

H Financial Management  
Disclosure Brochure  
1/15/2013

*Item 1 – Cover Page*

*CRD#148209*

This brochure provides information about the qualifications and business practices of H Financial Management (“HFM” or “Advisor”).

If you have any questions about the contents of this brochure, please contact us at (724) 745-9406.

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.

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

H Financial maintains business offices in both Morgantown, WV and Southpointe, an exclusive business park development located 20 minutes by interstate outside of Pittsburgh, PA. Our clients appreciate our easily accessible and exclusive location on the sprawling Southpointe campus located on Interstate 79 at the Southpointe exit (Exit 48) near the border of Washington County and Allegheny County. Our Morgantown, West Virginia office provides financial services in the greater Morgantown area and is also conveniently located.

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Morgantown, WV 26507  
(304) 292-6837  
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## *Item 2- Material Changes*

Jeff Karns joined the firm as a wealth manager after almost 7 years with the Ayco Company, LP, a subsidiary company of Goldman Sachs, where he provided senior executive clients, high net individuals, and their families with comprehensive financial planning services.

Kent Aloia successfully passed the Series 24 securities exam as he assumes a greater role in helping Garrett Hoge, the chief compliance officer, in overseeing the firm's compliance issues on a day-to-day basis.

To add to our wealth management services, H Financial has purchased software to assist clients in the area of tax planning, although the firm will continue to rely on outside CPA's for tax preparation services for clients. The firm has also purchased software to assist clients in making decisions and determining the best time to apply for their social security benefits.

There have been no other material changes with regard to our investment advisory services over the last year.

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#### *Item 4 – Advisory Business*

H Financial Management was formed in October of 1981 and is organized in the State of Pennsylvania. Garrett S. Hoge is the President and sole owner. H Financial Management is registered with the SEC and is notice filed in the states of Pennsylvania, West Virginia, Ohio, Florida, North Carolina, New Hampshire, and Texas.

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

#### *The H Financial Retirement Income Roadmap*

We begin all of our client relationships with the development of a personalized financial roadmap designed to help client’s reach their individual retirement planning goals. We have developed this in-house process through multiple decades of managing finances in the advocacy of our clients. Over the years it has come to be known as the H Financial Retirement Income Roadmap.

Our clients’ retirement funds may originate from a Marcellus Shale oil and gas contract, the sale of a small business, a 401k rollover from an employer, a pension fund, or a combination of several investment vehicles. Furthermore, each individual’s situation is different in terms of money needed in retirement, the desire to pass on a legacy, or the need for funds to be liquid. Despite these differences, our 4-step process ensures that we provide “individual services for the individual needs” of our clients.

#### *The Four-Step H Financial Retirement Income Roadmap*

- **Listening.** We begin the process by listening to you regarding your needs and your dreams for the future before we recommend a tailored strategy.
- **Planning.** This step is comprised of reviewing your existing allocations in relation to your current needs and objectives while identifying any special attention areas and changes that may protect and strengthen your portfolio. Your resulting investment plan will be designed to help you attain greater control and provide an overall picture of your current investments.
- **Deciding.** Deciding on an asset allocation model with juxtaposition to your existing allocation will help to identify any potential shortcomings and define which actions will strengthen your portfolio. We will discuss possible adjustments and restructure your present allocation to the new model.
- **Reviewing.** Quarterly reviews will help to ensure that your portfolio is on track and will give you the opportunity to ask questions directly. This step goes hand-in-hand with our commitment to a high contact style of client management.

We seek to find the best fit of investments and financial planning products for each individual client and live by our motto: “Individual Services for Individual Needs.”

### *Item 5 – Fees and Compensation*

Fees are charged on a “pay as you go” basis. While fees are negotiable and may vary from client to client, we have developed a range of fees a client could expect to be charged when using our services. The annual fee shall vary (between 0.50% and 2.00%) depending upon the market value of the assets under management, the investment advisor representative providing the investment advisory services, and the type of investment management services.

The advisor may include financial planning along with investment management services, at no additional cost to the client, in an integrated wealth management platform. Fees are quoted in advance and must be accepted by the client prior to project commencement or investment management. Executing a signature on the client agreement or paying a partial/full payment of fee acknowledges acceptance by client.

