

**ITEM 1: COVER PAGE**

**PART 2A OF FORM ADV: *FIRM BROCHURE***

April 14, 2014

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**THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF HOOVER FINANCIAL ADVISORS, P.C. (HEREINAFTER “HOOVER” OR “FIRM” OR “WE”). IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT US AT 610-651-2777 OR AT [PETE@PETEHOOVER.COM](mailto:PETE@PETEHOOVER.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 HOOVER IS AVAILABLE ON THE SEC’S WEBSITE AT [WWW.ADVISERINFO.SEC.GOV](http://WWW.ADVISERINFO.SEC.GOV). YOU CAN SEARCH THIS SITE BY A UNIQUE IDENTIFYING NUMBER, KNOWN AS A CRD NUMBER. THE CRD NUMBER FOR HOOVER IS 133979.**

**REGISTRATION AS AN INVESTMENT ADVISER DOES NOT REQUIRE AND SHOULD NOT BE INTERPRETED TO IMPLY ANY PARTICULAR LEVEL OF SKILL OR TRAINING.**

## ITEM 2: MATERIAL CHANGES

THERE HAVE BEEN NO MATERIAL CHANGES SINCE OUR LAST FILING ON JUNE 19, 2013

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## ***Advisory Business***

### **Form ADV Part 2A, Item 4**

HOOVER FINANCIAL ADVISORS, P.C.'S (THE FIRM) REGISTRATION WAS GRANTED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION ON JANUARY 28, 2005. PETER KENT HOOVER (CRD NUMBER 1025901) IS PRESIDENT, CHIEF COMPLIANCE OFFICER AND ONE OF SEVERAL INVESTMENT ADVISOR REPRESENTATIVES (IAR) WITHIN THE FIRM. MR. HOOVER OWNS ONE HUNDRED (100%) PERCENT OF THE EQUITY OF THE FIRM. THE FIRM IS NOT PUBLICLY OWNED OR TRADED. THERE ARE NO INDIRECT OWNERS OF THE FIRM OR INTERMEDIARIES WHO HAVE ANY OWNERSHIP INTEREST IN THE FIRM. THE FIRM MANAGES EACH CLIENT'S PORTFOLIO ON AN INDIVIDUALIZED BASIS. CLIENTS MAY IMPOSE RESTRICTIONS. THE FIRM DOES NOT SPONSOR ANY WRAP PROGRAMS. AS OF DECEMBER 31, 2013, THE FIRM'S MANAGED ASSETS ON A NONDISCRETIONARY BASIS IN THE AMOUNT OF \$392,156,100 WHICH REPRESENTED 829 ACCOUNTS.

THE FIRM OFFERS ITS SERVICES ON A FEE BASIS, WHICH MAY INCLUDE A PERCENTAGE OF ASSETS UNDER MANAGEMENT, FIXED FEES, AND/OR FEES ASSOCIATED WITH PROVIDING SERVICES UNDER A FINANCIAL PLANNING AGREEMENT. PRIOR TO ENGAGING THE FIRM TO PROVIDE INVESTMENT ADVISORY, CONSULTING OR FINANCIAL PLANNING SERVICES, THE CLIENT IS REQUIRED TO ENTER INTO ONE OR MORE WRITTEN AGREEMENTS WITH THE FIRM SETTING FORTH THE TERMS AND CONDITIONS UNDER WHICH THE FIRM WILL RENDER ITS SERVICES (COLLECTIVELY REFERRED TO AS "AGREEMENT").

THE FIRM IS NOT REQUIRED TO VERIFY ANY INFORMATION RECEIVED FROM CLIENT, ITS DESIGNEE, OR AUTHORIZED REPRESENTATIVE WHICH MAY INCLUDE OTHER PROFESSIONALS (ATTORNEY, ACCOUNTANT, ETC.) AND IS EXPRESSLY AUTHORIZED TO RELY ON SUCH INFORMATION.

THE CLIENT RETAINS ABSOLUTE DISCRETION ON ALL SUCH IMPLEMENTED INVESTMENT DECISIONS AND IS FREE TO ACCEPT OR REJECT ANY OF THE FIRM'S RECOMMENDATIONS. EACH CLIENT IS ADVISED THAT IT REMAINS THE CLIENT'S RESPONSIBILITY TO PROMPTLY NOTIFY THE FIRM OR THE INVESTMENT ADVISOR REPRESENTATIVE (IAR) IF THERE IS ANY CHANGE IN CLIENT'S FINANCIAL SITUATION OR INVESTMENT OBJECTIVES FOR THE PURPOSE OF REVIEWING, EVALUATING, OR REVISING THE PREVIOUS RECOMMENDATIONS AND/OR SERVICES.

THE CLIENT IS UNDER NO OBLIGATION TO ACT UPON ANY OF THE RECOMMENDATIONS MADE UNDER A FINANCIAL PLANNING OR CONSULTING AGREEMENT OR ENGAGE THE SERVICES OF ANY RECOMMENDED PROFESSIONAL, INCLUDING THE FIRM AND/OR ITS IAR'S.

THE CLIENT OR FIRM MAY TERMINATE THE AGREEMENT AT ANY TIME WITH 30 DAYS PRIOR WRITTEN NOTICE. UPON TERMINATION OF AN AGREEMENT BY EITHER PARTY, THE FIRM WILL REFUND WITHIN A REASONABLE TIME ANY INVESTMENT ADVISORY FEES PAID BY CLIENT AND UNEARNED BY THE FIRM. CLIENTS HAVE ADDITIONAL RIGHTS AND RESPONSIBILITIES UNDER SUCH AGREEMENTS. CLIENTS SHOULD READ CAREFULLY EACH AGREEMENT FOR FINANCIAL PLANNING OR INVESTMENT MANAGEMENT SERVICES BEFORE SIGNING. CLIENT AGREEMENTS RENEW AUTOMATICALLY ON THE FIRST YEAR'S ANNIVERSARY DATE AND THEREAFTER WITHOUT ACTION BY EITHER PARTY UNLESS TERMINATED. THE FIRM SHALL CONTACT CLIENT AT LEAST ANNUALLY TO REVIEW PREVIOUS SERVICES, RECOMMENDATIONS, AND TO DISCUSS THE IMPACT RESULTING FROM ANY CHANGES IN CLIENT'S FINANCIAL SITUATION OR INVESTMENT OBJECTIVES.

CLIENTS MAY TERMINATE THE INVESTMENT ADVISORY RELATIONSHIP ON A PENALTY FREE BASIS WITHIN THE FIRST 5 DAYS FROM EXECUTION OF AN AGREEMENT FOR INVESTMENT MANAGEMENT OR FINANCIAL PLANNING SERVICES AND THE FIRM WILL REFUND WITHIN A REASONABLE TIME ALL FEES PAID BY CLIENT. IF THE CLIENT CANCELS EITHER AGREEMENT AFTER THE INITIAL 5 BUSINESS DAY PERIOD, THE FIRM WILL REFUND FEES ON A PRORATED BASIS IF SERVICES HAVE ALREADY COMMENCED.

## **I. FINANCIAL PLANNING SERVICES**

FINANCIAL PLANNING SERVICES WILL TYPICALLY INVOLVE THE REVIEW OF A CLIENT'S OVERALL FINANCIAL SITUATION, PERSONAL AND FINANCIAL GOALS, RISK TOLERANCE AND OBJECTIVES. FINANCIAL PLANNING SERVICES OFFERED THROUGH THE FIRM'S IAR'S MAY INCLUDE ONE OR MORE OF THE FOLLOWING SERVICES:

FINANCIAL PLANNING

INSURANCE & NEEDS ANALYSIS

TAX PLANNING

RISK MANAGEMENT

EDUCATION FUNDING PLANNING

BUDGETING & CASH FLOW

RETIREMENT PLANNING

RETIREMENT ACCOUNT ANALYSIS

ESTATE PLANNING

PORTFOLIO ALLOCATION ANALYSIS

PORTFOLIO REVIEW ANALYSIS

IN MOST CASES, THE TYPICAL STEPS IN THE FINANCIAL PLANNING PROCESS ARE AS FOLLOWS:

### **A. COMPLIMENTARY CONSULTATION**

AN INITIAL COMPLIMENTARY MEETING WITH IAR OR FIRM IS AVAILABLE TO DISCUSS FINANCIAL PLANNING SERVICES AND DETERMINE IF THEY WOULD BE BENEFICIAL TOWARDS ACHIEVING THE CLIENTS LONG-TERM FINANCIAL GOALS AND OBJECTIVES. AT THIS MEETING, IAR OR FIRM WILL DETERMINE IF SERVICES ARE COMPATIBLE WITH CLIENT FINANCIAL NEEDS. THERE IS NO COST OR OBLIGATION ASSOCIATED WITH THIS MEETING.

### **B. FINANCIAL PLAN PREPARATION AND PRESENTATION**

ON BEHALF OF THE FIRM, THE IAR WILL OBTAIN ALL RELEVANT INFORMATION PERTINENT TO THE CLIENT'S FINANCIAL SITUATION. THIS DATA WILL BE ANALYZED TO DEVELOP THE APPROPRIATE STRATEGY TO ACHIEVE THE CLIENT'S LONG- TERM GOALS AND OBJECTIVES. THE CLIENT'S FINANCIAL PLAN WILL BE PERSONALIZED AND COMPREHENSIVE AND WILL ENCOMPASS ALL AREAS OF FINANCIAL CONCERN. FINANCIAL PLANS ARE PREPARED ON A FEE ONLY BASIS AND FEES ARE DISCLOSED IN A WRITTEN FINANCIAL PLANNING AGREEMENT. ON BEHALF OF THE FIRM, THE IAR WILL DETERMINE IF A COMPREHENSIVE, LIMITED OR HOURLY FINANCIAL PLANNING RELATIONSHIP IS APPROPRIATE. A FINANCIAL PLANNING ENGAGEMENT LETTER WILL BE SENT DETAILING THE SERVICES RENDERED AND THE COST. CLIENT MUST SIGN AGREEMENT BEFORE SERVICES ARE PROVIDED.

### **C. IMPLEMENTATION OF SERVICES**

ON BEHALF OF THE FIRM, THE IAR WILL COORDINATE RECOMMENDATIONS WITHIN CLIENT'S PERSONALIZED FINANCIAL PLAN WITH CLIENT'S EXISTING ADVISORS. THE IAR CAN PROVIDE A FULL RANGE OF INVESTMENT AND INSURANCE SOLUTIONS. SERVICES ARE INDEPENDENT AND OBJECTIVE AND THE IAR HAS NO PROPRIETARY PRODUCTS. THERE IS NO OBLIGATION TO IMPLEMENT ANY RECOMMENDATIONS WITH IAR OR FIRM. FULL DISCLOSURE OF ALL FEES IS MADE BEFORE ANY SERVICES ARE RENDERED.

### **D. ONGOING SERVICES**

ON BEHALF OF THE FIRM, THE IAR PERIODICALLY WILL REVIEW CLIENTS FINANCIAL PLANNING GOALS AND MONITOR PROGRESS TOWARDS ACHIEVING CLIENTS PERSONAL OBJECTIVES.

