



Simon Financial Group, Inc.  
Disclosure Brochure  
January 2014

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[www.simoncap.com](http://www.simoncap.com)

This brochure provides details about Simon Financial Group's qualifications and business practices. If you have any questions about its contents please contact Scott Race 610-667-2450. The information in this brochure has not been verified or approved by the United States Securities and Exchange Commission or by any state securities authority.

Simon Financial Group is a registered investment advisor. This does not imply a certain level of skill or training. For additional information about Simon Financial Group you can visit the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Since our last annual amendment no material changes have taken place with Simon Financial Group, Inc.



## Simon Financial Group Disclosure Brochure

### Table of Contents

1. Cover Page
2. Material Changes
3. Table of Contents
4. Advisory Business
5. Fees & Compensation
6. Performance Based Fees
7. Types of Clients
8. Methods of Analysis, Investment Strategies and Risk of Loss
9. Disciplinary Information
10. Other Financial Industry Activities and Affiliations
11. Code Ethics
12. Brokerage Practices
13. Review of Accounts
14. Client Referrals and Other Compensation
15. Custody
16. Investment Discretion
17. Voting Client Securities
18. Financial Information
19. Requirements for State Registration

## Advisory Business

The investment philosophy of Simon Financial Group, Inc. (hereinafter referred to as SFG) is based on conservative, value-based investment principles. Our focus is to help our clients develop long-term investment strategies that favor solid, properly valued investments. One of our primary goals is to shield our clients from unnecessary market turbulence by concentrating on solid investments, as opposed to chasing trends.

The goal of SFG is to assist clients with the development of financial planning and investment strategies based on their risk tolerance, time horizon, tax bracket, investment experience and their stated objectives. To assist clients in developing these strategies, SFG can, but is not required to use various financial data gathering and investment risk-tolerance questionnaires. These tools will be used on an as needed basis for SFG clients.

SFG provides investment advisory services and manages investment accounts. SFG also provides investment and/or financial planning advice. Financial advice may include a written analysis with specific investment objectives and product recommendations. Any recommendations that can be implemented through SFG will be made available to clients. No client is contractually bound to implement any recommendation through SFG or any of its affiliates.

SFG is also licensed by the Pennsylvania Insurance Commission to sell insurance and to provide advice to clients on related matters.

Financial and investment recommendations will be client specific. Once SFG completes its investment and/or financial analysis, they will review their findings with each client prior to any investment implementation. Investment implementation will take place only after a client has had an opportunity to review and understand the recommendations.

It is the responsibility of each client to inform SFG as to the level of financial advice and investment management they are seeking. SFG will outline to each client their fee structure for the services they provide. Client fees for financial planning and investment management can be based on a percent of assets managed, hourly wages or flat fees. SFG does not offer any commission-based investment products or services. All SFG fees are negotiable.

The services provided by SFG can be distinctly categorized as (a) financial planning, (b) financial advice and (c) asset management. The percentage of time devoted by SFG to each practice is listed in this paragraph and is a reasonable approximation. SFG spends approximately ten (10%) percent of its time on investment advisory services and financial planning, seventy (70%) percent of its time managing investment accounts, ten (10%) percent of its time providing investment advice and ten (10%) percent of its time providing advice to clients about matters not involving securities.

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## Fees & Compensations

Investment fees will be based on the average daily value of each Client's account. All investment management fees are based on the average daily value from the preceding 3 months. SFG will be compensated exclusively in arrears for investment management so there will be no advisory fees returned. If Client terminates their relationship with SFG, they are still responsible for payment to SFG for management services up to the date of cancellation. All fees will be paid from the Broker, Custodian or Trust on a quarterly basis to SFG and all fees are negotiable.

Financial planning fees are due at the time an advisory agreement is signed. Engagement periods for financial planning will consist of 12 months and will not begin until a financial analysis has been delivered to a client. Financial planning can consist of Comprehensive Financial Planning or Need's Based Planning. If for any reason a client wishes to terminate their financial planning relationship with SFG they may do so by providing a written request to SFG within thirty (30) days of receiving their financial analysis. Client will be given a full refund of all financial planning fees within thirty (30) days of receiving the written cancellation. SFG's fee for financial planning will be based on an hourly rate of \$125 per hour or a predetermined flat fee that can range between \$250 and \$2,500.

