

**Financial Strategy Network, LLC**  
Form ADV Part 2A  
Investment Adviser Brochure

July 2015

This brochure provides information about the qualifications and business practices of Financial Strategy Network, LLC. If you have any questions about the contents of this brochure, please contact Jeffrey M. Toner, Managing Member and Chief Compliance Officer at 312.831.4423 and/or [jtoner@fsnplan.com](mailto:jtoner@fsnplan.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. Registration as an investment advisor does not imply any level of skill or training.

Additional information about Financial Strategy Network, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may search this site using a unique identifying number, known as a CRD number, Financial Strategy Network, LLC's CRD Number is 108084.

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## **Item 2: Summary of Material Changes**

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In this Item of Financial Strategy Network LLC's (FSN or the Firm) Form ADV 2, the Firm is required to discuss any material changes that have been made to Form ADV since the last Annual Amendment, dated February 27, 2014.

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

Since the last Annual Amendment filing, the Firm has no material changes to report.

### **Full Brochure Available**

FSN's Form ADV may be requested at any time, without charge by contacting Jeffrey M. Toner, Managing Member and Chief Compliance Officer, at 312.831.4423 or [jtoner@fsnplan.com](mailto:jtoner@fsnplan.com).

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## **Item 4: Advisory Business**

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### **Firm Description**

FSN is a financial planning and investment adviser providing advice to individuals, pension and profit sharing plans, trusts, estates and charitable organizations. FSN was founded in 1992.

FSN provides analysis and recommendations involving a broad range of personal concerns based on the individual needs and circumstances of each client. An important aspect of this service involves giving advice on the selection and management of investments.

FSN is owned by several individuals, primarily members of the management team. FSN's owners include James M. Weil, Jeffrey M. Toner, Craig C. Richart, and Steven I. Merdinger.

### **Types of Advisory Services**

FSN offers the following types of advisory services: Financial planning, asset management for individuals and/or small business, selection of other advisors, and pension consulting.

### **Financial Planning**

FSN engages in broad based financial planning services for a fee. Financial planning services will typically involve providing a variety of services to clients regarding the management of their financial resources based upon an analysis of their individual needs. Financial planning services may encompass such areas as income tax planning, retirement planning, capital needs planning, asset allocation strategies, business successions transfer, estate planning, insurance/risk management and employee benefits analysis.

An Investment Adviser Representative (IAR) of FSN will first conduct a complimentary initial consultation. During or after the initial consultation, if the client decides to engage FSN for financial planning services, additional meetings will be conducted during which pertinent information about the client's financial circumstances and objectives is collected. Once such information has been reviewed and analyzed, a written financial plan or analysis designed to achieve the client's stated financial goals and objectives will be produced and presented to the client. The primary objective of this process is to allow FSN to assist the client in developing a strategy for the successful management of income, assets and liabilities in meeting the client's financial goals and objectives. FSN may also conduct an annual review of the client's financial plan to ensure that the client's needs and objectives are being met.

Financial plans and/or analyses are based on the client's financial situation at the time the plan is presented and are based on the financial information disclosed by the client to FSN. Clients are advised that certain assumptions may be made with respect to

interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. FSN cannot offer any guarantees or promises that the client's financial goals and objectives will be met. As the client's financial situation, goals, objectives, or needs change, the client must notify FSN promptly.

### **Asset Management**

FSN provides continuous advice to clients regarding investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, FSN develops a client's personal Investment Policy Statement which includes risk profile, time horizon, cash needs, investment philosophy, asset allocation, proposed asset allocation, rebalancing, manager selection, tax considerations and reporting.

FSN will manage advisory accounts primarily on a discretionary basis only. Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, growth and income, etc.). FSN may also offer these services to clients with variable annuity products, whereby FSN will manage the underlying variable annuity sub-accounts and equity indexed annuities (EIA) on behalf of the client.

FSN will create a portfolio consisting of one or all of the following: individual equities, bonds, ETFs, managed futures, oil and natural gas exploration and other alternative investments, other investment products, and no-load or load-waived mutual funds. FSN will allocate the client's assets among various investments taking into consideration the overall management style selected by the client. Mutual funds will be selected on the basis of any or all of the following criteria: the fund's performance history; the industry sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives; the fund's management style and philosophy; style drift, alpha, and the fund's management fee structure. Portfolio weighting between funds and market sectors will be determined by each client's individual needs and circumstances. Clients will retain individual ownership of all securities.

FSN may provide investment advice on such investments as limited partnerships and private placement partnerships, and oil and gas partnerships.

FSN reserves the right to advise clients on any other type of investment that it deems appropriate based on the client's stated goals and objectives. FSN may also provide advice on any type of investment held in a client's portfolio at the inception of the advisory relationship or on any investment on which the client requests advice.