ON BEHALF OF THE FIRM, THE IAR CAN REVISE AND UPDATE THE CLIENT'S FINANCIAL PLAN BASED ON ECONOMIC, TAX AND PERSONAL CHANGES. ON BEHALF OF THE FIRM, THE IAR WILL SCHEDULE PERIODIC CLIENT REVIEWS WITH THE CLIENT EITHER ANNUALLY OR SEMI- ANNUALLY BASED UPON CLIENTS CIRCUMSTANCES.

FEES FOR FINANCIAL PLANNING SERVICES ARE BASED ON THE COMPLEXITY OF THE CLIENT'S SITUATION. THREE DIFFERENT FINANCIAL PLANNING FEE STRUCTURES ARE AVAILABLE - COMPREHENSIVE, LIMITED AND HOURLY SERVICES. SEE Form ADV Part 2A, Item 5 FOR DETAILS.

## **II. INVESTMENT MANAGEMENT SERVICES**

THE FIRM OFFERS NON-DISCRETIONARY INVESTMENT MANAGEMENT PORTFOLIOS COMPRISED PRIMARILY OF MUTUAL FUNDS. OTHER SECURITIES SUCH AS CORPORATE, GOVERNMENT, MUNICIPAL BONDS, CERTIFICATES OF DEPOSIT, AS WELL AS EXCHANGE TRADED FUNDS (ETF'S) AND PRIVATE PLACEMENT LIMITED PARTNERSHIPS MAY ALSO BE INVESTED WITHIN THE MANAGED ACCOUNT. TRANSACTIONS REQUIRE CLIENT VERBAL OR WRITTEN AUTHORIZATION PRIOR TO ANY ACTION BEING TAKEN BY THE IAR OR FIRM. THE IAR ACTIVELY MANAGES CLIENT'S ACCOUNT CONTINUOUSLY BASED ON THE CLIENT'S INDIVIDUAL FINANCIAL AND PERSONAL NEEDS, INVESTMENT OBJECTIVES, AND RISK TOLERANCE.

ON BEHALF OF THE FIRM, THE IAR'S CONTINUOUSLY MONITOR THE PORTFOLIO PERFORMANCE AS WELL AS ASSET ALLOCATION AND REGULARLY REVIEW ACCOUNTS OF CLIENTS PARTICIPATING IN THE FIRM'S MANAGED PORTFOLIOS. THE PORTFOLIOS RECOMMENDED TO CLIENTS ARE BASED ON INFORMATION PROVIDED BY CLIENT TO THE FIRM REGARDING CLIENT'S INVESTMENT OBJECTIVE, RISK TOLERANCE, TIME HORIZON, CLIENT'S ABILITY TO SUSTAIN A LONG TERM INVESTMENT ACCOUNT, LIQUIDITY NEEDS, ETC. IT IS THE RESPONSIBILITY OF CLIENT TO NOTIFY THE FIRM (AND IAR'S) OF ANY CHANGES TO CLIENTS PERSONAL AND FINANCIAL SITUATION THAT COULD HAVE AN IMPACT ON CLIENTS CONTINUED INVESTMENT IN A MANAGED PORTFOLIO.

MINIMUM ACCOUNT SIZE: GENERALLY, THE FIRM RECOMMENDS THAT CLIENTS INVEST AT LEAST \$100,000 IN A MANAGED ACCOUNT. THE FIRM MAY, HOWEVER, PERMIT CLIENTS TO INVEST LESS THAN \$100,000 IF THE FIRM BELIEVES THAT BASED ON INFORMATION PROVIDED BY THE CLIENT TO THE IAR, INVESTING A LOWER AMOUNT IS APPROPRIATE FOR THE CLIENT. ADDITIONALLY, CLIENTS MAY BE PERMITTED TO INVEST LESS THAN \$100,000 IN A NEW MANAGED ACCOUNT IF THE CLIENT HAS ESTABLISHED ADDITIONAL MANAGED ACCOUNTS WITH THE FIRM.

THE FIRM HAS ALSO EXECUTED AGREEMENTS WITH OTHER INVESTMENT MANAGERS AND INVESTMENT ADVISERS THAT IT MAY ALSO RECOMMEND TO THE FIRM'S CLIENTS. WHEN THE FIRM RECOMMENDS THE SERVICES OR MANAGED ACCOUNTS OF OTHER INVESTMENT MANAGERS AND ADVISERS, THE FIRM AND IAR MAY ACT IN THE CAPACITY AS A SOLICITOR FOR THOSE FIRMS AND SHARE IN THE ADVISORY FEE PAID BY CLIENT.

## ***Fees and Compensation***

**Form ADV Part 2A, Item 5**

### **I. FINANCIAL PLANNING FEES**

FEES FOR FINANCIAL PLANNING SERVICES WILL VARY DEPENDING ON THE SCOPE OF SERVICES PROVIDED, COMPLEXITY OF THE PROCESS UNDERTAKEN, THE TYPES OF ISSUES ADDRESSED AND THE FREQUENCY THE SERVICES ARE RENDERED. THE FIRM MAY PROVIDE CLIENTS WITH FINANCIAL PLANNING AND CONSULTING SERVICES (WHICH MAY INCLUDE NON-INVESTMENT RELATED MATTERS) AND CHARGE A FIXED FEE FOR THESE SERVICES. IF CLIENT ELECTS TO ENGAGE THE FIRM FOR FINANCIAL PLANNING OR CONSULTING SERVICES, CLIENT WILL COMPLETE THE FIRM'S FINANCIAL PLANNING AGREEMENT AND OTHER REQUIRED ACCOUNT PAPERWORK.

THREE DIFFERENT FINANCIAL PLANNING FEE STRUCTURES ARE AVAILABLE.

COMPREHENSIVE FINANCIAL PLANNING FEE: IF THE CLIENT ENGAGES THE IAR OR FIRM TO CREATE A WRITTEN COMPREHENSIVE FINANCIAL PLAN, FEES ARE NEGOTIABLE BUT GENERALLY RANGE FROM \$3,000 TO \$5,000 ON A FIXED FEE BASIS DEPENDING UPON THE CLIENT'S STATED NEEDS AND GOALS AND THE COMPLEXITY OF THE CLIENT'S PERSONAL AND FINANCIAL SITUATION. HOURLY FEES MAY ALSO BE CHARGED IN CERTAIN CASES. IN MOST CASES, THE MINIMUM FEE ASSESSED SHALL BE \$3,000 FOR CLIENT RELATIONSHIPS COMMENCED SUBSEQUENT TO NOVEMBER 30, 2007. PAYMENT OF SUCH AGREED UPON FEE SHALL BE PAYABLE EITHER BY CHECK, OR THROUGH A SUFFICIENT AMOUNT OF MANAGED ASSETS WHICH WOULD TRIGGER AN ASSET MANAGEMENT FEE OVER FOUR SUBSEQUENT QUARTERS OF SUFFICIENT LEVEL TO SATISFY THE CHARGE, OR ANY COMBINATION THEREOF.

LIMITED SCOPE PLANNING FEE: FEES FOR LIMITED SCOPE SERVICES THAT FOCUS ON ONE OR MORE SEPARATE SPECIFIC AREAS BUT DO NOT INVOLVE THE CREATION OF A COMPREHENSIVE FINANCIAL PLAN ARE NEGOTIABLE BASED ON THE COMPLEXITY OF THE ISSUES INVOLVED AND THE NATURE OF THE ANALYSIS/ADVICE REQUESTED. FEES CHARGED ARE GENERALLY \$1,000 TO \$3,000 DEPENDING UPON THE SCOPE OF FINANCIAL PLANNING SERVICES PROVIDED. HOURLY FEES MAY ALSO BE CHARGED IN CERTAIN CASES. PAYMENT OF SUCH AGREED UPON FEE SHALL BE PAYABLE BY CHECK ONLY. THERE SHALL BE NO MINIMUM FEE ASSESSED FOR THE LIMITED SCOPE PLANNING SERVICE.

HOURLY SERVICES: AN HOURLY FEE AT THE PREFERENTIAL CLIENT RATE OF \$150.00-\$300.00 PER HOUR.

ALL FINANCIAL PLANNING FEES DESCRIBED ABOVE ARE FOR THE SERVICES RENDERED BY THE FIRM AND ITS IAR'S AND DO NOT INCLUDE THE FEES INCURRED BY CLIENT WITH OTHER PROFESSIONALS (I.E. PERSONAL ATTORNEY, INDEPENDENT INVESTMENT ADVISER, OR ACCOUNTANT) IN CONNECTION WITH THE FINANCIAL PLANNING PROCESS. THE FEE COVERS CREATION OF THE FINANCIAL OR LIMITED SCOPE PLAN, ALL INTERVIEWS, RELATED MEETINGS, AND ONE YEAR OF NORMAL MAINTENANCE, INCLUDING AN ANNUAL MEETING AFTER PLAN DELIVERY. CLIENT IS UNDER NO OBLIGATION TO IMPLEMENT THE PLAN THROUGH THE FIRM OR IAR. IF DIRECTED BY CLIENT TO IMPLEMENT THE PLAN, IAR AS DIRECTED BY CLIENT WILL RECEIVE ADDITIONAL BUT SEPARATE COMPENSATION DEPENDING UPON SERVICES OR PRODUCTS SELECTED BY CLIENT.

ADDITIONAL SERVICES NOT INCLUDED IN A COMPREHENSIVE OR LIMITED SCOPE FINANCIAL PLAN SUCH AS RESEARCH, ADDITIONAL MEETINGS WITH CLIENT OR CLIENT'S OTHER PROFESSIONALS WILL BE AT THE FIRM'S PREFERENTIAL CLIENT RATE OF \$150.00-\$300.00 PER HOUR.

AN ANNUAL ADMINISTRATIVE FEE OF \$450.00 IS CHARGED TO CERTAIN FINANCIAL PLANNING CLIENTS AFTER THE FIRST YEAR OF SERVICES AND BASED ON THE NEEDS OF THE PLAN. THE FIRM MAY, IN ITS SOLE DISCRETION, WAIVE THE ANNUAL ADMINISTRATIVE FEE. ANY AND ALL UNEARNED OR UNAPPLIED FEES ARE REFUNDED.

FEE PAYMENT: FINANCIAL PLANNING FEES ARE PAYABLE TO THE FIRM, HOOVER FINANCIAL ADVISORS, PC. THE FEE SHOULD BE AGREED UPON AT THE TIME THE AGREEMENT IS EXECUTED. COMPREHENSIVE AND LIMITED SCOPE FINANCIAL PLANNING FEES ARE PAYABLE AT COMPLETION OF AND UPON DELIVERY OF THE PLAN TO THE CLIENT. HOURLY FEES ARE PAYABLE AFTER THE SERVICES HAVE BEEN RENDERED.

