



## **Firm Brochure**

(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of Gradient Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at: 877-885-0508, or by email at: [info@gradientadvisors.com](mailto:info@gradientadvisors.com). 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 Gradient Advisors, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**March 12, 2013**

## **Item 2: Material Changes**

### **Annual Update**

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

### **Material Changes since the Last Update**

The most recent Gradient Advisors, LLC Form ADV Part 2A was submitted on February 14, 2012 which updated Assets Under Management (AUM), financial planning totals and a revision of the financial planning fees charged to customers. The current version of the ADV Part 2 represents the company's annual filing which includes updating the type of clients and Assets Under Management to include Corporations. In addition, the current ADV Part 2A has been updated to allow related persons to directly or indirectly compensate any person for client referrals.

### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (877) 885-0508 or by email at: [info@gradientadvisors.com](mailto:info@gradientadvisors.com).

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## Form ADV – Part 2A – Firm Brochure

### Item 4: Advisory Business

#### Firm Description

Gradient Advisors, LLC, ("GA") was founded in 2009. Charles E. Lucius is a 90% owner and Jeffrey A. Foley is a 10% owner.

GA provides personalized, confidential financial planning services, third party asset management and manages investment advisory accounts not involving supervisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and small businesses. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning. It is the client's obligation to notify their advisor immediately if circumstances have changed with respect to the goals of the money being managed by third party asset managers.

GA is a fee-based financial planning and investment maintenance firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm's executive officers are affiliated with entities that sell securities related products.

Investment advice is an integral part of financial planning. In addition, GA advises clients regarding cash flow, college planning, retirement planning, tax planning and estate planning.

Investment advice is provided with the client making the final decision on investment selection. GA does not act as a custodian of client assets. The client always maintains control of their assets.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

#### Types of Advisory Services

GA provides managed investment advisory accounts not involving investment supervisory services and furnishes investment advice through consultations.

On more than an occasional basis, GA furnishes advice to clients on matters not involving securities, such as financial planning matters, taxation issues, and trust services that often include estate planning.

#### Financial Planning

A financial plan is designed to help the client with all aspects of their financial situation. The financial plan may include, but is not limited to: a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations.

Detailed investment advice and specific recommendations are provided as part of a financial plan. Implementation of the recommendations is at the discretion of the client.

Investment Advisor Representatives of GA may charge clients for financial planning on an hourly or negotiable fixed fee basis described in detail in Item 5 of this brochure.

#### Investment Accounts not Involving Supervisory Services

GA will assist in the opening, closing and transferring of accounts. An administrative fee of 0.60% annually may be charged on a quarterly basis in arrears for all accounts that are maintained and held by GA. GA will not have discretion at any time on these accounts.

#### Client Tailored Services and Client Imposed Restrictions

The goals and objectives for each client are documented in our client relationship management system. Investment policy statements are

created that reflect the stated goals and objectives. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without written client consent.

#### Wrap Fee Programs

GA does not sponsor any wrap fee programs.

#### Client Assets under Management

As of December 31, 2012, GA had approximately \$554,000 assets under management on a non-discretionary basis; the majority of GA's assets are managed by third-party money managers.

### Item 5: Fees and Compensation

#### Method of Compensation and Fee Schedule

GA receives solicitor fees from third party money managers and fixed or hourly fees for financial planning.

#### Solicitor for Third Party Money Managers

GA and its associated persons may act as a solicitor and refer clients to both affiliated and unaffiliated third-party investment advisors that offer asset management services to clients. This will be described in detail under Item 10 of this brochure.

#### Solicitor Fees

GA and its associated persons may be paid a portion of the fee charged and collected by the third-party investment advisors in the form of solicitor fees or consulting fees. GA's fees are negotiable depending on the size, complexity of the client's account(s), the experience and training of the Advisor and other business considerations. A complete description of the third-party investment advisor's services, fee schedules and account minimums will be disclosed in the third party investment advisor's Form ADV, Schedule H Disclosure Brochure, or similar Disclosure Brochure.

