

The Legacy Financial Group, Inc.  
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January 1, 2014

BROCHURE

ITEM 1  
COVER PAGE

This brochure provides information about the qualifications and business practices of The Legacy Financial Group, Inc. If you have any questions about the contents of this brochure, please contact us at 918-665-0826. 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 The Legacy Financial Group, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The term "Registered Investment Adviser" does not imply a certain level of skill or training.

ITEM 2  
MATERIAL CHANGES

We updated the assets under management in Section 4e.

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ITEM 4  
ADVISORY BUSINESS

A. Description

1. We provide Fee-Only Investment Advisory Services to individuals, businesses, trusts, foundations, and qualified retirement plans. Our offices are located in Tulsa, OK and Edmond, OK.
2. Legacy was formed on January 1, 2005 but was the successor to our firm that we started in the year 2000.
3. The principal owners are:
  - a. Randall J. Cloud
  - b. Kendall W. King
  - c. Kevin K. King
  - d. Jeffrey Maxwell

B. Types of Advisory Services

1. Our clients hire us to build broadly diversified global portfolios and to provide financial planning services to help them reach their goals.

The portfolios consist of publicly traded securities. Our clients' assets are held at an independent third party custodian such as Charles Schwab & Co., TD Ameritrade, and TD Ameritrade Trust Co. Our clients grant us authority to make trades in their accounts, debit our fees from the accounts, and to instruct these institutions to issue disbursements to our clients.

Legacy is a financial services company willing and able to help you reach your goals by integrating planning areas such as investment, retirement, tax, estate, and risk management.

C. Tailoring our Services

1. We do tailor our services to our clients needs by helping them to identify their Investor Profile through use of a survey and discussions with them.

D. Wrap Fees

1. We do not use Wrap Fee Programs. Legacy does not receive any fees and commissions from any third parties for investment advisory services.

E. Assets Under Management

1. As of December 31, 2013 based on market valuation, we manage \$ 211,970,698 under discretionary basis and \$ 23,318,194 under non-discretionary basis.

ITEM 5  
FEES AND COMMISSIONS

A. Fee Schedule

Our fees will be billed based on the market value of assets under management as determined on the last day of each calendar quarter and billed utilizing the following tier schedule. The rates listed below will be applied to each level of the market value of the assets under management. Clients are responsible for paying all custodian transaction fees. Payment for fees will be collected according to the billing schedule below.

1.	\$ 0 to \$ 300,000	= 1.25 %
2.	\$ 300,001 to \$1,000,000	= 1.00 %
3.	\$1,000,001 to \$2,500,000	= 0.80 %
4.	\$2,500,001 to \$5,000,000	= 0.65 %
5.	Above \$5,000,000	= 0.50 %

B. Payment of Fees

Our fees are deducted from client assets unless agreed upon otherwise. The fees are billed and collected at the end of each calendar quarter.

C. Other Fees Paid by Clients

Our clients may incur fees charged by custodians for purchase and sell transactions of securities. Additionally, our clients will incur annual mutual fund operating expense fees.

D. Advance Fees

We do not collect fees in advance of providing our investment advisory services.

E. Commissions and Fees Paid By Mutual Funds and Financial Institutions

We do not receive any commissions or fees from any mutual fund companies or any other financial institutions for the purchase of mutual funds.

ITEM 6  
PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We do not charge or receive any performance based fees from our clients. Our fees are determined as mentioned in Section 5a.

ITEM 7  
TYPES OF CLIENTS

We provide Advisory Services to individuals, businesses, trusts, foundations, and qualified retirement plans.



ITEM 8  
METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

A. Description of Methods

The investment advice we provide rests on four principles:

1. Financial markets are efficient
2. Risk and Return are related
3. Broad Diversification
4. Investor Discipline

We believe these are the keys to a successful investment experience.

We do not believe in traditional active investment management practices such as stock picking and market timing.

The philosophy and strategy we implement for our clients rests upon the body of academic research known as Modern Portfolio Theory. It is focused on maintaining a long-term perspective and capturing the returns offered by the financial capital markets.

