

Part 2A of Form ADV: Firm *Brochure*

Item 1 Cover Page

**Sattell, Johnson, Appel Financial Advisory, LLC
d/b/a SJA Financial Advisory
800 Woodland Prime, Suite 100
W127 N7564 Flint Drive
Menomonee Falls, Wisconsin 53051-4481
(414) 273-0500
(414) 273-0184 FAX
www.sjafa.com**

This brochure provides information about the qualifications and business practices of Sattell, Johnson, Appel Financial Advisory, LLC, also known as SJA Financial Advisory. Additional information about us is also available on the Securities and Exchange Commission (SEC) website at www.AdviserInfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for SJA Financial Advisory is 143550.

The information in this brochure has not been approved or verified by the United States SEC or by any state securities authority. Registration with state regulatory authorities does not imply any level of skill or training.

If you have any questions about the contents of this brochure, please contact us at (414) 273-0500 or BarrySattell@Sattell.com.

Information last updated 01/31/2013

Item 2 Material Changes

This Firm Brochure provides you with a summary of SJA Financial Advisory's services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item is used to provide our clients with a summary of new and/or updated information; we will inform of the revision(s) based on the nature of the information as follows:

- **Annual Update:** We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide you with our revised Brochure that will include a summary of those changes in this Item.
- **Material Changes:** Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates – any information that is critical to a client's full understanding of who we are, how to find us, and how we do business.

The SEC adopted new rules and rule amendments under the Investment Advisers Act of 1940 to implement provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act. As a result of the new thresholds, SJA Financial Advisory is now eligible for SEC registration and our investment advisory business will be regulated by the SEC.

Item 3 Table of Contents

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

Item 4 Advisory Business

SJA Financial Advisory, LLC (herein referred to as “SJA” or “the Firm”) is a Wisconsin limited liability company located in Menomonee Falls, WI. We specialize in comprehensive financial planning and investment management services. SJA is a SEC-registered independent planning firm that is compensated on a fee-only basis. Fee-only means that no products are sold and no commissions or fees are received from any third party. Our compensation comes only from our clients.

SJA’s sole shareholder is Sattell, Johnson, Appel & Co., S.C., a CPA firm located in Menomonee Falls, Wisconsin. The predecessor firm (Arnow & Associates) was founded in 1981. It was registered in its current form in September 2009.

Financial Planning Services

All advice provided to clients comes from a financial plan that we create with those clients. The plan is developed through meetings between the advisor and client. The following topics are considered for the purpose of creating the plan:

- Financial goals and needs analysis
- Personal cash flow analysis
- Net worth analysis
- Review of a client’s tax situation
- Risk tolerance and risk capacity analysis
- Analysis of current investment asset allocation

Areas of advice typically include, but are not limited to investments, taxes, retirement, education funding, insurance, estate planning, charitable giving, and cash management strategies.

Publication of Periodicals

SJA publishes a periodic newsletter providing general information on various financial topics including, but not limited to, estate and retirement planning, market trends, etc. No specific investment recommendations are provided in this newsletter and the information provided does not purport to meet the objectives or needs of any individual. This newsletter is distributed free of charge to our advisory clients.

Financial Planning Education Seminars

SJA provides education seminars pertaining to general principles of financial planning, investing, portfolio management and wealth preservation. Financial Planning Education Seminars are not limited to any specific product or service offered by a broker-dealer or insurance company. All educational information is of a generic nature.

Investment Management Services

We provide two types of portfolio management service:

- (1) Managed Accounts - Ongoing, discretionary investment management services.
- (2) Self-Directed Accounts – Periodic assistance, as requested by the client, for those who

choose to manage their own investments.

As part of our Investment Management Services, our firm provides the client with an asset allocation strategy developed through personal discussions in which goals and objectives based on the client's particular circumstances are established. This asset allocation strategy is drafted into the client's Investment Management Agreement ("IMA").

Based on the client's individual circumstances and needs (as exhibited in the client's IMA) we may also perform management searches of various unaffiliated registered investment advisers to identify which registered investment adviser's portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance, the opinion of each client and the investment philosophy of the selected registered investment adviser. Clients should refer to the selected registered investment adviser's Firm Brochure or other disclosure document for a full description of the services offered. We are available to meet with clients on a regular basis, or as determined by the client, to review the account.

Once we determine the most suitable investment adviser(s) for the client, we provide the selected adviser(s) with a risk profile questionnaire. The adviser(s) then creates and manages a portion of a client's portfolio based on the client's individual needs as exhibited in this risk profile questionnaire.