#### Financial Planning

Prior to the planning process the client will be provided an estimated plan fee. Services include but are not limited to a thorough review of all applicable topics including Wills, Estate Plan/Trusts, Investments, Taxes, and Insurance. GA allows two options for the payment of financial planning fees, selection of which is at the discretion of the advisor: 1) Payments may be made in two installments; half at the commencement of the planning process and final payment due upon delivery of the completed plan. 2) Full payment may be made in advance. In the case of full payment, GA will deliver plans within six months of the date of the planning agreement. Client may cancel within five business days of signing the Investment Advisory Agreement for a full refund. If cancellation occurs after five business days, client will be entitled to a pro-rata refund based on work completed.

#### Fixed Fee

The fee for a financial plan is based on a negotiated fixed fee basis based on complexity and unique client needs, geographic market differences and the experience of the advisor preparing the plan.

#### Hourly Fee

GA provides hourly planning services for clients who need advice on a limited scope of work. The hourly rate for limited scope engagements ranges between \$50-200 per hour, dependent upon the services requested and the complexity of the plan. Advance hourly payments are refundable based on the pro-rata work completed.

#### Soft Dollar Arrangements

GA may receive economic benefits from third-party money managers in the form of items such as: a dedicated trading desk, a dedicated service group and an account services manager dedicated to Advisor's accounts, software subscriptions and assistance on marketing or recruiting of advisors.

A conflict of interest exists when an Advisor receives soft dollars. This conflict may be mitigated by the fact that GA has a multitude of third-party money managers to choose from. The cost of any soft dollar arrangement are not passed to the client nor deducted from client's accounts.

### Investment Accounts not Involving Supervisory Services

GA will assist in the opening, closing and transferring of accounts. An administrative fee of 0.60% annually may be charged on a quarterly basis in arrears for all accounts that are maintained and held by GA. The administrative fee may be either deducted directly from the customer's account or by requesting a check from the customer. Quarterly advisory fees are deducted direct from the client account. GA will not have discretion at any time on these accounts.

### Client Payment of Fees

Fees for Investment Accounts are billed in arrears on a monthly or quarterly basis dependent upon the third-party money manager selected. Billing in arrears means that we bill you after the one-month or three-month period has ended.

### Additional Client Fees Charged

Custodians may charge transaction fees on purchases or sales of certain mutual funds, equities and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

GA, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

For more details on the brokerage practices, see Item 12 of this brochure.

### Prepayment of Client Fees

In the case of prepayment of planning fees, the client may cancel within five business days of signing the Investment Advisory Agreement for a full refund. If cancellation occurs after five business days, client will be entitled to a pro-rata refund based on work completed.

### External Compensation for the Sale of Securities and Non-Securities Products to Clients

GA does not receive any external compensation for the sale of securities to clients, however the investment advisor representatives of GA may also be registered representatives of Gradient Securities, LLC, a broker-dealer and/or an independent insurance agent affiliated with Gradient Insurance Brokerage, Inc. The aforementioned relationships create a conflict of interest because investment advisor representatives may receive separate compensation that is normally associated with the sale of securities or non-securities products. In addition, the sale of securities or non-securities products can generate higher compensation over the traditional investments offered through the advisor. This conflict is moderated by the fact that clients are not required to purchase any product and may also purchase these products through any broker-dealer or independent insurance agent of their choosing.

### Item 6: Performance-Based Fees

#### Sharing of Capital Gains

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

GA does not use a performance-based fee structure because of the conflict of interest. Performance-based compensation can create an incentive for the adviser to recommend an investment that can carry a higher degree of risk to the client.

### Item 7: Types of Clients

#### Description

GA generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations and business entities.

Client relationships vary in scope and length of service.

