative” to describe whatever form of investment a retirement plan provides as a choice on the “menu” for a participant, beneficiary, or alternate payee to direct investment of his or her plan account. Increasingly, practitioners and plan administrators (including those who serve a Church Plan or a Governmental Plan) have adopted these and related uses of *investment alternative* as the term for a choice that a retirement plan’s investment “menu” provides for participant-directed investment.

Some rules that use the term investment alternative this way are in volume 29 of the Code of Federal Regulations at § 2550.404a-5(h)(4), § 2550.404c-1, and § 2550.404c-5.

**Investment Education**

Refers to information (which might include information about a Retirement Plan, general financial and investment information, information about a Retirement Plan’s investment alternatives, and asset-allocation models) that isn’t investment advice within ERISA’s meaning of investment advice.

In an *Interpretive bulletin relating to participant investment education* on June 11, 1996, the U.S. Labor department stated some of its views about what information isn't investment advice.

**Managed Account**

Means a service under which – instead of providing Investment Education or non-discretionary investment advice – we are responsible to decide investments for a Participant's Plan Account.

**Managed-Account QDIA**

Means a service that is a QDIA not as a Fund but because it is an investment-management service under which an investment manager uses generally accepted investment theories, and allocates the assets of a Participant's Plan Account to achieve varying degrees of long-term appreciation and capital preservation through a mix of equity and fixed income exposures, offered through Investment Alternatives available under the Plan, based on the Participant's age, target retirement date (which may be assumed as normal retirement age under the Plan), or life expectancy.

**Management Person**

Means a person who or that has the power to exercise a controlling influence over our management.

**Owner**

Our parent company – Financial Soundings, LLC – owns 100% of our member interests. But for reading convenience, this Brochure refers to our parent company's members (and for some, beneficial owners of those members) as though they were our owners.

**Participant**

Includes a Plan's participant, beneficiary, or alternate payee (as ERISA or the Internal Revenue Code defines those words). Further, a Participant includes an eligible employee who doesn't yet have a Plan Account.

**Plan or Retirement Plan**

Refers to a retirement plan (including a money-purchase, profit-sharing, 401(k), 403(b), or 457(b) plan), deferred compensation plan, or other arrangement for retirement savings (even if it's not legally a plan).

Usually, we offer our services only to a Plan that allows a Participant to direct the investment of his or her Plan Account.

**Plan Account**

Refers to an individual account kept for a Participant under a Plan.

**Portfolio Review**

Means a written report that usually includes our asset-allocation recommendation and may include other investment advice concerning a Participant's Plan Account.

**Qualified Default Investment Alternative or QDIA**

Means an investment alternative and a use of it that meets the conditions provided by 29 C.F.R. § 2550.404c-5 so that under ERISA § 404(c)(5) the Participant is treated as exercising control over the assets in his or her Plan Account for purposes of ERISA § 404(c).

**Recordkeeper**

Means the person that, whether as a Plan's administrator or as a service provider, maintains records of Participants' Plan Accounts.

**Registered Investment Adviser**

Means a person (including a limited-liability company, such as Financial Soundings Investment Advisor, LLC) when it is registered with the SEC (or with a State Securities Authority) under the Investment Advisers Act.

**Relevant Law**

Includes Applicable Law and law that, even if it doesn't apply to us, is relevant for us to consider in offering or performing our services.

**SEC**

Refers to the Securities and Exchange Commission, an authority of the United States government. The SEC doesn't regulate investments, but regulates the way a business may present investments or investment advice.

**Stable-Value Fund**

Means, even if it isn't a Fund, a bank's or insurance company's guaranteed interest contract; an insurance company's fixed annuity contract, or a credited-interest account of a variable annuity contract; another contract or arrangement that involves credited interest or a bank's or insurer's guarantee against loss; or a collective investment trust fund that invests in those or similar contracts or arrangements.

**State Securities Authority**

Refers to a State government's official that regulates some Investment Advisers that are not registered with the SEC. We have filed a notice with some States; but we're registered with the SEC.

**Supplement**

Refers to a part of our Brochure that describes some educational background and business experience of the people who manage us.

**We and our and us**

Refer to Financial Soundings Investment Advisor, LLC.

**You and your**

Refer to an Employer, including in its roles as a Retirement Plan's sponsor or as a Plan's Fiduciary.

However, the cover page's use of "you" includes any reader of our Brochure.

## 23. Brochure Supplement

This Supplement provides information about some of our people. It supplements the rest of our Brochure. Please e-mail or telephone us if you have any questions about the contents of this Supplement.

Although the SEC's instructions don't require us to furnish information on a person who doesn't meet with clients, we choose to furnish information on our people who are involved in forming the investment-advice models we use for our services.

