

# FORM ADV PART 2A DTD 03/09/15

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## **ITEM 1 – Cover Page**

Name of Investment Advisor:

**The Mosaic Financial Group, LLC**

Address: (Number and Street)

**330 North Wabash, Suite 1650**

(City)

**Chicago**

(State)

**IL**

(Zip Code)

**60611**

(Phone Number)

**312-255-5490**

Website:

**[www.themosaicgroupllc.com](http://www.themosaicgroupllc.com)**

THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF THE MOSAIC FINANCIAL GROUP, LLC. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT US AT 312-255-5490. THE INFORMATION IN THIS BROCHURE HAS NOT BEEN APPROVED OR VERIFIED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR BY ANY STATE SECURITIES AUTHORITY.

ADDITIONAL INFORMATION ABOUT THE MOSAIC FINANCIAL GROUP ALSO IS AVAILABLE ON THE SEC'S WEBSITE AT [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2 – Material Changes**

There are no material changes noted since our last update submitted in January 2015.

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## ITEM 4 – Advisory Business

### A. Firm Description

We provide the following portfolio management services to clients:

- Asset Allocation, Money Manager Search and Monitoring
- Portfolio Monitoring

We also provide the following services:

- Estate and financial planning
- Tax preparation services
- Consulting

Mosaic was established in 2000 by Thomas Jackson and Jane-Ellen Wolak and they remain the firm's two principals. Thomas Jackson (Principal) heads the Tax Advisory and Estate Planning services, while Jane-Ellen Wolak (Principal) heads the Investment Advisory services. The two Principals are supported by a professional staff with Financial and Accountancy experience and include CPAs and financial planners.

### B. Description of our Services

#### Asset Allocation, Money Manager Search and Monitoring Services

We provide investment advisory services to clients for portfolios primarily consisting of mutual fund managers and *separate account* managers. A separate account is a basket of stocks, bonds, or ETFs that is managed by a third party manager on your behalf.

We develop an investment strategy after thoroughly analyzing our client's goals and objectives, risk tolerance, cash flow needs, and time horizon. Once the investment strategy is developed, we create a strategic asset allocation and managers will be recommended for each asset class. Individual managers (mutual fund or separate account) are recommended on the basis of any or all of the following criteria:

- Historical performance
- Manager style, philosophy, and consistency of track record
- Performance in down markets vs up markets (downside protection analysis)
- Risk and volatility as defined by standard deviation
- Assets under management / Manager tenure
- Management fee structure
  - No-load / Load-waived mutual funds
  - Transaction fee / Asset-based pricing

Once managers are selected, we allocate the portfolio based upon the strategic asset allocation. We execute the transactions on behalf of our clients. We maintain the right to hire and/ or fire managers.

### Portfolio Monitoring Services

Portfolio monitoring services are available to clients who receive portfolio management from a third party, or who manage their own portfolios. We will generate a performance monitoring report. The report may compare their investments against appropriate industry benchmarks. This service is designed as a tool to assist clients in evaluating their portfolios. We do not directly provide advice on any specific securities or managers as part of this service.

### Estate and Financial Planning Services

Estate and Financial Planning services are provided as an on-going or one-time service. Estate planning services are tailored for the client's needs. It may include a comprehensive analysis of their current plan and our recommendations of how to minimize their future estate tax liability. Alternatively, these services may be limited in scope, and customized to our clients needs. We do not draft legal documents.

Clients purchasing financial planning services will receive a comprehensive financial plan. The plan will include a detailed analysis of the client's resources, financial goals, and objectives. In general, the financial plan may address any or all of the following areas:

- PERSONAL: Family records, budgeting, personal liability, debt management, and review of financial goals and objectives
- TAX & CASH FLOW: Income tax and cash flow analysis and planning for current and future years. We will illustrate the impact of various cash flow strategies on a client's current income tax and future tax liability.
- DEATH & DISABILITY: Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis
- RETIREMENT: Analysis of current and future resources and retirement objectives to help the client achieve their retirement goals.
- INVESTMENTS: Analysis of investment alternatives and their effect on a client's portfolio
- ESTATE: Planning for an orderly distribution of assets at death, minimizing taxes and consideration of client objectives.