#### Account Minimums

GA does not require a minimum to open an account. Third-party managed programs generally have account minimum requirements that will vary from investment advisor to investment advisor.

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

#### Methods of Analysis

Security analysis methods may include fundamental analysis, technical analysis, and cyclical analysis. Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is not a guarantee of future returns.

Fundamental analysis involves evaluating a stock using real data such as company revenues, earnings, return on equity, and profits margins to determine underlying value and potential growth. Technical analysis involves evaluating securities based on past prices and volume. Cyclical analysis involves analyzing the cycles of the market.

When creating a financial plan, GA utilizes fundamental analysis to provide a review of insurance policies for economic value and income replacement. Technical analysis is used to review mutual funds and individual stocks. The main sources of information include Morningstar, client documents such as tax returns and insurance policies.

In developing a financial plan for a client, GA's analysis may include cash flow analysis, investment planning, risk management, tax planning and estate planning. Based on the information gathered, a detailed strategy is tailored to the client's specific situation.

The main sources of information include financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, and filings with the Securities and Exchange Commission.

#### Investment Strategy

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an Investment Policy Statement and Risk Tolerance Questionnaire that documents their objectives and their desired investment strategy.

Fundamental analysis may involve interest rate risk, market risk, business risk, and financial risk. Risks involved in technical analysis are inflation risk, reinvestment risk, and market risk. Cyclical analysis involves inflation risk, market risk, and currency risk.

Other strategies may include long-term purchases, short-term purchases, trading, and option writing (including covered options, uncovered options or spreading strategies).

#### Security-Specific Material Risks

All investment programs have certain risks that are borne by the investor. Fundamental analysis may involve interest rate, market, business and financial risks. Risks involved in technical analysis are inflation, reinvestment and market risk. Cyclical analysis involves inflation, market and currency risk. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## Item 9: Disciplinary Information

### Criminal or Civil Actions

The firm and its management do not have any criminal or civil actions to report.

### Administrative Enforcement Proceedings

The firm and its management have not been involved in any reportable administrative enforcement proceedings.

### Self-Regulatory Organization Enforcement Proceedings

The firm and its management have not been involved in legal or disciplinary events related to past or present investment clients.

## Item 10: Other Financial Industry Activities and Affiliations

### Broker-Dealer or Representative Registration

The Elected Manager and Chief Compliance Officer of GA are registered persons with Gradient Securities, LLC, a broker-dealer. In addition, certain IARs of GA may also be registered representatives of Gradient Securities, LLC.

### Futures or Commodity Registration

Neither GA nor its employees are registered or has an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

### Material Relationships Maintained by this Advisory Business and Conflicts of Interest

Charles E. Lucius is founder and CEO of Gradient Investments, LLC, a registered investment advisor. Advisors of GA may also have an outside affiliation through a separate agency (or individually as an agent) for the placement of insurance products. The agency or individual is licensed as an independent contractor of the insurance company and places insurance products directly with the insurance company of their choice. Insurance Marketing Organizations (IMO) exist within this independent structure to provide a distribution channel on behalf of the insurance companies. In the event an independent agent elects to partner with the IMO Gradient Insurance Brokerage Inc. (GIB), GIB will be compensated direct from the insurance company. Charles Lucius receives consulting compensation from GIB and therefore a conflict of interest occurs. This conflict is mitigated as independent agents may work with any insurance company and any IMO of their choosing, one of which may be GIB. The commission structure built into insurance products is predetermined by the insurance companies and is not altered by the IMO. The product purchased by the client is issued by the insurance company and is in no way altered by the IMO or the insurance agent. Furthermore, the client has no obligation to do business with the advisor/agent.

Jeffrey Foley is the President of Gradient Securities, LLC, a securities broker dealer. Jeff Foley is also the President of Gradient Tax, LLC, a firm that provides tax preparation and consulting. Associated persons of GA may also be registered representatives of Gradient Securities and members of Gradient Tax. In addition, associated persons of GA may hold insurance licenses with independent insurance agencies.