## **II. INVESTMENT MANAGEMENT FEES**

IF CLIENT ELECTS TO ENGAGE THE FIRM FOR INVESTMENT ADVISORY SERVICES, CLIENT WILL COMPLETE THE FIRM'S NON-DISCRETIONARY INVESTMENT ADVISORY AGREEMENT AND OTHER REQUIRED ACCOUNT PAPERWORK. IF ENGAGED, THE FIRM WILL CHARGE AN ANNUAL ADVISORY FEE BASED UPON A PERCENTAGE OF THE MARKET VALUE OF THE ASSETS BEING MANAGED BY THE FIRM. THE CLIENT SHALL GENERALLY PAY TRANSACTION FEES TO RETAIN THE MANAGED ACCOUNT'S ALLOCATION. THE ADVISORY FEE IS EXCLUSIVE OF AND IN ADDITION TO BROKERAGE COMMISSIONS, SURCHARGES, AND OTHER RELATED COSTS AND EXPENSES PAID BY CLIENT. AS DISCUSSED BELOW, THE FIRM CUSTODIES ALL MANAGED ACCOUNTS AT CHARLES SCHWAB & CO. INC., A BROKER/DEALER, MEMBER NYSE.

THE ADVISORY FEE WILL VARY BETWEEN 0.05% TO 1.50% DEPENDING ON THE MARKET VALUE OF ASSETS UNDER MANAGEMENT, CHARGED QUARTERLY, IN ADVANCE, BASED UPON THE MARKET VALUE OF THE ASSETS OF THE LAST DAY OF THE PREVIOUS QUARTER. THE FIRM WILL APPLY ONLY ONE FEE CALCULATION FORMULA TO ALL ACCOUNTS MANAGED BY THE FIRM AT ANY GIVEN POINT IN TIME. THE FIRM, IN ITS SOLE DISCRETION, MAY NEGOTIATE TO CHARGE A LESSER ADVISORY FEE BASED, THOUGH NOT LIMITED TO, ANTICIPATED FUTURE EARNING CAPACITY, ANTICIPATED FUTURE ADDITIONAL ASSETS, DOLLAR AMOUNT OF ASSETS TO BE MANAGED, RELATED ACCOUNTS, ACCOUNT COMPOSITION, PRE-EXISTING CLIENT, ACCOUNT RETENTION, PRO BONO ACTIVITIES, ETC.

UNLESS THE CLIENT PROVIDES OTHERWISE IN THE CLIENT AGREEMENT, ALL FEES OWED TO THE FIRM IN CONNECTION WITH THE INVESTMENT MANAGEMENT ACCOUNTS ARE AUTOMATICALLY DEDUCTED WHEN BILLED FROM THE CLIENT'S INVESTMENT MANAGEMENT PORTFOLIO OR ANOTHER ACCOUNT HELD THROUGH THE FIRM, AS AUTHORIZED BY CLIENT THROUGH THE EXECUTION OF A FEE DEBIT AUTHORIZATION FORM. CLIENTS PARTICIPATING IN THE FIRM'S MANAGED ACCOUNTS MAY PAY A HIGHER AGGREGATE FEE THAN IF INVESTMENT MANAGEMENT AND BROKERAGE SERVICES ARE PURCHASED SEPARATELY.

CLIENT MAY MAKE ADDITIONS TO AND WITHDRAWALS FROM THE ACCOUNT AT ANY TIME, SUBJECT TO THE FIRM'S RIGHT TO TERMINATE AN ACCOUNT THAT FALLS BELOW THE MINIMUM PORTFOLIO SIZE. IF ASSETS ARE DEPOSITED INTO AN ACCOUNT AFTER THE INCEPTION OF A QUARTER THAT EXCEED \$50,000, THE ADVISORY FEE PAYABLE WITH RESPECT TO THE ASSETS WILL BE PRORATED BASED ON THE NUMBER OF DAYS REMAINING IN THE QUARTER. CLIENTS MAY WITHDRAW ASSETS FROM THE ACCOUNT AFTER PROVIDING THE FIRM WRITTEN NOTICE. THE FIRM'S INVESTMENT MANAGEMENT PORTFOLIOS ARE DESIGNED FOR LONG-TERM INVESTMENT AND ASSET WITHDRAWALS MAY IMPAIR ACHIEVEMENT OF CLIENT'S INVESTMENT OBJECTIVES AND GOALS. ALL WITHDRAWALS ARE SUBJECT TO CUSTOMARY SECURITIES SETTLEMENT PROCEDURES.

CLIENT MAY WITHDRAW ACCOUNT ASSETS ON NOTICE TO THE FIRM, SUBJECT TO THE USUAL AND CUSTOMARY SETTLEMENT PROCEDURES. IF CLIENT WITHDRAWS ASSETS THROUGHOUT THE QUARTER, REFUNDS OF INVESTMENT ADVISORY FEES ARE NOT PAID TO THE CLIENT. IF CLIENT TERMINATES THE ENTIRE ACCOUNT, A PRO-RATA REFUND WILL BE CALCULATED AND PAID AT THE END OF THE NEXT QUARTER. THE FIRM'S INVESTMENT MANAGEMENT PORTFOLIOS ARE DESIGNED FOR LONG-TERM INVESTMENT AND ASSET WITHDRAWALS MAY IMPAIR ACHIEVEMENT OF CLIENT'S INVESTMENT OBJECTIVES AND GOALS.

ADDITIONS MAY BE MADE IN CASH IN THE FORM OF CLIENT CHECK OR SECURITIES. THE FIRM RESERVES THE RIGHT TO LIQUIDATE ANY TRANSFERRED SECURITIES, OR DECLINE TO ACCEPT PARTICULAR SECURITIES INTO A CLIENT'S MANAGED ACCOUNT. CLIENTS ARE ADVISED THAT WHEN TRANSFERRED SECURITIES ARE LIQUIDATED, WHETHER FOR REPOSITION AND REALLOCATING CLIENT'S ACCOUNT, THE SECURITIES ARE SUBJECT TO TRANSACTION FEES, FEES ASSESSED AT THE MUTUAL FUND LEVEL WHICH MAY INCLUDE SURRENDER OR REDEMPTION FEES AS WELL AS TAX RAMIFICATIONS WHICH ARE THE SOLE RESPONSIBILITY OF CLIENT.

THE FEE CHARGED BY THE FIRM IS BASED ON ASSETS UNDER MANAGEMENT AND NOT BASED ON THE CAPITAL GAINS OR CAPITAL APPRECIATION OF CLIENT'S ASSETS.

THE FIRM'S INVESTMENT ADVISER REPRESENTATIVES ("IAR"), MAY OFFER COMMISSION PRODUCTS, BROKERAGE SERVICES, AND INSURANCE SERVICES AND PRODUCTS IN HIS SEPARATE CAPACITIES AS A REGISTERED REPRESENTATIVE OF THE BROKER/DEALER AND/OR AS A LICENSED LIFE AGENT. THE COMMISSION INCOME EARNED IS SEPARATE FROM AND NOT AFFILIATED TO OR WITH THE ADVISORY, CONSULTING OR FINANCIAL PLANNING SERVICES AND FEES CHARGED BY OR RECEIVED BY THE FIRM OR ITS IAR.

ALL SPECIFIC FEES ARE DIRECTLY BASED UPON THE ANTICIPATED COMPLEXITY OF THE CASE AND ARE DETERMINED ON A CASE-BY-CASE BASIS. THE FEES CHARGED BY THE FIRM FOR THE FINANCIAL PLANNING AND INVESTMENT MANAGEMENT SERVICES DESCRIBED ABOVE DO NOT INCLUDE CHARGES IMPOSED BY OR FEES PAID BY PRODUCT SPONSORS. FOR EXAMPLE, MUTUAL FUNDS AND INSURANCE COMPANIES CHARGE FEES DIRECTLY TO CLIENTS TO MANAGE THE ASSETS IN THE MUTUAL FUND PORTFOLIO OR VARIABLE INSURANCE PRODUCT SUB ACCOUNTS. INSURANCE COMPANIES CHARGE FEES FOR SPECIFIC FEATURES OF THEIR VARIABLE INSURANCE PRODUCTS SELECTED BY THE CLIENT. CLIENTS SHOULD READ THE PRODUCT PROSPECTUS, IF ANY, CAREFULLY TO LEARN MORE ABOUT THE CHARGES AND FEES IMPOSED ON CLIENT BY PRODUCT SPONSORS. THE FIRM GENERALLY IMPOSES CERTAIN CONDITIONS OR RESTRICTIONS ON THE TRANSFER OF COMMISSIONABLE SECURITIES, INCLUDING STOCKS, BONDS, MUTUAL FUNDS AND VARIABLE INSURANCE PRODUCTS INTO AN INVESTMENT ADVISORY ACCOUNT ON WHICH AN INVESTMENT MANAGEMENT FEE WILL BE CHARGED. CLIENTS SHOULD ASK THE IAR ABOUT THE FIRM'S POLICIES WITH RESPECT TO THE TRANSFER OF A SPECIFIC TYPE OF COMMISSIONABLE SECURITY INTO AN INVESTMENT ADVISORY ACCOUNT

INVESTMENT ADVISORY FEES AND THE COST ASSOCIATED WITH PURCHASING AND OWNING CERTAIN SECURITIES, INCLUDING MUTUAL FUNDS, MAY BE MORE OR LESS THAN FEES, CHARGES AND COSTS OF SIMILAR FINANCIAL PLANS AND INVESTMENT MANAGEMENT SERVICES OFFERED BY OTHER FINANCIAL PROFESSIONALS AND PRODUCT SPONSORS, INCLUDING OTHER INVESTMENT ADVISERS.



## ***Performance-Based Fees and Side-by-Side Management***

**Form ADV Part 2A, Item 6**

HOOVER FINANCIAL ADVISORS, PC DOES NOT CHARGE PERFORMANCE BASED FEES.

## ***Types of Clients***

**Form ADV Part 2A, Item 7**

TYPICAL CLIENTS OF HOOVER FINANCIAL ADVISORS, PC GENERALLY INCLUDE INDIVIDUALS AND HIGH NET WORTH INDIVIDUALS.

SEE ITEM 4, ABOVE, FOR CONDITIONS OF MANAGING ACCOUNTS.

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

**Form ADV Part 2A, Item 8**

### **METHODS OF ANALYSIS AND INVESTMENT STRATEGIES**

THE IAR OR FIRM USES VARIOUS METHODS OF ANALYSIS AND INVESTMENT STRATEGIES. GENERALLY, THE STRATEGIES UTILIZED ARE DESIGNED TO BE LONG TERM IN NATURE AND ARE BASED ON THE CLIENTS OVERALL FINANCIAL SITUATION, FACTORS SUCH AS AGE, INCOME AND/OR PRINCIPAL NEEDS, INCOME TAX CONSIDERATIONS, CURRENT ASSETS AND AVAILABLE RESOURCES, LIQUIDITY ISSUES, AND RISK TOLERANCE LEVELS, AMONG OTHERS ARE ALL CONSIDERED IN DEVELOPING AN APPROPRIATE INVESTMENT STRATEGY. ALL INVESTMENT STRATEGIES ARE PROFESSIONALLY DEVELOPED AND PERSONALIZED FOR EACH CLIENT'S UNIQUE PERSONAL SITUATION. THE IAR OR FIRM CREATES INDEPENDENT AND OBJECTIVE INVESTMENT STRATEGIES AND DO NOT HAVE ANY PROPRIETARY PRODUCTS.