### **Other Investment Advice – Third Party Independent Managers**

FSN may recommend that clients authorize the active discretionary management of a portion of their assets by and/or among certain Independent Manager(s), based upon the stated investment objectives of the client. FSN shall continue to render services to the client relative to the non-discretionary selection or recommendation of Independent

Manager(s) as well as the monitoring and review of account performance and client investment objectives.

When recommending or selecting an Independent Manager for a client, FSN shall review information about the Independent Manager(s) such as its disclosure statement and/or material supplied by the Independent Manager(s) or independent third parties for a description of the Independent Manager's investment strategies, past performance and risk results to the extent available.

The client signs an Investment Management Agreement with the Independent Manager, and the Agreement authorizes the Independent Manager to manage the client's account(s) with client's objective(s) on a discretionary basis. FSN's services include assisting the client in choosing the appropriate objective(s), monitoring the performance of all objectives, communications and reports to the client, assistance with certain trading activities, and other administrative services. The Independent Manager may consult with clients and their financial advisor to customize portfolios to fit clients' needs, circumstances and objectives.

### **Pension Consulting**

FSN will provide pension-consulting services to employee benefit plans and their fiduciaries based upon an analysis of the needs of the plan. In general, these services may include an existing plan review, assistance in the development of a retirement plan, evaluation of retirement plan vendors, asset allocation advice, communication and education services to plan participants, investment performance monitoring, and/or ongoing consulting and will be provided only to clients who participate in the Freedom and Passport programs described above.

All client accounts are regulated under the Employee Retirement Income Securities Act (ERISA). FSN will provide consulting services to the plan fiduciaries as described above. Typically, the named plan fiduciary must make the ultimate decision as to retaining the services of such investment advisers as FSN recommends. The plan fiduciary is free to seek independent advice about the appropriateness of any recommended services for the plan.

### **Tailored Relationships**

FSN tailors investment advisory services to the individual needs of the client. The goals and objectives for each client are documented in our client relationship management system. Investment policy statements are created that reflect the stated goals and objective, as appropriate. FSN clients are allowed to impose restrictions on the investments in their account. FSN may accept any reasonable limitation or restriction to discretionary authority on the account placed by the client. All limitations and restrictions placed on accounts must be presented to FSN in writing.

### **Wrap Fee Programs**

FSN does not participate as a portfolio manager or sponsor of a Wrap Fee Program, but may recommend Third Party Managers as described above.

## **Client Assets**

As of December 31, 2014, FSN managed approximately \$701 million in assets. Approximately \$682 million is managed on a discretionary basis, and \$18 million is managed on a non-discretionary basis.

## **Item 5: Fees and Compensation**

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### **Compensation**

FSN bases its fees on a percentage of assets under management, fixed fees, hourly charges, and third-party adviser/manager fees. FSN's fee schedules are described below.

All financial planning and consulting fees are due in arrears, upon presentation of the financial plan or consulting engagement for the client.

#### **Compensation – Financial Planning**

FSN charges fixed fees ranging between \$1,000 and \$25,000 or hourly fee of \$300 for financial planning services, which shall be due and payable in advance upon the signing of the client agreement, and/or payable in advance quarterly installments. An estimate of 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, FSN will notify the client and may request that the client approve the additional fee. After the first year of services, clients have the option of renewing an annual retainer agreement with FSN for some portion of the initial financial planning fee charged. Specific fee paying arrangements will be detailed in the financial planning agreement.

FSN or the client may terminate the financial planning agreement within five days of the date of acceptance without penalty to the client. After the five-day period, either party, upon written notice to the other, may terminate the financial planning agreement. In the event of termination, the client will be charged for the portion of work performed by FSN and any unearned fees will be refunded to the client.

#### **Compensation – Asset Management Services**

FSN shall provide the services described in the Investment Supervisory Agreement for an annual asset based upon the following fee schedule:

##### **1) Flat Fee Schedule:**

<b>Household Assets</b>	<b>Annual Fee</b>
\$0 to \$1,000,000	1.00%

\*\*\*When total Account(s) asset value exceeds \$1,000,000 the fee schedule will revert to the Tier schedule listed below.

2) Tier Fee Schedule:

<u>Household Assets</u>	<u>Annual Fee</u>
Initial \$1,000,000	1.00%
Next \$1,000,000	0.75%
Next \$1,000,000	0.60%
Next \$1,000,000	0.45%
Next \$6,000,000	0.40%
All assets over \$10,000,000	0.25%

The annual asset based fee is billed on a quarterly basis, in advance, based upon the market value of the Account(s) including cash, on the last day of the previous quarter as valued by the Custodian.

**Compensation – Other Investment Advice – Third Party Independent Managers**

FSN's fees are separate and distinct from, and in addition to, the fees charged by recommended Independent Managers, which are described in the agreement with the Independent Manager.