H Financial Management negotiation of investment management fees are based on one or more of the following factors:

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

Advisory fees are calculated and billed quarterly in advance. Clients typically have the fees debited directly from their accounts as stated in the Client Services Agreement. Paper invoices are sent quarterly for accounts, held at other custodians, for which we advise and report on. The fee deduction process will be accompanied by a quarterly fee notification that will be supplied to the client and evidenced on the account statement produced by the qualified custodian as well as on quarterly performance reports provided by H Financial Management. Quarterly fees are based on the ending value of securities on the day prior to the beginning of the billed quarter.

Here is an example of a typical customized fee schedule:

	From		To	Annual %
First	\$0	-	\$100,000	1.25%
Next	\$100,001	-	\$250,000	1.10%
Next	\$250,001	-	\$500,000	0.90%
Next	\$500,001	-	\$1,000,000	0.70%
Next	\$1,000,001	-	Over	0.50%

Here is an example of how a blended quarterly fee is calculated for a client who has \$1,500,000 invested on the last day of the previous quarter:

First \$100,000 – 1.25% Annually, 0.3125% Quarterly = \$312.50  
Next \$150,000 – 1.10% Annually, 0.275% Quarterly = \$412.50  
Next \$250,000 – 0.90% Annually, 0.225% Quarterly = \$562.50  
Next \$500,000 – 0.70% Annually, 0.175% Quarterly = \$875.00  
Last \$500,000 – 0.50% Annually, 0.125% Quarterly = \$625.00  
  
= \$2,787.50 Fee for the quarter or .185%/quarter (.743%/year)

The individual advisors affiliated with H Financial Management are RRs (Registered Representatives) of TRIAD ADVISORS, INC. All retail business submitted through Triad is commission-based. Trail fees or 12(b)(1) fees from mutual funds and annuities held with TRIAD ADVISORS, INC. and their custodian, NATIONAL FINANCIAL, may be paid to HFM.

All fee-based advisory business is currently placed with the custodian, FIDELITY. A commission cannot be made by the individual advisor or H Financial Management when the business is placed at FIDELITY. Most mutual fund transactions at FIDELITY are conducted at NAV and do not contain a ticket charge to buy or sell. In cases where FIDELITY does charge a transaction fee (for example: buying or selling equities and ETFs), H Financial Management pays this transaction fee and it is not billed to the client. Essentially, clients do not pay transaction fees with our FIDELITY accounts with the possible exception of small fees related to IRA account closure, a Section 31 fee (SEC fee), or fees associated with alternative investments such as ADRs. Fees for investment advisory services are agreed upon at the time that an individual becomes a client, and these advisory fees are billed quarterly as described above.

*Hourly Charges and Fixed Fees Charged by Advisor*

With low frequency, the Advisor provides investment planning services consistent with individual client's financial and tax statues, risk tolerance and investment objectives. Fees are billed at a negotiated rate between the parties. Hourly fees, if any, usually range from \$75 to \$300 per hour and are billed in arrears. These services may be negotiated as a fixed fee also payable in arrears. Unless otherwise stated, client agreements are for a period of one year and are automatically renewed each year. The financial planning agreement not involving securities may be terminated at any time at the client's discretion. The Advisor may terminate the financial planning agreement not involving securities at any time. There is no provision for refunds when services have been rendered on financial planning agreement not involving securities.

In certain instances, depending upon the client's needs and the services to be performed by the Advisor, the advisory fee may be based upon individual negotiations with the client. In such instances, the fee is stipulated and agreed upon in the advisory contract.

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

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

#### *Item 7 – Types of Client*

H Financial Management takes an active approach to managing the types of clients that are accepted by the firm. The clients that H Financial Management currently chooses to work with are often “main street” every day people. There are some clients that have high net worth and would be considered “accredited” investors (individual net worth of any natural person, or joint net worth with the spouse of that person, at the time of purchase, is more than \$1,000,000 [as such amount is adjusted periodically by rule of the Commission], excluding the value of the primary residence of such natural person.) However, H Financial Management does not impose any account limits or restrictions for maintaining or managing an account. Generally, H Financial Management best serves those clients with a net worth >\$500,000.

The firm requires clients to disclose current financial status and investment objectives to the Advisor at the time of opening an investment account. These documents are updated as needed. Clients are requested to inform the Advisor whenever the client has experienced a significant change in financial status or condition or wish to change the investment objectives on the account. In general, most clients are residents of the State of Pennsylvania or West Virginia, while a few live in multiple locations largely dependent on the different seasons of the year.