GENERALLY, THE IAR OR FIRM ATTEMPTS TO HIRE PROFESSIONAL MANAGEMENT IN THE DEVELOPMENT OF A CLIENT'S INVESTMENT STRATEGY. IN THAT CAPACITY, THE IAR OR FIRM MOST COMMONLY UTILIZES MUTUAL FUNDS, EXCHANGE TRADED FUNDS (ETF'S), VARIABLE ANNUITIES, PRIVATE PLACEMENT LIMITED PARTNERSHIPS OR UNIT INVESTMENT TRUST, AMONG OTHER INVESTMENTS IN CREATING A CUSTOMIZED INVESTMENT STRATEGY. INDIVIDUAL STOCK AND BONDS, AS WELL AS CERTIFICATES OF DEPOSIT MAY ALSO BE CONSIDERED DEPENDING ON THE CLIENT'S PERSONAL FINANCIAL SITUATION.

ONE METHOD OF SECURITIES ANALYSIS IS FUNDAMENTAL ANALYSIS. WHEN USING FUNDAMENTAL ANALYSIS, THE IAR OR FIRM GENERALLY RELIES ON, AMONG OTHER THINGS, COMPANY EARNINGS, BALANCE SHEET VARIABLES AND MANAGEMENT QUALITY WHICH ARE USED TO PREDICT THE FUTURE VALUE OF AN INVESTMENT. DATA REVIEWED IS GENERALLY CONSIDERED RELIABLE BUT CANNOT BE GUARANTEED NOR HAVE ITS ACCURACY VERIFIED. IN ADDITION, THE DATA REVIEWED IS SOMETIMES SUBJECTIVE IN NATURE AND OPEN TO INTERPRETATION. EVEN IF THE DATA AND INTERPRETATION OF THE DATA IS CORRECT, THERE MAY BE OTHER FACTORS THAT DETERMINE THE

VALUE OF SECURITIES OTHER THAN THOSE CONSIDERED IN FUNDAMENTAL ANALYSIS. THE IAR OR FIRM ALSO MAY UTILIZE TECHNICAL ANALYSIS, CYCLICAL ANALYSIS OR CHARTING.

### **RISK OF LOSS**

CLIENTS MUST UNDERSTAND THAT PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. THEREFORE, CLIENTS SHOULD NEVER ASSUME THAT FUTURE PERFORMANCE OF ANY SPECIFIC INVESTMENT OR INVESTMENT STRATEGY WILL BE PROFITABLE. INVESTING IN ANY TYPE OF SECURITY (INCLUDING STOCKS, MUTUAL FUNDS, AND BONDS) INVOLVES RISK OF LOSS. FURTHER, DEPENDING ON THE DIFFERENT TYPES OF INVESTMENTS THERE MAY BE VARYING DEGREES OF RISK. CLIENTS **NEED TO BE PREPARED TO BEAR INVESTMENT LOSS INCLUDING LOSS OF ORIGINAL PRINCIPAL.**

BECAUSE OF THE INHERENT RISK OF LOSS ASSOCIATED WITH INVESTING, IAR OR FIRM CANNOT REPRESENT, GUARANTEE, OR EVEN IMPLY THAT OUR SERVICES AND METHODS OF ANALYSIS:

- (1) CAN OR WILL PREDICT FUTURE RESULTS; OR
- (2) SUCCESSFULLY IDENTIFY MARKET TOPS OR BOTTOMS, OR INSULATE YOU FROM LOSSES DUE TO MARKET CORRECTIONS OR DECLINES.

THERE ARE CERTAIN ADDITIONAL RISKS ASSOCIATED WHEN INVESTING IN SECURITIES THROUGH AN INVESTMENT MANAGEMENT PROGRAM.

- **MARKET RISK** - EITHER THE STOCK MARKET AS A WHOLE, OR THE VALUE OF AN INDIVIDUAL COMPANY, WILL FLUCTUATE IN VALUE. THIS RISK WILL CAUSE A CLIENTS INVESTMENT PORTFOLIO TO INCREASE OR DECREASE IN VALUE. THIS IS ALSO REFERRED TO AS SYSTEMIC RISK.
- **EQUITY (STOCK) MARKET RISK** - COMMON STOCKS ARE SUSCEPTIBLE TO GENERAL STOCK MARKET FLUCTUATIONS AND TO VOLATILE INCREASES AND DECREASES IN VALUE AS MARKET CONFIDENCE IN AND PERCEPTIONS OF THEIR ISSUERS CHANGE. IF YOU HELD COMMON STOCK, OR COMMON STOCK EQUIVALENTS, OF ANY GIVEN ISSUER, YOU WOULD GENERALLY BE EXPOSED TO GREATER RISK THAN IF YOU HELD PREFERRED STOCKS AND DEBT OBLIGATIONS OF THE ISSUER.
- **INDUSTRY RISK** - WHEN INVESTING IN STOCK POSITIONS, THERE IS ALWAYS A CERTAIN LEVEL OF COMPANY OR INDUSTRY SPECIFIC RISK THAT IS INHERENT IN EACH INVESTMENT. THIS IS ALSO REFERRED TO AS UNSYSTEMATIC RISK AND CAN BE REDUCED THROUGH APPROPRIATE DIVERSIFICATION. THERE IS THE RISK THAT THE COMPANY WILL PERFORM POORLY OR HAVE ITS VALUE REDUCED BASED ON FACTORS SPECIFIC TO THE COMPANY OR ITS INDUSTRY. FOR EXAMPLE, IF A COMPANY'S EMPLOYEES GO ON STRIKE OR THE COMPANY RECEIVES UNFAVORABLE MEDIA ATTENTION FOR ITS ACTIONS, THE VALUE OF THE COMPANY MAY BE REDUCED.
- **OPTIONS RISK** - OPTIONS ON SECURITIES MAY BE SUBJECT TO GREATER FLUCTUATIONS IN VALUE THAN AN INVESTMENT IN THE UNDERLYING SECURITIES. PURCHASING AND WRITING PUT AND CALL OPTIONS ARE HIGHLY SPECIALIZED ACTIVITIES AND ENTAIL GREATER THAN ORDINARY INVESTMENT RISKS.
- **FIXED INCOME RISK** - WHEN INVESTING IN BONDS, THERE IS THE RISK THAT ISSUER WILL DEFAULT ON THE BOND AND BE UNABLE TO MAKE PAYMENTS. FURTHER, INDIVIDUALS WHO DEPEND ON SET AMOUNTS OF PERIODICALLY PAID INCOME FACE THE RISK THAT INFLATION WILL ERODE THEIR SPENDING POWER. FIXED-INCOME INVESTORS RECEIVE SET, REGULAR PAYMENTS THAT FACE THE SAME INFLATION RISK.

- ETF AND MUTUAL FUND RISK - WHEN INVESTING IN A AN ETF OR MUTUAL FUND, THERE ARE ADDITIONAL EXPENSES BASED ON THE PRO RATA SHARE OF THE ETF'S OR MUTUAL FUND'S OPERATING EXPENSES, INCLUDING THE POTENTIAL DUPLICATION OF MANAGEMENT FEES. THE RISK OF OWNING AN ETF OR MUTUAL FUND GENERALLY REFLECTS THE RISKS OF OWNING THE UNDERLYING SECURITIES THE ETF OR MUTUAL FUND HOLDS. CLIENTS WILL ALSO INCUR BROKERAGE COSTS WHEN PURCHASING ETFS. LEVERAGED AND INVERSE ETFS MAY NOT BE SUITABLE FOR ALL INVESTORS AND HAVE UNIQUE CHARACTERISTICS AND RISKS. ALTHOUGH THERE ARE LIMITED OCCASIONS WHERE A LEVERAGED OR INVERSE ETF MAY BE USEFUL FOR SOME TYPES OF INVESTORS, IT IS EXTREMELY IMPORTANT TO UNDERSTAND THAT, FOR HOLDING PERIODS LONGER THAN A DAY, THESE FUNDS MAY NOT GIVE YOU THE RETURNS YOU MAY BE EXPECTING.
- MANAGEMENT RISK - THE VALUE OF YOUR INVESTMENT WILL VARY WITH THE SUCCESS AND FAILURE OF THE INVESTMENT STRATEGIES, RESEARCH, ANALYSIS AND DETERMINATION OF PORTFOLIO SECURITIES. IF THE FIRM'S INVESTMENT STRATEGIES DO NOT PRODUCE THE EXPECTED RETURNS, THE VALUE OF THE INVESTMENT MAY DECREASE.

LISTED ABOVE ARE SOME OF THE PRIMARY RISKS ASSOCIATED WITH INVESTMENTS. PLEASE DO NOT HESITATE TO CONTACT US TO DISCUSS THESE RISKS AND OTHERS IN MORE DETAIL.

*Investing in securities involves risk of loss that you should be prepared to bear.*

### ***Disciplinary Information***

**Form ADV Part 2A, Item 9**

THERE IS NO DISCIPLINARY HISTORY TO REPORT

### ***Other Financial Industry Activities and Affiliations***

**Form ADV Part 2A, Item 10**

THE FIRM'S IAR'S ARE ALSO REGISTERED REPRESENTATIVES OF PURSHE KAPLAN STERLING INVESTMENTS (PKS), A BROKER/DEALER, MEMBER FINRA AND SIPC. IAR'S AS REGISTERED REPRESENTATIVES ("RR") ARE LICENSED TO SELL GENERAL SECURITIES PRODUCTS SUCH AS STOCKS, BONDS, MUTUAL FUNDS, EXCHANGE-TRADED FUNDS, AND VARIABLE ANNUITY PRODUCTS. AS SUCH, IAR'S MAY SUGGEST THAT CLIENTS IMPLEMENT INVESTMENT ADVICE BY PURCHASING SECURITIES PRODUCTS THROUGH THE BROKER/DEALER. IN THE EVENT INVESTMENT ADVISORY CLIENTS ELECT TO PURCHASE THESE PRODUCTS THROUGH THE BROKER/DEALER, THE IAR, IN THE CAPACITY AS AN RR, WILL RECEIVE THE NORMAL AND CUSTOMARY COMPENSATION IN CONNECTION WITH THE SPECIFIC PRODUCT PURCHASED. THE FIRM DOES NOT REQUIRE ITS IAR'S TO IMPLEMENT INVESTMENT ADVICE THROUGH THE FIRM. CLIENTS OF THE FIRM ARE FREE TO IMPLEMENT INVESTMENT ADVICE THROUGH ANY BROKER/DEALER OR PRODUCT SPONSOR THEY MAY SELECT. HOWEVER, CLIENTS SHOULD UNDERSTAND THAT, DUE TO CERTAIN REGULATORY CONSTRAINTS, THEIR IAR, IN THE CAPACITY AS AN RR, MUST PLACE ALL PURCHASES AND SALES OF SECURITIES PRODUCTS THROUGH THE FIRM. IF CLIENT ELECTS TO IMPLEMENT SECURITIES TRANSACTIONS THROUGH RR/IAR, RR/IAR MUST

UTILIZE ITS BROKER/DEALER'S APPROVED PRODUCTS, SPONSORS, AND ACCOUNT CUSTODIANS AND MAY RECEIVE SEPARATE BUT CUSTOMARY COMPENSATION FOR EFFECTING SECURITIES TRANSACTIONS ON BEHALF OF THE SAME CLIENT, ALTHOUGH GENERALLY NOT IN INVESTMENT MANAGEMENT ACCOUNTS.