We monitor the performance of the selected registered investment adviser(s). If we determine that a particular selected registered investment adviser(s) is not providing sufficient management services to the client, or is not managing the client's portfolio in a manner consistent with the client's risk profile questionnaire, we may replace the manager with a different registered investment adviser and/or program sponsor. Our clients grant us the discretion to make such changes.

Item 5 Fees and Compensation

We are compensated solely by our clients in the following manners:

- (1) The firm charges an hourly fee of \$300 to clients who are seeking financial planning advice and would like to maintain responsibility for managing their own investment portfolio (Self-Directed Accounts).
- (2) The firm distributes its periodic newsletter free of charge to our advisory clients.
- (3) The firm charges an hourly fee of \$300 for clients sponsoring our financial planning education seminars. This rate is negotiable depending on scope and venue of the seminar.
- (4) The firm charges an annual advisory fee based upon the value of the assets under direct supervision (Managed Accounts). The fee for active investment management is described within the following fee schedule:

Assets Under Direct Supervision

Up to \$499,999	0.90%
\$500,000-\$999,999	0.85%
\$1,000,000-\$2,499,999	0.75%
\$2,500,000-\$4,999,999	0.50%
More than \$5,000,000	0.25%

As an example, a \$1,000,000 account would have a blended advisory fee of 0.875% because the first \$499,999 under management would be charged a rate of 0.90% and the next \$500,000 under management would be charged at a rate of 0.85%.

We charge a minimum annual advisory fee of \$4,000 for assets under direct supervision in Managed Accounts. This minimum supersedes the above fee schedule. The fee schedule is negotiable for larger portfolios and special situations.

The above fees do not include any fees charged by the Custodian, any other RIA Firm or other entity. All internal fees charged by ETFs, mutual funds, and closed-end funds are separate and distinct from the fee schedule listed above. We do not share in any brokerage commissions, referral fees, fund management expenses, or other fees associated with the underlying investments in a client's portfolio.

For the calculation of fees, Assets under Direct Supervision in Managed Accounts (from above table) are computed using the average daily balance of the all the securities contained in Managed Accounts. Values for the average daily balance of accounts are provided by the account custodian. If investment values are not available for a specific day, the previous day's values are used for the purposes of determining the average quarterly balance. The initial fee is charged from the date of inception of service and is prorated through the end of the quarter in which the account was opened. Thereafter, fees are charged on a quarterly basis, in arrears, until an account is terminated (by either the client or advisor).

Clients may terminate the investment advisory agreement within 5 days of signing the contract. Either party may terminate the relationship at any time by providing 30 days advanced notice in writing.

Pursuant to written client authorization, fees are deducted automatically from client accounts at the end of each quarter and fully disclosed on quarterly client account statements from us and from the custodian. A client may also opt to pay quarterly fees by check or credit card.

Item 6 Performance-Based Fees and Side-by-Side Management

We do not charge our clients performance-based fees (fees based on a share of capital gains on

or capital appreciation of the assets in a client's account).

Item 7 Types of Clients

We provide financial planning services to individuals without regard to size of net worth or amount of income.

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

Specific investment recommendations are made utilizing the broadly accepted investment theory of asset allocation. This theory (commonly called Modern Portfolio Theory) focuses on risk reduction through the implementation of a well-diversified investment portfolio covering multiple asset classes or types of investments.

Managed Accounts are investment portfolios that may include mutual funds, exchange-traded funds (ETFs), annuity sub-accounts, and separate accounts, which may include individual stocks, bonds, real estate investment trusts, warrants, and rights in addition to mutual funds and ETFs.

Managed Account services begin with determining the client's investment objectives, risk tolerance, current portfolio, and other financial planning considerations. An Investment Policy Statement is created and signed jointly by the advisor and client. We also assist clients in establishing an investment account with a brokerage firm (Fidelity Investments), which maintains custody of client securities either directly or with the assistance of its transaction clearing firm.

We do not guarantee the results of our recommendations, and all clients assume the risk that investment returns may be negative or below the rates of return of other investment advisors, market indices, or investment products.

Item 9 Disciplinary Information

We have not experienced a legal or disciplinary event.

Item 10 Other Financial Industry Activities and Affiliations

SJA Financial Advisory, LLC has a sole owner, the CPA firm Sattell, Johnson, Appel & Co., S.C. We occupy space contiguous with this CPA firm and we are closely affiliated with them.