B. Risks of Investment Philosophy and Strategy

Investors face several types of risk. Equities or stocks present the risk of loss of principal while Fixed Income or bonds present the risk of losing purchasing power. Equity risk of loss principal deals with the fluctuation in market value of the underlying investment from day to day, month to month, and year to year. Fixed Income securities may not generate an investment return high enough to overcome inflation.

- C. We do not recommend primarily a particular type of security. Our focus is on equities and fixed income publicly traded securities.

ITEM 9  
DISCIPLINARY INFORMATION

Our firm has not had any legal or disciplinary events occur during the history of our company.

ITEM 10  
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATION

A. Our firm is not registered or have a pending application as a broker-dealer nor are any of our managers registered as representatives of any broker-dealers.

B. Our firm is not registered or have a pending application as a futures commission merchant, commodity pool operator, a commodity trading advisor, nor are any of our managers registered as representatives of any such entities.

C. The following is a listing of business relationships we have with others that you should be aware of.

1. No relationships with broker-dealers, municipal securities dealer, or government securities dealer or broker.

2. We do have the following business relationships that help us to serve our clients.

Charles Schwab & Co. provides Custodial Services to our clients. Through our relationship with Charles Schwab, we receive discounted favorable pricing on the portfolio software we utilize in our business. Charles Schwab owns the portfolio software company that provides the software. Additionally, our advisors enjoy luncheons and golf outings paid for by the Charles Schwab & Co. We do not believe this relationship influences our recommendation for clients to utilize the custodial services provided by Charles Schwab. Prior to receiving discounted pricing and benefits from Charles Schwab, we recommended their services to our clients based on their expertise and infrastructure to provide high quality services.

TD Ameritrade provides Custodial Services to our clients. Through our relationship with TD Ameritrade, they pay a part of the fee for the portfolio software we utilize in our business. Additionally, our advisors enjoy luncheons and golf outings paid for by TD Ameritrade. We do not believe this relationship influences our recommendation for clients to utilize the custodial services provided by TD Ameritrade. Prior to receiving help with software fees and benefits from TD Ameritrade, we recommended their services to our clients based on their expertise and infrastructure to provide high quality services. In past years, our firm was recommended to individuals by TD Ameritrade in consideration for us to pay TD Ameritrade a portion of the fees we collected. We made the decision to terminate the relationship in 2009 removing us from their "Recommended Advisor" Program. Any clients who were referred by TD Ameritrade to us continue under the referral fee arrangement with TD Ameritrade.

Dimensional Fund Advisors (DFA) is an Institutional Mutual Fund Company based in Santa Monica, CA and Austin, TX. DFA recommends our firm to individuals who are interested in their mutual funds. It is important you know that we do not receive any commissions or any compensation from DFA nor pay any compensation to DFA for utilizing their funds in our clients' portfolios.

3. We do have a referral relationship with Mr. Mark Springer who is an advisor for Regent Wealth in Tulsa, OK. Mr. Springer is dually registered with the Securities and Exchange Commission.

4. We do not have any relationships with any futures commission merchants, commodity pool operators, or commodity trading advisors.

5. We do recommend various local bankers to clients from time to time when asked by our clients. The bankers we refer do not pay any commissions to us.

6. We do recommend several Estate Planning Attorneys to our clients. These clients provide valuable estate planning services to our clients. We do not receive any referral fees from these attorneys. Our goal is to establish a good fit for our clients.

7. We do not have any business relationships with any pension consultants.

8. We do not have any business relationships with real estate brokers or dealers.

9. We do not sponsor or maintain any relationships with limited partnerships.

D. We do not recommend any other investment advisers or receive any compensation from any other investment advisers.

## ITEM 11

### CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. We adopted a Code of Ethics according to the Securities and Exchange Commission Rule 204A-1. Upon request, we will provide a copy of our Code of Ethics to any client. It contains the principles we use to manage our day to day operations as related to client assets we manage.

B. We do not recommend investments in non-public securities. Therefore, we will not recommend investments to you that are private issues where we may be owners that would present conflicts of interests. The securities we recommend are publicly traded securities.

C. The publicly traded securities we recommend consist of mutual funds. We do buy the same mutual funds that we recommend to our clients. It does not present a conflict of interest to you as our client due to the large sums of assets the mutual fund companies are managing.