For structuring a fixed income portfolio, clients will be charged a onetime consulting fee up to 1% of the value of the assets. Fees will be deducted on the implementation date of the fixed income portfolio. From this date, clients will have five (5) days to provide to SFG a written request terminating the agreement. If this relationship is terminated, SFG will return any remaining fees within thirty (30) days of receiving the written notice.

For each investment account, clients will pay an advisory fee to SFG. The Broker or Trust Company will deduct payments on behalf of SFG for investment advisory services. The Broker and/or Trust will then make payments to SFG on a quarterly basis. If for any reason a client wishes to terminate their investment advisory relationship they may do so by providing a written request to SFG. The relationship will be considered terminated as of receipt of the client's written request.

Investment advisory fees are paid in arrears so there will be no advisory fees returned and clients will still be responsible for payment to SFG for investment management services up to the date of cancellation. Fee calculations will be based on the average daily value of the client's account for the preceding three (3) months. Accounts transferring to SFG mid quarter will be charged a prorated fee for that quarter. The same method of calculation as indicated above would apply.

For investment assets below \$1,000,000, clients will be billed of 1.5%. For assets between \$1,000,000 and \$2,000,000, clients will be billed 1.25%. For assets between \$2,000,000 and \$5,000,000, clients will be billed 1.00%. For assets above \$5,000,000 clients will be billed .75%. For variable annuity sub-account management or variable life insurance sub-account management, clients will be billed .85% of the sub-account asset value.

#### **Investment Asset Fee Schedule:**

Investment Asset Range	Fee
Investment Assets up to \$1,000,000	1.5%
Investment Assets of \$1,000,001 up to \$2,000,00	1.25%
Investment Assets of \$2,000,001 up to \$5,000,00	1.00%
Investment Assets \$5,000,001 and above	.75%

#### **Variable Sub Account Asset Fee Schedule**

Variable Sub Account Asset Management	Fee
Variable Annuity Sub Account Management	.85%
Variable Life Insurance Sub Account Management	.85%

All investment management fees will be paid from the Broker or Trust on a quarterly basis. SFG will obtain written client authorization regarding debiting client accounts for fees, they will send to the qualified custodian written notice of the amount of the fee to be deducted and at that time send a formal written invoice to the client.

Investment management fees will be paid in arrears and all fees are negotiable. All clients who

are not given a brochure 48 hours prior to signing an agreement will have 5 business days in which to cancel the contract without penalty. All SFG fees are negotiable.

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### Performance Based Fees

Performance based fees are non-applicable. SFG does not charge any type of performance based fee.

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### Clients

SFG clients consist of individual investors and businesses. SFG also represents pension and profit sharing plans, trusts, estates and charitable organizations. SFG contracts with all clients via SFG's advisory agreement. These documents clearly define each party's responsibility in the relationship. These documents outline client rights and responsibilities, advisor rights and responsibilities, fee structure, and contract cancellation.

SFG provides investment advice and asset management services to their clients and may also provide financial planning services. Each client has the option to choose which services best meet their needs. No client is required to use any specific service that SFG provides.

Clients may terminate their advisory agreement with SFG at any time. Clients may terminate their advisory agreement in writing or verbally. Once notification has been received, the relationship will be terminated and all investment management, financial planning and all other responsibilities related to investment management, financial planning and all other activities will cease. Clients are still required to make payments in full to SFG for investment management services and any other services requiring payment up to the date of cancellation.

If for any reason a client wishes to terminate their financial planning relationship with SFG they may do so by providing a written request to SFG within thirty (30) days of receiving their financial analysis. The client will be given a full refund of all financial planning fees. They will be refunded their fee within thirty (30) days of receiving the written request.