CLIENT SECURITIES TRANSACTIONS EFFECTED THROUGH CHARLES SCHWAB & CO. INC. MAY PROVIDE BENEFITS TO THE FIRM AND RR/IAR INCLUDING, BUT NOT LIMITED TO, CERTAIN RESEARCH, INFORMATION SYSTEMS, AND THE OFFSET OF ANY FEES OR COMMISSIONS EARNED. THAT BEING SAID, THE FIRM HAS NOT ENTERED INTO FORMAL SOFT DOLLAR ARRANGEMENTS WITH CHARLES SCHWAB.

FINALLY, FIRM EMPLOYEES MAY ALSO BE REGISTERED AS INSURANCE AGENTS WITH VARIOUS INSURANCE COMPANIES. AS SUCH, THESE INDIVIDUALS MAY RECOMMEND INSURANCE-RELATED PRODUCTS AND RECEIVE NORMAL COMPENSATION FROM THE INSURANCE COMPANIES WITH WHICH THESE INDIVIDUALS ARE APPOINTED. THUS, A CONFLICT OF INTEREST EXISTS BETWEEN THE INTERESTS OF OUR FIRM AND THESE INDIVIDUALS AND THOSE OF THE ADVISORY CLIENTS, CREATING AN INCENTIVE FOR THEM TO RECOMMEND INSURANCE PRODUCTS BASED ON THE COMPENSATION RECEIVED, RATHER THAN ON A CLIENT'S NEEDS. *HOWEVER, CLIENTS ARE UNDER NO OBLIGATION TO ACT UPON ANY RECOMMENDATIONS OF THESE INDIVIDUALS OR TO EFFECT ANY TRANSACTIONS THROUGH THEM IF THEY DECIDE TO FOLLOW THE RECOMMENDATIONS.*

### ***Code of Ethics, Participation or Interest in Client Transactions and Personal Trading***

#### **Form ADV Part 2A, Item 11**

THE FIRM'S CODE OF ETHICS IS IN PLACE AND ENFORCED TO INSURE THAT NO ONE IS TAKING ADVANTAGE OF THEIR POSITION, OR PLACING THEIR OWN INTERESTS ABOVE THAT OF THE ACCOUNTS, CLIENTS, AND SHAREHOLDERS THE FIRM SERVES. CLIENTS AND/OR PROSPECTIVE CLIENTS SHALL RECEIVE A FULL COPY OF THE CODE UPON REQUEST.

THE FIRM DOES NOT BUY OR SELL FOR ITSELF SECURITIES THAT IT ALSO RECOMMENDS TO CLIENTS. PERSONS ASSOCIATED WITH THE FIRM ARE PERMITTED TO BUY OR SELL SECURITIES THAT IT ALSO RECOMMENDS TO CLIENTS CONSISTENT WITH THE FOLLOWING CODE OF ETHICS:

NONE OF THE FIRM'S IAR'S MAY EFFECT FOR HIMSELF OR HERSELF, OR HIS OR HER IMMEDIATE FAMILY (I.E., SPOUSE, MINOR CHILDREN, AND ADULTS LIVING IN THE SAME HOUSEHOLD AS THE IAR), OR FOR TRUSTS FOR WHICH THE IAR MAY SERVE AS TRUSTEE OR IN WHICH THE IAR HAS A BENEFICIAL INTEREST, ANY TRANSACTIONS IN A SECURITY WHICH IS PUBLISHED ON THE RESTRICTED TRADING LIST ON BEHALF OF ANY OF THE FIRM'S CLIENTS WITHOUT PRIOR APPROVAL FROM THE CHIEF COMPLIANCE OFFICER.

THE FOREGOING POLICIES AND PROCEDURES ARE NOT APPLICABLE TO (1) TRANSACTIONS IN ANY ACCOUNT WHICH NEITHER THE FIRM NOR ITS ADVISORY AFFILIATES HAS ANY DIRECT OR INDIRECT INFLUENCE OR CONTROL, AND (2) TRANSACTIONS IN SECURITIES THAT ARE DIRECT OBLIGATIONS OF THE U.S. GOVERNMENT, BANKERS' ACCEPTANCES, BANK CERTIFICATES OF DEPOSIT, COMMERCIAL PAPER, AND HIGH QUALITY SHORT TERM DEBT INSTRUMENTS, INCLUDING REPURCHASE AGREEMENTS OR SHARES ISSUED BY REGISTERED OPEN- END INVESTMENT COMPANIES.

THE FIRM RECOGNIZES THAT SOME SECURITIES BEING CONSIDERED FOR PURCHASE OR SALE ON BEHALF OF ITS CLIENTS TRADE IN SUFFICIENTLY BROAD MARKETS WITH ANY APPRECIABLE IMPACT ON THE MARKETS OF SUCH SECURITIES. UNDER CERTAIN LIMITED CIRCUMSTANCES, EXCEPTIONS MAY BE MADE TO THE FIRM'S CODE OF ETHICS.

THE FIRM MAINTAINS AND ENFORCES WRITTEN POLICIES REASONABLY DESIGNED TO PREVENT UNLAWFUL USE OF NON-PUBLIC INFORMATION BY THE FIRM OR ANY OF ITS ADVISORY AFFILIATES.

CLIENTS WISHING TO IMPLEMENT THE ADVICE OF THE FIRM'S IARS ARE FREE TO SELECT ANY BROKER THEY WISH AND ARE SO INFORMED. IF CLIENTS WISH TO HAVE THE IARS IMPLEMENT THE ADVICE IN THEIR CAPACITIES AS REGISTERED REPRESENTATIVES, THEIR BROKER/DEALER, PKS, WILL BE USED. PKS HAS A WIDE RANGE OF APPROVED SECURITIES PRODUCTS FOR WHICH PKS PERFORMS DUE DILIGENCE WHEN SELECTING. P K S ' REGISTERED REPRESENTATIVES ARE REQUIRED TO ADHERE TO THESE PRODUCTS WHEN IMPLEMENTING SECURITIES TRANSACTIONS. THE COMMISSIONS EARNED FOR THESE PRODUCTS MAY BE HIGHER OR LOWER THAN COMMISSIONS EARNED THROUGH ANOTHER BROKER/DEALER.

WHILE THE FIRM HAS AN ARRANGEMENT WITH PKS, AND THE CLEARING BROKER/DEALERS THAT HAVE CONTRACTED WITH PKS, AT LEAST ANNUALLY, THE FIRM WILL REVIEW ALTERNATIVE BROKER/DEALERS AND CUSTODIANS IN THE MARKETPLACE TO ENSURE PKS AND ITS CUSTODIANS ARE MEETING THE FIRM'S DUTY TO PROVIDE BEST EXECUTION FOR CLIENT ACCOUNTS. THE REVIEW WILL INCLUDE A COMPARISON TO PKS AND THE CURRENTLY USED CUSTODIANS WHICH INVOLVE EVALUATING CRITERIA SUCH AS OVERALL EXPERTISE, COST COMPETITIVENESS AND FINANCIAL CONDITION. THE QUALITY OF EXECUTION BY PKS AND CUSTODIANS WILL BE REVIEWED THROUGH TRADE JOURNAL EVALUATIONS. HOWEVER, BEST EXECUTION DOES NOT SIMPLY MEAN THE LOWEST TRANSACTION COST. THEREFORE, NO SINGLE CRITERIA WILL VALIDATE NOR INVALIDATE A CUSTODIAN, BUT RATHER, ALL CRITERIA TAKEN TOGETHER WILL BE USED IN EVALUATING THE CURRENTLY UTILIZED CUSTODIAN. THE RECOMMENDATIONS OF THE FIRM ARE NOT INFLUENCED BY ANY SOFT DOLLAR SERVICES OR BENEFITS PROVIDED TO THE ADVISOR.

IAR'S MAY ALSO BE A LICENSED LIFE AGENT APPOINTED WITH VARIOUS INSURANCE CARRIERS. THE IAR, IN THE CAPACITY AS LIFE AGENT MAY BE ABLE TO IMPLEMENT INSURANCE RECOMMENDATIONS FOR ANY CLIENT ELECTING TO RECEIVE THIS SERVICE. IN THIS EVENT THE IAR, IN THE CAPACITY AS LIFE AGENT, WILL RECEIVE SEPARATE AND CUSTOMARY COMPENSATION FOR FIXED INSURANCE AND/OR FIXED ANNUITY SALES.

FROM TIME TO TIME THE FIRM OR ONE OR MORE OF ITS IARS OR EMPLOYEES MAY PURCHASE OR OWN THE SAME SECURITIES OR VARIABLE INSURANCE PRODUCTS THAT THE FIRM OR THE CLIENT'S IAR RECOMMEND TO THE CLIENT. WHEN THE RECOMMENDATION TO THE CLIENT INVOLVES INDIVIDUAL STOCKS, STOCK OPTIONS OR BONDS THERE COULD BE A CONFLICT OF INTEREST WITH THE CLIENT. THE FIRM HAS ADOPTED POLICIES AND PROCEDURES TO ENSURE THAT SUCH CONFLICTS ARE FULLY DISCLOSED AND THAT NEITHER THE FIRM NOR ITS IAR OR EMPLOYEES MAY TRADE AHEAD OF OR OTHERWISE AGAINST THE INTEREST OF CLIENTS.

THE FIRM HAS ALSO ESTABLISHED POLICIES AND PROCEDURES TO ENSURE THAT ITS IAR AND EMPLOYEES COMPLY WITH APPLICABLE PROVISIONS OF THE INSIDER TRADING AND SECURITIES FRAUD ENFORCEMENT ACT OF 1988 ("ITSFEA").

TO AVOID ACTUAL CONFLICTS OF INTEREST WITH CLIENTS AND TO ENSURE COMPLIANCE WITH ITSFEA THE FIRM, AMONG OTHER THINGS, DOES THE FOLLOWING:

PROVIDES ONGOING CONTINUING EDUCATION REGARDING AVOIDING CONFLICTS OF INTEREST AND COMPLYING WITH ITSFEA. REQUIRES IAR AND EMPLOYEES TO REPORT QUARTERLY SECURITIES TRADING IN PERSONAL ACCOUNTS (EXCEPT MUTUAL FUNDS AND GOVERNMENT SECURITIES), WHICH ARE MONITORED BY THE COMPLIANCE DEPARTMENT. PROHIBITS IAR AND EMPLOYEES FROM EXECUTING SECURITIES TRANSACTIONS FOR CLIENTS OR ON THEIR PERSONAL ACCOUNTS BASED ON INFORMATION THAT IS NOT AVAILABLE TO THE PUBLIC ON REASONABLE INQUIRY. INFORMS CLIENTS THAT THEY ARE NOT REQUIRED TO PURCHASE SECURITIES THROUGH THE FIRM OR ITS IAR, ALTHOUGH

IF CLIENTS CHOOSE TO PURCHASE SECURITIES THROUGH THEIR IAR THE TRANSACTION MUST BE AFFECTED THROUGH PKS AND ITS CLEARING FIRM.

## ***Brokerage Practices***

### **Form ADV Part 2A, Item 12**

CLIENTS HAVE THE ABILITY TO PLACE REASONABLE RESTRICTIONS ON THE TYPES OF INVESTMENTS THAT MAY BE PURCHASED SO LONG AS THE RESTRICTIONS ARE SPECIFICALLY SET FORTH IN THE CLIENT'S INVESTMENT ADVISORY AGREEMENT.