**Compensation – Pension Consulting Services**

For pension consulting services, FSN charges the following annual fees:

<b>Assets</b>	<b>Annual Fee %</b>	<b>Annual Blended Fee %</b>
First \$2,500,000	0.50%	0.50%
Next \$2,500,000	0.35%	0.43%
Next \$2,500,000	0.30%	0.38%
Next \$2,500,000	0.25%	0.35%
Above \$10,000,000	0.20%	

Fees are charged quarterly in arrears.

**Other Fees**

FSN's fees for the above services are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and



other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to FSN's fee, and FSN shall not receive any portion of these commissions, fees, and costs.

Advice offered by FSN may involve investment in mutual funds. Clients are advised that all fees paid to FSN for any investment advisory services are separate and distinct from the fees and expenses charged by mutual funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. Further, there may be transaction charges involved with purchasing or selling of securities. The client is responsible for payment of all brokerage fees/transaction charges incurred in managing the portfolio. FSN does not share in any portion of the brokerage fees/transaction charges imposed by the custodian holding the client funds or securities. The client should review all fees charged by mutual funds, FSN, and others to fully understand the total amount of fees to be paid by the client.

### **Agreement Terms**

A client may terminate the client agreement at any time by notifying FSN in writing and paying the rate for the time spent on the engagement prior to notification of termination. If the client made an advance payment, FSN will refund any unearned portion of the advance payment.

### **General Information on Compensation**

In certain circumstances, fees, account minimums and payment terms are negotiable depending on client's unique situation – such as the size of the aggregate related party portfolio size, family holdings, low cost basis securities, or certain passively advised investments and pre-existing relationships with clients. Certain clients may pay more or less than others depending on the amount of assets, type of portfolio, or the time involved, the degree of responsibility assumed, complexity of the engagement, special skills needed to solve problems, the application of experience and knowledge of the client's situation.

FSN does not represent, warranty, or imply that the services or methods of analysis employed by FSN can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

Clients should note that similar advisory services may (or may not) be available from other registered investment advisers for similar or lower fees.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

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Neither FSN nor any of its Supervised Persons (employees) accepts performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

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

## **Item 7: Types of Clients**

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### **Types of Clients**

As described in Item 4, FSN's clients include individuals, pension and profit sharing plans, trusts, estates and charitable organizations.

### **Account Minimums**

FSN's minimum account size is \$500,000. Minimum account requirements may be negotiable under certain circumstances. FSN may group certain related client accounts for the purposes of achieving the minimum account size.

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

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### **Methods of Analysis**

FSN utilizes a fundamental security analysis method.

**Fundamental Analysis.** FSN attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

### **Investment Strategies**

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

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

## **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. All investment programs have certain risks that are borne by the investor. FSN's investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar next year will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress,

the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

### **Other Investments**

FSN may offer advice on other investments including, mortgages, business entities, equipment leasing, collectibles, hard assets, managed futures and commodities. FSN reserves the right to advise clients on any other type of investment that it deems appropriate based on the client's stated goals and objectives. FSN may also provide advice on any type of investment held in a client's portfolio at the inception of the advisory relationship or on any investment on which the client requests advice.

## **Item 9: Disciplinary Information**

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Registered investment advisers are required to disclose all material facts to your evaluation of the firm or the integrity of the firm's management. FSN has no material information to disclose applicable to this Item.

## **Item 10: Other Financial Industry Activities and Affiliations**

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### **Financial Industry Activities – Broker-Dealers**

FSN is not registered as a broker-dealer. As described below, several of its management persons are Registered Representatives of a broker-dealer, Comprehensive Asset Management and Servicing, Inc. (CAMAS), member FINRA/SIPC.

### **Financial Industry Activities – Futures and Commodities**

Neither FSN nor any of its management persons is registered as (or associated with) a futures commissions merchant, commodity pool operator, or a commodity trading advisor.

### **Financial Industry Activities – Registered Representatives**

As described above, FSN's IARs may be Registered Representative(s) of CAMAS; however, FSN is solely responsible for investment advice rendered. Advisory services are provided separately and independently of CAMAS. Registered Representatives of CAMAS may be involved in, and compensated for, the sale of securities of various types, including, but not limited to, stocks, bonds, mutual funds, fixed and variable annuities, and other insurance products. This relationship could create a material conflict of interest with clients.

All recommendations made are specific to each client's individualized needs and current financial situation. Clients to whom FSN offers advisory services are advised that they are free to implement recommendations under any broker dealer they choose.

While these IARs endeavor at all times to put the interest of the clients first as part of FSN's fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

### **Financial Industry Activities – Insurance Company or Agency**

IARs of FSN may be licensed insurance agents or brokers and may be appointed with several insurance companies. They may earn separate compensation for transactions implemented through various insurance companies. Clients are not obligated to use any company for insurance product purchases, and may work with any insurance agent they choose. Insurance compensation will be separate and distinct from investment advisory fees charged by FSN.