A conflict of interest occurs if associated persons of GA refer clients to Gradient Securities or Gradient Tax. In those events, IARs of GA would receive compensation for securities product sales from Gradient Securities or fees for tax services from Gradient Tax. The aforementioned conflicts may be mitigated by the fact that clients are not required to purchase products or services through any of the aforementioned entities. Clients have the option to purchase these products or services through other broker dealers or tax preparation companies of their choosing.

A conflict of interest also occurs if an investment advisor representative of GA refers a client to Gradient Investments for money management. In that event, Gradient Investments would receive compensation through assets under management. This conflict is moderated or avoided because clients have the ability to choose the third-party money manager that meets their needs and are not obligated to use Gradient Investments for money management.

## Recommendations or Selections of Other Investment Advisors and Conflicts of Interest

GA and its associated persons may act as a solicitor and refer clients to both affiliated and unaffiliated third-party investment advisors that offer asset management services to clients. As a result, GA and its associated persons may be paid a portion of the fee charged and collected by the third-party investment advisor in the form of solicitor fees or consulting fees. Each solicitation arrangement is performed pursuant to a written solicitation agreement and is in compliance with SEC Rule 206(4)-3.

Clients are advised that investment advisor representatives have a conflict of interest by only offering a third-party investment advisor that has agreed to pay a portion of its advisory fee to advisor. Clients are advised that there may be other third-party managed programs that may be suitable to the client that may be more or less costly. No guarantees can be made that the client's financial goals or objectives will be achieved. Further, no guarantees of performance can be offered. Investments involve risk, including the possible loss of principal.

GA performs a due diligence review on all third-party money management firms to ensure that they are properly registered in the states where GA conducts business.

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

### Code of Ethics Description

The employees of Gradient Advisors have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of Gradient Advisors employees and addresses conflicts that may arise. The Code defines acceptable behavior for employees of Gradient Advisors. The Code reflects Gradient Advisors and its supervised persons' responsibility to act in the best interest of their client.

One area the Code addresses is when employees buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our clients. We do not allow any employees to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the interests of our clients.

Gradient Advisors' policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other employee, officer or director of Gradient Advisors may recommend any transaction in a security or its derivative to advisory clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

Gradient Advisors' Code is based on the guiding principle that the interests of the client are our top priority. Gradient Advisors' officers, directors, advisors, and other employees have a fiduciary duty to our clients and must diligently perform that duty to maintain the complete trust and confidence of our clients. When the potential for conflict arises, it is our obligation to put the client's interests over the interests of either employees or the company.

The Code applies to "access" persons. "Access" persons are employees who have access to non-public information regarding any clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities

recommendations to clients, or who have access to such recommendations that are non-public. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

### **Investment Recommendations Involving a Material Financial Interest and Conflict of Interest**

GA and its employees do not recommend to clients securities in which we have a material financial interest.

### **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

GA and its employees may buy or sell securities that are also held by clients. In order to mitigate conflicts of interest such as front running of client trades, employees are required to disclose all reportable securities transactions as well as provide GA with copies of their brokerage statements.

The Chief Compliance Officer of GA is Gregory Stecher. He reviews all employee trades each quarter. His trades are reviewed by Jeffrey Foley. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment over employee transactions.

### **Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

GA does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist.

## **Item 12: Brokerage Practices**

### **Factors Used to Select Broker-Dealers for Client Transactions**

GA does not have any affiliation with securities product sales firms used for custodial services. Specific custodian recommendations are made to Clients based on their need for such services. GA recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

GA may recommend discount brokerage firms and trust companies (qualified custodians), such as Pershing, E-Trade, Scottrade and TD Ameritrade. GA does not receive fees or commissions from any of these arrangements.