We gather the required information through in-depth personal interviews. Information gathered includes the following:

- Current financial status
- Future goals
- Attitudes toward risk

Related documents supplied by the client are carefully reviewed. The client is provided a detailed questionnaire to assist them with this process. Should a client choose to implement the recommendations contained in the financial plan report, we recommend that the client work closely with their attorney, accountant, insurance agent, and/or

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investment advisory. Implementation of the financial plan recommendations is entirely at the client's discretion.

We will typically present the plan to the client within 90 days of the contract date, provided that all of the information needed to prepare the plan has been promptly provided by the client.

Ongoing financial planning engagements are also available. Following the completion of the initial comprehensive financial plan, we will provide clients with assistance in the implementation of the plan. We will continually monitor changes to the client's financial circumstances, and update the financial plan accordingly. In addition to the financial planning areas listed above, we will also consult with clients regarding life decisions. These may include, but are not limited to:

- Charitable giving
- Second home purchases
- Gifting strategies

We would be a ready resource for the client on all financial decisions to assist the client in managing their wealth.

### Tax Preparation Services

We prepare income tax returns for the following:

- Corporations
- Individuals
- Partnerships
- Trusts

We also prepare gift and estate tax returns.

### Consulting

Consulting is offered to clients who wish to receive advice on a project-specific basis. These project-specific engagements may be investment related or not. Some common topics include:

- Investments
- Estate planning
- Insurance planning
- Annuity analysis
- Book keeping
- Tax advisory services
- Employee benefits analysis
- Roth conversion analysis

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### C. Tailored Services to Individual Client Needs

All of our services are tailored to meet the individual needs of each client. Each of our client's needs, goals, and objectives are unique. As such, we service each relationship individually. Certain clients may be restricted from investing in certain securities, or are limited in the securities available. For example, a client may be limited by the choices offered through their company's 401(k) Plan. We understand these restrictions, and modify our recommendations accordingly.

### D. Wrap Fee Program

We do not participate in, or receive compensation from wrap fee programs.

### E. Discretionary Assets vs Non-Discretionary Assets

#### ***Assets valued as of 12/31/14***

• Non-Discretionary Assets	=	\$401,381,702
• <u>Discretionary Assets</u>	=	<u>\$98,125,694</u>
<b>TOTAL ASSETS UNDER MANAGEMENT</b>	<b>=</b>	<b>\$499,507,396</b>

Monitoring Assets not included above = \$308,478,729

<See Page 4 for a Description of Monitoring Service>

## **ITEM 5 – Fees and Compensation**

### A. Compensation

Investment Advisory Services Fee - The annual fee for advisory services is charged as a percentage of assets under management according to the schedule below:

<u>Assets Under Mgmt.</u>	<u>Annual Base Fee</u>	<u>Additional Annual Fee</u>
0 - \$1,000,000	\$0	0.90% on all assets up to \$1,000,000
\$1,000,001 - \$2,000,000	\$9,000	0.60% on all assets over \$1,000,001
\$2,000,001 - \$3,000,000	\$15,000	0.50% on all assets over \$2,000,001
\$3,000,001 - \$5,000,000	\$20,000	0.40% on all assets over \$3,000,001
\$5,000,001 - \$10,000,000	\$28,000	0.30% on all assets over \$5,000,001
\$10,000,001 - \$20,000,000	\$43,000	0.20% on all assets over \$10,000,001
\$20,000,001 - \$30,000,000	\$63,000	0.10% on all assets over \$20,000,001
Over \$30,000,001	\$73,000	TBD on all assets over \$30,000,001

We normally require minimum investable assets of two million dollars to provide investment advisory services. However, we do reserve the right to make exceptions at our discretion. Under certain circumstances, fees may be negotiated on a case-by-case basis. Please refer to section 5D of this brochure for further explanation on how fees are calculated for this service.

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Portfolio Monitoring Services – We charge an annual fee of 0.12 percent of the client's assets that we report on. A minimum of \$5,000,000 of assets on which we will report is typically required for this service. Please refer to section 5D of this brochure for further explanation on how fees are calculated for this service.

Financial Planning Fee – We charge a fixed fee typically ranging from \$1,500-\$7,500, depending on the scope and complexity of the client's circumstances.

Ongoing Financial Planning Fees – We charge a fixed annual fee typically ranging from \$5,000-\$50,000, depending on the scope and complexity of the client's circumstances, and the specific services outlined.

Tax Preparation Fees – We charge a fee based on the complexity of the tax return. A separate engagement letter detailing our fee estimate is provided before any work is commenced.