### **Other Affiliations**

Craig C. Richart is the Managing Member of Medical Strategy Network, LLC, which provides doctors with advice on structuring medical practices. Medical Strategy Network, LLC is owned by FSN. Clients of Medical Strategy Network, LLC may also be clients of FSN.

### **Other Investment Advisors**

As described in Items 4 and 5, FSN selects other investment advisors for its clients.

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

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### **Code of Ethics**

FSN employees must comply with a Code of Ethics and Statement for Insider Trading. The Code describes the Firms' high standard of business conduct, and fiduciary duty to its clients. The Code's key provisions include:

- Statement of General Principles
- Policy on and reporting of Personal Securities Transactions
- A prohibition on Insider Trading
- Restrictions on the acceptance of significant gifts
- Procedures to detect and deter misconduct and violations
- Requirement to maintain confidentiality of client information

Jeffrey M. Toner, Managing Member and Chief Compliance Officer reviews all employee trades each quarter. His trades are reviewed by Craig C. Richart, Managing Member. These reviews ensure that personal trading does not affect the markets, and

that clients of FSN receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

FSN's employees must acknowledge the terms of the Code of Ethics at least annually. Any individual not in compliance with the Code of Ethics may be subject to termination.

Clients and prospective clients can obtain a copy of FSN's Code of Ethics by contacting Jeffrey M. Toner at 312.831.4423.

### **Participation or Interest in Client Transactions**

As disclosed in Item 10, one or more of FSN's IARs may be licensed registered representatives of CAMAS and In this capacity, may be involved in the sale of securities of various types, including, but not limited to, stocks, bonds, and mutual funds and receive commissions for those transactions. In addition, they may be involved in the sale of various insurance products. The time spent in such capacities varies from individual to individual, but in all cases represents less than 5%.

### **Participation or Interest in Client Transactions – Financial Interest and Principal/Agency Cross**

FSN and its employees do not recommend to clients, or buy or sell for client accounts, securities in which they have a material financial interest.

It is FSN's policy that the Firm will not affect any principal or agency cross securities transactions for client accounts. FSN will also not cross trades between client accounts.

### **Participation or Interest in Client Transactions – Personal Securities Transactions**

FSN and its employees may buy or sell securities identical to those recommended to clients for their personal accounts. The Code of Ethics, described above, is designed to assure that the personal securities transactions, activities and interests of the employees of FSN will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities, primarily mutual funds, have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of FSN's clients. In addition, the Code requires pre-clearance of many transactions. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and designed to reasonably prevent conflicts of interest between FSN and its clients.

### **Participation or Interest in Client Transactions – Aggregation**

FSN and its employees may trade in the same securities with client accounts on an aggregated basis when consistent with FSN's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally

and receive securities at a total average price. FSN will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

## **Item 12: Brokerage Practices**

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

FSN does not receive formal soft dollar benefits other than execution from broker-dealer/custodians in connection with client securities transactions.

FSN may receive from a particular broker-dealer/custodian, without cost, support services which may be used to assist the Firm in investment decision-making processes, and to monitor and service client accounts maintained at a particular broker-dealer/custodian. Included within the support services that may be obtained is a financial contribution toward client-related technology services, which may create a potential conflict of interest. These benefits are generally available to independent investment advisors on an unsolicited basis **and are not otherwise contingent upon FSN committing to any custodian any specific amount of business** (assets in custody or trading).

In fulfilling its duties to its clients, FSN endeavors at all times to put the interests of its clients first. Clients should be aware, however, that FSN's receipt of economic benefits from a broker-dealer/custodian may create a conflict of interest since these benefits may influence FSN's choice of broker-dealer/custodian over another broker-dealer/custodian that does not furnish similar benefits.

### **Brokerage for Client Referrals**

FSN does not receive client referrals from broker/dealers.

### **Directed Brokerage**

While not routine, the client may direct FSN to use a particular broker-dealer to execute some or all transactions for the client. This brokerage direction must be requested by the client in writing. In that case, the client will negotiate terms and arrangements for the account with that broker-dealer, and FSN will not seek better execution services or prices from other broker-dealers or be able to "batch" client transactions for execution through other broker-dealers with orders for other accounts managed by FSN. By directing brokerage, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Not all advisers require or allow their clients to direct brokerage. Subject to its duty of best execution, FSN may decline a client's request to direct brokerage if, in FSN's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

## **Trade Aggregation**

At the sole discretion of FSN, aggregate purchases or sales of the same security, instrument or obligation may be transacted on the same day for multiple accounts of one or more of FSN's clients. Although such aggregations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they will be effected only when FSN believes that to do so will be in the best interest of the affected accounts. When transactions are so aggregated the actual prices applicable to the aggregation transaction will be deemed to have purchased or sold its share of the security, instrument or obligation at the average price. If a partial execution is attained at the end of the trading day, FSN will generally allocate shares on a pro rata basis, but may fill small orders entirely before applying the pro rata allocation.