HFM's clientele could be categorized as individuals, businesses, and trusts. The services offered to each may vary and is largely dependent upon the client's unique circumstances. H Financial Management has each client execute an independent agreement and each agreement offers services separately to each individual client.

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

If an Advisor is engaged to provide Investment advice, the client's current financial situation, needs, goals, objectives and risk tolerance are first evaluated through the Retirement Income Roadmap process described in Item 4. Once that process is completed and the results are determined, the advisor may offer clients an investment service called Strategic Asset Management (SAM), which is generally managed according to the principles of asset allocation. This service attempts to optimize the risk/reward profile of a client's portfolio by investing among several asset classes based upon a client's personal financial goals and risk preferences. Below is a brief description of the type of general strategies that may be used as guidelines by investment advisor representatives in structuring accounts with varying objectives.

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

**Moderate Allocation.** A moderate income portfolio usually seeks to generate income as its primary objective with enough growth to keep pace with inflation. Moderate income portfolios tend to invest in a predominantly income producing investments with a low degree of volatility and a smaller portion of equities to encourage growth. A typical moderate income portfolio may consist of about 40% in equity asset classes, and 60% in income asset classes, including fixed income and/or cash equivalents.

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

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

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



Since client portfolios are designed to be managed in accordance with the financial circumstances, investment objectives, and preferences of individual clients, the actual asset allocation of a particular account may differ from other client accounts with similar objectives or levels of risk. Asset allocation is driven by various mathematical computations, and is more complex than the concept of asset diversification. It should be recommended that no strategy or allocation formula can guarantee a gain, or assume that an account will not suffer a loss.

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

The advisor often uses the Frank Russell mutual funds for their multi-manager, multi-asset, multi-style diversification techniques. This has been developed by the Frank Russell Investment Management Company (FRIMCO) advising large institutional pools of assets. Alternatively, the advisors use no-load, low expense mutual fund groups such as American Funds, T. Rowe Price, Vanguard, and others.

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

### *Item 9 – Disciplinary Information*

Registered Investment Advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to one’s evaluation of H Financial Management or the integrity of HFM’s management (and each supervised person providing investment advice). H Financial Management has no information applicable to this item regarding the firm, the firm’s staff, or the firm’s investment advisory representatives.

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

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

H Financial Management does not have other industry activities or affiliations, but some of the Investment Advisor Representatives who are registered with H Financial Management are also registered representatives of Triad Advisors, Inc., a registered broker/dealer, member FINRA/SIPC. As such, members who are dually registered must adhere to both the FINRA rules and guidelines as implemented and enforced by the broker/dealer in addition to the State or Federal investment advisory rules and guidelines. Although receipt of commissions in addition to taking an advisory fee could represent a conflict of interest, advisers at H Financial Management never receive a commission and an advisory fee on the same transaction. The following two paragraphs demonstrate how HFM avoids this potential conflict of interest.

H Financial Management segregates its investment advisory business from its commission business. This is often achieved by utilizing the custodial platform, Fidelity Institutional Wealth Services. When accounts are opened at Fidelity they are handled strictly on an advisory fee basis. All mutual fund securities trades at Fidelity are conducted at net-asset-value (NAV), which means no commissions can be generated or received by the Advisor. Additionally, commissions called trail commissions or 12b-1 fees are not paid to the Advisor under the Fidelity custodial platform. Furthermore, the purchase/sale of ETFs or other general securities may generate ticket charges or transaction costs at Fidelity which are paid by HFM. Only occasionally will a client will be charged small fees by Fidelity such as an IRA account closure fee, a Section 31 fee (SEC fee), or fees associated with alternative investments such as ADRs. So, the Fidelity platform can be truly considered a fee only program by HFM.

Depending of the client's needs, annuities might be appropriate for the living benefit riders or the tax deferred nature of the investment vehicle. The companies that offer annuity products are numerous and the features of each product are often complex. Additionally, the methods of compensation vary for each annuity company, but they often involve a commission payment to compensate the registered representative for learning and marketing the product. In such cases, HFM utilizes the broker-dealer TRIAD ADVISORS, INC. for the transaction and collects a commission on the sale of the product. Under no circumstances do HFM investment advisory representatives collect an advisory fee on the sale of a product through TRIAD ADVISORS, INC.

H Financial also advises and reports on accounts held at other custodians per agreement with the client. Fees for these services are similarly collected on a quarterly basis and show up on the client's quarterly statement. There is no commission compensation received in these arrangements.

