

## **Hammel Financial Advisory Group, LLC**

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### **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Hammel Financial Advisory Group, LLC. If you have any questions about the contents of this brochure, contact us at 615-371-5222. 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 Hammel Financial Advisory Group, LLC, is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Hammel Financial Advisory Group, LLC is 107428.

Hammel Financial Advisory Group, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

This brochure contains the following material changes from our previous brochure dated March 19, 2015:

1. Item 15 has been amended to remove certain disclosures related to our firm being deemed to have constructive custody of client assets as a result of our past practice of using our clients' online login credentials to access client accounts electronically. Our firm no longer uses clients' login credentials to access client accounts, but instead has arranged for its own separate logins to access client accounts electronically and/or has arranged for the receipt of duplicate client account statements from the custodian(s) of the clients' assets.
2. Item 20 has been amended to disclose certain changes to our privacy policy, insofar as our firm may now permit certain non-employee consultants and/or virtual administrative assistants access to nonpublic client information. In all cases, we require these access persons to provide assurances that they will maintain the confidentiality of nonpublic client information they obtain from our firm by employing appropriate physical, electronic, and procedural safeguards.

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## Item 4 Advisory Business

Hammel Financial Advisory Group, LLC is an SEC- registered investment adviser based in Brentwood, Tennessee. Our firm is organized as a limited liability company under the laws of the State of Tennessee. We have been providing investment advisory services since 1996. Melissa K. Hammel is our principal owner.

As used in this brochure, the words "we", "our" and "us" refer to Hammel Financial Advisory Group, LLC, and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this Brochure. As used in this Brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

We offer fee-only financial planning and wealth management services by incorporating financial planning, investment portfolio management, coaching, consulting, financial counseling, and other aggregated financial services. The combination of industry experience and broad based research allows our firm to provide quality advisory services to our clients in a holistic and objective manner.

### **Personal Financial Planning and Investment Management Services**

We offer both discretionary and non-discretionary continuous portfolio management services in accordance with your individual investment objectives. The process of providing continuous portfolio management services begins with an exploratory meeting during which the various services we provide are explained. During the initial meeting we also begin the process of collecting pertinent information about your personal and financial circumstances and objectives. As required, we will conduct follow-up meetings for the purpose of reviewing and/or collecting additional financial and investment related data. We will use the collected information to assist you in determining your specific investment needs, goals, and tolerance for risk. Once we have reviewed and analyzed your information, we will produce and deliver written and/or verbal recommendations to you over a series of meetings. The financial advice our firm provides is designed to help you achieve your stated financial goals and objectives. During the first year of our adviser-client relationship, the initial asset allocation is presented and implemented for your account. Thereafter, for ongoing services, your portfolio will be managed based on your individual needs and objectives.

As part of our ongoing financial planning services, we may offer advice on any one, or more, of the following areas of concern: cash flow planning, debt management, education funding, income tax planning, retirement planning and projections, risk management recommendations, estate planning, holistic financial counseling and life coaching services.

Financial advice is based on your financial situation at the time we present the recommendation to you, and on the financial information you provide to our firm. You must promptly notify us if your financial situation, goals, objectives, or needs change. You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial advice through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

The ongoing portfolio management services are typically provided on a discretionary basis. If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by

the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing.

In limited circumstances, we may also manage advisory accounts on a non-discretionary basis, meaning your specific consent must be granted prior to each transaction. You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

Predicated on suitability, we may also recommend third-party money managers ("TPMM") to you for account management services. The TPMM may be retained to manage a portion of or your entire portfolio. In doing so, our primary objective is to align you with the appropriate TPMM to allow you to capitalize on opportunities that will strengthen or enhance your personal wealth. Under such arrangements, we will oversee the investment allocation of the TPMM and we may exercise our discretionary authority to hire or fire any TPMM without your prior approval. Where you invest with the TPMM, you will be subject to management and administrative fees that are imposed by the TPMM.