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### Methods of Analysis, Investment Strategies and Risk of Loss

It is Simon Financial Group's policy to invest in a manner designed to provide quality investment advice with the maximum security possible; while, at the same time, meeting the daily cash flow needs of its clients while complying with all state and federal statutes governing public investments.

SFG uses the following investment types to help clients build investment strategies specific to their needs.

**Equity Investments** – The investment manager may invest in any unrestricted, publicly traded stock, mutual fund or exchange traded fund that is listed on any exchange or a national, over-the-counter market that is appropriate for a client.

**Fixed Income Securities** – The quality rating of bonds and notes must be "A" or better unless lower quality fixed income securities have been deemed appropriate for an investor. The portfolio may consist of traditional fixed income securities and will not consist of any derivatives. Maturity dates will vary depending on each client's needs.

**Cash and Equivalents** – The quality rating of commercial paper must be A-1 or better unless lower quality fixed income securities have been deemed appropriate for an investor. The assets of any money market or money market mutual funds should comply with this standard and/or the quality provisions for fixed-income securities.

Authorized investments are limited to investments described in Public Act 20 of 1943, as amended, and may consist of: Exchange Traded Funds (ETF), both equity and bond mutual funds, stocks, bonds, real estate, limited partnerships and REITs.

If mutual funds are used, preferences will be given to funds with low expenses who provide no-load (no-commission) mutual funds or who have waived all up-front sales charges. In some cases, mutual funds held less than a specified period of time may charge an early redemption fee. Redemption fees are mutual fund specific and vary. To determine if there is a redemption fee and its duration, each investor should refer to the mutual fund's prospectus where redemption fee information is outlined. For any specific questions, please contact SFG.

Through fundamental and technical analysis SFG helps clients design and implement suitable investment programs specific to their needs. SFG has established the following objectives to help clients understand how SFG structures investment portfolios.

**SFG's Investment Objectives:**

1. **Safety-** Safety of principal is the leading objective of SFG investment program. Investments shall be made in a manner designed to preserve capital in the overall portfolio.
2. **Diversification-** SFG through asset allocation and investment analysis seeks to diversify client investments to protect them. Portfolios are designed to reduce risk by combining a variety of investments categories. Diversification can reduce the upside and downside potential of an investment portfolio. It can often be helpful under a wide range of economic conditions.
3. **Liquidity-** Investment portfolios shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.
4. **Return on Investment-** Investment portfolios shall be designed in accordance with the investment risk constraints and cash flow characteristics of each investor. SFG's goal is to help clients wade through the varying investment cycles and economic conditions of the capital markets.

SFG encourages clients to minimize risk exposure by maintaining reasonable diversification and limiting equities to no more than a ten percent in any single security and to limit the total security's position (debt and equity) in any one company to no more than twenty percent of the portfolio. Reasonable sector allocations and diversification should also be maintained. While SFG recommends this formula to limit risk, they do understand that client needs vary and not all clients will follow these recommendations.

SFG uses strategies like investment rebalancing and asset allocation to help clients with risk-management. Once an investment model is implemented, rebalancing will take place as needed and vary depending on market and economic conditions along with each investor's individual needs. SFG, in some cases, maintains discretionary account authority. Investment authority is the responsibility of SFG and should be consistent with investment policy. Clients also understand that any investment can lose money and that past performance is no guarantee of future returns.

To help make the most appropriate investment decisions, SFG uses a variety of sources of information including mutual fund prospectuses, financial newspapers and periodicals along with reports outlining corporate activities of the companies in which SFG invests. This includes, but is not limited to, annual reports, corporate documents and any filings with the Securities and Exchange Commission.

SFG also uses research prepared by independent third party organizations to help them maintain the investment strategies specific to each of their clients. These investment strategies include long term purchases of securities held for more than one year, short term purchases representing securities held for less than one year, but more than thirty days, trading strategies which represent securities held for less than 30 days, margin transactions and options trading that includes covered and uncovered options along with spread strategies.

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### Disciplinary Information

Disciplinary information is non-applicable. SFG has had no disciplinary actions.