- *Directed Brokerage:* GA utilizes Third Party Money Managers and therefore it does not take direction from clients as to what broker-dealer to use.
- *Best Execution:* Investment advisors who manage or supervise client portfolios on a discretionary basis have a fiduciary obligation of best execution. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the portfolios, the efficiency with which the transaction is effected, the ability to effect the transaction where a large block is involved, the operational facilities of the broker-dealer, the value of an ongoing relationship with such broker and the financial strength and stability of the broker. The firm does not receive any portion of the trading fees.
- *Soft Dollar Arrangements:* GA does not maintain any soft dollar arrangements.

### **Aggregating Securities Transactions for Client Accounts**

GA does not trade for its or its clients' accounts and therefore aggregation of securities transactions is not applicable.

## **Item 13: Review of Accounts**

### **Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Account reviews are performed on at least a quarterly basis by the IARs and a minimum of annually by the Chief Compliance Officer. Account reviews are performed more frequently when market conditions dictate.

Financial Plans are considered complete when recommendations are delivered to the client and a review is done only upon request of client.

### **Review of Client Accounts on Non-Periodic Basis**

Other conditions that may trigger a review of clients' accounts are changes in the tax laws, new investment information, and changes in a client's own situation.

### **Content of Client Provided Reports and Frequency**

GA does not issue regular reports. Account statements are issued by the Third Party Money Manager's custodian. Client receives confirmations of each transaction in accounts from the Custodian and an additional statement during any month in which a transaction occurs.

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

### **Economic benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

GA may receive referral fees for referring clients to third-party money managers that could create a conflict of interest. This conflict is mitigated by the fact that clients may use another money manager of their choosing. When referring clients to third-party advisors, the client's best interest will be the main determining factor of GA.

### **Advisory Firm Payments for Client Referrals**

GA or associated persons of GA may pay for client referrals. Payments for client referrals are not charged to, or collected from, clients and are part of the assets under management or planning fee.

## **Item 15: Custody**

### **Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly. Clients are urged to compare their account statements received directly from their custodians to the performance report statements prepared by the third-party money manager.

GA is deemed to have indirect custody solely because advisory fees are directly deducted from client's account by the custodian on behalf of GA.

## **Item 16: Investment Discretion**

### **Discretionary Authority for Trading**

GA does not accept discretionary authority to manage securities accounts on behalf of clients.

## **Item 17: Voting Client Securities**

### **Proxy Votes**

GA does not vote proxies on securities. Clients are expected to vote their own proxies. The client will receive their proxies directly from the custodian of their account or from a transfer agent.

When assistance on voting proxies is requested, GA will provide recommendations to the client. If a conflict of interest exists, it will be disclosed to the client.

## **Item 18: Financial Information**

### **Balance Sheet**

A balance sheet is not required to be provided because GA does not serve as a custodian for client funds or securities and GA does not require prepayment of fees of more than \$1,200 per client and six months or more in advance.

### **Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

GA has no condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

### **Bankruptcy Petitions during the Past Ten Years**

Neither GA nor its management has had any bankruptcy petitions in the last ten years.



## Brochure Supplement (Part 2B of Form ADV)

March 12, 2013

### Executive Officers and Management Brochure

This brochure supplement provides information about the Executive Officers and Management that supplements the Gradient Advisors, LLC brochure. You should have received a copy of that brochure. Please contact us at the above address, if you did not receive Gradient Advisors, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about the Executive Officers and Management may be available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

#### Education and Business Standards

GA requires each investment advisory agent who renders investment and financial planning to clients to be an investment advisor representative meeting the registration requirements in their applicable state.

#### Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

**Chartered Financial Consultant (ChFC):** Chartered Financial Consultants are licensed by the American College to use the ChFC mark. ChFC certification requirements:

- Complete ChFC coursework within five years from the date of initial enrollment
- Pass the exams for all required elective courses. You must achieve a minimum score of 70% to pass.
- Meet the experience requirements: Three years of business experience immediately preceding the date of use of the designation are required. An undergraduate or graduate degree from an accredited educational institution qualifies as one year of business experience.
- Take the Professional Ethics Pledge.
- When you achieve your ChFC designation, you must earn your recertification every two years.