WE DO NOT HAVE ANY FORMAL SOFT-DOLLAR ARRANGEMENTS AND DO NOT CONTRACT WITH ANY BROKER DEALER TO RECEIVE SOFT-DOLLAR BENEFITS. THIS MEANS THAT WE DO NOT RECEIVE RESEARCH OR GAIN ACCESS TO INDUSTRY ANALYSTS OR CONFERENCES IN RETURN FOR PAYING HIGHER COMMISSIONS FOR CLIENT TRADES TO A PARTICULAR BROKER DEALER. HOWEVER, WE DO RECEIVE CERTAIN ADDITIONAL BENEFITS FROM CHARLES SCHWAB (OUR SOLE CUSTODIAN AND CLEARING FIRM) AS A RESULT OF BEING ON THEIR PLATFORM. SEE BELOW FOR ADDITIONAL DETAILS.

THE FIRM DOES NOT REQUEST OR ACCEPT THE DISCRETIONARY AUTHORITY TO DETERMINE THE BROKER DEALER TO BE USED FOR CLIENT ACCOUNTS. THIS MEANS THAT WE WILL NOT SURVEY OR SHOP THE BROKERAGE MARKET PLACE FOR BEST EXECUTION ON A TRANSACTION-BY-TRANSACTION BASIS. CLIENTS MUST DIRECT US AS TO THE BROKER DEALER TO BE USED FOR ALL CLIENT SECURITIES TRANSACTIONS (*CLIENTS ARE UNDER NO OBLIGATION TO DIRECT THE USE OF OUR RECOMMEND BROKER-DEALER, CHARLES SCHWAB*). IN DIRECTING THE USE OF A PARTICULAR BROKER OR DEALER, IT SHOULD BE UNDERSTOOD THAT WE WILL NOT HAVE AUTHORITY TO NEGOTIATE COMMISSIONS AMONG VARIOUS BROKERS, AND BEST EXECUTION MAY NOT BE ACHIEVED, RESULTING IN HIGHER TRANSACTION COSTS FOR CLIENTS (*NOT ALL ADVISERS REQUIRE THEIR CLIENTS TO DIRECT BROKERAGE*). FURTHERMORE, THE FIRM DOES NOT HAVE DISCRETIONARY AUTHORITY OVER CLIENT ACCOUNTS, IN GENERAL, MEANING THAT WE MUST CONFIRM CLIENT CONSENT BEFORE WE EXECUTE TRADES. THIS TIME DELAY MAY FURTHER PROHIBIT US FROM ACHIEVING TRADITIONAL BEST EXECUTION ON TRADES.

THE FIRM DOES NOT AGGREGATE TRADES FOR MUTUAL FUNDS, OUR PRIMARY INVESTMENT TOOL. EACH ACCOUNT IS TRADED INDIVIDUALLY. THE CLIENT PAYS CLIENT TRANSACTION COSTS FOR ASSETS INCLUDED AND PART OF CLIENT'S MANAGED ACCOUNT. CLIENT IS RESPONSIBLE FOR ALL TRANSACTION COSTS FOR ASSETS NOT PART OF, BUT PERMITTED TO BE TRANSFERRED INTO, CLIENTS MANAGED ACCOUNT. AGGREGATION IS FOR PURPOSES OF ASSIGNING AN AVERAGE PRICE PER SHARE IN A SPECIFIC SECURITY AND THE TRANSACTION COST IS SHARED PRO-RATA BASED ON EACH CLIENT'S PARTICIPATION IN THE TRANSACTION. CLIENTS MAY NOT ENJOY THE EFFECTS OF LOWER COMMISSION PER SHARE COSTS FOR THESE TRADES THAT OFTEN OCCUR AS A RESULT OF BUNCHING TRADES. AS A RESULT, CLIENTS MAY PAY A HIGHER TRANSACTION COST THAN COULD BE RECEIVED ELSEWHERE. OTHER INVESTMENT ADVISERS MAY AGGREGATE CLIENT TRADES.

***CHARLES SCHWAB & CO., INC. HAS REQUESTED THAT WE INCLUDE THE FOLLOWING DISCLOSURE IN OUR NARRATIVE:***

#### **THE CUSTODIAN AND BROKERS WE USE**

THE FIRM DOES NOT MAINTAIN CUSTODY OF YOUR ASSETS THAT WE MANAGE (ALTHOUGH WE MAY BE DEEMED TO HAVE CUSTODY OF YOUR ASSETS IF YOU GIVE US AUTHORITY TO WITHDRAW ASSETS FROM YOUR ACCOUNT (*SEE ITEM 15 CUSTODY BELOW*)). YOUR ASSETS MUST BE MAINTAINED IN AN ACCOUNT AT A "QUALIFIED CUSTODIAN," GENERALLY A BROKER-DEALER OR BANK. WE RECOMMEND THAT OUR CLIENTS USE CHARLES SCHWAB & CO., INC. (SCHWAB), A FINRA-REGISTERED BROKER-DEALER, MEMBER

SIPC, AS THE QUALIFIED CUSTODIAN. WE ARE INDEPENDENTLY OWNED AND OPERATED AND NOT AFFILIATED WITH SCHWAB. SCHWAB WILL HOLD YOUR ASSETS IN A BROKERAGE ACCOUNT AND BUY AND SELL SECURITIES WHEN THE FIRM INSTRUCTS THEM TO DO SO. WHILE WE RECOMMEND THAT YOU USE SCHWAB AS CUSTODIAN/BROKER, YOU WILL DECIDE WHETHER TO DO SO AND OPEN YOUR ACCOUNT WITH SCHWAB BY ENTERING INTO AN ACCOUNT AGREEMENT DIRECTLY WITH THEM. WE DO NOT OPEN THE ACCOUNT FOR YOU. NOT ALL ADVISORS REQUIRE THEIR CLIENTS TO USE A PARTICULAR BROKER-DEALER OR OTHER CUSTODIAN SELECTED BY THE ADVISOR. EVEN THOUGH YOUR ACCOUNT IS MAINTAINED AT SCHWAB, WE CAN STILL USE OTHER BROKERS TO EXECUTE TRADES FOR YOUR ACCOUNT, AS DESCRIBED IN THE NEXT PARAGRAPH.

#### **HOW WE SELECT BROKERS/CUSTODIANS TO RECOMMEND**

WE SEEK TO RECOMMEND A CUSTODIAN/BROKER WHO WILL HOLD YOUR ASSETS AND EXECUTE TRANSACTIONS ON TERMS THAT ARE OVERALL MOST ADVANTAGEOUS WHEN COMPARED TO OTHER AVAILABLE PROVIDERS AND THEIR SERVICES. WE CONSIDER A WIDE RANGE OF FACTORS, INCLUDING, AMONG OTHERS, THESE:

- COMBINATION OF TRANSACTION EXECUTION SERVICES ALONG WITH ASSET CUSTODY SERVICES (GENERALLY WITHOUT A SEPARATE FEE FOR CUSTODY)
- CAPABILITY TO EXECUTE, CLEAR AND SETTLE TRADES (BUY AND SELL SECURITIES FOR YOUR ACCOUNT)
- CAPABILITIES TO FACILITATE TRANSFERS AND PAYMENTS TO AND FROM ACCOUNTS (WIRE TRANSFERS, CHECK REQUESTS, BILL PAYMENT, ETC.)
- BREADTH OF INVESTMENT PRODUCTS MADE AVAILABLE (STOCKS, BONDS, MUTUAL FUNDS, EXCHANGE TRADED FUNDS (ETFs), ETC.)
- AVAILABILITY OF INVESTMENT RESEARCH AND TOOLS THAT ASSIST US IN MAKING INVESTMENT DECISIONS
- QUALITY OF SERVICES
- COMPETITIVENESS OF THE PRICE OF THOSE SERVICES (COMMISSION RATES, MARGIN INTEREST RATES, OTHER FEES, ETC.) AND WILLINGNESS TO NEGOTIATE THEM
- REPUTATION, FINANCIAL STRENGTH AND STABILITY OF THE PROVIDER
- THEIR PRIOR SERVICE TO US AND OUR OTHER CLIENTS
- AVAILABILITY OF OTHER PRODUCTS AND SERVICES THAT BENEFIT US, AS DISCUSSED BELOW (*SEE "PRODUCTS AND SERVICES AVAILABLE TO US FROM SCHWAB"*)

#### **YOUR CUSTODY AND BROKERAGE COSTS**

FOR OUR CLIENTS' ACCOUNTS IT MAINTAINS, SCHWAB GENERALLY DOES NOT CHARGE YOU SEPARATELY FOR CUSTODY SERVICES BUT IS COMPENSATED BY CHARGING YOU COMMISSIONS OR OTHER FEES ON TRADES THAT IT EXECUTES OR THAT SETTLE INTO YOUR SCHWAB ACCOUNT. FOR SOME ACCOUNTS, SCHWAB MAY CHARGE YOU A PERCENTAGE OF THE DOLLAR AMOUNT OF ASSETS IN THE ACCOUNT IN LIEU OF COMMISSIONS. SCHWAB'S COMMISSION RATES AND ASSET-BASED FEES APPLICABLE TO OUR CLIENT ACCOUNTS WERE NEGOTIATED BASED ON OUR COMMITMENT TO MAINTAIN \$300 MILLION OF OUR CLIENTS' ASSETS STATEMENT EQUITY IN ACCOUNTS AT SCHWAB. THIS COMMITMENT BENEFITS YOU BECAUSE THE OVERALL COMMISSION RATES AND ASSET-BASED FEES YOU PAY ARE LOWER THAN THEY WOULD BE IF WE HAD NOT MADE THE COMMITMENT. IN ADDITION TO COMMISSIONS OR ASSET-BASED FEES, SCHWAB CHARGES YOU A FLAT DOLLAR AMOUNT AS A "PRIME BROKER" OR "TRADE AWAY" FEE FOR EACH TRADE THAT WE HAVE EXECUTED BY A DIFFERENT BROKER-DEALER BUT WHERE THE SECURITIES BOUGHT OR THE FUNDS FROM THE SECURITIES SOLD ARE DEPOSITED (SETTLED) INTO YOUR SCHWAB ACCOUNT. THESE FEES ARE IN ADDITION TO THE COMMISSIONS OR OTHER COMPENSATION YOU PAY THE EXECUTING BROKER-DEALER. BECAUSE OF THIS, IN ORDER TO MINIMIZE YOUR TRADING COSTS, WE HAVE SCHWAB EXECUTE MOST TRADES FOR YOUR ACCOUNT.