Accounts for FSN or its employees may be included in a block trade with client accounts.

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

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### **Reviews**

Investment Adviser Representatives will monitor accounts on a continuous basis, and will conduct a formal review on at least an annual basis.

FSN's Investment Committee is comprised of Jeffrey Toner, Managing Member and Chief Compliance Officer; Craig Richart, Managing Member; James Weil, Managing Member; Tracy Bousky, Financial Advisor. Each Committee member is also a client account manager. The Committee meets regularly to discuss overall firm investment philosophy to consistently apply to client accounts regardless of the client account manager.

Each client is assigned an account manager. The account manager has the responsibility for communicating with the client, updating changes to the client's situation and regularly reviewing the client's portfolio including the asset allocation and the specific assets included in the account. The client review includes comparing the portfolio and current security positions with the goals and objectives as outlined by the investment policy statement, reviewing changes to the client's investment circumstances, evaluating the specific holdings, re-balancing the portfolio and communicating the current status of the portfolio and any recommended actions to the client.

Clients' accounts are reviewed regularly; formal reviews, including contact with clients, typically occur at least annually.

### **Review Triggers**

Triggering factors that may stimulate a review include, but are not limited to, significant market corrections, large deposits or withdrawals from an account, substantial changes



in the value of a client's portfolio, political or economic conditions, tax laws, new investment information and a change in the client's investment objectives.

### **Reporting**

Clients will receive monthly account statements through Pershing as custodian. FSN will issue updates or reports at the Client's request.

### **Financial Planning – Reviews and Reporting**

The initial financial plan is included as a component of the financial planning service. Clients may receive updated financial plans for a separate fee.

Financial planning clients receive reports as contracted for at the inception of the engagement.

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

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### **Other Compensation**

FSN does not receive any formal economic benefits (other than normal compensation and benefits described in Items 10 and 12) from any firm or individual for providing investment advice.

### **Compensation – Client Referrals**

FSN may enter into written arrangements to pay cash referral fees to individuals or companies (solicitors) who refer prospective clients to the Firm. In these cases, there will be a written agreement between FSN and the solicitors, which clearly defines the duties and responsibilities of the solicitor under this arrangement. In addition, each solicitor is required to provide a written disclosure document, which explains to the prospective client the terms under which the solicitor is working with FSN and the fact that the solicitor is being compensated for the referral activities. The solicitor is also required to furnish a copy of FSN's written disclosure document to the prospective client and obtain a written acknowledgement from the client that both the solicitor's and FSN's disclosure documents have been received.

## **Item 15: Custody**

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### **Custody – Fee Debiting**

Clients may authorize FSN (in the client agreement) to debit fees directly from the client's account at the broker dealer, bank or other qualified custodian (custodian). Client investment assets will be held with a custodian agreed upon by the client and FSN. The custodian is advised in writing of the limitation of FSN's access to the account. FSN sends information to the custodian including the amount of the advisory fee, the value of the client's assets on which the advisory fee was based, and the

specific manner in which the advisory fee was calculated. The custodian sends a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to FSN.

## **Custody – Account Statements**

As described above and in Item 13, clients receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Clients are urged to carefully review such statements and compare such official custodial records to the account statements or other reports that FSN provides. FSN statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities

## **Item 16: Investment Discretion**

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Through the investment management agreement, FSN may accept limited power of attorney to act on a discretionary basis on behalf of clients. A limited power of attorney allows FSN to execute trades on behalf of clients.

When such limited powers exist between the FSN and the client, FSN has the authority to determine, without obtaining specific client consent, both the amount and type of securities to be bought to satisfy client account objectives. Additionally, FSN may accept any reasonable limitation or restriction to such authority on the account placed by the client. All limitations and restrictions placed on accounts must be presented to FSN in writing.

However, FSN consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

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

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FSN does not have any authority to and does not vote proxies on behalf of clients. Clients retain the responsibility for receiving and voting proxies; clients receive these proxies directly from either custodians or transfer agents.

If requested, FSN may provide advice to clients regarding proxy votes. If any conflict of interest exists, it will be disclosed to the client. Clients may contact Jeffrey M. Toner at 312.831.4423 for information about proxy voting.

## Item 18: Financial Information

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FSN has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

FSN is not required to provide a balance sheet; FSN does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

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**Financial Strategy Network, LLC**  
**Form ADV Part 2B**  
**Investment Adviser Brochure Supplement**

**Supervisor: Jeffrey M. Toner**

**Supervisor of:**  
Steven I. Merdinger  
Craig C. Richart  
James M. Weil  
Teresa M. Bousky  
Michael I. Wang  
Michael R. Merdinger  
Nicole J. Romito  
Stephanie C. Nanney  
Randy E. Porzel  
Elissa A. Lovell  
Chase Ying Huang  
Gregory R. Bogdan  
Gregory P. Williams

**July 2015**

This brochure supplement provides information about the Firm's Supervised Persons that supplements the Financial Strategy Network, LLC's brochure. You should have received a copy of that brochure. Please contact Jeffrey M. Toner, Managing Member and Chief Compliance Officer, if you did not receive Financial Strategy Network, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about the Firm's Supervised Persons is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may search this site using a unique identifying number, known as a CRD number for each Supervised Person.