### *Item 11 – Code of Ethics*

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

Garrett S. Hoge, Clair L. Hawkins, or other employees of H Financial Management may occasionally buy or sell securities for their own accounts. The firm may or may not recommend these securities to clients since recommendations vary according to an individual client's specific needs and circumstances. Additionally, staff members may use automatic rebalancing programs that will actively reallocate and may buy or sell securities without consideration of client holdings. These securities are publicly traded and it is highly unlikely that transactions in the personal accounts of the firm's employees could adversely affect the price or performance of the securities.

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

### *Item 12 – Brokerage Practices*

Currently, H Financial Management utilizes the Fidelity Institutional Wealth Services platform as its main custodian. H Financial Management has an established history with Fidelity and feels that the company characterizes industry leadership in its practices.

H Financial Management has investment advisor representatives who are also registered representatives with Triad Advisors, Inc., a registered broker/dealer, member FINRA/SIPC. This relationship is helpful on multiple levels including compliance oversight and processing direct mutual fund or variable annuity business.

### *Item 13 – Review of Accounts*

The reviews of client accounts in the H Financial Management program are performed periodically and/or at least quarterly. These reviews will encompass performance evaluation, asset allocation analysis and customer suitability review. The triggering factors for evaluation may include, but are not limited to: change in product composition, change in market condition, change in management philosophy, change in client's financial condition, and any other change of which client apprises the Advisor. Levels of review include: summary review of account statements; in-depth review of statements, objectives and current performance. The client may be invited to attend a detailed review involving a meeting to discuss any and all related investment strategy and/or future planning. Garrett S.

Hoge and Clair L. Hawkins conduct the review process, with occasional assistance from other office staff. The role of the office staff is largely administrative in gathering the material for review.

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

H Financial Management does not often enter into referral/solicitor agreements. At the current time, there are no relationships where HFM compensates another individual for client referrals.

#### *Item 15 – Custody*

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

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

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

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

Wealth Services and other custodians. As such, we urge clients to compare the performance reports provided directly from H Financial Management to the statements provided from the independent custodians.

#### *Item 16 – Investment Discretion*

H Financial Management develops asset allocation investment portfolios. The most efficient way to execute and keep these portfolios rebalanced is through the use of discretionary authority to place trades prior to receiving instruction or confirmation from each client. About half of HFM accounts held with Fidelity are discretionary accounts. When a client grants discretionary authority to H Financial Management the amount of discretion is limited. The authority limits the discretion to purchases and sales within the account. H Financial Management members have no authority to transfer assets to or from accounts, other than when deducting fees on a quarterly basis. Therefore, the discretion is limited and may be canceled by the client at any time.

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

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

#### *Item 18 – Financial Information*

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

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

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

*Item 20 – Educational Background and Business Experience*

H Financial Management investment advisor representatives:

Garrett S. Hoge---DOB 06/03/49

Penn State University And

West Liberty University

B.A. Pre-Law

Certified Financial Planner (CFP®)

Master of Science (MS)

Chartered Life Underwriter (CLU®)

Chartered Financial Consultant (ChFC®)

Holds Series 7, 6, 24, 51, 63, 65

President & CEO H Financial Management since 1981.

Registered Representative of Triad Advisors, Inc., Atlanta, Georgia. Triad is a registered broker/dealer member FINRA.

Clair L. Hawkins—DOB 02/04/45

West Virginia University

Bachelor of Science in Business/Education

Chartered Life Underwriter (CLU®)

Registered Financial Consultant (RFC®)

Chartered Financial Consultant (ChFC®)

Holds Series 1, 63

Vice President and Senior Advisor of H Financial Management since 1987.

Registered Representative of Triad Advisors, Inc., Atlanta, Georgia. Triad is a registered broker/dealer member FINRA.

Jeffrey A. Karns---DOB 02/07/78

Westminster College

Bachelor of Science in Accounting

Clarion University of Pennsylvania

Master of Business Administration

Holds Series 7 & 66

Wealth Advisor of H Financial Management since 2012

Registered Representative of Triad Advisors, Inc., Atlanta, Georgia. Triad is a registered broker/dealer member FINRA.