#### **PRODUCTS AND SERVICES AVAILABLE TO US FROM SCHWAB**

SCHWAB ADVISOR SERVICES (FORMERLY CALLED SCHWAB INSTITUTIONAL) IS SCHWAB'S BUSINESS SERVING INDEPENDENT INVESTMENT ADVISORY FIRMS LIKE US. THEY PROVIDE US AND OUR CLIENTS WITH ACCESS TO ITS INSTITUTIONAL BROKERAGE – TRADING, CUSTODY, REPORTING AND RELATED SERVICES – MANY OF WHICH ARE NOT TYPICALLY AVAILABLE TO SCHWAB RETAIL CUSTOMERS. SCHWAB ALSO MAKES AVAILABLE VARIOUS SUPPORT SERVICES. SOME OF THOSE SERVICES HELP US MANAGE OR ADMINISTER OUR CLIENTS' ACCOUNTS WHILE OTHERS HELP US MANAGE AND GROW OUR BUSINESS. SCHWAB'S SUPPORT SERVICES GENERALLY ARE AVAILABLE ON AN UNSOLICITED BASIS (WE DON'T HAVE TO REQUEST THEM) AND AT NO CHARGE TO US AS LONG AS WE KEEP A TOTAL OF AT LEAST \$10 MILLION OF OUR CLIENTS' ASSETS IN ACCOUNTS AT SCHWAB. IF WE HAVE LESS THAN \$10 MILLION IN CLIENT ASSETS AT SCHWAB, IT MAY CHARGE US QUARTERLY SERVICE FEES OF \$1,200. HERE IS A MORE DETAILED DESCRIPTION OF SCHWAB'S SUPPORT SERVICES:

SERVICES THAT BENEFIT YOU. SCHWAB'S INSTITUTIONAL BROKERAGE SERVICES INCLUDE ACCESS TO A BROAD RANGE OF INVESTMENT PRODUCTS, EXECUTION OF SECURITIES TRANSACTIONS, AND CUSTODY OF CLIENT ASSETS. THE INVESTMENT PRODUCTS AVAILABLE THROUGH SCHWAB INCLUDE SOME TO WHICH WE MIGHT NOT OTHERWISE HAVE ACCESS OR THAT WOULD REQUIRE A SIGNIFICANTLY HIGHER MINIMUM INITIAL INVESTMENT BY OUR CLIENTS. SCHWAB'S SERVICES DESCRIBED IN THIS PARAGRAPH GENERALLY BENEFIT YOU AND YOUR ACCOUNT.

SERVICES THAT MAY NOT DIRECTLY BENEFIT YOU. SCHWAB ALSO MAKES AVAILABLE TO US OTHER PRODUCTS AND SERVICES THAT BENEFIT US BUT MAY NOT DIRECTLY BENEFIT YOU OR YOUR ACCOUNT. THESE PRODUCTS AND SERVICES ASSIST US IN MANAGING AND ADMINISTERING OUR CLIENTS' ACCOUNTS. THEY INCLUDE INVESTMENT RESEARCH, BOTH SCHWAB'S OWN AND THAT OF THIRD PARTIES. WE MAY USE THIS RESEARCH TO SERVICE ALL OR SOME SUBSTANTIAL NUMBER OF OUR CLIENTS' ACCOUNTS, INCLUDING ACCOUNTS NOT MAINTAINED AT SCHWAB. IN ADDITION TO INVESTMENT RESEARCH, SCHWAB ALSO MAKES AVAILABLE SOFTWARE AND OTHER TECHNOLOGY THAT:

- PROVIDE ACCESS TO CLIENT ACCOUNT DATA (SUCH AS DUPLICATE TRADE CONFIRMATIONS AND ACCOUNT STATEMENTS);
- FACILITATE TRADE EXECUTION AND ALLOCATE AGGREGATED TRADE ORDERS FOR MULTIPLE CLIENT ACCOUNTS;
- PROVIDE PRICING AND OTHER MARKET DATA;
- FACILITATE PAYMENT OF OUR FEES FROM OUR CLIENTS' ACCOUNTS; AND
- ASSIST WITH BACK-OFFICE FUNCTIONS, RECORDKEEPING AND CLIENT REPORTING.

SERVICES THAT GENERALLY BENEFIT ONLY US. SCHWAB ALSO OFFERS OTHER SERVICES INTENDED TO HELP US MANAGE AND FURTHER DEVELOP OUR BUSINESS ENTERPRISE. THESE SERVICES INCLUDE:

- EDUCATIONAL CONFERENCES AND EVENTS
- TECHNOLOGY, COMPLIANCE, LEGAL, AND BUSINESS CONSULTING;
- PUBLICATIONS AND CONFERENCES ON PRACTICE MANAGEMENT AND BUSINESS SUCCESSION; AND
- ACCESS TO EMPLOYEE BENEFITS PROVIDERS, HUMAN CAPITAL CONSULTANTS AND INSURANCE PROVIDERS.

SCHWAB MAY PROVIDE SOME OF THESE SERVICES ITSELF. IN OTHER CASES, IT WILL ARRANGE FOR THIRD-PARTY VENDORS TO PROVIDE THE SERVICES TO US. SCHWAB MAY ALSO DISCOUNT OR WAIVE ITS FEES FOR SOME OF THESE SERVICES OR PAY ALL OR A PART OF A THIRD PARTY'S FEES. SCHWAB MAY ALSO PROVIDE US WITH OTHER BENEFITS SUCH AS OCCASIONAL BUSINESS ENTERTAINMENT OF OUR PERSONNEL.

#### **OUR INTEREST IN SCHWAB'S SERVICES**

THE AVAILABILITY OF THESE SERVICES FROM SCHWAB BENEFITS US BECAUSE WE DO NOT HAVE TO PRODUCE OR PURCHASE THEM. WE DON'T HAVE TO PAY FOR SCHWAB'S SERVICES SO LONG AS WE KEEP A TOTAL OF AT LEAST \$10 MILLION OF CLIENT ASSETS IN ACCOUNTS AT SCHWAB. BEYOND THAT, THESE SERVICES ARE NOT CONTINGENT UPON US COMMITTING ANY SPECIFIC AMOUNT OF BUSINESS TO



SCHWAB IN TRADING COMMISSIONS OR ASSETS IN CUSTODY. THE \$10 MILLION MINIMUM MAY GIVE US AN INCENTIVE TO RECOMMEND THAT YOU MAINTAIN YOUR ACCOUNT WITH SCHWAB BASED ON OUR INTEREST IN RECEIVING SCHWAB'S SERVICES THAT BENEFIT OUR BUSINESS RATHER THAN BASED ON YOUR INTEREST IN RECEIVING THE BEST VALUE IN CUSTODY SERVICES AND THE MOST FAVORABLE EXECUTION OF YOUR TRANSACTIONS. THIS IS A POTENTIAL CONFLICT OF INTEREST. WE BELIEVE, HOWEVER, THAT OUR SELECTION OF SCHWAB AS CUSTODIAN AND BROKER IS IN THE BEST INTEREST OF OUR CLIENTS. IT IS PRIMARILY SUPPORTED BY THE SCOPE, QUALITY AND PRICE OF SCHWAB'S SERVICES (BASED ON THE FACTORS DISCUSSED ABOVE – SEE "HOW WE SELECT BROKERS/CUSTODIANS [TO RECOMMEND]") AND NOT SCHWAB'S SERVICES THAT BENEFIT ONLY US. WE HAVE \$392 MILLION IN CLIENT ASSETS UNDER MANAGEMENT, AND DO NOT BELIEVE THAT MAINTAINING AT LEAST \$10 MILLION OF THOSE ASSETS AT SCHWAB IN ORDER TO AVOID PAYING SCHWAB QUARTERLY SERVICE FEES PRESENTS A MATERIAL CONFLICT OF INTEREST.

## ***Review of Accounts***

### **Form ADV Part 2A, Item 13**

FIRM AND IAR KEEP A REVIEW SCHEDULE FOR ALL FINANCIAL PLANNING AND INVESTMENT ADVISORY CLIENTS. GENERALLY, CLIENT'S INVESTMENT ADVISORY ACCOUNTS ARE REVIEWED AT LEAST ON AN ANNUAL BASIS AND/OR ON A MORE FREQUENT BASIS IF APPLICABLE TO ENSURE THE ACCOUNT IS BEING MANAGED IN ACCORDANCE WITH THE CLIENT'S CHOSEN INVESTMENT OBJECTIVE, THAT THE ACCOUNT IS PROPERLY BALANCED, IF IT IS BEING MANAGED ACCORDING TO A SPECIFIC ASSET ALLOCATION MODEL, AND TO VERIFY THE ACCURACY OF ACCOUNT HOLDINGS AND FEE DEDUCTIONS. IAR MAY CONTACT CLIENTS SEMI-ANNUAL, OR AT IAR AND CLIENT AGREED UPON SCHEDULE, TO DISCUSS CHANGES IN THE CLIENT'S GOALS, INVESTMENT OBJECTIVES, AND PERSONAL AND FINANCIAL SITUATION.

THE FIRM ENCOURAGES CLIENTS TO REQUEST SUCH A REVIEW TO DISCUSS WITH THEIR IAR SUCH THINGS AS ACCOUNT PERFORMANCE, CHANGES IN THE CLIENT'S INVESTMENT OBJECTIVES, GOALS, AND FINANCIAL SITUATION, TAX PLANNING, ESTATE PLANNING, RETIREMENT PLANNING AND ANY OTHER QUESTIONS THE CLIENT MAY HAVE CONCERNING THEIR INVESTMENT PORTFOLIO. CLIENTS WHO RECEIVE ONLY FINANCIAL PLANNING SERVICES MAY BE CHARGED A SEPARATE FEE FOR MEETINGS WITH THEIR IAR. CLIENTS SHOULD READ CAREFULLY THEIR ADVISORY INVESTMENT AGREEMENT WITH THE FIRM TO DETERMINE THE AMOUNT OF SUCH SEPARATE FEES, IF ANY.

CLIENTS WHO ELECT TO PURCHASE SECURITIES PRODUCTS (I.E. INDIVIDUAL STOCKS, BONDS, MUTUAL FUNDS AND VARIABLE INSURANCE PRODUCTS) WILL RECEIVE CONFIRMATIONS OF THEIR PURCHASES AND SALES. ACCOUNT STATEMENTS WILL BE PROVIDED QUARTERLY CONTAINING ACCOUNT INFORMATION SUCH AS ACCOUNT VALUE, TRANSACTIONS AND OTHER RELEVANT ACCOUNT INFORMATION FROM EITHER THE PRODUCT SPONSOR OR PRODUCT CUSTODIAN. CLIENTS MAY ALSO RECEIVE PERIODIC REPORTS REFLECTING THE PERFORMANCE OF THEIR INVESTMENT PORTFOLIO OVER A SPECIFIED PERIOD. CLIENTS MAY ALSO HAVE ELECTRONIC ACCESS TO THEIR PORTFOLIO AND MAY BE ABLE TO CREATE AND/OR PRINT VARIOUS REPORTS CONCERNING THEIR PORTFOLIO INVESTMENTS.

## ***Client Referrals and Other Compensation***

### **Form ADV Part 2A, Item 14**

THE FIRM MAY REFER CLIENTS TO OTHER ADVISORY FIRMS AND SHARE IN THAT ADVISORY FIRM'S ADVISORY FEES. CLIENTS WHOSE ACCOUNTS ARE REFERRED TO OTHER INVESTMENT ADVISERS SHOULD READ CAREFULLY THE OTHER ADVISERS FORM ADV PART 2A. AND PART 2B. AND SOLICITOR DISCLOSURES FOR THE SPECIFIC DETAILS OF THESE RELATIONSHIPS, INCLUDING COMPENSATION RECEIVED BY THE FIRM AND THE IAR.

