

**Part 2A of Form ADV: Firm Brochure**

Item 1 *Cover Page*

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**Date: June 26, 2012**

This brochure provides information about the qualifications and business practices of Legacy Financial Strategies, LLC. If you have any questions about the contents of this brochure, please contact us at (913) 403-0600 or one of the email addresses listed above. 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.

Legacy Financial Strategies, LLC is a registered investment advisor. Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of an advisor provide you with information about which you determine to hire or retain an advisor.

Additional information about Legacy Financial Strategies, LLC also is available on the Securities and Exchange Commission’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 *Material Changes*

On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated June 26, 2012 is prepared according to the SEC’s new requirements and rules

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Michael Lutz at (913) 403-0600 or michael.lutz@legacykc.com. Our Brochure is also available on our website, [www.legacykc.com](http://www.legacykc.com), also free of charge.

Additional information about Legacy is also available via the SEC’s website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s website also provides information about any persons affiliated with Legacy who are registered, or are required to be registered, as investment advisor representatives of Legacy.

### **Summary of Changes:**

Revisions since last update:

- Changed firm description as state-registered, not SEC registered
- Clarified compensation Legacy receives related to our client account platform
- Clarified description of soft dollar benefits Legacy receives from Charles Schwab
- Included description of Legacy’s discretion to determine broker/dealer or custodian on behalf of the client

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**Firm Description and Principal Owner:**

Legacy is an investment advisory firm registered in individual states where our clients reside. Legacy was established in Missouri in May of 2000. Legacy is held in trust by The Michael W. Lutz Irrevocable Trust. This trust was created pursuant to the provisions of Section 456.5-505, Revised Statutes of Missouri, as amended from time to time, with the intent that this trust is a Missouri self-elected spendthrift trust.

**Investment Management Services:**

Legacy (“the Advisor”) provides investment advisory services to its clients on a discretionary and non-discretionary basis. As of May 31, 2012, Legacy’s assets under management totaled \$75,889,569 comprised of 503 separate accounts. At this time, accounts are serviced on a discretionary and non-discretionary basis. The advisory services include, among other things, providing advice regarding asset allocation and the selection of investments. Account management is guided by the stated objectives of the client. In addition, Legacy considers the client’s risk profile and financial status prior to making any recommendations.

**Retirement Plan Services:**

Legacy provides retirement plan services to business clients on a non-discretionary basis. These services include plan setup, investment selection and ongoing support services.

These services include:

**I. Fiduciary Services**

The Advisor will perform the following services, referred to as “Fiduciary Services”:

- a. Advisor shall provide non-discretionary investment advice to Client about investment alternatives available for the Plan in accordance with the Plan’s investment policies and objectives. Client shall have the final decision-making authority regarding the initial selection, retention, and removal of investment options.
- b. Assist in the development of an investment policy statement (“IPS”). The IPS establishes the investment policies and objectives for the Plan, and shall set forth the asset classes and investment categories to be offered under the Plan, as well as the criteria and standards for selecting and monitoring the investments. Client shall have the ultimate responsibility and authority to establish such policies and objectives and to adopt the investment policy statement.
- c. Prepare periodic investment advisory reports that document consistency of fund management and performance to the guidelines set forth in the IPS and make recommendations to maintain or remove and replace investment options.
- d. Meet with Client on a periodic basis to discuss reports and recommendations.
- e. Provide investment advice to the Client with respect to the selection of a qualified default investment alternative (“QDIA”) for participants who fail to make an investment election.

## **II. Non-Fiduciary Services**

RIA will also perform the following services, referred to as “Non-Fiduciary Services”:

- a. Assist in the education of the participants in the Plan about general investing principles and the investment alternatives available under the Plan in accordance with Department of Labor Interpretive Bulletin 96-1.
- b. Assist in the group enrollment meetings to explain retirement plan participation, savings and investing for eligible employees.

### **Financial Planning/Consulting Services:**

Legacy provides financial planning, consulting and plan update services to individuals and businesses. Legacy may also provide non-securities advice on topics that may include but are not limited business, retirement, estate, budgetary, college, personal, and business tax planning.

## Item 5 Fees and Compensation

All fees are subject to negotiation.

Investment advisory services are provided for a percentage of assets under management, and fixed fees. The specific manner in which fees are charged by Legacy is established in a client's written agreement with Legacy.