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Chicago, IL 60602  
312.831.4370  
[jtoner@fsnplan.com](mailto:jtoner@fsnplan.com)  
[www.fsnplan.com](http://www.fsnplan.com)

## Educational Background and Business Experience

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### Education and Business Background

Investment Adviser Representatives who are involved in determining or giving investment advice to clients are required to have obtained a four year undergraduate degree or the equivalent and have experience in the analysis of investments and financial planning. In addition, Associated persons of FSN Financial that are involved in determining or giving investment advice to Clients must meet all examination or experience requirements of the state(s) and/or jurisdiction(s) in which the individual provides advisory services.

### Supervised Persons

#### **Steven I. Merdinger**

**CRD# 1430517**

*Year of Birth:* 1958

*Formal Education after High School:*

- University of Kansas, B.B.A., Business Administration

*Professional Designations/Licenses:*

- ChFC – Chartered Financial Consultant
- CFP® – Certified Financial Planner
- Series 6,7,63,65

*Business Background for the Previous Five Years:*

- Financial Strategy Network, LLC, Managing Member
- Comprehensive Asset Management and Servicing, Inc., Registered Representative
- Raymond James Financial Services, Inc., Registered Representative

#### **Craig C. Richart**

**CRD# 801857**

*Year of Birth:* 1949

*Formal Education after High School:*

- Shippensburg State College, B.S., Business Administration

*Professional Designations/Licenses:*

- ChFC – Chartered Financial Consultant
- CFP® – Certified Financial Planner
- CLU – Chartered Life Underwriter
- Series 6,7,24,63,65

*Business Background for the Previous Five Years:*

- Financial Strategy Network, LLC, Managing Member
- Comprehensive Asset Management and Servicing, Inc., Registered Representative
- Raymond James Financial Services, Inc., Registered Representative

**Jeffrey M. Toner**

**CRD# 1328390**

*Year of Birth:* 1962

*Formal Education after High School:*

- University of Notre Dame, B.A., Liberal Studies

*Professional Designations/Licenses:*

- ChFC – Chartered Financial Consultant
- Series 6,7,24,31,51,63,65

*Business Background for the Previous Five Years:*

- Financial Strategy Network, LLC, Managing Member
- Comprehensive Asset Management and Servicing, Inc., Registered Representative
- Raymond James Financial Services, Inc., Registered Representative

**James M. Weil**

**CRD# 2029089**

*Year of Birth:* 1967

*Formal Education after High School:*

- Purdue University, B.S., Financial Planning

*Professional Designations/Licenses:*

- CFP® – Certified Financial Planner
- CIMA® – Certified Investment Management Analyst
- ChFC – Chartered Financial Consultant
- Series 6,7,51,63,65

*Business Background for the Previous Five Years:*

- Financial Strategy Network, LLC, Managing Member
- Comprehensive Asset Management and Servicing, Inc., Registered Representative
- Raymond James Financial Services, Inc., Registered Representative

**Teresa M. Bousky**

**CRD# 4432402**

*Year of Birth:* 1961

*Formal Education after High School:*

- Northwestern Kellogg Graduate School of Management, M.B.S.
- University of Illinois, B.S., Accounting

*Professional Designations/Licenses:*

- CPA/PFS – Certified Public Accountant/Personal Financial Specialist
- CFP® – Certified Financial Planner
- Series 6,7,63,65

*Business Background for the Previous Five Years:*

- Financial Strategy Network, LLC, Financial Advisor
- Comprehensive Asset Management and Servicing, Inc., Registered Representative
- Raymond James Financial Services, Inc., Registered Representative

**Michael Wang**

**CRD# 3251061**

*Year of Birth:* 1967

*Formal Education after High School:*

- University of Michigan, B.A., Economics
- University of Minnesota, Juris Doctor

*Professional Designations/Licenses:*

- CFP® – Certified Financial Planner
- Series 6,7,63,65

*Business Background for the Previous Five Years:*

- Financial Strategy Network, LLC, Financial Advisor
- Comprehensive Asset Management and Servicing, Inc., Registered Representative
- Raymond James Financial Services, Inc., Registered Representative

**Michael Merdinger**

**CRD# 2378276**

*Year of Birth:* 1960

*Formal Education after High School:*

- University of Kansas

*Professional Designations/Licenses:*

- Series 6,7,63,65

*Business Background for the Previous Five Years:*

- Financial Strategy Network, LLC, Financial Advisor
- Comprehensive Asset Management and Servicing, Inc., Registered Representative
- Raymond James Financial Services, Inc., Registered Representative