Additional information about us also is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Date of this Supplement: March 28, 2012

**For more information:** To get our DISCLOSURE BROCHURE (including this Supplement), PRIVACY NOTICE, or another document, visit our website at [www.FinancialSoundings.com](http://www.FinancialSoundings.com), e-mail or telephone us, or send your request to us at our address shown on the first page. Information about us also is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov); but registration as an investment adviser (or concerning an investment adviser) doesn't imply any level of skill or training.

Our Supplement follows the order of items in Form ADV's Part 2B.

Each person described in this Supplement has his business address with us at our principal office. Its address and telephone number are shown on the first page.

### 23.A Educational Background and Business Experience

These lists show each person's name, year of birth, formal education after high school, and business background for the past five years.

#### **Stephen John Lansing**

CRD#302293

Cairn Fiduciary Services Inc.

2011-

Financial Soundings, LLC and its subsidiaries (Member)

2010-

Neosho Advisors LLC (Senior Advisor)

2010-2011

The Bogdahn Group

2006-2009

University of Wisconsin at Madison (B.S.)

1969

Year of birth

1946

#### **Stephen Earl Maschino**

CRD#1531370

Financial Soundings, LLC and its subsidiaries (Member)

2006-

MetLife and its subsidiaries

2006

Ohio State University (attended)

1975-1979

Year of birth

1957

#### **Christopher Kurt Miller**

CRD#2418113

Financial Soundings, LLC and its subsidiaries (Member)

2006-

Middlebury College (B.A.)

1987

Year of birth	1965
<b>Tullius Cicero (Lee) Tupper</b>	
CRD#5875743	
Financial Soundings, LLC and its subsidiaries (Member)	2010-
Financial Soundings, LLC and its subsidiaries (Information Officer)	2008-
Axway (Senior Technical Consultant)	2006-2008
University of Georgia (BS)	1998
Year of birth	1975

## 23.B No disciplinary information

There is no legal or disciplinary event that is material to a client's or prospective client's evaluation of any individual named in this Supplement.

## 23.C Other business activities

Each individual named in this Supplement is a member of our parent company, Financial Soundings, LLC, and thus is an indirect Owner of its subsidiaries, including Financial Soundings Investment Advisor, LLC. Financial Soundings, LLC's other subsidiaries include Financial Soundings Benefit Services, LLC.

Financial Soundings Benefit Services, LLC licenses *FS Cornerstones* will and personal-planning documents, which for some people who don't need or want legal advice might be a convenient way to write a financial power of attorney, health-care directive, health-care power of attorney, and will.

Financial Soundings, LLC, directly or through a subsidiary other than us, offers *FS Bright Futures* information, which helps a user estimate the cost of a child's or other person's education and plan how to save or invest to meet that financial need.

For more information about these businesses, see <http://www.FinancialSoundings.com/Services>.

**Stephen J. Lansing** is the sole shareholder and investment adviser representative of Cairn Fiduciary Services Inc., a registered investment adviser, which isn't affiliated with us. We don't know whether that business provides a substantial source of his income or whether it involves a substantial part of his time. There is no relationship between us and Cairn Fiduciary Services Inc. Lansing has other business interests; he informs us that he isn't actively engaged in any of them.

**Robert C. Dughi** is an Owner but is not involved in forming our investment-advice models. He is a shareholder and director of U.S. Retirement Partners, Inc., which isn't affiliated with us. We don't know whether that business provides a substantial source of his income or whether it involves a substantial part of his time. U.S. Retirement Partners, Inc.'s subsidiaries include a broker-dealer, USRP Equities, LLC. Dughi is a registered representative of that broker-dealer. There is no relationship between us and USRP Equities, LLC. Because we don't select or recommend any broker-dealer, there is no conflict of interest. Dughi has other business interests; he informs us that he isn't actively engaged in any of them.

### **23.D Additional compensation**

We don't allow a supervised person to accept an economic benefit for providing our advice from a person other than us. Of course, an indirect Owner of us may, as a member of our parent company, receive a distribution from it. Each of our supervised persons doesn't get compensation, based even in part, on an amount or number of sales or referrals.

### **23.E Supervision**

Because all of our advice is derived using facts, data, formulas, and software we get from unaffiliated suppliers, none of our supervised persons as an individual forms the advice we provide to clients. Rather, our Owners as a team approve our arrangements with suppliers and form the computer models that provide our advice.

Because we present all of our advice as reports from computer models, we monitor the advice (if any) a supervised person provides to clients only to seek reasonable assurance that a supervised person didn't make any written or oral statement other than as stated by a computer-generated report.

Stephen E. Maschino, our chief compliance officer, supervises himself and every individual named in this Supplement. The person responsible for supervising every supervised person's advisory activities for us is Stephen E. Maschino, our chief compliance officer; his telephone number is 678-393-8222.

### **23.F Requirements for State-registered Advisers**

Because we're registered with the SEC, this Item doesn't apply to us.