### **Fees for Investment Management Services:**

Advisory fees are paid quarterly in advance. Fees may be negotiable based upon the complexity and unique needs of the client. Fees are due on the first day of the calendar quarter, and will be deducted from the advisory account(s). Either party may terminate the agreement with 30 days written notice.

#### **I. Custodial Accounts**

Fees are calculated using an average daily balance method. The average daily balance for each account is determined by calculating the total dollar value for every calendar day during the quarter. All account balances for the quarter are then added together and divided by the number of days in the quarter. The fee is then calculated by multiplying the average daily balance of the account by the percentage in the tiered investment fee schedule.

#### **II. 401k, Annuities, and Accounts Not Held With Our Custodians**

Fees are calculated based on the account's asset value as of the last business day of the prior calendar quarter using the tiered investment fee schedule or an agreed upon fee. If an account is opened during the quarter, fees are prorated based on number of days in the quarter that the money is present in the account.

Annualized fees are as follows:

#### **Tiered Annualized Fees**

<u>From</u>	<u>To</u>	<u>Per Year</u>
\$100,000	\$250,000	Up to 1.50%
\$250,001	\$750,000	Up to 1.25%
\$750,001	\$2,500,000	Up to 1.00%
Over \$2,500,000		Up to 0.75%

An advisory client will have a period of five (5) business days from the date of signing the investment management agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, either party may terminate the agreement with 30 days written notice.

The account custodian may charge fees, which are in addition to and separate from the investment advisory service fee. The custodian may also charge accounts for various transaction costs, retirement plan, and administration fees. In addition, some mutual fund assets deposited in the account may have been subject to deferred sales charges and 12b-1 fees. Mutual funds have annual expenses as described in each fund's prospectus. Advisory clients should also note that fees for comparable services vary and lower fees for comparable services may be available from other sources.

### **Fees for Retirement Plan Services:**

The fee associated with retirement plan services is determined on a negotiated basis between Legacy, the client and associated third parties. Fees are due quarterly in advance. Fees are due on the first day of the calendar quarter and are billed directly to the client. Fees are based on the account's asset value as of the last business day of the prior calendar quarter and are prorated for accounts opened during the quarter.

Either party may terminate the agreement with 30 days written notice.

Associated third parties may charge fees, which are in addition to and separate from the investment advisory service fee. These parties may charge accounts for various transaction costs, retirement plan and administration fees. Advisory clients should also note that fees from comparable services vary and lower fees for comparable services may be available from other sources.

**Fees for Financial Planning/Consulting Services:**

In addition to advisory services, Legacy provides financial planning and consulting. Fees for these services are fixed or hourly, and may be negotiable based upon the complexity and unique needs of the client. Clients are charged a fixed fee of \$1,500 to create a comprehensive financial plan and \$750 to update the plan. The financial plan creation and plan update fees are payable upon signing an agreement.

Additional planning and consulting services are billed at the rate of \$150 per hour. The hourly fee is due and payable upon completion of the plan or services.

If clients elect to implement recommendations made in a financial plan, their accounts may incur transaction costs, retirement plan administration fees and other mutual fund expenses. These fees are in addition to and separate from planning and consulting fees.

Clients will have a period of five (5) business days from the date of signing an agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, clients may terminate an agreement by providing Legacy with written notice prior to delivery of the plan or completion of the service. Legacy may terminate an agreement by providing written notice to clients. Upon termination, fees will be prorated to the date of termination and any unearned portion of the fee will be refunded to the client.

**Compensation:**

Legacy advisor(s) recommending the advisory account platform to the client receives compensation as a result of the client's participation in the platform. The amount of this compensation may be more or less than what Legacy would receive if the client participated in other Schwab platforms or in platforms offered by unaffiliated firms or paid separately for investment advice, brokerage and other client services. Therefore, Legacy may have a financial incentive to recommend the advisory account platform over other platforms and services. In addition, because the advisory account platform is offered through an advisor affiliated with Schwab, Legacy may have an incentive to recommend a Schwab advisory platform over platforms offered by unaffiliated firms.

Item 6      *Performance-Based Fees and Side-By-Side Management*

Legacy does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).



**Description:**

Legacy generally provides investment advice and portfolio management services to individuals, high net worth individuals, trusts, estates or charitable institutions and corporations or business entities.

**Account Minimums:**

Legacy requires a minimum of \$500,000 to establish a new advisory account. However, this minimum may be waived at the sole discretion of Michael Lutz. In addition, Legacy may continue to service existing accounts that have values that are below the \$500,000 minimum.