**Nicole Romito**

**CRD# 2394048**

*Year of Birth:* 1970

*Formal Education after High School:*

- St. Louis University, B.S.B.A, Finance

*Professional Designations/Licenses:*

- CFP® – Certified Financial Planner
- Series 6,7,63,65

*Business Background for the Previous Five Years:*

- Financial Strategy Network, LLC, Financial Advisor
- Comprehensive Asset Management and Servicing, Inc., Registered Representative
- Raymond James Financial Services, Inc., Registered Representative

**Stephanie C. Nanney**

**CRD# 5219567**

*Year of Birth:* 1981

*Formal Education after High School:*

- Lehigh University, BS Business Administration

*Professional Designations/Licenses:*

- CFP® – Certified Financial Planner
- Series 7, 66

*Business Background for the Previous Five Years:*

- Financial Strategy Network, LLC, Financial Advisor
- Comprehensive Asset Management and Servicing, Inc., Registered Representative
- Raymond James Financial Services, Inc., Registered Representative



**Randy E. Porzel**

**CRD# 5221122**

*Year of Birth:* 1986

*Formal Education after High School:*

- University of Illinois – Chicago, BA Finance

*Professional Designations/Licenses:*

- CFP® – Certified Financial Planner
- Series 7, 66

*Business Background for the Previous Five Years:*

- Financial Strategy Network, LLC, Financial Advisor
- Comprehensive Asset Management and Servicing, Inc., Registered Representative
- Raymond James Financial Services, Inc., Registered Representative

**Elissa A. Lovell**

**CRD# 5120335**

*Year of Birth:* 1983

*Formal Education after High School:*

- Purdue University, BS Financial Counseling/Planning

*Professional Designations/Licenses:*

- CFP® – Certified Financial Planner
- Series 6, 7, 63, 65

*Business Background for the Previous Five Years:*

- Financial Strategy Network, LLC, Financial Advisor
- Comprehensive Asset Management and Servicing, Inc., Registered Representative
- Raymond James Financial Services, Inc., Registered Representative

**Chase Ying Huang**

**CRD# 6201564**

*Year of Birth:* 1976

*Formal Education after High School:*

- Northeastern Illinois University, BS, Finance and Accounting

*Professional Designations/Licenses:*

- CFP® – Certified Financial Planner

*Business Background for the Previous Five Years:*

- Financial Strategy Network, LLC, Financial Advisor
- Trinity Financial Advisors, LLC, Financial Planning Analyst

**Gregory R. Bogdan**

**CRD# 4994933**

*Year of Birth:* 1983

*Formal Education after High School:*

- Bentley University, BS, Finance

*Professional Designations/Licenses:*

- CFP® – Certified Financial Planner
- Series 7, 66

*Business Background for the Previous Five Years:*

- Financial Strategy Network, LLC, Financial Advisor
- Zeidman, Hakim, Levinthal & Associates, Financial Advisor

**Gregory P. Williams**

**CRD# 5785059**

*Year of Birth:* 1987

*Formal Education after High School:*

- University of Nebraska- Lincoln, BS, Business Administration

*Professional Designations/Licenses:*

- Series 7, 63, 65

*Business Background for the Previous Five Years:*

- Financial Strategy Network, LLC, Financial Advisor
- Morgan Stanley Wealth Management, Financial Advisor
- Creighton Federal Credit Union, Member Services Representative
- TD Ameritrade, Client Service Representative

**Professional Certifications**

FSN's supervised persons maintain professional designations, which required the following minimum requirements:

**ChFC - Chartered Financial Consultant**

**Issued by:** The American College

**Prerequisites/Experience Required:** Candidate must meet the following requirements:

- 3 years of full-time business experience within the five years preceding the awarding of the designation

**Educational Requirements:** 6 core and 2 elective courses

**Examination Type:** Final proctored exam for each course

**Continuing Education/Experience Requirements:** 30 CE credits every 2 years

### **CFP® - Certified Financial Planner**

**Issued by:** Certified Financial Planner Board of Standards, Inc.

**Prerequisites/Experience Required:** Candidate must meet the following requirements:

- A bachelor's degree (or higher) from an accredited college or university, and
- 3 years of full-time personal financial planning experience

**Educational Requirements:** Candidate must complete a CFP-board registered program, or hold one of the following:

- CPA
- ChFC
- Chartered Life Underwriter (CLU)
- CFA
- Ph.D. in business or economics
- Doctor of Business Administration
- Attorney's License

**Examination Type:** CFP Certification Examination

**Continuing Education/Experience Requirements:** 30 hours every 2 years

### **CPA – Certified Public Accountant**

**Issued by:** State Boards of Accountancy

**Prerequisites/Experience Required:** Candidate must meet the following requirements:

- Minimum experience levels (most states require at least one year of experience providing services that involve the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA);