D. On occasion, we may buy and sell public securities for our own accounts that we may purchase or sell for your accounts. This action does present a conflict of interest to you based on the large sums of assets managed by the mutual fund companies.

ITEM 12  
BROKERAGE PRACTICES

**A. Custodians**

We do not use Broker-Dealers and therefore we do not receive any compensation and commissions from any third party including mutual funds and custodians. Broker-Dealers pay commissions to fee based advisors. Legacy is a fee-only advisor.

We do utilize Brokers/Custodians to hold our clients' assets. These Brokers/Custodians include Charles Schwab & Co., TD Ameritrade, and TD Ameritrade Trust Co.

The custodian we recommend to a client is determined by the adviser and his success with the service provided by the respective Custodians in the past. For the 401k retirement plans we manage, we utilize TD Ameritrade Trust Co. based on their expertise. TD Ameritrade and Charles Schwab & Co. do not offer services to 401k plans.

1. Research and Other Soft Dollars

The custodians do provide custodial services to our clients. We receive discounted software tools to help us provide reporting to our clients. Additionally, they do meet with us to develop awareness of their mutual funds, research, and the additional services they provide.

From time to time, they do entertain us through lunch appointments and taking us to play golf. On the surface, one may believe a conflict of interest exists in our firms receiving benefits from the custodians. We do not believe these benefits influence us to recommend any specific custodian. Ultimately, a recommendation is driven by the level of service provided to our clients by the respective custodians. For specifics, please review Item 10, C, 2 in this section.

a. We do not receive any commission from and thus do not use the funds to purchase research, products, and services.

b. It may appear we can be influenced by the custodians determined by the discounted software tools, research, and entertainment we receive. However, we do not believe the benefits we receive overrides the well being of our clients. Our decision to recommend a custodian is solely dictated by the experience they receive from the custodian.

c. Our clients do not pay markups or markdowns or pay ups to the Brokers/Custodians we recommend as a result of our service. Our clients will not pay more to these Custodians so that we can be paid by the Custodians.

d. The soft dollar benefits we receive are related to the discounted price of the Portfolio Software we utilize to serve all our clients.

e. We do not receive any brokerage commission from any third party broker, broker dealer, or custodian for the purchase of any stocks, bonds, mutual fund, or any other financial security.

f. The brokers/custodians we recommend are determined by their ability to protect our clients' assets and to provide the customer support in terms of reporting and processing trades for their accounts.

2. Brokerage for Client Referrals.

We do not participate in any Broker-Dealer or Broker Client Referral programs. Prior to January 2009, our firm was a member of the TD Ameritrade Client Referral Program. We removed our company from the program beginning January 2009.

a. As a result, there is not an incentive for us to recommend any Brokerage/Custodian based on future client referrals.

b. We do not participate in any client referral programs offered by Broker-Dealers and Brokerage Firms.

3. Directed Brokerage

a. We do not recommend or request our clients to direct us to utilize a specific broker, broker-dealer, or custodian.

**B. We do not aggregate the purchase and sell of securities.**

1. In other words, we buy and sell specific securities tailored to each of our clients.

**C. TD Ameritrade Disclosure**

There is not a direct link between our participation in the TD Ameritrade Institutional program and the investment advice we give to our Clients. We do receive economic benefits from the program that are typically not available to TD Ameritrade retail investors.

These benefits include the following products and services provided to us without cost or at a discount: receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk; access to block trading (we do not use block trading); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors.

TD Ameritrade may also pay for business consulting and professional services from time to time. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not directly benefit our Clients. These products or services may assist us in managing and administering Client accounts, including accounts not maintained at TD Ameritrade.

Other services made available by TD Ameritrade are intended to help us to manage and further develop our business enterprise. The benefits received by us do not depend on the amount of brokerage transactions occurring in our Client accounts at TD Ameritrade. As part of our fiduciary duties to our clients, we strive to put the interests of our clients first.