**Methods of Analysis:**

Legacy uses the Fundamental Analysis method in evaluating investment opportunities, including the analysis of individual securities, mutual funds, ETFs and other investment types. When analyzing individual securities, analyses surrounding factors such as earnings, balance sheet variables and management quality are considered. In trying to determine the true value of the security, in the majority of cases where we are using mutual funds or ETFs, this research is done through outside independent rating agencies, including, but not limited to, Morningstar, Standard and Poor's and Schwab.

**Investment Strategies:**

Legacy uses the following investment strategies to implement any investment advice given to clients:

Long term purchases (securities held at least a year), strategic allocation.

Short term purchases (securities sold within a year) are used on a tactical basis for portfolios.

**Sources of Information:**

Legacy has access to various research reports and model portfolios to which Michael Lutz may refer in determining which securities to purchase or sell. Legacy also obtains its information for analysis of investments through financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission and company press releases.

Legacy obtains detailed client information and other pertinent data from financial statements, tax forms, and other material provided by the client. This assists Legacy in selecting appropriate investments for the client based on the client's investment objective and goals.

**Types of Investments:**

Legacy offers advice to clients on the following types of investments:

Equity Securities (exchange-listed securities, securities traded over the counter, and foreign issues)

Mutual Funds

Exchange Traded Funds (ETFs)

Warrants

Corporate debt securities (other than commercial paper)

Certificates of deposit

Municipal securities

Investment company securities (variable life insurance, variable annuities, and mutual fund shares)

United States government securities

Interests in partnerships investing in real estate and oil and gas interests

**Risk of Loss:**

Investing in securities involves a risk of loss that clients should be prepared to bear. Diversification and asset allocation may not protect against market risk. You should not assume that an investment in any of the securities was or will be profitable.

Item 9      *Disciplinary Information*

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Legacy or the integrity of Legacy's management. Legacy has no information applicable to this Item.

**Business Activities & Affiliations:**

Michael W. Lutz is a registered investment advisor representative. In addition to investment advisory services, Michael Lutz provides financial planning and insurance related services.

Legacy is an insurance agency. Mr. Lutz is a licensed insurance agent, affiliated with the agency license of Legacy.

In these capacities, Michael Lutz may recommend insurance, advisory services, or other products and receive compensation if products are purchased through Michael Lutz and through Legacy.

Thus, a conflict of interest exists between the interests of Michael Lutz and those of advisory clients. However, clients are under no obligation to act upon any recommendations of Michael Lutz or effect any transactions through Michael Lutz if they decide to follow the recommendations.

**Code of Ethics:**

Legacy has adopted a Code of Ethics (the “Code”) for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Legacy must acknowledge the terms of the Code annually, or as amended.

**Participation or Interest in Client Transactions and Personal Trading:**

Legacy anticipates that, in appropriate circumstances, consistent with clients’ investment objectives, it will cause accounts over which Legacy has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Legacy, its affiliates and/or clients directly or indirectly have a position of interest. Legacy’s employees and persons associated with Legacy are required to follow Legacy’s Code. Subject to satisfying this policy and applicable laws, officers, directors and employees of Legacy and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Legacy’s clients. The Code is designed to assure that the personal securities transactions, activities and interests of the employees of Legacy will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Legacy’s clients. In addition, the Code requires pre-clearance of many transactions and restricts trading in close proximity to client trading activity. Nonetheless, because the Code in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code, and to reasonably prevent conflicts of interest between Legacy and its clients.

Associated persons are aware of the rules regarding material non-public information and insider trading. Associated persons may also buy or sell a specific security for their own account based on personal investment considerations, which the Advisor does not deem appropriate to buy or sell for clients.

Legacy’s clients or prospective clients may request a copy of the firm’s Code of Ethics by contacting Michael Lutz.

**Principal or Agency Cross Securities Transactions:**

It is Legacy’s policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Legacy will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an advisor, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment advisor in relation to a transaction in which the investment advisor, or any person controlled by or under common control with the investment advisor, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an advisor is dually registered as a broker-dealer or has an affiliated broker-dealer.

**Selecting Custodial Firms:**

Legacy uses Schwab as the custodian of all retail brokerage accounts. By directing brokerage, Legacy may be unable to achieve the most favorable execution of client transactions and this practice may cost clients more money. Legacy is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

**Best Execution:**

Legacy is aware of its duty to obtain best execution for all securities transactions executed on a client's behalf. Securities transactions for accounts are effected through Schwab without commissions being paid to Legacy. While Schwab makes every attempt to obtain the best execution possible, there is no assurance that it will be obtained. Clients should consider whether or not the appointment of Schwab as the sole broker/dealer may or may not result in certain costs or disadvantages to the client as a result of possibly less favorable executions. In considering whether or not to restrict the execution of transactions through Schwab, Legacy considered its capabilities to execute, clear and settle transactions.