CERTAIN IAR'S OF THE FIRM ARE PROPERLY LICENSED TO SELL SECURITIES OR INSURANCE PRODUCTS TO THE FIRM'S INVESTMENT MANAGEMENT CLIENTS.

CERTAIN IAR'S OF THE FIRM ALSO ENGAGE IN TAX PREPARATION SERVICES.

IAR IS ALSO A LICENSED LIFE AGENT APPOINTED WITH VARIOUS INSURANCE CARRIERS. THE IAR, IN THE CAPACITY AS LIFE AGENT MAY BE ABLE TO IMPLEMENT INSURANCE RECOMMENDATIONS FOR ANY CLIENT ELECTING TO RECEIVE THIS SERVICE. IN THIS EVENT THE IAR, IN THE CAPACITY AS LIFE AGENT, WILL RECEIVE SEPARATE AND CUSTOMARY COMPENSATION FOR FIXED INSURANCE AND/OR FIXED ANNUITY SALES.

### ***Custody***

#### **Form ADV Part 2A, Item 15**

ALTHOUGH UNDER GOVERNMENT REGULATIONS, THE FIRM IS TECHNICALLY DEEMED TO HAVE CUSTODY OF CLIENT ASSETS WHEN CLIENT AUTHORIZES US TO INSTRUCT SCHWAB TO DEDUCT ADVISORY FEES DIRECTLY FROM CLIENT ACCOUNT, THE FIRM FALLS UNDER AN EXCEPTION FROM ACTUAL CUSTODY. SCHWAB MAINTAINS ACTUAL CUSTODY OF CLIENT ASSETS. CLIENT WILL RECEIVE ACCOUNT STATEMENTS DIRECTLY FROM SCHWAB AT LEAST QUARTERLY. THEY WILL BE SENT TO THE EMAIL OR POSTAL MAILING ADDRESS CLIENT HAS PROVIDED TO SCHWAB. CLIENT SHOULD CAREFULLY REVIEW THOSE STATEMENTS PROMPTLY WHEN RECEIVED. WE ALSO URGE YOU TO COMPARE SCHWAB'S ACCOUNT STATEMENTS TO THE PERIODIC PORTFOLIO REPORTS YOU WILL RECEIVE FROM US.

### ***Investment Discretion***

#### **Form ADV Part 2A, Item 16**

NEITHER IAR'S NOR THE FIRM HAVE INVESTMENT DISCRETION.

### ***Voting Client Securities***

#### **Form ADV Part 2A, Item 17**

NEITHER THE IAR NOR THE FIRM WILL VOTE PROXY STATEMENTS ON BEHALF OF ADVISORY CLIENTS. THE ACCOUNT CUSTODIAN WILL FORWARD ALL PROXIES AND CORPORATE ACTIONS TO CLIENT'S ADDRESS OF RECORD, CLIENT'S DESIGNEE, OR AS INSTRUCTED BY CLIENT.

## ***Financial Information***

### **Form ADV Part 2A, Item 18**

BECAUSE THE FIRM DOES NOT RECEIVE FEES MORE THAN SIX MONTHS IN ADVANCE, HAS NEVER FILED A PETITION IN BANKRUPTCY AND IS NOT IN A "PRECARIOUS FINANCIAL POSITION," NO FINANCIAL REPORTING IS REQUIRED IN THIS NARRATIVE SECTION.

## ***Requirements for State-Registered Advisers***

### **Form ADV Part 2A, Item 19**

NOT APPLICABLE.

## ***Additional Information***

THE FIRM PRESENTLY DOES NOT PROVIDE INVESTMENT MANAGEMENT SERVICES TO EMPLOYER RETIREMENT PLANS GOVERNED UNDER ERISA. THIS SECTION SHALL APPLY IF THE CLIENT PARTICIPATES IN AN INDIVIDUAL EMPLOYER SPONSORED RETIREMENT PLAN. THE FIRM'S IAR MAY DIRECT, IF APPROVED BY CLIENT, RECOMMENDATIONS TO CLIENT REGARDING THE ALLOCATION OF CLIENT'S ASSETS AMONG THE VARIOUS MUTUAL FUND OPTIONS OFFERED THAT COMPRISE THE RETIREMENT PLAN ASSET OPTIONS. THE CLIENT ASSETS SHALL BE MAINTAINED AT THE CUSTODIAN DESIGNATED BY THE SPONSOR OF THE CLIENT'S RETIREMENT PLAN, OR IF SELF-DIRECTED BY THE CLIENT, AT THE CUSTODIAN SELECTED BY CLIENT.

CLIENT REPRESENTS THAT THE FIRM AND IAR, AS APPLICABLE, HAVE BEEN FURNISHED COMPLETE COPIES EVIDENCING CLIENT'S AUTHORITY TO RETAIN THE FIRM AND IAR. CLIENT SHALL PROMPTLY FURNISH TO THE FIRM AND IAR ANY AMENDMENTS TO THE EMPLOYER RETIREMENT PLAN THAT AFFECTS THE RIGHTS OR OBLIGATIONS OF THE FIRM AND/OR IAR. ANY PLAN AMENDMENT NOT DISCLOSED SHALL NOT BE BINDING ON THE FIRM OR IAR.

IT IS THE FIRM'S POLICY TO ENSURE CLIENTS ARE MADE WHOLE FOLLOWING A TRADE ERROR. SPECIFICALLY, WHEN THE FIRM OR THE IAR CAUSES A TRADE ERROR TO OCCUR IN A CLIENT ACCOUNT THAT RESULTS IN A LOSS, THE FIRM WILL REIMBURSE ANY COSTS PAID BY THE CLIENT, AND MAKE WHOLE THE CLIENT TRANSACTION AS IT SHOULD HAVE ORIGINALLY TAKEN PLACE/OR NOT TAKEN PLACE. IF THE TRADE ERROR RESULTS IN A GAIN, THE BROKER/DEALER WILL KEEP THAT GAIN TO OFFSET FUTURE LOSSES. THE RETAINED GAIN IS NOT SHARED WITH THE ACCOUNT IAR, THE FIRM, OR MANAGED ACCOUNT OWNERS.

ALL TRADE ERRORS ARE CORRECTED WITHIN A REASONABLE PERIOD OF TIME FOLLOWING DISCOVERY OF THE ERROR. THE FIRM WILL NOT USE COMMISSIONS FROM OTHER CLIENT ACCOUNTS TO CORRECT TRADE ERRORS. IARS ARE NOT PERMITTED TO MAKE PAYMENTS TO CLIENTS OR CLIENT ACCOUNTS.

PRIVACY POLICY: CLIENT PRIVACY IS VERY IMPORTANT TO THE FIRM. WE VALUE CLIENT TRUST AND WANT CLIENTS TO UNDERSTAND WHAT INFORMATION WE COLLECT, HOW WE PROTECT IT, AND HOW

WE USE IT. WE TREAT PERSONAL INFORMATION – NONPUBLIC INFORMATION THAT IDENTIFIES YOU – WITH RESPECT, AND IN ACCORDANCE WITH THIS PRIVACY POLICY.

#### INFORMATION WE MAY COLLECT

WHEN YOU DECIDE TO ENGAGE OUR SERVICES, WE OBTAIN FINANCIAL AND PERSONAL INFORMATION DIRECTLY FROM YOU. WE COLLECT IDENTIFICATION AND CONTACT INFORMATION, AS WELL AS FINANCIAL, TRANSACTION, INVESTMENT OBJECTIVES, AND INVESTMENT EXPERIENCE INFORMATION FROM APPLICATIONS YOU COMPLETE, TRANSACTIONS WITH OTHERS OR MADE BY US ON YOUR BEHALF, AND FROM OUTSIDE COMPANIES. EXAMPLES OF THE SOURCES AND TYPES OF INFORMATION WE MAY COLLECT INCLUDE:

- INFORMATION REQUIRED ON ACCOUNT APPLICATIONS AND AGREEMENTS, REGISTRATION FORMS, OR OTHER SUBSIDIARY FORMS, CONTAINING YOUR NAME, ADDRESS, TELEPHONE NUMBER, DATE OF BIRTH, SOCIAL SECURITY NUMBER, E-MAIL ADDRESS, INVESTMENT OBJECTIVES, INCOME, INVESTMENT EXPERIENCE, EMPLOYMENT INFORMATION, TELEPHONE NUMBERS, AND ACCOUNTS WITH OTHERS;
- INFORMATION REGARDING YOUR BROKERAGE AND/OR INVESTMENT ADVISORY TRANSACTION HISTORY WITH US, SERVICE PROVIDERS, SUCH AS CLEARING FIRMS, ACCOUNT CUSTODIANS, OR OTHER COMPANIES; AND INFORMATION COLLECTED BY OTHER COMPANIES ON THEIR APPLICATIONS, SUCH AS CUSTODIANS, MUTUAL FUND COMPANIES, VARIABLE ANNUITY AND LIFE SPONSORS, FIXED INSURANCE COMPANIES, BANKS, WHOSE SERVICES OR PRODUCTS ARE INTRODUCED BY US.

#### INFORMATION WE MAY DISCLOSE AND TO WHOM WE MAY DISCLOSE INFORMATION

WE DO NOT DISCLOSE YOUR PERSONAL INFORMATION TO ENTITIES THAT DO NOT TRANSACT BUSINESS WITH US. WE MAKE EVERY EFFORT TO ENSURE THAT THE ENTITIES WE DO BUSINESS WITH WILL SAFEGUARD AND KEEP YOUR PERSONAL AND FINANCIAL INFORMATION CONFIDENTIAL.

THE PERSONAL INFORMATION WE COLLECT, AS DESCRIBED ABOVE WILL ALLOW SERVICE PROVIDERS SUCH AS INSURANCE COMPANIES, CUSTODIANS, BANKS, BROKER/DEALERS, OTHER INVESTMENT ADVISERS TO PROVIDE YOU SERVICES IN THE FOLLOWING TYPES OF SITUATIONS. THEY ARE:

- PROVIDING ADMINISTRATIVE, CUSTOMER ASSISTANCE, CLEARING, OPERATIONAL, OR OTHER SERVICES;
- PREPARING, PRINTING AND DELIVERING PORTFOLIO MANAGEMENT PERFORMANCE REPORTS, CONFIRMATION STATEMENTS, AND OTHER DOCUMENTS;
- EXECUTING SECURITIES TRANSACTIONS;
- MAINTAINING OR DEVELOPING SOFTWARE FOR US; AND
- A FINANCIAL INSTITUTION (SUCH AS BANKS, INVESTMENT ADVISERS, OR SECURITIES FIRMS) THAT WE HAVE AGREEMENTS WITH WHO MAY OFFER YOU NEW FINANCIAL PRODUCTS, SERVICES, PROVIDE YOU UPDATED INFORMATION ABOUT THEIR COMPANY, SERVICES, ANNUAL ACCOUNT NOTIFICATIONS, PRIVACY POLICY UPDATES, ETC.

WE MAY ALSO DISCLOSE ALL THE INFORMATION WE COLLECT AS PERMITTED OR REQUIRED BY LAW. FOR EXAMPLE, WE MAY DISCLOSE INFORMATION TO LAW ENFORCEMENT AGENCIES OR INSURANCE AND SECURITIES REGULATORY AGENCIES.

#### SEE COVER PAGE FOR OUR CONTACT INFORMATION