Consulting Fees – Fees for consulting services may be charged one of two ways:

- As a fixed fee, typically ranging from \$1,000 - \$50,000. Half of this fee may be due upon signing the consulting agreement, with the balance due upon presentation of the project. Typically the retainer for consulting services will be earned within 90 days of the contract date, provided that all information needed to perform the service has been promptly provided by the client.
- On an hourly basis of \$200-\$300 per hour depending on the nature of the service. Hourly fees shall be due and billable as invoiced.

- B. Timing and Method of Fees - For Investment Advisory and Portfolio Reporting services, clients will be invoiced in advance of each calendar quarter. We calculate the billable assets under management based on the fair market value on the last day of the preceding quarter. For example, the 1<sup>st</sup> Quarter invoice for 2015 was based on the fair market value of assets on December 31, 2014 and covers the period from January 1 through March 31, 2015. The invoice may be debited from the client account, or paid separately. This decision is made by the client when they sign the Investment Advisory Agreement.

For estate and financial planning, tax preparation and consulting services, 50% of fees may be invoiced in advance at the time the engagement letter is signed and the remainder once the project is completed. Alternatively, these services may be invoiced upon the completion of the project.

- C. In addition to our investment advisory fee and Portfolio Reporting fees, clients will also incur any of the following charges that may apply:
- Mutual fund expenses
  - Separate account manager fees
  - Custodial / brokerage fees (transaction costs or asset based pricing fee)
  - Asset movement fees (i.e., wiring fees)
- D. As stated in item 5B above, we bill our investment advisory and portfolio reporting service fees in advance. If the advisory relationship is terminated before the end of the billing period, a refund will be issued for the remaining days in the period. A 365 day calendar year will be used for the calculation.
- For example, assume a \$4,000 annual fee (\$1,000 paid for the quarter) for the period 1/1/15 through 3/31/15, and the advisory contract was terminated on 2/28/15. 31 days remain after the termination date. The refund would be calculated as follows:  
 $[(31/365 * \$4,000)] = \$339.73$ . This amount will be deposited into the client's account, or we will issue a check.
- E. We do not receive any compensation for the sale of securities, mutual funds or other investment products.

### **ITEM 6 – Performance-Based Fees and Side-By-Side Management**

We do not charge performance based fees. The fees charged for investment advisory services are calculated as described in Item 5 above.

### **ITEM 7 – Types of Clients**

We provide the services listed in ITEM 4 to the following types of clients:

- individuals
- trusts
- estates
- charitable organizations
- partnerships
- corporations

We normally require minimum investable assets of two million dollars to provide investment advisory services and five million dollars for Portfolio Reporting Services. However, we do reserve the right to make exceptions at our discretion.



## **ITEM 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

A-C. In developing an investment strategy, we will discuss risk tolerance with our clients. Investing in securities involves risk of loss which means you can lose money. We do not guarantee the future performance of your investment account or any specific level of performance, the success of any investment decision or strategy that we may use, or the success of our overall management of the account. It is important to understand that investment decisions made for your account are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable.

As part of our investment relationship, we work with our clients to develop a strategic asset allocation. The strategic asset allocation is a reflection of how much risk clients are willing to bear. Our asset allocation model includes four categories:

- Cash
- Fixed Income
  - Bonds that are rated A or above by a rating agency
  - Inflation Protected Bonds including TIPS
- Alternatives may include:
  - High-yield bonds that are rated BBB or below by a rating agency
  - Commodities
  - Long/Short or Market Neutral strategies
  - Other alternative strategies
- Equity
  - Large Cap
  - Mid/Small Cap
  - International
  - Emerging Markets

Once a strategic asset allocation is agreed upon, investment managers will be selected for each asset class. Recommendations for these investments will typically be limited to mutual fund managers, separate account managers, ETFs, certificates of deposit and United States government securities. Please note we will not provide advice on any investment recommendations made by third party investment advisers. Clients need to review the disclosure documents of any third investment advisers to which they are referred by us.

We may purchase individual securities for a client portfolio at their request. In these situations, the client has authorized us to purchase the security for their portfolio.

## **ITEM 9 – Disciplinary Information**

We do not have any ongoing or past legal or disciplinary events that would compromise the integrity of our firm.