**Order Aggregation:**

Schwab may aggregate transactions for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. For partially filled orders, Schwab will generally allocate trades pro-rata or on some other basis consistent with the goal of treating all clients equitably over time.

**Soft Dollars:**

Legacy receives soft dollar benefits from Schwab in the form of research and educational tools developed by Schwab in connection with client securities transactions.

Item 13      *Review of Accounts*

Michael Lutz performs reviews of all investment advisory accounts no less than semi-annually. Accounts are reviewed for consistency with the investment strategy, investment allocation, performance and asset quality, among other things. Reviews may be triggered by changes in an account holder's personal, tax or financial status. Macroeconomic and company specific events may also trigger reviews. There is currently no limit on the number of accounts that can be reviewed by Michael Lutz. Reviews are done in person or over the phone.

Advisory account statements are generated no less than quarterly. These statements are sent directly to the account owner. These reports list the account positions, activity in the account over the covered period, and other related information. Clients are also sent confirmations following each account transaction.

In addition to quarterly account reviews, Michael Lutz utilizes support material to review client accounts, including Weekly Email Market Commentary, Monthly Trade Logs and Monthly Performance Updates.

Financial Plans are reviewed annually for those clients that would like an annual update. Clients interested in an annual update are required to enter into a new Financial Planning Agreement.

**Incoming Referrals:**

Legacy has no solicitation agreements in place at this time. They do however accept client and professional referrals on a non-compensatory basis.

**Referrals Out:**

Legacy does not receive any compensation for any outside client referrals, including referrals made to estate planners, attorneys and/or tax preparation places.

**Other Compensation:**

Legacy and its employees may receive additional non-cash compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$300 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives. Advisory product sponsors may also pay for education or training events that may be attended by Legacy's employees.



Under Rule 206 (4)-2 of the Advisers Act, also known as the Custody Rule, an investment advisor is prohibited from having custody of client's funds or securities for its investment advisory clients unless certain conditions are satisfied. These conditions include such things as using a qualified custodian, sending notices to clients at account opening, and confirming statements are being provided to clients.

Schwab maintains custody of client assets for its advisory platform accounts, including those accounts serviced by Legacy. Schwab meets the definition of a "qualified custodian" under the new rule, maintains client assets in a separate account for each client under that client's name, and sends account statements directly to clients at least quarterly. As Schwab deducts the advisory fees for Legacy at the client's written direction, Legacy is not deemed to have custody of client funds because of the fee deduction.

Legacy is careful to comply with the Custody Rule and avoids inadvertently taking custody with respect to Schwab investment advisory platform accounts.

Clients should receive at least quarterly statements from the broker dealer (Schwab), bank or other qualified custodian that holds and maintains client's investment assets. Legacy urges you to carefully review such statements.

Item 16      *Investment Discretion*

Legacy usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. Legacy may also exercise discretion to determine the broker/dealer or custodian to be used in the purchase or sale of securities for a client's account. In all such cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Legacy observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to Legacy in writing.

Item 17      *Voting Client Securities*

As a matter of firm policy and practice, Legacy does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Legacy and associated persons will not be required to take any action or render advice with respect to the voting of proxies.

Item 18      *Financial Information*

Registered investment advisors are required in this Item to provide you with certain financial information or disclosures about Legacy's financial condition. Legacy has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

**Formal Education and Business Background:**

Michael W. Lutz has an MBA from the University of Kansas. He is a Certified Financial Planner (CFP) with 13 years' banking experience. He was president of a \$100-million bank in northeast Kansas for four years before it sold to another institution. He has over 15 years of investment advisory experience.

**Financial Industry Affiliations and Activities:**

Michael W. Lutz is a registered investment adviser. Legacy's primary business function is to provide investment advisory services. Michael Lutz also provides financial planning and insurance related services.

Legacy has no relationships or arrangements with issuers of securities.

**Performance-Based Fees:**

Legacy does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

**Disciplinary Information:**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Legacy or the integrity of Legacy's management. Legacy has not been involved in any disciplinary action, nor found liable in any arbitration claims or civil proceedings.