### *Explanation of Designations*

#### **Certified Financial Planner® (CFP®)**

Those with the CFP® designation have demonstrated competency in all areas of financial planning. Candidates complete studies on over 100 topics, including stocks, bonds, taxes, insurance, retirement planning and estate planning. The program is administered by the Certified Financial Planner Board of Standards Inc. In addition to passing the CFP® certification exam, candidates must also complete qualifying work experience and agree to adhere to the CFP Board's code of ethics and professional responsibility and financial planning standards.

A financial planner works with individuals to help them understand their options and make financial decisions suited to their personal financial situation and goals. Since, because of the nature of their work, a lot of trust is placed in these individuals, the CFP Board posts information on the financial planning process and current licensees, allowing clients of CFPs to verify if their financial planners' designations are in good standing.

#### **Chartered Life Underwriter (CLU®)**

For 85 years the CLU® has been the respected risk management credential for advisors. Designees have completed eight or more college-level courses representing an average study time of 400 hours. Topics for required courses include insurance and financial planning, life insurance law, estate planning, and planning for business owners and professionals. Elective courses include such advanced topics as income taxes, group benefits, retirement planning, and health insurance. CLU® designees must meet experience and continuing education requirements and must adhere to a high ethical standard. The mark is awarded by The American College, a non-profit educator with the top level of academic accreditation.

#### **Chartered Financial Consultant (ChFC®)**

The ChFC® designation has been a mark of excellence for almost thirty years and currently requires nine college-level courses, the most of any financial planning credential. Average study time to earn the ChFC® exceeds 450 hours. Required courses cover extensive education and application training in financial planning, income taxation, investments, and estate and retirement planning. Additional electives are chosen from such topics as macroeconomics, financial decisions for retirement, and executive compensation. ChFC® designees must meet experience requirements and adhere to continuing education and ethical standards. The credential is awarded by The American College, a non-profit educator with an 85-year heritage and the highest level of academic accreditation.

#### **Registered Financial Consultant (RFC®)**

According to the IARFC, this designation is given to advisors who “meet and document seven stringent requirements of education, experience, examination, integrity, licensing, ethics and a significant amount of continuing professional education.” Candidates must pass an examination, and must complete 40 hours of continuing education per year.

#### **Masters of Science (MS)**

The Masters of Science is an advanced program offered through the College of Financial Planning. The Masters of Science (MS) is a graduate degree recognizing one of the highest levels of expertise in the industry today. The program focuses on real world, critical thinking, and problem-solving skills to better help clients preserve their wealth or plot a course for retirement.

#### *Supervision conducted internally at H Financial Management*

Garrett Hoge is the Chief Compliance Officer and is responsible for monitoring the daily activities and work produced by the IARs and employees of H Financial Management. Kent Aloia is the Compliance Manager and works closely with Garrett conducting routine checks and balances. These compliance reviews are often conducted throughout the normal course of daily business, but some are more formal, such as the end of year annual audit and various other compliance meetings conducted with and by the broker/dealer. Garrett is responsible for maintaining the code of ethics and other regulatory requirements.

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

#### *Item 21 – Other Business Activities*

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

This outside business affiliation allows those registered representatives to make commissions on various securities trades. While the vast majority of business conducted from this office is performed as fee based advice under HFM, there are times where a commission based product may be suitable and warranted. Under no circumstances do HFM registered investment advisors collect commissions and fees on the same transaction, thus, no conflict of interest exists.

#### *Item 22 – Additional Compensation*

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



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

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

### *Item 23 – Privacy Policy*

H Financial Management provides a variety of investment advisory and financial planning services to clients who have contracted for these services.\* As a result, H Financial Management is required to communicate its policies related to the privacy of customer information. We are proud of our privacy protection practices and procedures and we want you to know how we protect your information and use this information to service your account. Please take a moment to review our privacy policy as described below:

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

- Information we receive from you on questionnaires, applications, account opening documents or other forms
- Information about your transactions with us or others
- Information we receive from a consumer reporting agency
- Information we received from other sources with your consent
- Information we receive from Triad Advisors, the H Financial Management broker-dealer (for example, securities transaction information)

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

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

order to open a managed account with their firm or the brokerage firm they utilize)

- Disclosures to other persons you authorize to obtain such information (for example, a CPA who will be preparing your tax return)
- Disclosures to Triad Advisors, the H Financial Management broker-dealer (for example, to establish a brokerage account on your behalf)

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

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

If you have any questions concerning the H Financial Management privacy policies and procedures, please feel free to contact us at 724-745-9406.