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### Other Financial Industry Activities and Affiliations

SFG is licensed with the Pennsylvania Department of Insurance and offers its clients a variety of insurance products and services. SFG holds the necessary licenses to assist their clients with life, accident and health insurance matters. SFG is fully licensed to conduct insurance transactions with individuals and various business groups.

SFG is not registered nor does it have a pending registration with any broker-dealer or futures commission merchant, commodity pool operator or commodity-trading advisor. SFG has no other arrangements that are material to its advisory business or its clients with any related person as defined by the Securities and Exchange Commission.

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### Code of Ethics

Simon Financial Group, through its Designated Person, is responsible for the development of and adhering to a formal Code of Ethics that meets all requirements. SFG's Code of Ethics also incorporates their Privacy Policy. A copy of SFG's Code of Ethics is part of the firm's formal procedures and is available upon request. All SFG employees, advisors, contractors and staff are required to abide by all details of SFG's Code of Ethics.

SFG buys and sells for itself securities that it also recommends to clients. SFG will recommend these securities only when they meet Client investment objectives and risk tolerance. When SFG recommends any security transaction to a client, it will disclose any recent changes (changes occurring within the prior 14 days) it may have made concerning that security.

SFG does not buy securities, for itself, from or sell securities it owns to clients, nor does it, as broker or agent, effect securities transactions for compensation for any clients. SFG will not recommend to a client to buy or sell securities or investment products in which it has a financial interest beyond the ownership of common or preferred shares in its own portfolio.

Client agrees that securities held in their accounts and the income generated may decline due to conditions to which SFG has no control. This includes conditions affecting the general economy and the overall market. Contributing factors could include, but is not limited to local, regional, and global political, social, and economic instability along with currency, interest rate, and

commodity price fluctuations. Client also confirms that all investments come with varying degrees of risk that could result in loss of principal, interest and income generated and that past performance is no indication of future results.

Client understands that SFG makes no promises, guarantees or warrants that any services performed will result in profit. Client may rely on information from SFG to be reasonably accurate and reliable. Client understands that the Agreement may only be modified upon written consent of the parties herein. Client agrees to discuss with SFG their financial needs and objectives openly and without hesitation and will promptly inform SFG of material changes to their financial circumstance. Client takes full responsibility for not informing SFG of any changes.

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### **Brokerage Practices**

Brokerage practices are non-applicable since SFG does not select or recommend broker dealers for any client transaction. There is no circumstance where SFG receives any “soft dollar benefits” or any type of brokerage commission or markup or markdown to obtain research or other products or services.

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### **Review of Accounts**

Portfolio reviews take place no less than annually and are full reviews. When necessary, portfolios are rebalanced to match client's investment objectives. Client's investments will be determined by their time horizon, risk tolerance, tax bracket and their stated goals. Changes to any of these trigger an immediate review. Clients undergo evaluations to determine their acceptable range of investment risk prior to investing. From this evaluation an Investment Policy Statement (IPS) is created. Scott J. Race, president of Simon Financial Group & Investment Advisor Representative reviews all portfolios and IPSs.

Client account statements are sent monthly by TD Ameritrade Institutional member NYSE/SIPC (herein: Broker). Statements will outline client account balances, gains, losses, holdings and transactions. Transactions occurring between statements generate a transaction statement. Clients will also receive any required IRS tax documents. Employer Sponsored Retirement Plans (herein: ESRP) will open an account with either the Broker or an approved Trust Company who will provide all necessary account statements and documents to each participant. ESRPs provide quarterly account and transaction statements.

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### **Client Referrals & Other Compensation**

Client referrals and other compensation are non-applicable. No person provides any type of economic benefit to SFG for investment advice or advisory services.

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### **Custody**

Clients will establish and maintain, in their name, accounts into which they shall deposit funds and/or securities. Unless otherwise specified, accounts will be established with TD Ameritrade Institutional Services (member NYSE/SIPC), a division of TD Ameritrade Investor Services, Inc (hereinafter referred to as the Broker). TD Ameritrade is located at 5010 Wateridge Vista Drive, San Diego, CA 92122. These accounts will be referred to as managed assets.