We may receive from TD Ameritrade certain additional economic benefit that may or may not be offered to other independent investment Advisors participating in the program. Specifically, TD Ameritrade may pay all or a part of the annual fee for the use of Schwab Performance Technologies. TD Ameritrade provides this benefit to us in its sole discretion and at its own expense, and Advisor does not pay any fees to TD Ameritrade for this benefit. This benefit indirectly and directly benefits our Clients.

Legacy and TD Ameritrade have entered into a separate agreement to govern the terms of the provision of the Additional Services. Our receipt of Additional Services may on the surface raise potential conflicts of interest. We do not make decisions for our clients based on the extent that Additional Services are provided by TD Ameritrade.

TD Ameritrade may consider the amount and profitability to TD Ameritrade of the assets in, and trades placed in our Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Legacy, in its sole discretion, provided certain conditions are met.

It may appear that we have an incentive to recommend our Clients to use the services of TD Ameritrade. However, we do not recommend TD Ameritrade as a custodian based on the extent of Additional Services but on the value TD Ameritrade brings to our clients. TD Ameritrade has competition from other Institutional Service providers which increases the level of service and benefits delivered to our Clients.

#### **D. Charles Schwab Disclosure**

Charles Schwab may charge a transaction fee for transaction fee mutual funds. For no-transaction fee funds, Charles Schwab receives fees from the respective mutual fund companies for recordkeeping services.

Schwab Advisor Services (formally 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 available to Schwab retail customers.

Schwab also makes available various support services. Some of these services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we do not 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.

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. In addition, Schwab also makes available software



and other technology to help us manage our clients' accounts along with providing educational based conferences.

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We do not have to pay for Schwab's so long as we maintain \$ 10 million of client assets in accounts at Schwab.

ITEM 13  
REVIEW OF ACCOUNTS

A. We do review our client accounts periodically.

B. The review process is on-going for our clients. The reviews are conducted to identify rebalancing opportunities and to prepare for review meetings with clients. Advisers conduct the reviews for the accounts of their respective clients.

C. We provide written reports to clients during client review meetings. Upon client request, we do provide written reports.

ITEM 14  
CLIENT REFERRALS AND OTHER COMPENSATION

A. We do have a relationship with Mr. Mark Springer who is an advisor for Regent Wealth in Tulsa, OK. Mr. Springer is dually registered with the Securities and Exchange Commission.

ITEM 15  
CUSTODY

Our clients' accounts are held at an independent third party custodian. The assets you entrust to us to manage will be held in accounts held in your name and will not be held in any account held in our firm's name.

Under government regulations, we are deemed to have custody of your assets if you authorize us to deduct our advisory fees directly from your account. However, we will send a statement to you after the end of each calendar quarter stating the fees due to us. Additionally, you will receive a monthly or quarterly statement from your custodian listing the fees we deducted for reconciliation purposes.

ITEM 16  
INVESTMENT DISCRETION

Our clients grant Discretionary Authority to us so that we can manage their accounts. Discretionary Authority gives us the power to purchase and sell mutual funds and other securities without first securing your consent for each transaction. By signing our Client Agreement, you are granting us the authority to act on your behalf.

Clients generally do not place any limits on the Discretionary Authority as they agree to the philosophy and strategy prior to signing our agreement. With the consent of the respective adviser signing the Client Agreement, you may specify limits.

ITEM 17  
VOTING CLIENT SECURITIES

A. You can grant us the authority to vote on securities on your behalf. The mutual fund and/or individual security proxy statements will be mailed to us for voting purposes. You can notify us to vote a certain way prior to us actually voting the proxy.

Our policy is to keep a copy of the votes we cast for future reference. If you would like a copy of a specific vote, then please make your request in writing.

If a conflict of interest exists between our client and us, then our practice is to place your interest ahead of ours. Conflicts of interest in this area do not generally arise.

B. If you choose not to grant us proxy authority, then you will receive the proxy statements to vote on.

ITEM 18  
FINANCIAL INFORMATION

- A. We do not require pre-payment of any investment advisory fees.
- B. We do not have any financial matters that would prevent us from providing our services to you.
- C. We do not have any bankruptcy petitions nor have we had any during the history of our firm.

ITEM 19  
REQUIREMENTS FOR STATE REGISTERED ADVISERS

We are governed by the Securities and Exchange System based on Assets Under Management.