We may, on occasion, refer clients to the affiliated CPA firm and the CPA firm has on occasion referred clients to us for financial planning services. No exclusive relationship exists between the two entities.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

We maintain a Code of Ethics and Standards of Conduct and Compliance with Laws on our website. This document covers the protection of material nonpublic information, personal securities trading, our privacy policy, and other issues designed to detect and prevent violations of investment advisory laws and ensure compliance with our internal policies and procedures.

In addition, employees are prohibited from using nonpublic inside information to trade in personal accounts or on behalf of our clients. Further, as a fiduciary, we have a duty of utmost good faith to act solely in the best interests of each of our clients.

We may personally invest in the same securities that are recommended to our clients. The investments we recommend are widely held publicly traded securities (typically large mutual funds and ETFs). Due to the immaterial nature of our personal ownership interests in these securities and the size and nature of the individual securities managed by us, we do not believe any material conflict of interests exists.

Item 12 Brokerage Practices

Broker Selection

We have established a custodial/brokerage relationship with Fidelity Investments. Fidelity Investments was chosen because of our prior experience with them, their large size, good reputation, support for our services, record-keeping and reporting and low transaction costs.

Research & Other Soft Dollar Benefits

We do not receive research or other products or services (other than execution) from Fidelity Investments. We receive most of our research using the independent services of Morningstar, Inc. for which we pay a subscription service.

Trade Aggregation

Due to the nature of the securities we recommend (typically mutual funds and ETFs) we do not bunch or aggregate client trades.

Item 13 Review of Accounts

For managed accounts, we use daily monitoring. That is, we use a software program to provide us alerts on a daily basis whenever one segment of the client's portfolio is out of line with our target allocation for that client. For managed accounts, we provide quarterly performance reports.

For self-directed accounts, we review the accounts only when the client has asked us to do so. We typically provide a written report, unless the client has taken his/her own notes during our meeting, and has specifically asked us not to prepare a written report. In that case, we prepare

contemporaneous notes for our file to support our recommendations.

Item 14 Client Referrals and Other Compensation

SJA Financial Advisory, LLC is owned by Sattell, Johnson, Appel & Co., S.C., a CPA firm engaged in the business of public accounting and consulting. SJA Financial Advisory, LLC may refer clients in need of audit, accounting, tax, and other services to Sattell, Johnson, Appel & Co., S.C. No referral fees are received by SJA Financial Advisory, LLC for these referrals. SJA Financial Advisory, LLC is under no obligation to refer business to Sattell, Johnson, Appel & Co., S.C.

In certain circumstances, Sattell, Johnson, Appel & Co., S.C. employees may refer clients in need of advisory or investment management services to SJA Financial Advisory, LLC. Sattell, Johnson, Appel & Co., S.C. clients are under no obligation to use SJA Financial Advisory, LLC for any advisory or investment management services. No referral fees are paid by SJA Financial Advisory, LLC for these referrals.

Because Sattell, Johnson, Appel & Co., S.C. and its affiliate, SJA Financial Advisory, LLC, will earn customary yet separate compensation if referred clients accept their services, each has a conflict of interest when making a referral to the other. However, as stated above, no referral fees are paid by either firm.

We are grateful for client referrals from other professionals not affiliated with Sattell, Johnson, Appel & Co., S.C. (attorneys, accountants, and others) and it is our practice to send a thank you note. No referral fees are paid.

Item 15 Custody

We do not maintain custody of client assets. The custodian (Fidelity Investments) sends monthly statements to the client, or provides them on-line if so requested by the client. Online access to accounts is also made available to clients through Fidelity Investments' website. We provide quarterly statements and performance reports and we urge our clients (in writing) to review those statements carefully, and to compare our statements to those received from the custodian.

Item 16 Investment Discretion

For managed accounts, we have discretionary authority to purchase and sell securities in a client's account. In our agreement, the client gives us a limited power of attorney for this purpose. Our authority may be subject to client-specific investment limitations imposed by the client and is provided to us in writing.

For our self-directed clients, we have no discretionary authority.

Item 17 Voting Client Securities

We do not vote proxies on behalf of its clients. The custodian sends proxy materials directly to our clients, who are responsible for voting proxies. Upon our client's request, we will provide information to clients to assist them in making a determination of how to vote a specific proxy. The final decision of how to vote a proxy, however, rests with our client.

Item 18 Financial Information

We do not receive fees of more than \$1,200 six months or more in advance, thus no financial statement is required. We do not have any financial situation that is reasonably likely to impair our ability to meet our contractual commitments to our clients.