### **Advisory Consulting Services**

In addition to ongoing financial planning and investment management, we offer consulting and coaching services. These may include counseling on personal money issues and financial-related topics and/or limited advising on securities and non-securities related investments. Examples are financial counseling or coaching around financial disorders, communication around money, or making healthy financial decisions and/or individual targeted reviews such as a general portfolio review, third-party manager due diligence, tax planning, or cash flow analysis. The process typically begins with a complimentary exploratory meeting during which we gather information around your focus area and needs and the various services we provide are explained. If you engage us for consulting services, we will collect pertinent information about the specific financial area(s) to be addressed. Once we understand your concerns and have agreed on the services our firm will provide, we will offer our guidance and advice on the recommended course of action.

Depending on the nature of the advice at issue, we may or may not deliver a written plan to you when we offer advisory consulting services. In all cases, we require you to acknowledge the limited scope of the engagement in writing. We also require you to hold us harmless from any liability arising out of areas of your finances which were not reviewed by our firm as part of the consulting engagement.

In providing advisory consulting services, you are under no obligation to act on our recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the recommendations through any of our other investment advisory services or any Associated Persons of our firm. Moreover, you may act on our recommendations by placing securities transactions with the brokerage firm of your choice. Refer to the *Fees and Compensation* section below for additional disclosures on this topic.

### **Types of Investments**

We primarily offer advice on no-load mutual funds, index funds, and exchange-traded funds. For qualified investors, we may also recommend private placements that include: private equity, private income, oil and gas or real estate programs, in which Associated Persons of our firm also participate. Additionally, we may recommend other types of investments since each client has different needs and different tolerances for risk. We may also advise you on any type of investment held in your portfolio at the inception of our advisory relationship, or on specific types of investments at your request.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

## Assets Under Management

As of December 31, 2014, we provide continuous management services for \$95,020,937 in client assets on a discretionary basis, and \$30,935,677 in client assets on a non-discretionary basis.

## Item 5 Fees and Compensation

### Personal Financial Planning and Investment Management Services

We charge a minimum fixed annual retainer of \$2,500/quarter (\$10,000/year) for the first year of service. After the first year of service, you may retain us for ongoing services that include continuous portfolio management and review and updating of your financial plan.

Current Fee Schedule:

For clients who wish to retain our firm for ongoing portfolio management, as well as regular review and updating of the financial plan, the following fees are assessed.

Assets Under Management	Annual Fee*
First \$2 Million under management	0.75% per year
Next \$2-8 Million under management	0.50% per year
Balance over \$8 Million	0.425% per year

\* Our fees are subject to increase without prior notice to you due to various factors that may include cost of living and/or inflationary issues, among others. In the event of such an increase, the adjusted fee amount will be clearly displayed in any subsequent statements you receive from our firm and in any subsequent statements you receive from the qualified custodian.

Regardless of the size of your portfolio, the minimum quarterly fee is \$2,075 (\$8,300 annually). Existing client relationships may be subject to a different fee schedule. At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase your asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

Our annual management fee is billed and payable quarterly in arrears based on the value of your account on/around the twentieth day of the last month of the quarter. If the management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. In rare circumstances, the advisory fee may be adjusted to reflect a standalone project, depending on individual client circumstances.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also receive a duplicate copy of your account statements.

Either party may terminate the management agreement upon 30-days' written notice to the other party. You will incur a pro rata charge for services rendered prior to the termination of the management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client.

### **Advisory Consulting Services**

At the beginning of our engagement, you will be presented with a proposal outlining either a fixed fee to be charged for the engagement period and/or an hourly fee for consulting services. Our hourly fee is \$300. Hourly fees are billed to you and payable as they are incurred. The proposal will outline the terms of payment and may include a deposit payable at the beginning of the engagement period.

The type and amount of fees charged will be negotiated on a case-by-case basis, and are based on the complexity of your financial situation and the scope of services to be provided. An estimate for the total cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you and may request that you pay an additional fee. In all cases, the agreed upon fee and fee paying arrangement will be clearly set forth in the executed agreement.

Either party may terminate the consulting agreement by providing written notice to the other party. You will incur a pro rata charge for services rendered prior to the termination of the agreement. Upon termination of the engagement, all earned fees are promptly due and payable.