**Chartered Life Underwriter (CLU):** Chartered Life Underwriters are licensed by the American College to use the CLU mark. CLU certification requirements:

- Complete successfully CLU coursework 5 required and 3 elective
- Meet the experience requirements: Three years of business experience immediately preceding the date of use of the designation are required. An undergraduate or graduate degree from an accredited educational institution qualifies as one year of business experience.
- Take the Professional Ethics Pledge.
- When you achieve your CLU designation, you must earn 30 hours of continuing education credit every two years.

**Certified Financial Planner (CFP®):** Certified Financial Planner is a designation granted by the CFP® Board. CFP® requirements:

- Bachelor's degree from an accredited college or university.
- Completion of the financial planning education requirements set by the CFP Board ([www.cfp.net](http://www.cfp.net)).
- Successful completion of the 10-hour CFP® Certification Exam.
- Three-year qualifying full-time work experience.
- Successfully pass the Candidate Fitness Standards and background check.
- Once the CFP® designation is obtained, the CFP® must renew the certification every year, pay a certification fee and complete 30 hours of continuing education.

### Charles E. Lucius, CLU®/ ChFC®/ MSFS - Founder and CEO



With a deep passion for knowledge, Charles E. "Chuck" Lucius, has earned many degrees and designations, but it was serving as a pilot in the United States Air Force that he found a deeper passion for freedom and the boundless opportunity it affords. Over the course of his career, Chuck has attained the following licenses and/or designations: Series 7, 24, 63, 65 as well as CLU®, ChFC, CFP and a Masters in Financial Sciences.

In 1975, Chuck began his career in the insurance industry with Prudential Life Insurance Company. He successfully served in the field and in numerous leadership roles to include Estate Planning Specialist, Director of Advanced Marketing, and Director of Fee-Based Financial Planning. Chuck also served as Managing Director overseeing the leading Prudential Agency in Minnesota earning Prudential's highest honors as the recipient of The President's Citation.

In 2001, Chuck began his tenure as President and Principal of Personalized Brokerage Services, LLC / USAllianz Securities. Under his leadership, the organization grew to become an industry leader from a group of 15 professionals to a team of over 150 professionals and 200 + Registered Representatives. Annual premium soared under his leadership, and a wealth management business model was created which included fixed annuities, securities, long-term care and life insurance divisions as well as a top-tier practice management program. He earned a reputation for operational excellence.

Currently, Chuck is founder and CEO of Gradient Financial Group and founded Gradient Investments in 2006. His organizations provide a cutting-edge platform which emphasizes his passion for maintaining independence for agents within the financial services industry. Chuck also serves on numerous Insurance Company Leadership Councils.

Chuck resides in North Oaks, Minnesota with his wife Tami and enjoys spending time with his children, Megan, Brian, Nate, Chaz and Cruz. He enjoys spending family time at his lake home as well as personal aviation and furthering his industry knowledge.

**Year of birth:** 1948

#### Educational Background:

- The American College; Masters of Science in Financial Services; 1988
- North Dakota State University; BS Psychology; 1970
- U.S. Air Force Pilot; 1970-1975

#### Business Experience:

- Luson Capital, LLC; Owner; 2013-Present
- KonnexME, LLC; Owner 2012-Present
- Gradient Advisors, LLC; Owner/CEO; 2009-Present
- BZ Inc.; Owner; 2009-2013
- RIA Registrar, LLC; Owner; 2006-Present
- Gradient Investments, LLC; Owner/CEO; 2006-Present
- Gradient Insurance Brokerage, Inc.; Consultant; 2005-Present
- A Street, LLC; Owner; 2005-Present
- J Street, LLC; Owner; 2005-2013

**Disciplinary Information:** None to report

**Other Business Activities:** Chuck is a consultant to Gradient Insurance Brokerage Inc., an insurance wholesaling company and owner of Gradient Investments, LLC, an SEC registered investment advisor. Advisors of GA may also have an outside affiliation through a separate agency (or individually as an agent) for the placement of insurance products. The agency or individual is licensed as an independent contractor of the insurance company and places insurance products directly with the insurance company of their choice. Insurance Marketing Organizations (IMO) exists within this independent structure to provide a distribution channel on behalf of the insurance companies.