## **ITEM 10 – Other Financial Industry Activities and Affiliations**

None

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### **ITEM 11 – Code of Ethics, Participation or Interest in Client Transaction and Personal Trading**

- A. We have adopted a Code of Ethics expressing the firm's commitment to ethical conduct.

Our Code of Ethics:

- Sets a high ethical standard of business conduct reflecting our fiduciary obligations
- Ensures we are in compliance with federal securities laws
- Requires our investment professionals to periodically report personal securities transactions and holdings
- Provides a process for the reporting of violations
- Is required to be acknowledged and adhered to by all employees
- Allows us to develop strong internal controls and prevent possible insider trading, conflicts of interest, and potential regulatory violations.

A copy of our Code of Ethics is available to all clients and prospective clients upon request. Please contact Brian Dext at 312-255-5490, ext 19 or via email at [bdext@themfg.com](mailto:bdext@themfg.com).

- B. We do not have a material financial interest in a security or relationship with a manager that creates a conflict of interest.
- C. Individuals associated with our firm, including Principals, employees, families, and friends, may invest their personal accounts with the same managers we recommend to our clients. This practice does not cause a conflict of interest.
- D. Addressed in Part C above

### **ITEM 12 – Brokerage Practices**

We do not have the discretionary authority to determine the Broker/Custodian to be used or the commission rates to be paid. Clients must direct us as to the Broker/Custodian to be used. In directing the use of a particular Broker/Custodian, it should be understood that we will not have authority to negotiate commissions or obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to other clients.

We participate in institutional services programs offered to independent investment advisers by Charles Schwab and Pershing Advisor Solutions. Clients in need of Brokerage/Custodial services may have such a program recommended to them. As part of the program, we receive benefits that we would not receive if we did not offer investment advice

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These programs provide us with certain non-monetary benefits as follows:

- Predefined pricing schedule
  - Purchase and sale of securities
  - Custody of assets
- Access to Institutional fund managers
- Proprietary research, economic insights, and trend analyses that we would not otherwise receive
- Invitations to various dinners and events. Our policy is to, “not accept an invitation to a dinner or event unless there is a clear business/educational purpose”

We do not receive any client referrals from any Brokerage/Custodian.

### **ITEM 13 – Review of Accounts**

- A. We review accounts on a continuous basis. As part of our review we look at market and economic conditions, political circumstance, and individual needs and goals of our clients. We prepare detailed account reviews as needed. A Principal of our firm supervises all advisory account reviews.
- B. A detailed review of a client’s account may be triggered by us or the client.
- C. We will provide a written comprehensive review (Performance Monitoring Report) of a client’s accounts no less than semi-annually. This review will include:
  - A review of the client’s current and strategic asset allocation
  - Calculation of consolidated performance net of all fees
  - Comparison of client portfolio performance to applicable benchmarks
  - Review of individual managers
  - Our recommendations.

### **ITEM 14 – Client Referral and Compensation**

Our only source of compensation is what is outlined in ITEM 5. We do not receive any additional compensation from the managers and Brokerage/Custodians that we recommend.

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### **ITEM 15 – Custody**

In the normal course of business, we do not custody client assets. However, our clients have asked us to provide certain services which give us custody of their assets. These services include check writing authorization (i.e., bill payment service), trustee powers (i.e., appointment as trustee), or power of attorney over client investments. Under these circumstances we are deemed to have custody. In these situations, the client decides which custodian the assets are held at. A client may select one or multiple custodians. This decision is entirely that of the client.

We have a reasonable belief that the qualified custodian will provide at least quarterly, a statement itemizing all assets and transactions in the account. We recommend to our clients that they reconcile / compare the custodial statements to the performance monitoring reports we provide.

### **ITEM 16 – Investment Discretion**

For money manager search and monitoring services, we may accept written authority to choose independent investment advisers on behalf of clients. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing. We do not request discretionary authority from new advisory clients, but may accept such authority pursuant to a client's request.

### **ITEM 17 – Voting Client Securities**

Mosaic will not vote, nor give any advice about how to vote, proxies for securities held in the investment account. If the investment account is for a pension or other employee benefit plan governed by ERISA, the proxy voting will be determined by the plan documents. Proxy statements will be sent to the address of record for the account. If there are questions regarding voting of the proxy, we would recommend that the client visit the company or fund's website for more detailed information.

### **ITEM 18 – Financial Information**

Not applicable