### **Fee Calculation and Valuations**

In calculating the advisory fee for clients invested in illiquid investments, such as oil drilling programs, we rely on a combination of statements related to the investment and calculations performed internally valuing these investments. In the instance where the investment is infrequently valued the Company will attempt to collect the valuation from monthly or quarterly statements provided by the custodian. However, if this information is not available, and we are unable to obtain current pricing information, we may rely on prior valuations that are up to a year old. In those rare situations, it may be the case that the client is paying more or less in fees than the current true value of the investment would require.

### **Additional Fees and Expenses and General Fee Disclosures**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds, index funds, exchange traded funds ("ETFs"), and/or private equity funds or oil and gas investments. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds, index funds, or ETFs (described in each fund's prospectus), and the additional charges assessed by private equity funds or oil and gas investments (described in the offering documents of the fund). These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, index funds, ETFs, private equity funds, oil and gas investments, our firm, and others. For information on our brokerage practices, refer to the *Brokerage Practices* section below.

If you are an investor in a private investment fund, you may pay fund administration and other incidental fees as necessary to operate the fund, and minor legal fees related to the maintenance of the fund's documents. Investors and prospective investors should refer to the fund's operating documents for a complete description of all fees associated with investing in a private fund.



In limited circumstances, and solely at our client's request, we may trade client accounts on margin. Our fees for advice (as disclosed above) and execution on these securities do not include the value of the securities purchased on margin. Nonetheless, the use of margin may result in interest charges in addition to all other fees and expenses associated with the security involved.

While our fee calculation is generally based on investable assets under management, fees include a breadth of services well beyond just managing investments. Therefore, our total fee may exceed typical industry percentages for assets under management-only services. Although we believe our fees are fair and competitive, other investment adviser or financial professionals may provide the same or similar services at lower (or higher) fees.

## Item 6 Performance-Based Fees and Side-By-Side Management

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the *Fees and Compensation* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## Item 7 Types of Clients

We offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities. In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate your account if it falls below a minimum size which, in our sole opinion, is too small to effectively manage.

As disclosed at *Item 5 Fees and Compensation*, we charge a minimum fee in the amount of \$8,300 annually to open and maintain an advisory account.

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

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you.

**Modern Portfolio Theory (MPT)** - a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully diversifying the proportions of various assets.

**Risk:** Market risk is that part of a security's risk that is common to all securities of the same general class (stocks and bonds) and thus cannot be eliminated by diversification.

**Long-Term Purchases** - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

**Risk:** Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if



the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

**Short-Term Purchases** - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

**Risk:** Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

**Private Equity Funds and Oil Drilling Investments** - The private investment funds that we recommend to our clients will employ varied methods of analysis, sources of information, and investment strategies that are geared towards the overall investment objectives of the particular fund. Full disclosure is available in the offering documents of the particular fund. Investors to whom the Funds are offered will receive a private placement memorandum and other offering documents. The fees charged by the funds are separate and apart from our advisory fees. You should refer to the offering documents for a complete description of the fees, investment objectives, risks and other relevant information associated with investing in the private funds. Persons affiliated with our firm may also invest in the same private fund or oil drilling investment and may have an incentive to recommend these investments over other investments. You are encouraged to seek independent legal counsel prior to investing in any private investment vehicles. These private fund investments are not protected by SIPC.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

Our strategies and investments may have unique and significant tax implications. We generally take tax efficiency into consideration in the management of your assets. Nonetheless, regardless of your account size or any other factors, we recommend that you consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

## **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

## **Recommendation of Particular Types of Securities**

As disclosed under the *Advisory Business* section in this brochure, we primarily recommend the following types of securities: no-load mutual funds, index funds, and exchange traded funds. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely, and there is no assurance that any security will be profitable or suitable for a particular client's portfolio. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

**Mutual Funds and ETFs:** Mutual funds and exchange traded funds (ETFs), which include index funds, are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely which can dilute other investors' interests.