In the event an independent agent elects to partner with the IMO Gradient Insurance Brokerage Inc. (GIB), GIB will be compensated direct from the insurance company. Charles Lucius receives consulting compensation from GIB and therefore a conflict of interest occurs. This conflict is mitigated as independent agents may work with any insurance company and any IMO of their choosing, one of which may be GIB. The commission structure built into insurance products is predetermined by the insurance companies and is not altered by the IMO. The product purchased by the client is issued by the insurance company and is no way altered by the IMO or the insurance agent. Furthermore, the client has no obligation to do business with the advisor/agent.

**Additional Compensation:** Chuck receives compensation from Gradient Insurance Brokerage, Inc.. A conflict of interest occurs if an associated person of GA refers a client to an independent insurance organization, like Gradient Insurance Brokerage, Inc. In that event, Gradient Insurance Brokerage would receive compensation through non-securities (insurance) products sold under these circumstances. This conflict is mitigated as clients are not obligated to use Gradient Insurance Brokerage for insurance product purchases. A conflict of interest occurs if an investment advisor of GA refers a client to Gradient Investments for money management. In that event, Gradient Investments would receive compensation through assets under management. This conflict is mitigated as clients are not obligated to use Gradient Investments for money management.

### Jeffrey Foley CFP®, CLTC, MSM - Elected Manager



Jeffrey Foley brings over a decade of financial services experience in the insurance and the investment side of the industry. On the insurance side, he worked with a leading marketing organization based in Topeka, Kansas and served in numerous management roles, including Vice President of Marketing. Under his leadership, the organization submitted over \$1 billion in annuity premium annually.

In 2006, Jeff joined Old Mutual Financial Network as Assistant Vice President Broker/Dealer and Marketing Relations where he was responsible for the internal annuity and life sales teams as well as the en Español sales team and all broker/dealer relations.

On the investment and compliance side, Jeff provides product and practice management guidance and training to advisors and has continuously supervised Registered Representatives. He performs compliance and correspondence reviews and signature guarantees.

Jeff earned his Master's of Science in Management from the American College and graduated with honors from Bethany College. Over the course of his career, Jeff has attained his Series 7, 24, 6, 53, 63 and 66 registrations as well as the CFP® and CLTC designation. He has held Life and Health licenses in all 50 states.

**Year of birth:** 1975

#### **Educational Background:**

- The American College; Masters of Science in Management; 2008
- Bethany College; BA Business Management; 1997
- Certified Financial Planner (CFP®), CFP® Board; 2013

#### **Business Experience:**

- Gradient Advisors, LLC; Elected Manager; 2009-Present
- Gradient Securities, LLC; President; 2009-Present
- Gradient Tax, LLC; President; 2008-Present
- Gradient Insurance Brokerage, Inc.; Senior Vice President; 2008-2009
- Gradient Investments, LLC; CCO; 2008-2009
- Old Mutual Financial Network Securities; Principal; 2007-2008
- Old Mutual Financial Network; AVP, BD & Marketing Relations; 2006-2008
- Insurance Formology; President; 2005-2006
- US Allianz Securities, Inc.; Registered Representative; 2000-2005
- Personalized Brokerage Services, Inc.; Brokerage Manager; 1997-2005