Business clients who employ SFG to manage their Employer Sponsored Retirement Plans (hereinafter: ESRP) will abide by all Department of Labor guidelines as to how accounts will be established, maintained and safeguarded. ESRPs that require a Trust as a custodian will establish and maintain, in their name, accounts on behalf of the ESRP. ESRP Trustees will vary depending on client needs.

Client understands that the Broker and/or Trust, not Simon Financial Group, will have full custody of their funds and that they might be required to pay commissions to the Broker and/or the Trust with respect to all transactions affected in their account. Clients will receive statements directly from the Broker and/or Trust. SFG will not prepare regular client account statements or transaction documents. Client authorizes the Broker and/or Trust to forward copies of all confirmations, statements and/or reports to SFG.

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### **Investment Discretion**

Client accounts will be managed on a self-directed basis. Client accounts will, at all times, be held solely in the name of the client and will require the client's authorization for withdrawal or modification. The client may, at any time, increase or decrease their position with regard to their managed asset.

Clients may grant SFG investment discretion as defined in Part II of section 12 of form ADV. For a client to grant SFG investment discretion, they must initial the box in Section 2 titled Account Custody in SFG's Investment Advisory Agreement. Only by initialing this section will clients give SFG investment discretion.

By initialing this section, clients grant SFG full investment discretion. This will allow SFG to make investment changes on behalf of the client. This authority will not allow SFG to distribute money in any form without prior client consent. If Section 2 titled Account Custody in SFG's Investment Advisory Agreement is not initialed, SFG will assume that investment discretion was not authorized by the client and will manage the account(s) on a self-directed basis.

Clients will describe any limitations regarding investment discretion prior to any investment implementation. Discretionary limitations will be discussed and offered to all clients prior to any investment implementation. If the client offers no direction on limitations, it is understood that SFG will have full investment discretion.

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### **Voting Client Securities**

Voting client securities is non-applicable. SFG does not have the authority, or will accept the authority to vote client securities.

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### **Financial Information**

SFG does not require prepayment of fees. SFG bills all investment accounts in arrears and offers a return of fees for any financial planning based on the guidelines stated above in the fee section. There are no financial conditions that are reasonably likely to impair SFG's ability to contractual commitments to clients.

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## Requirements for State Registered Advisors

The president of Simon Financial Group, Inc., Scott J. Race was born on August 19, 1972 and is a Penn State University graduate. He started his career with American Investment Services where he spent his time helping individuals plan for retirement while maximizing the efficiency of their investments. In 2001, Mr. Race created Senior Essential, a boutique financial planning and investment firm, designed to help clients prepare for and/or maintain their investment portfolios during retirement. This boutique planning firm was the predecessor to Simon Financial Group. Simon Financial Group, Inc. was established in September of 2004.

SFG does not impose any minimum asset value in order to open an investment account for a client or to maintain an investment account on behalf of a client.

Client understands that SFG may communicate information to them electronically. Electronic communication includes, but is not limited to email and/or the internet. Client understands that SFG may communicate with them via phone. This includes cell phone communication in all its forms. Client understands that cell phone communication may include text messaging unless otherwise specified by the Client.

SFG's principals and advisors are licensed insurance agents and may receive compensation from the insurance companies they represent. Clients are not required to use any insurance company SFG represents.

SFG has adopted written policies and procedures in order to safeguard and dispose of Client information in accordance with the rules and regulation promulgated under the Gramm Leach Bliley Act. The Firm only shares nonpublic personal Client information if permitted or required by law, at the Client's direction, or for necessary Client service. SFG's Privacy Policy contains important information regarding SFG's privacy procedures and can be delivered upon request and can be modified without notice.

Client understands that the laws of the state of Pennsylvania and the Pennsylvania Department of Banking and Securities shall govern this agreement. Clients understand that SFG is required by law to obtain personal information that will be used to verify their identity. If any person is not willing to provide this information, SFG will be unable to represent them until this information is provided and verified. If SFG is unable to verify a person's identity, SFG will terminate the Agreement and take any necessary legal steps required by the governing authorities. Let it be stated that no assignment of any Simon Financial Group, Inc. Investment Advisory Service Agreement is allowed without written consent of the parties herein.