**Private Equity Funds and Oil Drilling Investments:** When appropriate for a client's circumstances, we may offer advice on private equity funds and oil drilling investments, commonly known as limited partnerships. A limited partnership is a financial affiliation that includes at least one general partner and a number of limited partners. The partnership invests in a venture, such as oil exploration, for financial gain. The general partner does not usually invest any capital, but has management authority and unlimited liability. That is, the general partner runs the business and, in the event of bankruptcy, is responsible for all debts not paid or discharged. The limited partners have no management authority and confine their participation to their capital investment. That is, limited partners invest a certain amount of money and have nothing else to do with the business. However, their liability is limited to the amount of the investment. In the worst case scenario for a limited partner, he/she loses what he/she invested. Profits are divided between general and limited partners according to an arrangement formed at the creation of the partnership.

## **Item 9 Disciplinary Information**

Hammel Financial Advisory Group, LLC, has been registered and has provided investment advisory services since 1996. Neither our firm nor any of our Associated Persons has any reportable disciplinary information.

## Item 10 Other Financial Industry Activities and Affiliations

We have not provided information on other financial industry activities and affiliations because we do not have any relationship or arrangement that is material to our advisory business or to our clients with any of the types of entities listed below.

1. broker-dealer, municipal securities dealer, or government securities dealer or broker.
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund).
3. other investment adviser or financial planner.
4. futures commission merchant, commodity pool operator, or commodity trading advisor.
5. banking or thrift institution.
6. accountant or accounting firm.
7. lawyer or law firm.
8. insurance company or agency.
9. pension consultant.
10. real estate broker or dealer.
11. sponsor or syndicator of limited partnerships.

### Recommendation of Other Advisers

We may recommend that you use a third party adviser ("TPMM") based on your needs and suitability. We will not receive separate compensation, directly or indirectly, from the TPMM for recommending that you use their services. Moreover, we do not have any other business relationships with the recommended TPMM(s).

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

### Description of Code of Ethics

We have adopted a Code of Ethics that sets the standard of conduct expected to comply with applicable securities laws. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. We adhere strictly to these guidelines. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm. You may contact us at 615-371-5222 to request a copy of our Code of Ethics.

### Participation or Interest in Client Transactions

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this Brochure.

### Personal Trading Practices

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, where we trade on the same trading day, it is our policy that we will only execute transactions for personal accounts in the same direction as, and after the trade is complete in, your customer account.

Accounts owned by our firm or persons associated with our firm (collectively "Proprietary Accounts") may participate in alternative investments that are also offered to our clients; however, Proprietary Accounts will not be given preferential treatment. During the first three quarters of a calendar year, Proprietary Accounts are treated as client accounts and are neither given preferential nor inferior treatment versus client accounts. During the fourth calendar quarter, participation in alternative investments by Proprietary Accounts is only permitted after all participating client accounts have been offered and/or received their allotment.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

## **Item 12 Brokerage Practices**

We routinely recommend the brokerage and custodial services of Charles Schwab and Company, Inc. ("Schwab"), a securities broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

We believe that Schwab provides quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by Schwab, including the value of research provided, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of research services and additional brokerage products and services Schwab and Diversified provide you may pay higher commissions and/or trading costs than those that may be available elsewhere. We do not obligate ourselves to seek the lowest transaction charges in all cases except to the extent that it contributes to the overall goal of obtaining the best results for your account. While we endeavor at all times to put your interest first as part of our fiduciary duty, you should be aware that the receipt of additional benefits themselves creates a potential conflict of interest.

Schwab provides us with access to their institutional trading and operational services, which are typically not available to retail investors. The services generally are available to independent investment advisers at no charge to them so long as minimum aggregate account values are maintained.

### **Research and Other Soft Dollar Benefits**

We do not have any soft dollar arrangements.