**Disciplinary Information:** None to report

**Other Business Activities:** Jeff is also President of Gradient Securities, LLC and Gradient Tax, LLC

**Additional Compensation:** Jeff receives compensation through Gradient Securities, LLC, a securities broker dealer. A conflict of interest occurs if an investment advisor of GA refers a client to Gradient Securities, LLC. In that event, Gradient Securities, LLC would receive compensation through securities products sold under these circumstances. This conflict is mitigated as clients are not obligated to use Gradient Securities, LLC for security product purchases. A conflict of interest also occurs if an investment advisor of GA is a member of Gradient Tax. In that event, Gradient Tax would receive compensation for tax services offered by the investment advisor. This conflict is mitigated as clients are not obligated to use Gradient Tax for tax preparation.

**Supervision:** Jeff Foley's advisory activities are supervised by Gregory J. Stecher, Chief Compliance Officer. He reviews Jeff Foley's advisory work through frequent office interactions. Gregory Stecher also reviews Jeff Foley's activities through our client relationship management system. Mr. Stecher's contact information: Tele: (877) 885-0508, Email: [gstecher@gradientadvisors.com](mailto:gstecher@gradientadvisors.com).

### Gregory Stecher - Chief Compliance Officer



Greg Stecher joined Gradient Advisors in October 2009 to serve as Chief Compliance Officer. Having managed and overseen nearly every aspect of the financial services industry over the last 25 years, Greg brings a wide breadth of regulatory and operational knowledge to Gradient Advisors, LLC

Greg spent 22 years working for AXA Financial Group, a world leader in wealth management services with approximately \$575 billion in assets. There he directed and oversaw the operations,

marketing, finance, human resources, and recruiting for the Midwest region.

Later, he was hand selected to serve as AXA's senior operations manager of the Minnesota/Dakotas branch after a corporate restructuring of the retail distribution channel. He conducted numerous regulatory audits to ensure compliance, and efficiently managed operating expenses in excess of \$6 million and revenue over \$200 million.

At AXA, Greg frequently designed and implemented information technology to enable and increase the efficiency of his management of the organization. He led the field consultant for the development of business requirements, design, development and implementation of a \$24 million web-enabled Client Relations Management system. He also researched, designed, programmed and supported a regulatory compliance database for managing and monitoring sales representative's activities.

Additionally, Greg performed duties in the world of human resource management. He headed a total overhaul of the HR performance appraisal program, corporate benefits program and the employment policies and procedures manual which resulted in an increased ability to recruit and retain staff.

At Gradient Advisors, Greg ensures regulatory compliance in addition to streamlining operations and procedures.

**Year of birth:** 1961

#### **Educational Background:**

- University of Iowa; BBA Major in Marketing Finance and Minor in Computer Science; 1984

#### **Business Experience:**

- Gradient Advisors, LLC; Chief Compliance Officer; 2009-Present
- Gradient Securities, LLC; Chief Compliance Officer; 2009-Present
- GWG Broker Services, LLC; Chief Operating Officer; 2007-2009
- AXA Equitable; Sr. Vice President/ Sr. Operations Manager; 1985-2007

**Disciplinary Information:** None to report

**Other Business Activities:** Greg is also the Chief Compliance Officer for Gradient Securities, LLC.

**Additional Compensation:** Greg receives compensation through Gradient Securities, LLC a securities broker dealer. A conflict of interest occurs if an investment advisor of GA refers a client to Gradient Securities, LLC. In that event, Gradient Securities, LLC would receive compensation through securities products sold under these circumstances. This conflict is mitigated as clients are not obligated to use Gradient Securities, LLC for security product purchases.

**Supervision:** Greg Stecher is supervised by Jeff Foley, Elected Manager. He reviews Greg's work through frequent office interactions. He also reviews Greg's activities through our client relationship management system. Jeff Foley's contact information: Tele: (877) 885-0508, Email: [jfoley@gradientadvisors.com](mailto:jfoley@gradientadvisors.com).