- Successful passing of the Uniform CPA Examination

**Educational Requirements:**

- At minimum, a college education (typically 150 credit hours with at least a baccalaureate degree and a concentration in accounting);

**Examination Type:** Uniform CPA Examination

**Continuing Education/Experience Requirements:** Completion of 40 hours of continuing professional education each year (or 80 hours over a two year period) in order to maintain a CPA license

**PFS – Personal Financial Specialist**

**Issued by:** American Institute of Certified Public Accountants (AICPA).

**Prerequisites/Experience Required:** Candidate must meet the following requirements:

- Must hold an unrevoked CPA license;
- Fulfill 3,000 hours of personal financial planning business experience;
- Complete 80 hours of personal financial planning continuing professional education credits;
- Pass a comprehensive financial planning exam (PFS Exam); and
- Be an active member of the AICPA

**Educational Requirements:** Must meet minimum education requirements for CPA.

**Examination Type:** PFS Exam

**Continuing Education/Experience Requirements:** Completion of 60 hours of financial planning continuing professional education credits every three years

**CLU – Chartered Life Underwriter**

**Issued by:** The American College of Financial Services

**Prerequisites/Experience Required:** Candidate must meet the following requirements:

- Must successfully complete all courses in the CLU program
- Three years of full-time business experience, or equivalent Agree to be bound by the American College's Code of Ethics

**Educational Requirements:** Candidate must complete the following:

- Self-study or classroom coursework

- 8 courses: 5 required, 3 electives, covering in-depth topics such as life insurance law, insurance and estate planning, insurance for business owners and professionals, income taxation, investments, retirement planning and more.

**Examination Type:** 8 separate closed-book, proctored exams

**Continuing Education/Experience Requirements:** 30 CE credits every 2 years

### **CIMA® - Certified Investment Management Analyst**

**Issued by:** Investment Management Consultants Association (IMCA)\_

**Prerequisites/Experience Required:** Candidate must meet the following requirements:

- 3 years of full-time financial services experience
- Pass Qualification Examination
- Schedule into and complete education program with Registered Education Provider
- Pass online Certification Examination
- Sign licensing agreement and agree to adhere to IMCA's Code of Professional Responsibility, Standards of Practice, and Rules and Guidelines for Use of the Marks

**Educational Requirements:** Schedule into and complete education program with Registered Education Provider

**Examination Type:** Qualification and Certification Examinations

**Continuing Education/Experience Requirements:** 40 hours every 2 years, including 2 ethics hours

### **Disciplinary Information**

Registered investment advisers are required to disclose all material facts to your evaluation of the firm or the integrity of the firm's management. FSN has no material information to disclose applicable to this Item.

### **Other Business Activities**

Disclosure on Outside Business Activities is provided in Form ADV Part 2A Item 10 – Other Financial Industry Activities and Affiliations. These Outside Business Activities do not create a material conflict of interest with clients.

Several of FSN's Supervised Persons are actively engaged in other Outside Business Activities:

Jeffrey M. Toner, Craig C. Richart, Steven I. Merdinger, James M. Weil, Teresa M. Bousky, Michael Merdinger, Michael Wang and Nicole Romito are Registered Representatives of Comprehensive Asset Management and Servicing, Inc. (CAMAS). They spend less than 5% of their time on this activity.

Craig C. Richart is the Managing Member of Medical Strategy Network, LLC which provides doctors with advice on structuring medical practices. Medical Strategy Network, LLC is owned by FSN. He spends less than 20% of his time on this activity. Clients of Medical Strategy Network, LLC may also be clients of FSN. He is also a Registered Representative of Comprehensive Asset Management and Servicing, Inc. (CAMAS). He spends less than 10% of his time on this activity.

Jeffrey Toner, Craig Richart, Steven Merdinger, James Weil, Teresa Bousky, Michael Merdinger, Nicole Romito, Michael Wang, and Elissa Lovell are also licensed insurance agents or brokers and may be appointed with several insurance companies. They may earn separate compensation for transactions implemented through various insurance companies. Clients are not obligated to use any company for insurance product purchases, and may work with any insurance agent they choose. Insurance compensation will be separate and distinct from investment advisory fees charged by FSN.

## **Additional Compensation**

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No Supervised Person receives any formal economic benefit outside of regular salaries or bonuses related to amount of sales, client referrals or new accounts, except as described in Form ADV Part 2A, Item 12.

## **Supervision**

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Jeffrey M. Toner, Managing Member and Chief Compliance Officer, supervises all persons named in this Form ADV Part 2B Investment Adviser Brochure Supplement. Jeffrey M. Toner supervises these persons by holding regular staff, investment and other ad hoc meetings. In addition, Jeffrey M. Toner regularly reviews client reports, emails, and trading, as well as employees' personal securities transaction and holdings reports. Jeffrey M. Toner may be reached at 312.831.4423.