For any questions about Simon Financial Group, Inc. Disclosure Brochure please contact Simon Financial Group at 610-667-2450 or write to them at One Bala Plaza, Suite 630, Bala Cynwyd, PA 19004 care of Disclosure Brochure.

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## **Brochure Supplement**

January 2014

Simon Financial Group's Brochure Supplement provides supplemental information about Scott J. Race and other supervised persons. You should have received a copy of SFG's Brochure. If you have not, please contact SFG to receive a copy or if you have any questions about the content of this supplement.

For additional information about Simon Financial Group you can visit the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Item 1: Supervised Person**

Name: Scott J. Race  
Address: One Bala Plaza, Suite 630  
Bala Cynwyd, PA 19004  
Phone: 610-667-2450

### **Item 2: Education & Business Background**

Scott J. Race was born in Havertown Pennsylvania. His date of birth is August 19, 1972. Mr. Race graduated from Penn State University in 1996. Scott J. Race established Simon Financial Group, Inc. in September of 2004.

### **Item 3: Disciplinary Information**

Disciplinary information is non-applicable. No disciplinary events have taken place.

### **Item 4: Other Business Activities**

Other business activities are non-applicable, since there is no other investment related business.

### **Item 5: Additional Compensation**

Additional compensation is non-applicable. No person provides any type of economic benefit or additional compensation to Shayna Lear for investment advice or advisory services.

### **Item 6: Supervision**

Client reviews take place no less than annually and are full reviews. Scott J. Race, president of Simon Financial Group and its compliance officer reviews all practices related to investment portfolios, financial planning and investment policy statements. Annually he conducts compliance reviews of financial planning and investment management practices with each supervised person. Mr. Race can be reached at 610-667-2450.

### **Item 7: Requirements for State-Registered Advisors**

This is non-applicable. Mr. Race has not been involved in events leading to damages related to any investment activity or is subject to a bankruptcy petition.

## **Brochure Supplement**

January 2014

Simon Financial Group's Brochure Supplement provides supplemental information about Shayna Lear and other supervised persons. You should have received a copy of SFG's Brochure. If you have not, please contact Scott J. Race from SFG to receive a copy or if you have any questions about the content of this supplement.

For additional information about Simon Financial Group you can visit the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Item 1: Supervised Person**

Name: Shayna Lear  
Address: One Bala Plaza, Suite 630  
Bala Cynwyd, PA 19004  
Phone: 610-667-2449

### **Item 2: Education & Business Background**

Shayna Lear was born and raised in Philadelphia Pennsylvania. Shayna graduated from Temple University in 2000 and. Her date of birth is July 20, 1979. Miss Lear is a Certified Financial Planner <sup>TM</sup>. Shayna began her career with SFG in February of 2010. Prior to that, Miss Lear worked as a Wealth Management Advisor for TIAA-CREF in Philadelphia Pennsylvania from 2007 until February of 2010.

### **Item 3: Disciplinary Information**

Disciplinary information is non-applicable. No disciplinary events have taken place.

### **Item 4: Other Business Activities**

Other business activities are non-applicable, since there is no other investment related business.

### **Item 5: Additional Compensation**

Additional compensation is non-applicable. No person provides any type of economic benefit or additional compensation to Shayna Lear for investment advice or advisory services.

### **Item 6: Supervision**

Client reviews take place no less than annually and are full reviews. Scott J. Race, president of Simon Financial Group and its compliance officer reviews all practices related to investment portfolios, financial planning and investment policy statements. Annually he conducts compliance reviews of financial planning and investment management practices with each supervised person. Mr. Race can be reached at 610-667-2450.

### **Item 7: Requirements for State-Registered Advisors**

This is non-applicable. Miss Lear has not been involved in events leading to damages related to any investment activity or is subject to a bankruptcy petition.