### **Economic Benefits**

Schwab's services include brokerage, custody, research, access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. Schwab also makes available to us other products and services from which we benefit. Some of these other products and services assist us in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our fees from your accounts, and assist with back-office support, record keeping and client reporting. Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at Schwab. Schwab may also provide our firm with other services intended to help us manage and further develop our business enterprise. These services may include consulting, publications and presentations on

practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services to our firm by independent third parties. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or part of the fees of a third party providing these services to our firm. The availability to our firm of the foregoing products and services is not contingent upon our committing to Schwab Institutional any specified amount of business (assets in custody or trading).

Some of the products, services and other benefits provided by Schwab benefit us but may not benefit your accounts. These benefits may include educational events organized and/or sponsored by Schwab and occasional business entertainment, which may include meals and attendance at concerts and/or sporting events. Our recommendation that you place assets in Schwab's custody may be based in part on benefits to us, and not solely on the nature, cost or quality of custody and execution services provided by Schwab.

For our client accounts maintained in custody at Schwab, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related or asset based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

### **Directed Brokerage**

In limited circumstances, and at our discretion, some clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. If you choose to direct our firm to use a particular broker, you should understand that this might prevent us from aggregating trades with other client accounts or from effectively negotiating brokerage commissions on your behalf. This practice may also prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.

### **Block Trades**

We block trade in special circumstances such as removing all clients out of a certain mutual fund in a unique situation (death of manager, revelations of extreme news/media information, etc.) when it is prudent that we take immediate action for the protection of client portfolios; or where we are making an initial purchase into a new fund that requires an initial aggregate purchase that involves several clients.

## **Item 13 Review of Accounts**

All accounts are reviewed by Melissa K. Hammel, Managing Member and Chief Compliance Officer and/or Larisa E. Warren, Financial Planner/Investment Adviser Representative. Accounts are reviewed at various stages of the planning and/or the investment management process:

- Initial Review: All financial planning and/or investment related services begin with a broad based review of existing data and/or portfolio statements.
- Ongoing investment management: As part of the investment management services, all accounts are reviewed no less than semi annually. However since our firm takes a long term investment strategy approach, the semiannual review generally does not include major changes to the portfolio.
- Annual Review: All accounts are reviewed in detail on a quarterly basis and clients are encouraged to make contact with their advisory representative on an annual basis. The annual review includes a one on one meeting with you to discuss your portfolio performance, confirmation and update of goals, and changes in your individual circumstances.

Additional reviews may be conducted at your request, or based on various circumstances, including, but not limited to, contributions and withdrawals, year-end tax planning, market moving events, security specific events, and/or, changes in your risk/return objectives.

Information and/or reports are provided to clients as follows:

- All financial planning and/or investment management services clients receive written and/or verbal suggested recommendations at the initial planning stage and then as an on-going client, we provide written account reports on discretionary assets semi annually on July 1<sup>st</sup> and December 31<sup>st</sup>.

We encourage you to reconcile our reports with those received from the qualified custodian. If you find your holdings differ between these two statements, please call our main office number located on the cover page of this brochure.

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

While we welcome referrals from our clients, we do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with Schwab or Diversified.

## **Item 15 Custody**

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent qualified custodian. You will receive account statements from the independent qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact us immediately at 615-371-5222.

## **Item 16 Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a power of attorney, and/or trading authorization forms. We offer both discretionary and non-discretionary arrangements to our clients.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Refer to the *Advisory Business* section above for additional information on our discretionary management services.



If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

## **Item 17 Voting Client Securities**

Without exception, we will not vote proxies on behalf of your advisory accounts. However, at your request, we may offer you advice regarding the exercise of your proxy voting rights.

## **Item 18 Financial Information**

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

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

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 Additional Information**

### **Privacy Policy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to make sure that we keep your personal information private and secure. We do not disclose any nonpublic personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to our employees and certain non-employee consultants. In some instances, we may also allow certain external virtual administrative assistants to access this information. These access persons require the information in order to enable our firm to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure their integrity and confidentiality. All external access persons (i.e., virtual administrative assistants) must provide our firm with assurances that they will maintain the confidentiality of your nonpublic personal information they obtain from us through appropriate physical, electronic, and procedural safeguards. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Contact our firm at 615-371-5222 if you have any questions regarding this policy.



**Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

**Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.